Cardano PRIME

FOR DISTRIBUTION

/ CARDANO PRIME — PROTOCOL READINESS, INCENTIVES, AND MARKET EXPANSION

Cardano Treasury Withdrawal Governance Action · June 2026

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A community-overseen program to improve DeFi protocol readiness, responsibly activate incentives, and grow durable liquidity across Cardano markets.

Proposer: AlphaGrowth (alphagrowth.io)

Constitutional Administrator: Intersect MBO, accepted as Constitutional Administrator

Operating Group (OG, 5 voting members): Christina Gianelloni (Blink Labs), Kavinda Kariyapperuma (CoinCeylon), Philip DiSarro (Midgard Labs), Gerard Moroney (Input | Output Group), and Kristijan Kowalsky (Tweag by Modus Create), each serving in an individual capacity. The initial OG members were selected for objectivity, DeFi literacy, diverse backgrounds and geographies, community leadership, and the ability to make independent decisions on behalf of Cardano. No seat is filled by an active employee or principal of AlphaGrowth. OG membership is unpaid; see Conflict of Interest and Public-Good Protections.

DeFi & Community Advisory Council (AC) (non-voting): A standing council of Cardano-native DeFi participants, including representatives from DEX, lending, stablecoin, perpetuals, liquid-staking, and yield-product builders. The AC gives existing Cardano DeFi participants fair input and representation without giving any participant veto rights, payment authority, or preferential access to funds. AC members assist the OG; they do not make decisions for the OG or work directly with AlphaGrowth on PRIME implementation.

Total Request: ₳120,000,000 ($19,200,000 at $0.16/ADA planning assumption)

Program Duration: 12 months

AG Total Compensation (max): $1.76M fixed advisory fee + up to $4.64M performance fee based on verified qualifying TVL growth = $6.4M maximum

Submitted as: Treasury Withdrawals action under Article II, Section 7, Cardano Constitution v2.4

Condition to enactment: An applicable Net Change Limit has been, or will be by the time this withdrawal may be enacted, agreed under TREASURY-01a with sufficient remaining capacity to satisfy this proposal in full; this withdrawal must not be enacted unless it remains within that Net Change Limit.

/ EXECUTIVE SUMMARY

What PRIME does. PRIME brings competitive DeFi to Cardano. Cardano's smart-contract era, eUTxO architecture, and recent infrastructure additions (USDCx, LayerZero, Pyth, Dune) are world-class. What is missing is the application depth, liquidity products, and capital flow that make an ecosystem a destination DeFi users actually choose. PRIME closes that gap through a 12-month, community-overseen program: AlphaGrowth benchmarks Cardano DeFi against leading ecosystems, identifies the highest-value gaps, supports Cardano-native teams where they can deliver at comparable quality and timing, brings in missing applications or partners where needed, structures incentive campaigns under published criteria, and works with LPs and structured-product issuers that can move capital on-chain. The intended result is durable TVL on Cardano that persists after incentives taper, not liquidity that leaves when subsidies end.

PRIME reflects months of stakeholder and ecosystem feedback. AlphaGrowth leads the program under the oversight of the OG, according to the execution terms approved by DReps through ratification and enactment of this proposal. PRIME has three approximate phases: Phase 1 (Months 1–2), Current-State Audit; Phase 2 (Months 2–4), Gap Analysis and Implementation Recommendations; and Phase 3 (Months 5–12), Incentive and Capital Deployment. The OG votes on Phase 3 release at the end of Month 4. If the OG does not affirm release, approximately ₳90M / $14.4M of Phase 3 capital remains undisbursed and does not flow to PRIME envelopes. Total request: ₳120,000,000 ($19,200,000 at the $0.16/ADA planning assumption) for the full 12 months. See Program Structure, Financial Architecture, and Governance and Oversight for detail.

/ WHAT WE'RE DOING

As of June 2026, Cardano's DeFi ecosystem holds approximately **$90M in total value locked** and **$45M in stablecoin supply** (sources: Defillama Cardano page; Cardano Foundation telemetry). These figures represent real progress. They also show how much runway remains: comparable ecosystems with similar infrastructure maturity have reached multiples of this liquidity within similar timeframes (Sui has crossed $1B+ TVL within 18 months of mainnet; Aptos $400M+; Sei $300M+).

