Net Change Limit Increase (350M → 500M ada) — Voting Rationale

Governance Voting Rationale	
GAID	*[NCL-increase GAID — to be filled]*
Title	Agreement of a New Net Change Limit of 500,000,000 ada for Epochs 613–713
Type of GA	Info action (Net Change Limit agreement, TREASURY-01a)
Date submitted	*[epoch / date — to be filled]*
Expiration Date	*[epoch / date — to be filled]*

Contents

1.0 Introduction {#1.0-introduction}

1.1 Summary {#1.1-summary}

We are voting **NO** on this governance action to raise the Net Change Limit from 350,000,000 to 500,000,000 ada for the period covering Epochs 613 through 713.

The reasoning is not a complaint about the number. A per-period ceiling on treasury outflows is meant to be adjustable, and there is nothing objectionable in adjusting it. The objection is about sequence and about what this particular adjustment is being asked to do. A specific treasury withdrawal — Cardano PRIME, 120,000,000 ada, to be executed by AlphaGrowth — is before DReps in the very same window, and this ceiling increase is sized and timed to make room for it. That places the spend ahead of the constraint, which inverts the one relationship a spending ceiling exists to hold: the constraint is supposed to be set first, and the spending fitted underneath it, not the other way around.

Two independent lines of reasoning arrive at the same place. The first is the sequence itself. The second is a question of even-handedness about a shared resource: a ceiling redrawn specifically to accommodate a withdrawal that carries a private profit is the shared constraint bending to fit a private claim — and a rule that lets the ceiling rise whenever a withdrawal needs room is not really a ceiling at all. That these two lines of reasoning, which start from quite different places, meet at the same conclusion is what gives this DRep confidence in the vote.

1.2 Description of Governance Action {#1.2-description-of-governance-action}

This is an Info action under TREASURY-01a, drafted under Constitution v2.4, agreeing a Net Change Limit of 500,000,000 ada for the period beginning at the start of Epoch 613 and ending at the close of Epoch 713. It states that it supersedes the existing 350,000,000 ada limit for that same period, and that withdrawals already debited count toward the new cap.

Its operative clause is the one that matters here: it directs that a Treasury Withdrawals action which has not yet been ratified or enacted when this new limit is agreed is to be assessed under this new limit, rather than under any prior limit. Its counterpart action, the Cardano PRIME withdrawal, carries the mirror of that clause — it is written to be conditional on a Net Change Limit having been agreed with enough remaining capacity to cover the 120,000,000 ada withdrawal in full at the moment of enactment. Each action, in other words, is drafted to point at the other. This rationale addresses the ceiling; a companion rationale addresses the Cardano PRIME withdrawal directly.

2.0 Discussion {#2.0-discussion}

2.1 Why these two actions have to be read together {#2.1-why-these-two-actions-have-to-be-read-together}

Read entirely on its own, a change to a net-change limit is an unremarkable piece of fiscal tuning, and this DRep would treat it as such. But this limit is not being set on its own, and four features make that plain. The two actions share a proposer. The ceiling increase is sized to accommodate a specific 120,000,000 ada withdrawal within the period's remaining capacity. Approval of that withdrawal is being sought before the ceiling that is supposed to authorize it exists. And each action's text reaches for the other to complete itself. Taken together, these are not two separate decisions that happen to fall in the same window; they are one arrangement presented as two votes.

Once the pairing is in view, the durable problem comes into focus, and it is not the number. A number in a limit is easy to change back — a later vote can lower it again. The precedent is not so easily undone. Once a ceiling has been fitted to a specific spend, and that spend enacted beneath it, the demonstration that the ceiling will yield when a large withdrawal needs the room is on the public record. That demonstration is the thing that does not reverse, and it is the reason the pair, rather than the ceiling alone, has to be the unit of judgment.

The way the two actions are drafted is also the mechanism of the problem. Cardano PRIME's conditionality reads as prudence, and at the point of enactment it genuinely is prudence — it is sensible for a withdrawal to check that the capacity it needs actually exists. But that same conditionality splits the approval of the spend from its enactment, with the effect that each of the two votes can be presented as the one that is not yet binding: the withdrawal because it is "conditional," the ceiling because it is "only headroom." Between two votes each framed as not-yet-binding, 120,000,000 ada is committed. The moment at which the commitment actually lands has been arranged to sit nowhere in particular.

2.2 A shared resource, and a ceiling fitted to a private claim {#2.2-a-shared-resource-and-a-ceiling-fitted-to-a-private-claim}

The treasury is not the governing body's money. It is a shared resource belonging to the whole ecosystem, and governance holds it in trust. One consequence of holding something in trust is a kind of even-handedness: when governance sets a spending limit, it is imposing a discipline on everyone who wishes to draw from the commons. The fair test to apply is whether governance is willing to hold itself to that same discipline — or whether it will quietly relax the shared constraint whenever a particular withdrawal happens to need the room.

