



Governance Decentralization and Structure

Phase I

1. Introduction

Guiding a cryptocurrency project into perfect decentralization depends to a large extent on the success of distributing its governance duties while preserving the project's original principles and ensuring its continued progress. Although a small team could prove faster and more efficient in managing a project, monopolized control over governance could stall the project's progress by running the risk of counterproductive or even fraudulent behavior in the longer run, whether or not the original team begins with good intentions. In contrast, a decentralized community-driven governance structure ensures consistent transparency in project status and developments and reinforces community and user trust. Moreover, it boosts project longevity by introducing community contributions and harnessing the power of collective intelligence. Short of a healthy governance structure, a project risks becoming obsolete against newer technologies and changing market needs, may lose out on its potential improvements in market acceptance and distribution, and continually faces issues of community and user trust.

Achieving perfect and effective decentralization is by no means a simple task and requires numerous challenging questions to be answered, including questions on the optimal strategy and direction that would result in the project's acceptance, and on the method by which to create a fair and manipulation-free decision making process. For decentralization to work, the governance structure requires the foundation of a system that encourages individual or collective innovation in the development of the project, an efficient and fair method for achieving consensus on the authorization of proposed developments, and a communal support system – technical or financial – for implementation.

With that in mind, achieving decentralization of governance in one sweeping step is impractical. It would likely result in many unaccounted for inefficiencies and loopholes that permit process manipulation or unintended exclusion of community members that could otherwise enrich the development discourse and process. Such a shock-therapy approach for the transition of governance has been tested in different mediums and has consistently proven inferior to the gradual approach that entails deliberate and well-thought steps that leave space for structural fine-tuning through trial and error.

2. First Phase of EUNO Coin's Governance Structure

EUNO Coin aims to decentralize its governance through a top-down approach that entails deliberate steps towards a fair, effective, and self-sustaining mechanism. Dividing the process of governance decentralization into different phases, the end-goal is a system that engages EUNO's community and permits each individual to take part in the project's decision making process depending on their level of support.

As a first phase, EUNO has created a telegram channel to initiate the process of decentralization among its masternode operators who support the currency and its network¹. The role of masternode operators would be to put forth new proposals for EUNO coin's progress, make their case within the channel, participate in discussions with other operators and finally vote on suggested developments. Those discussions and decisions will be shared with the entire community ahead of implementation ensuring that masternode operators do not gain any advantage from a price speculation perspective.

2.1. Development and Strategic Proposals

Proposals will begin in the telegram room for which a special account will be created to hold all proposals along with a deposit that will remain in the account using the room bot. Proposals and deposits will be available for room participants to monitor. The required deposit will represent 4-days of average masternode rewards (<https://masternodes.pro/stats/euno/statistics>) and is designed to limit random and trivial pitches as EUNO requests a high level professionalism from its community members who wish to take part in the decision making process, given that this process will call for precious participation time from its members.

Proposals are not to include requests for financial interference from the team or from other masternode operators in the currency's trading activity.

2.2. Voting, Deliberation and Authorization

In its first phase, EUNO's governance structure will use a number of identified voting methods to test preferences of masternode operators and process fairness and efficiency, given that different methods carry advantages and disadvantages in terms of upholding voter anonymity and capacity to restrict loopholes. The voting method will be announced and detailed ahead of each voting round. In terms of participation, Masternode operators will be entitled to one vote for each of their masternodes. It is EUNO's view that this system is both an advantage and a disadvantage as on one hand it rewards supporters with their weight in votes, but partially dilutes decentralization of the decision making process. However, please keep in mind that this is only the first phase of a governance structure that will continue to be amended in future phases to duly address identified limitations. Project voting will take place over 2 stages. The first stage signals whether the idea is worth pursuing, and requires a 51% consensus to be achieved over a maximum of 5 days from the date in which the proposal is put up for the vote. Masternodes that are created after the first stage of a vote begins will not be included in the considered vote. This is meant to restrict the creation of temporary nodes with the aim of influencing a particular vote that may result in direct personal benefit. The second stage of the vote entails discussions on the details of the proposal between room members, the fine-tuning of the proposal's features and assessment of its feasibility. The proposal is put to the second vote depending on the progress of discussions around its details. The deadline for achieving the required consensus of 66% expires after 15 days. This higher requirement for the second vote is set for several reasons. To ensure that the proposal is in fact agreed upon by a strong majority of the community, and considering that the proposal's details would have

already been discussed and amended by the voters themselves beforehand, there is good reason for it to be able to achieve this level of agreement.

2.3. Transparency

Provided that technical and financial feasibility for implementation are confirmed, the proposal, reasoning and voting results will be disseminated to EUNO's entire community through its social media platforms and eventually in real time through its planned governance platform (See future governance phases).

2.4. Implementation

After a proposal passes the two stages of voting, the EUNO team will proceed to implement the proposal and welcomes any support from its community members. In the event that external hires may be required for implementation, financing will begin with the team that has already reserved an address for financing coin developments (See Initial Coin Distribution on the EUNO Website), and may in certain circumstances kick off voluntary community funding campaigns, which again will be completely transparent and open to community monitoring. Note that future phases of the governance process will tackle a more effective and efficient implementation and financing process.

3. Future Governance Phases

The first phase of the governance structure will be tested for 6 months, and assessed by the end of the period (Tentatively 30 April 2019) for its fairness, effectiveness and efficiency. Minor adjustments to the process may be implemented during this long period, but it will ideally include several two-stage voting rounds to allow for a fair assessment of the process. Later phases will aim to improve on the first phase taking into account assessed successes and failures of the structure. Having said so, broad developments to look for in future phases of the governance structure include:

- i. The creation of a specialized platform over a public domain that will allow real-time monitoring of proposals, discussions, and votes.
- ii. The gradual inclusion of the entire EUNO community into the decision making process through (tentatively) their participation in a delegate vote that would permit them to add to the voting weight of one or more of the masternode operators.
- iii. A more efficient project financing mechanism.

4. Final Remarks

EUNO's aim with its governance structure is to create a self-sustaining system for the progress and longevity of EUNO coin, and to achieve a high level of fairness and transparency as well as retain a flexibility to gradually improve the decision making process with every phase, until reaching an efficient and effective decentralized structure that support's EUNO's long-term survival independently of its original founders. effective structure of perfect decentralization and one that supports EUNO's long-term survival independently of its founders.