The gap is **not primarily technical**. Recent additions — USDCx native deployment, LayerZero cross-chain messaging, Pyth oracle integration, Dune analytics support — have brought Cardano materially closer to parity with leading DeFi ecosystems. What has not kept pace is the **conversion of infrastructure availability into active, durable liquidity**.

Cardano DeFi faces three interlocking liquidity challenges that must be addressed in order: **fragmented liquidity, inefficient liquidity, and insufficient liquidity**. Solving fragmentation and efficiency before chasing volume is the difference between durable growth and a subsidy treadmill. The remaining substantive gap is concentrated in four areas:

1. **Execution & solver markets.** Limited routing infrastructure and no native solver competition reduces trade efficiency for sophisticated LPs.
2. **Advanced liquidity products.** Programmable pool architectures and eUTxO-native vault standards remain underdeveloped, narrowing the strategies available to LPs. Cardano's eUTxO model and native, non-custodial liquid staking are structural advantages that most competing ecosystems do not have — converting that structural advantage into LP-ready primitives is a core Phase 2 priority.
3. **Risk & insurance tooling.** Limited on-chain risk management restricts the size of capital that institutional LPs are willing to commit.
4. **Distribution & awareness.** Outside of long-time Cardano builders, ecosystem awareness among non-Cardano institutions, LPs and protocols remains low.

DeFi is the foundation of long-term treasury sustainability. On-chain activity, fee generation, and capital retention all depend on a functioning, attractive DeFi ecosystem. **PRIME is designed to convert Cardano's existing infrastructure investment into durable, retained liquidity through a structured, publicly accountable process grounded in objective analysis.**

/ THEORY OF CHANGE

PRIME's working hypothesis: **the bottleneck on Cardano DeFi TVL growth is not infrastructure availability but durable LP unit economics.** Structured incentives bridge the LP profitability gap during a 6–9 month window; shared infrastructure (eUTxO vaults, solver markets, risk tooling) lands in parallel via PRIME grants and Pentad coordination; the combination produces TVL growth that persists beyond the incentive period.

Quantitatively: PRIME targets net qualifying TVL growth of $200M+ over 12 months (Cardano DeFi moving from approximately $90M to approximately $290M). Qualifying TVL means net new TVL attributable to PRIME after excluding ADA price effects, any founding entity TVL, externally funded protocol launches, and double-counted cross-protocol deposits under Appendix B. At the $200M target, the full request implies approximately $0.096 of treasury spend per $1 of qualifying TVL growth; at the $264M performance-fee cap, it implies approximately $0.073 per $1. This is broadly comparable to Arbitrum's STIP ($85M for approximately $1B TVL growth, or about $0.085/$) and meaningfully more capital-efficient than Optimism's earliest growth programs.

On TVL as a metric. TVL is the practical headline metric — the catch-all that the broader community can verify against public data (DefiLlama, Cardano Foundation telemetry). It is not perfect. PRIME's actual objective is to grow what we call **organic APR**: real user activity (accounts, transactions, fees generated) that compounds the on-chain economy independent of any incentive subsidy. Organic APR is what minimizes the long-run cost of incentivized TVL — when fees and users grow alongside TVL, the incentive bill shrinks because the market itself is paying LPs to stay. PRIME reports volume, raw transaction fees, monthly active users, and 6-month rolling TVL persistence alongside the headline TVL number every quarter. TVL is the easiest number to track and prove; organic APR is the number we're actually working toward.

Falsification trigger: if month-6 qualifying TVL growth is below $80M while incentives are flowing per schedule, AG must present a remediation recommendation to the OG. The OG may redirect remaining liquidity-incentive capital within the approved scope, require revised incentive cohorts, or pause new incentive launches pending an updated Phase 2 recommendation. No additional incentive launch proceeds after the trigger unless the OG permits it through the review process.

/ PROGRAM STRUCTURE

PRIME is a 12-month program executed, generally, in three sequential phases. Phases 2 and 3 are separated by the **Phase 3 Release Gate** at the end of Month 4 — Phase 3 capital does not flow without OG affirmation. All phases operate under the same Operating Group oversight and publication requirements.