Here the limit is being redrawn for the express purpose of accommodating a single withdrawal that carries a private profit: Cardano PRIME includes a performance fee, a surplus that flows to its executor rather than back to the commons. Adjusting the shared constraint to fit a private-surplus taking is precisely the asymmetry that a resource held in trust is supposed to guard against. This DRep frames that as a fitness gap in the arrangement, not as an accusation against anyone in it — but it is a real gap, and it bears directly on the vote.

There is a further problem, and it is about scope. A rule that lets the ceiling rise whenever a withdrawal needs the room is not a bounded rule; it is an open-ended discretion that any future spend could trigger. "We may raise the limit when a withdrawal needs the space" has no natural stopping point — it can be reached for in any case at all. A ceiling that yields on demand is not, in any meaningful sense, a ceiling. This is why the objection resolves to a NO rather than to a shrug: the discretion the arrangement establishes is unscoped, and an unscoped discretion over the last hard limit on treasury outflows is not a small thing to wave through.

The fix follows directly from the diagnosis. Scope the discretion. Set the net-change limit prospectively, sized to modeled need for the period as a whole, so that any increase answers a forecast of what the period will require rather than a particular consumer already waiting on the other side of the vote.

2.3 Why NO rather than abstain {#2.3-why-no-rather-than-abstain}

A finding about a two-action sequence, arriving on a ballot that is only one of the two actions, would ordinarily point toward abstention — the honest observation that the ballot in front of this DRep does not cleanly fit the finding, which is really about the pair. This DRep takes that consideration seriously, and in most such cases abstention is the correct and disciplined answer.

It is not the correct answer here, for a mechanical reason. For a registered DRep, an abstaining vote is not neutral in effect: abstained stake returns to inertness and lowers the bar the action must clear to pass. Abstaining on this ceiling would therefore, in plain mechanical fact, help the very sequence the finding objects to. When withholding your vote assists the thing you are objecting to, withholding is not neutrality; it is quiet assent. The honest token is the one that actually resists. So the vote is **NO**, cast against the sequence, with the reasoning carried in this rationale because a bare ballot has no way to say "not this, in this order."

2.4 What the vote does not reach {#2.4-what-the-vote-does-not-reach}

A few observations belong in this DRep's longer-run record rather than in the vote itself, because they are about trajectory rather than about this single action, and the ballot cannot carry them.

The "headroom, not a mandate to spend" framing is worth noting. It describes a decision that is, in practice, largely settled — many of the DReps weighing this ceiling have already cast their Cardano PRIME approval — in the vocabulary of a decision still fully open. That is not offered as an accusation; it is a signal worth tracking, because of what it points to. What it points to is a slow shift in how the ecosystem's last hard fiscal constraint is treated: from a thing that binds toward a thing that yields, with the inversion disclosed plainly and expected to proceed rather than to be rebalanced. If that pattern holds across future periods, the right response is not a vote but a proposal — a standing constraint on relaxing a net-change limit within the same period it governs, so that the ordering (constraint first, spend second) is protected structurally rather than case by case.

This is also a concrete instance of a concern this DRep raised when evaluating the 2.4 constitutional amendment: that the net-change limit, like the budget Info action before it, could travel a path from genuine mandate, to redundant formality, to eventual quiet removal. This pairing is the sharpest test of that trajectory to appear so far, and this DRep will be watching how it resolves.

3.0 Conclusion {#3.0-conclusion}

We vote **NO**. A ceiling redrawn to fit a spend that is already being decided is a ceiling that has conceded it does not bind, and this arrangement redraws exactly such a ceiling — placing the spend before the constraint, and doing so through an open-ended discretion that any future withdrawal could invoke. The two lines of reasoning in this rationale, one about sequence and one about even-handed treatment of a shared resource, meet at the same conclusion and name the same remedy.

The resubmission that answers both is straightforward to describe: set the net-change limit prospectively, size it to modeled need for the period, and scope it so that any future increase answers a forecast rather than a particular withdrawal waiting on the other side of the vote. Done that way, a ceiling increase is ordinary fiscal stewardship, and this DRep would treat it as such.

Thank you for reading this rationale and for supporting it with your delegation.

