Flux

The Decentralized Computational Network

Blockchain-as-a-Service solutions built on the blockchain

XDAO 2.0 - BlackPaper

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Background:

On March 27th, Flux was born with the introduction of 'Parallel Assets.' Flux combined a layer one GPU-PoW chain with layer two FluxOS, now expandable to multiple chains and Defi platforms. These Parallel Assets have been a significant success for the project, and the first phase of XDAO was highly successful. We see tremendous utilization of the next version of POW and are placing ourselves in a good position for more profound decentralization and community involvement. Our goals continue to grow, and the project continues to flourish!

Overview:

The current Flux XDAO 1.0 model has reached its proper lifecycle. This paper outlines a new, autonomous organisation, set to govern the Flux blockchain for the foreseeable future. Allowing the project to grow, develop and remain decentralised at its core. Several essential items will be addressed in this blackpaper:

- Inclusion of all Flux community members
- Defined voting systems (Nodes, Delegators, Titan, and Miners)
- Scope of what is in and out for XDAO voting
- What the Core team is responsible for
- What is the Community responsible for

XDAO, Version 1.0, in the beginning:

The first interaction of XDAO was to ensure the community had a voice in the development of the Flux project, and it always laid the way for a completely decentralised governance model. This first adopted model considered moving into a more decentralised and developed ecosystem. The first model did well; it served as an essential growth model and provided the framework for the next version. In this first pass, several things were put into play.

1. Flux will be the governance asset that will choose what should be run on the decentralised network, governed by the people. Holding Flux, the utility asset, gives node ops the ability to govern the development of the network. (Completed)

2. Election of a new "Foundation Council" that would act as a liaison between the community and the development team (Pending)

3. Deeper and more well-developed proposals from the XDAO to fund new and emerging technology. (Completed)

4. Flux allocation to allow for community development for the next several years (Completed)

5. Review the current voting structure to include miners and coin holders on a tiered basis with proven loyalty to the network (Working)

With the first version of the XDAO, it became clear that the second version would need to encompass all participants in the Flux ecosystem and community governance.

Phase 2 Overview:

As Flux has grown as a project, a more formal and well-developed autonomous organisation structure is needed. Flux is a project governed by the community, node ops, miners, and holders, and, as such, a more formal process to include all participants is required.

Recommendations for XDAO 2.0

- Allow all people developing and supporting the network to vote on the significant parts of the project, including miners (through Sentinels), node ops, Titan users, and others as defined by the community.

- Mining pools will act as a validator for voting and accumulating votes from miners represented from their respective pools. Essentially, this would be an accumulation of votes though signalling to the pool ops the overall consensus. All pools participating in the Flux ecosystem must have a voting process and send the results via API to the XDAO system to be counted. The Flux team will release the onramp to seamlessly collect and tally the votes to represent the miner's input.

- Voting will be weighted, and Node ops and Miners will get the lion’s share of voting; however, Titan participants will have input through the Titan system.

- Node ops will receive votes as follows. Cumulus, Nimbus, Stratus nodes, and Miners will receive one vote per miner, Titan users will signal, and voting will be per node.
- Miners will receive votes via the mining pools and signaling
- Holders will receive votes via Zelcore

In Scope:

The following will be the in-scope items that the XDAO needs to vote on:

- Consensus changes (PoW, PoUW)
- Development and grant funding from the new Flux Foundation (Ongoing granting process)
- Development not defined by the core team
- Voting on parallel asset development (Proposal from the core team)
- Terms of service for the platform
- Enforcement of terms of service
- Treasury and charitable contributions

Not in Scope:

Regular expected operational developments of the Flux platform. InFlux Technologies Limited (The Core Team) can develop as the “preferred development” team on the platform. All Core members would manage ongoing development and upkeep of day-to-day operations. This would include personnel, management, budgeting, and reporting structure to the community via a quarterly development report. The XDAO can add more development teams as the community deems fit to ensure the project's growth.

- InFlux Technologies Limited, a United Kingdom company- The holding company and developers are building on the Flux network. To date, they have done all development on the platform, including Flux, FluxOS, Flux Nodes, ZelID, d2FA, Flux Labs, and more.
- InFlux Limited, a United States Company, will be used where appropriate.
- Formation of the Flux Foundation, Cayman Islands, will be completed and run by a DAO to ensure decentralisation.

XDAO voting change proposal

Currently

All XDAO voting is done by community members who run a node. Each 1000 Flux in a node represents a vote.

Cumulus = 1 vote
Nimbus = 12.5 votes
Stratus = 40 votes

This leaves out miners and Flux holders who cannot run nodes.

Proposal A

Description :

Each 100 Flux will be one vote, including all node ops, miners, holders, and Titan users.

Pros :

+ This will cover the entire community
+ Each Flux community member will vote
+ It gives Titan node participants a voice, and non-miners/node holders
+ It will be transparent, just like the current vote system, but all-inclusive

Cons :

- Able to accumulate and dump Flux-Gov into a proposal if something needs to be built to prevent this.

Proposal B

Description :

Pool as representatives for miners
Traditional voting for node ops
Only people that participate in the network actively get to vote

- **Miners (Solo)**
    - Solo hash power over total represents voting power in %

- **Miners (Pooled)**
    - Delegates vote to pool

- **Node op**
    - 1000 Flux = 1 vote

Pros :

+ The current system stays in place for node operators
+ It will include miners

Cons

- How do you weigh the voting power between node ops and miners (50/50 as per the reward distribution model ?)
- This will not include Flux holders or Titan participants
- The voting mechanism needs to be built per pool
- Not all pools might opt in, causing centralization
- Voting will not be as transparent