PHASE	MONTHS	FOCUS	KEY DELIVERABLE
1	1–2	Current-state audit of ~20–25 DeFi infrastructure, application, asset, distribution, and institutional categories, benchmarked against crypto ecosystem leaders.	**Cardano DeFi Current State Analysis** — public good by the end of Month 2.
2	2–4	Gap analysis and implementation paths. For each high-priority gap, AG recommends build / buy / grant / partner / Pentad-coordinate / protocol-led / separate treasury action.	**Integration and Ecosystem Support Recommendations** — published for community review by the end of Month 4.
3	5–12	Milestone-gated, action-gated incentive programs; LP dealmaking; cohort-based liquidity campaigns; seed capital deployment; structured yield products.	Verified qualifying TVL growth; stablecoin supply expansion; ecosystem impact data. Quarterly public reports.

/ PHASE 3 RELEASE GATE

Phase 3 capital release is gated on OG affirmation. At the end of Month 4, the OG reviews the Phase 1 audit, the Phase 2 Integration and Ecosystem Support Recommendations, and AG's proposed Phase 3 deployment plan. A 3-of-5 affirmative vote releases the Phase 3 envelopes on schedule: AG fixed fee for Months 5–12, the second $3M of Ecosystem Grants, all LP Incentives, Months 5–12 Marketing, and the Performance Fee Reserve, totaling approximately ₳90M / $14.4M. If the OG does not affirm release, those tranches remain undisbursed and do not flow to PRIME envelopes. AG continues earning fixed-fee tranches accrued through the end of Phase 2, but no further accrual occurs against undisbursed Phase 3 capital. The OG may also issue a conditional affirmative that releases a subset of envelopes or adds eligibility conditions, documented in the Phase 3 release recommendation.

The Phase 3 release recommendation is one named decision record published in tamper-evident form. Other program recommendations are separate records under Decision Mechanics. AG has no vote and cannot direct its own outcome.

/ PHASE 1 — CURRENT-STATE AUDIT (MONTHS 1–2)

Phase 1 is a structured, objective baseline that creates a shared, publicly documented picture of Cardano DeFi across approximately 20–25 categories so that downstream recommendations are grounded in evidence and defensible to the community.

Categories reviewed span bridges and cross-chain messaging, oracle providers, custody and asset management infrastructure, analytics and data infrastructure, DEXs and AMMs, lending and borrowing protocols, stablecoin issuers, liquid staking and yield products, perpetuals and derivatives, prediction markets, institutional on-ramp infrastructure, and distribution partnerships. Each category is benchmarked against comparable ecosystems.

The resulting **Cardano DeFi Current State Analysis** is published as a public good by the end of Month 2. It serves as the baseline input for Phase 2, as the Operating Group's primary reference for the Phase 3 release vote, and as a community resource independent of the program itself.

/ PHASE 2 — GAP ANALYSIS AND IMPLEMENTATION PATHS (MONTHS 2–4)

Phase 2 identifies the highest-value gaps from the Phase 1 audit and assigns each an implementation path. The primary Phase 2 deliverable is the **Integration and Ecosystem Support Recommendations** document, detailed in Appendix C.

PRIME's Phase 3 deployment proceeds against the priorities identified in this document; outside parties may or may not act on the broader recommendations, and PRIME does not require their action.

/ PHASE 3 — INCENTIVE AND CAPITAL DEPLOYMENT (MONTHS 5–12)

Phase 3 puts treasury resources to work, subject to the Phase 3 release gate above. Deployment is **milestone-gated and action-gated**: incentives flow only when the market can retain liquidity beyond the subsidy period, and only against recommendations that have cleared the Operating Group review window.

AG uses LP dealmaking, cohort-based liquidity analysis, and asset-by-asset optimization to structure incentive campaigns. Protocols and liquidity providers qualify based on **objective, published eligibility criteria** including TVL thresholds, audit status, transparency standards, and protocol age. Any qualifying protocol can participate on equal terms.

Preference toward Cardano-native teams. Where AG assesses a Cardano-native team can deliver against equivalent confidence to an external alternative at reasonable cost and timeframe, PRIME defaults to the Cardano-native team. Remediation paths — targeted technical or operational support to bring a Cardano-native option to equivalent confidence — are offered before substitution. PRIME's purpose is to grow Cardano DeFi, not to displace it; "buy" and "partner" paths are reserved for cases where Cardano-native confidence cannot be achieved within the program window or where institutional counterparties (funds, wallets, structured-product issuers) will only deploy via known external parties.