References / Sources {#references-sources}

The following background may help a reader new to this DRep's approach. Each is linked once, at first relevance:

- *The evaluation framework* — this DRep's standing method of judging governance actions by their long-run trajectory rather than by a single snapshot, first set out in the rationale on the Cardano Constitution. *[link]*
- *The 2.4 amendment rationale* — where this DRep first flagged the risk that the net-change limit could drift from mandate toward formality. *[link]*
- *The treasury as a shared commons, and what participants can expect of governance that holds it in trust. [link]*
- *Companion rationale* — the Cardano PRIME Treasury Withdrawal, the other half of this pair. *[link]*

DRep ID: drep1y239dn6nzlrlua9ku2d0jr4j3l6f344shcmjljtpt9mu6ps4u76rw DRep Profile (tempo): https://tempo.vote/drep-profile?dRepId=drep1y239dn6nzlrlua9ku2d0jr4j3l6f344shcmjljtpt9mu6ps4u76rw

Stay in touch! ReachYourPeople: https://www.ryp.io/projects/45 X: https://x.com/styg50

Appendix: Published Sort and Instrument Record

This appendix records the structured sort and instrument readings beneath the rationale above. It is published for audit and for parsing across many rationales, and it uses the framework's internal vocabulary deliberately — the accessible account of every point below is in the rationale body. Background on any term is available on the Coordination Commons site.

A.1 Sort

Axis	Reading
Axis 0 — pairing pre-sort	**Fires (4/4 tells)** with the Cardano PRIME withdrawal: shared proposer, size-match, sequence inversion, bilateral rescue clause. **Unit of analysis = the pair.**
Axis 1 — wall / knob	Knob in isolation (a per-period ceiling is tunable by design); as a pair, a knob carrying an interpretive precedent sized to a specific consumer.
Axis 2 — exit-remediability	**R0** as a pair: the consumer (PRIME) is an irreversible debit; the ordering precedent, once set, is not reversible by an ordinary later action.
Axis 3 — epistemic-dependency	**D2** — every treasury withdrawal in the period reads through this ceiling, and the supersession precedent conditions future NCL readings. Not D3: failure registers externally.
Lane	**Full lane + distal sensing** (routing rule: D2 with a semiotic-harm signature).

A.2 Instruments run

Instrument	Version	Role this run
proposal-intake-and-sort	v1.1	Pairing pre-sort (Axis 0) and the three sorting axes
constitutional-rights-audit	v1.0	Six-rights battery + reciprocity/symmetry read (primary constitutional instrument)
abstention-spines	v1.1	Spine check + directional-effect guard
field-fitness-audit	—	Consulted for Hippocratic-floor residue only

A.3 Constitutional rights audit

Frame gate (Tier 0). Invisibilization test **fires —** the "headroom, not a mandate to spend" framing describes a settled decision in the vocabulary of an open one. Ontological and Routing-around tests **pass** (treasury remains a commons substrate; no intermediary installed).

Right	Touched	Direction	Symmetry read	Firing threshold	Disposition
V — Commons Integrity	Yes (core)	Corrosive	Reciprocal-contestability inverted: the shared constraint is redrawn to fit a private-surplus taking	**Fails Prong 1 (bounded)** — a supersession any spend can trigger is elastic discretion, not a scoped remit	**Fired gap; vote-bearing.** Cure: scope the discretion (prospective, modeled need)
III — Governance Participation	Yes	—	Accountability-direction mirror	Does not independently fire (vote is participatory and reversible)	No gap
IV — Informational Integrity	Yes	—	Reciprocal-visibility mirror	Does not fire (the ceiling is transparent); frame-gate invisibilization attaches here	Routed to log
I, II, VI	Not load-bearing	—	—	—	Not forced

Hippocratic floor: clears in isolation (a ceiling is not itself a harm). A gate to continue, not a verdict.

A.4 Abstention-spine check and vote token

- **Spine 1 (instrument-mismatch)** would ordinarily apply — the finding concerns a two-action sequence and the ballot is one action. **Directional-effect guard forecloses it:** abstention returns delegated stake to inertness, lowering the passage bar, which would aid the object of the finding.
- Spines 2–5: not triggered.
- **Token: NO**, cast against the sequence. Doubly grounded — the pairing read and the fired Right V symmetry gap converge.

A.5 Fiduciary gate

N/A as dispositive on this ballot — no treasury allocation is decided by the ceiling itself (the allocation sits in the companion withdrawal). The ceiling's function is read structurally in A.3.

A.6 Trajectory / distal-signal log

- **Relational limb (regime drift).** Stage 1 — self-description drift toward deference idioms ("headroom"). Stage 2 — absence of debt-registration where a sequence inversion should have been booked. Stage 3 — correction-expectation collapsing to disclosure-and-continuation. Read as trajectory: the last hard fiscal constraint degrading from reciprocity toward precedent.
- **Future-proposal candidate:** a constitutional or standing-policy constraint on same-period NCL supersession (constraint-before-spend protected structurally rather than case by case).
- **Distal-signal slot:** a worked instance of the ratchet traced in the v2.4 rationale — the sharpest available test of whether the NCL follows the budget Info action from mandate → redundancy → removal.