Some Phase 3 deployments may be structured as treasury-owned recoverable capital, including seed LP positions or solver infrastructure loans. Principal, yield, or other proceeds return to the Cardano Treasury only where the applicable deployment memo expressly creates return rights. Each deployment memo specifies return rights, recovery timeline, conditions, risk treatment, and whether the deployment is recoverable or non-recoverable spend.

/ COORDINATION WITH THE CARDANO PENTAD

The Cardano Pentad is the coordinated executive body formed by Input Output Global (IOG), the Cardano Foundation, EMURGO, Intersect, and the Midnight Foundation, aligning priorities and accelerating delivery of critical ecosystem infrastructure and beyond.

PRIME coordinates with the Pentad where objectives align. Where PRIME's Phase 2 recommendations and a Pentad workstream overlap, PRIME defers to the Pentad on infrastructure already in Pentad scope. PRIME may recommend growth opportunities and partnerships in all facets of chain and ecosystem health.

/ FINANCIAL ARCHITECTURE

The total withdrawal request is ₳120,000,000 ($19,200,000 at a $0.16/ADA planning assumption). The budget is a single consolidated request, subject to the Phase 3 release gate at the end of Month 4. All disbursements are executed through the recommendation and review process described in Governance and Oversight. The OG does not touch or hold funds, and AlphaGrowth does not unilaterally hold or control funds.

/ BUDGET BREAKDOWN

CATEGORY	USD	ADA	NOTES
AG Fixed Fee	$1.76M	₳11.0M	Monthly tranches; months 5–12 gated by Phase 3 Release
Ecosystem Grants	$5.6M	₳35.0M	$2.6M Phase 2; $3M Phase 3 (gated)
LP Incentives	$4.32M	₳27.0M	All Phase 3; gated by Phase 3 Release
Marketing	$2.4M	₳15.0M	$500K Phase 1, $500K Phase 2, $1.4M Phase 3 (gated)
Legal & Compliance	$0.16M	₳1.0M	Phase 1, all upfront
Independent Audit	$0.32M	₳2.0M	Phase 2 release; independent auditor, assessor, or assurance reviewer selected through the Administrator/OG process before the first applicable audit or assurance period; not named in this proposal
Performance Fee Reserve	$4.64M	₳29.0M	Phase 3; gated. Released only against verified qualifying TVL growth; unearned portion returns to treasury
Total Request	**$19.2M**	**₳120.0M**	

Budget classification. AG Fixed Advisory Fee and the Performance Fee Reserve are AG compensation. Ecosystem Grants, Liquidity Incentives, and Marketing are program spend; AG is not eligible to receive compensation from those envelopes unless separately approved as a direct vendor through the standard recommendation / Disbursement Memo process. Legal & Compliance and Independent Audit are oversight spend.

Total maximum AG compensation = $1,760,000 + $4,640,000 = $6,400,000 ($1.76M floor, $6.4M ceiling), represented in this proposal as ₳11.0M fixed fee plus a ₳29.0M Performance Fee Reserve at the $0.16/ADA planning rate. The proposal requests fixed ADA amounts; USD figures are planning references, and materially favorable ADA price movement is handled through the excess-return mechanics in Unused Funds.

/ AG PERFORMANCE FEE – STRUCTURE AND KPIS

The performance fee is a declining marginal rate against **verified qualifying TVL growth**, capped at $4,640,000 at $264M of qualifying TVL growth. Qualifying TVL growth is defined under the attribution methodology in Appendix B. Volume and raw fees generated are reported alongside qualifying TVL in every quarterly update.

TVL GROWTH BAND	RATE	FEE IN BAND	CUMULATIVE
First $50M ($0–$50M)	3.0%	$1.5M	$1.5M
Next $100M ($50M–$150M)	2.0%	$2.0M	$3.5M
Next $114M ($150M–$264M)	1.0%	$1.14M	$4.64M
Beyond $264M	0%	—	**$4.64M cap**

The Performance Fee Reserve of $4,640,000 / ₳29,000,000 at the $0.16/ADA planning rate fully covers the contractual cap. Any unearned portion at program conclusion returns to the Cardano Treasury under return trigger 1 (see Unused Funds). No performance fee is disbursed before the OG signs off on the TVL attribution methodology (M2 gate condition).

/ MILESTONE & DRAWDOWN SCHEDULE

Disbursements track each budget category to the phase in which it unlocks. Phase 3 envelopes (M3 and M4) are subject to the Phase 3 Release Gate at the end of Phase 2 (Month 4). USD equivalents are planning estimates at $0.16/ADA; timing and vendor-level allocations may evolve by AG recommendation and OG approval within the approved ADA envelopes.

STAGE	MO.	CATEGORIES RELEASING	PHASE 3 GATED?
M1	0	Legal & Compliance $0.16M; AG Fee monthly accrual begins; Marketing $500K; first $2.6M of Ecosystem Grants	No
M2	2	Independent Audit $0.32M; second Marketing tranche $500K; AG Fee monthly accrual continues	No
Phase 3 Release Vote	4	OG affirms or vetoes release of Phase 3 envelopes	—
M3	5	AG Fee months 5–12 unlocks; second $3M Ecosystem Grants; all $4.32M LP Incentives; remaining $1.4M Marketing; Performance Fee Reserve activated	Yes
M4	9	Program optimization; active liquidity campaigns; interim results review	Yes — within released envelopes

M4 close	12	Final reporting, ecosystem impact assessment, unused-funds review, return of balances	—

Phase 1–2 spend (months 0–4): approximately ₳30M / $4.8M. Phase 3 gated capital (months 5–12): approximately ₳90M / $14.4M. If the Phase 3 Release Vote does not affirm, the gated tranches remain undisbursed and are not released except through the OG release-gate process.

/ RECOVERABLE CAPITAL

A portion of program deployment may be structured as treasury-owned deployable capital with return rights. Each such deployment requires a Disbursement Memo specifying return rights, recovery timeline, conditions, and risk treatment.

STRUCTURE	ADA / USD PER POSITION	RISK	MONTH 12 DISPOSITION
Seed LP	₳5.5–7M / $0.88–1.12M each at $0.16/ADA, ₳7M cap	Impermanent-loss and pool-exploit risk. Only audited protocols (>6 mo mainnet, third-party audited) qualify.	Withdraw to treasury or roll forward via separate governance action
Solver Loan	₳0.8–1.0M / $128–160K at $0.16/ADA	Loan-style; agreement specifies repayment, collateral, default mechanics. Preference toward Cardano-native infrastructure builders with a shipped product; a non-native counterparty is considered only where no Cardano-native option can deliver at equivalent confidence.	Principal + yield returned per loan terms
Held Yield	₳0.25–0.45M / $40–72K	Pre-disbursement ADA not delegated to any SPO. Yield from short-duration cash management of held funds.	Net yield returns to the treasury at program close unless the OG affirmatively approves reinvestment within the approved program scope before Month 12 closeout.

Treasury exposure caveat. Any deployment under Recoverable Capital carries non-zero risk of partial principal loss. The OG and AG bear no fiduciary responsibility for losses absent breach of duty. This exposure is disclosed as part of the withdrawal terms.

Risk disclosure and mitigation. Material risks include market underperformance, inability to source compliant counterparties, impermanent-loss or principal risk for recoverable deployments, and delayed administrative or contract setup. Mitigations include the Phase 3 release gate, published eligibility criteria, independent audit or assurance review, disbursement memos, and return-to-treasury triggers.

/ UNUSED FUNDS — SIX RETURN TRIGGERS

Any funds not disbursed at program conclusion, including unabsorbed yield on held funds and any unearned portion of the Performance Fee Reserve, return to the Cardano Treasury unless a specific return trigger below permits narrowly scoped reinvestment with OG approval:

1. **End-of-program unused balance.** Any undisbursed balance at Month 12 closeout returns to the treasury within 30 days.
2. **Contract termination with undisbursed funds.** If the AG contract is terminated (for-cause or for-convenience per Termination Authority), undisbursed funds return to treasury within 30 days of termination effective date.

3. **Unresolved vetoed recommendations expiring within the program timeline.** A recommendation that is vetoed and not successfully revised before Month 12 cannot result in disbursement; reserved funds return.
4. **Milestone gate failure where remediation is infeasible, including a negative Phase 3 Release Gate vote.** If a milestone gate fails, including a Phase 3 Release Gate vote that does not affirm release, and the OG determines (3-of-5 vote) that remediation is not feasible within the remaining program timeline, the tranches associated with the failed gate remain undisbursed and are returned to the treasury unless the OG approves a narrower remediation plan within the original program scope.
5. **Material market-change or ADA-price excess trigger.** If the 7-day mean ADA/USD price is at or above $0.40 for 30 consecutive days before a scheduled conversion or disbursement, release of unconverted ADA is paused and the excess ADA no longer needed to fund the approved USD-denominated workplan at the planning budget is calculated. Excess ADA returns to the Cardano Treasury unless a 4-of-5 OG super-majority determines that retaining or redeploying some portion is necessary for additional in-scope incentives or ecosystem work, and publishes the rationale before release. If ADA falls below $0.08 for 30 consecutive days, AG must present a revised workplan to the OG before further discretionary disbursements.
6. **Excess attribution-verified earnings beyond the Performance Fee cap.** The Performance Fee is capped at $4.64M; any growth-attributable upside above that cap accrues solely to the ecosystem, not to AG, and reserve balances above earned fees return to the treasury unless retained under the material market-change process above.

/ GOVERNANCE AND OVERSIGHT

PRIME uses a delegated execution model with separated roles. AG develops analyses, recommendations, and disbursement memos. The OG oversees the program, reviews AG recommendations, and may veto or condition material actions under the review process below. The Constitutional Administrator receives and administers the withdrawn funds; it does not direct program substance. AG does not unilaterally hold or control funds, the OG does not hold funds, and no single party controls recommendations, approvals, and custody.

/ OPERATING GROUP

To start, the OG consists of five voting members, each with one vote: Christina Gianelloni (Blink Labs), Kavinda Kariyapperuma (CoinCeylon), Philip DiSarro (Midgard Labs), Gerard Moroney (Input | Output Group), and Kristijan Kowalsky (Tweag by Modus Create), each serving in an individual capacity. They were selected for objectivity, community leadership, diverse backgrounds and geographies and the willingness to make independent and beneficial decisions on behalf of the Cardano ecosystem. No seat is filled by an active employee or principal of AlphaGrowth. OG membership is unpaid.

/ OG TERM, REPLACEMENT, VACANCY, REMOVAL

- **Replacement upon resignation or incapacitation.** Filled by majority of remaining members within 30 calendar days. The replacement candidate must be an active ecosystem participant; cannot be an employee or principal of AlphaGrowth at the time of selection.
- **Vacancy handling.** While vacant, quorum drops from 5 to 4. Veto threshold remains 3 (now 3-of-4 rather than 3-of-5). If two seats are vacant, the OG operates in suspended-disbursement mode until a replacement is seated.
- **Removal for cause.** 3-of-4 super-majority of the non-subject members + Constitutional Administrator confirmation. Cause includes material breach of charter, sustained non-attendance, conflict of interest violation, or regulatory action against the member or their employer.

/ COMMUNITY FIRST — COMPOSITION RATIONALE

Cardano DeFi protocol teams bring direct, day-to-day insight into technical, liquidity, and market-structure barriers. To preserve actual and perceived objectivity, those teams participate via the **non-voting DeFi & Community Advisory Council** rather than serving as voting OG members. This gives PRIME access to protocol-level expertise without giving any participant veto rights, payment authority, or preferential access to funds.

/ DECISION MECHANICS & MATERIALITY THRESHOLD

A recommendation record is created for each substantive program decision above the materiality threshold. AG creates and publishes the recommendation, which enters an OG review window. Any OG member may veto with written rationale tied to program criteria. A veto requires 3-of-5 members to take effect (3-of-4 with one vacant seat). Routine disbursements at or below the materiality threshold proceed under the approved budget category unless a cumulative-cap, conflict-of-interest, or scope trigger below requires full OG review.

Materiality threshold: ₳400,000 (approximately $64,000 at $0.16/ADA), recomputed quarterly only if the ADA/USD price moves by at least 25% from the planning assumption.

Cumulative-cap protection: Aggregate disbursements to any single recipient or affiliated group above $250,000 per quarter trigger full OG review even if individual disbursements are below threshold.

Standard review window: 7 calendar days for material recommendations. Routine disbursements below the threshold do not require a separate review window unless another trigger applies.

Accelerated review window: 3 calendar days for time-sensitive matters with OG-chair concurrence, provided the written rationale explains why the shorter window is necessary.

Temporary absence handling: OG members may pre-delegate veto authority to one other member for up to 14 days per year; delegations are published in real time.

Vetoed recommendations: Returned to AG with written rationale; AG may revise and resubmit for a fresh review window.

Non-vetoed recommendations authorize execution of the corresponding Disbursement Memo.

/ RECUSAL STANDARDS

To address conflicts of interest from OG members whose employers may be counterparties, beneficiaries, or contractual instructors, the following recusal rules apply:

- **Mandatory recusal — counterparty matters.** Any OG member whose employer is a counterparty to a recommendation, disbursement, or contract amendment must recuse from all votes related to that matter.
- **Mandatory recusal — beneficiary matters.** Any OG member whose employer (or affiliated entity) is a beneficiary of a grant, incentive, or capital deployment decision must recuse.
- **Mandatory recusal — instructor matters.** Any OG member whose employer is the contractual instructor on any program contract must recuse from votes related to that contract's amendment, scope change, or termination.
- **Threshold adjustment on recusal.** When one member recuses, the 3-of-5 veto threshold reduces to 3-of-4 (still requires a majority of voting members). When two members recuse on the same matter, action requires unanimous consent of the remaining three.
- **Publication.** All recusals and the matter triggering them are published in real time.

/ AG'S ROLE AND OPERATIONAL INDEPENDENCE

AG designs the program, produces the Current-State Analysis, drafts the Integration and Ecosystem Support Recommendations, develops the incentive strategy, and manages capital deployment workflows. AG operates with **independence on program substance**: recommendations reflect AG's professional judgment, not instructions from the OG or the contractual counterparty.

AG does not unilaterally hold or control program funds and cannot unilaterally direct or authorize its own payment. All compensation flows through the execution of non-vetoed Disbursement Memos.

/ TERMINATION AUTHORITY

The AG contract may be terminated by:

TYPE	AUTHORITY	NOTICE / CURE	COMPENSATION THROUGH TERMINATION
Cause	4-of-5 OG super-majority + Constitutional Administrator confirmation	30-day written cure; termination effective if cure not completed	All earned but undisbursed fixed-fee tranches + accrued perf fee per attribution methodology
Convenience	3-of-5 OG majority + Constitutional Administrator confirmation	60-day written notice	Pro-rated fixed fee through termination + accrued perf fee per attribution methodology
Voluntary	AG written notice to OG and the Constitutional Administrator	90-day written notice	Earned fixed-fee tranches through termination only; no perf fee accrual after notice

Cause includes: material breach of the master services agreement; sustained non-performance against published milestone targets; conflict of interest violation; regulatory action against AG that materially impairs program execution.

On termination, undisbursed program funds return to treasury under return trigger 2 (see Unused Funds).

/ CONSTITUTIONAL ADMINISTRATOR & CUSTODY OF FUNDS

The Constitutional Administrator will be Intersect MBO. Funds withdrawn under this governance action are received directly by Intersect MBO; they are not delivered to AlphaGrowth to unilaterally hold or manage.

Following receipt, funds will be held under Intersect MBO's administrative authority in dedicated auditable arrangements separate from any other program funds held by the Constitutional Administrator. ADA held before an approved disbursement will not be delegated to any SPO and must be delegated to the predefined abstain voting option. Funds may be held in ADA, stablecoins, or other low-risk treasury-management positions only within the approved program workplan, reporting obligations, and return-to-treasury rules. Disbursements are executed operationally based on non-vetoed recommendations and Disbursement Memos from AG. The Constitutional Administrator provides administration, audit infrastructure, and reporting support, but does not direct program substance. The specific operational arrangements for holding and moving funds after receipt are determined between the Constitutional Administrator and AlphaGrowth before any program disbursement, consistent with the oversight, publication, and return-to-treasury protections in this proposal, and may involve additional independent parties as appropriate. At no point does AlphaGrowth unilaterally hold or control program funds.

/ CONTRACTING STRUCTURE

Before any program disbursement after treasury withdrawal, legal contracts will be established to formalize AlphaGrowth's role along with the OG and the Administrator, to the Administrator's satisfaction. The contract between the counterparty and AG expressly states that the counterparty has no unilateral control over AG's recommendations, incentive design, counterparty selection, analytical conclusions, or disbursement memos. AG's work is governed by the published scope of this proposal and the OG's majority-veto process.

This proposal serves as the **source-of-truth exhibit for the AG master services agreement**. Before contracting, the counterparty publishes a selection rationale, statement of work summary, conflict check results, and commercial terms summary.

/ DEFI & COMMUNITY ADVISORY COUNCIL

The non-voting DeFi & Community Advisory Council (AC) brings ecosystem expertise to program design without granting any participant veto rights, payment authority, or preferential access to funds. The AC exists to ensure existing Cardano DeFi participants get fair input and representation into the program. AC members assist the OG; they do not work directly with AlphaGrowth on PRIME implementation. AC seats are not on the OG itself because AC members may be grant or incentive recipients during the program, which would create direct conflicts of interest. The AC gives Cardano-native protocols delegated representation and a published input channel without those conflicts.

- **Composition.** Cardano-native DEX, lending, stablecoin, perpetuals, liquid-staking, and yield-product builders, or other such community teams. Final composition is confirmed by the OG at program launch.
- **Information-asymmetry mitigation.** AC participation in certain incentive-program design discussions is open to observer status for any qualifying protocol that requests it. AC meeting notes are published in real time alongside other program records. AC members do not see eligibility criteria before public publication.
- **Voice & disclosure.** Where the AC provides input that the Operating Group declines to act on, the declination and rationale are recorded in the next quarterly report, so AC input cannot be quietly ignored.
- **Compensation.** No AC participant receives any salary, stipend, or direct compensation from this withdrawal.

/ LEGAL & REGULATORY CONSIDERATIONS

The Legal & Compliance budget line ($160K / ₳1.0M) funds the following work, completed in Month 1 and refreshed annually:

- **Jurisdictional analysis of counterparties.** The contractual counterparty's jurisdiction and tax status documented. AG entity structure and operating jurisdiction documented. Constitutional Administrator jurisdiction and authority documented.
- **AML/KYC for grant and incentive recipients.** Standard AML/KYC checks for all grant recipients above ₳100,000 per disbursement, performed by an independent compliance vendor. Eligibility criteria require recipient legal entity disclosure.
- **Securities and tax treatment of ADA-denominated performance fee.** Outside counsel opinion on whether the performance fee constitutes a security or other regulated instrument in the relevant jurisdictions. Tax treatment of yield on held funds documented for both the Constitutional Administrator and AG (recipient).
- **Participant agreements.** Template agreements for grant recipients, LP incentive participants, marketing-budget vendors, and the AG master services agreement, all reviewed by outside counsel.

- **Sanctions screening.** All grant and incentive recipients screened against OFAC SDN list and relevant non-US sanctions lists.

/ EXPLICIT EXCLUSIONS

The following are not funded by this treasury withdrawal and are not authorized under the scope of this governance action:

1. **Infrastructure builds, primitives, and shared integrations that do not clear PRIME's process.** This proposal does not categorically exclude infrastructure work; it excludes commitments that do not clear PRIME's recommendation, budget, and review process. Production hardening of the limit order book, eUTxO-native vault infrastructure, scaling work, and shared protocol or language-level work may be funded inside the program where necessary for PRIME delivery (cap: aggregate $4M from the Ecosystem Grants envelope unless separately approved through OG super-majority review); items too large or structurally separate route through the Integration and Ecosystem Support Recommendations deliverable and external funding paths.
2. **Year 2 program continuation.** A second year requires its own governance action and community approval.
3. **Pentad or other liquidity-growth work.** Pentad member activities require their own governance actions.
4. **Direct dApp investment beyond program scope.** Catalyst and venture vehicles are the appropriate mechanisms for equity or token-based dApp investment.
5. **Cardano Community Initiative (CCI) V1 maintenance and CCI V2 enhancements.** Covered by separate CCI Budget governance actions.
6. **Outsized third-party grant, partnership, or integration packages.** The OG may determine that an opportunity is too large, controversial, structurally separate, or outside delegated scope for this withdrawal. Such opportunities may be submitted through their own on-chain proposal, routed through a separate aligned ecosystem effort, or deferred for separate community review.
7. **OG and Advisory Council operational overhead.** Participant time and any costs incurred by OG members or Advisory Council participants are not covered by this withdrawal.

/ APPENDIX A — OPERATIONAL GOVERNANCE DETAIL

Appendix status. Appendices A through F are included in this proposal and form the operating framework. Appendix G is a supporting-materials and filing-reference index. The OG may refine implementation details within the approved ADA amount, program scope, constitutional requirements, conflict protections, public reporting commitments, and return-to-treasury rules; it may not use appendix updates to expand the withdrawal, weaken guardrails, or create new obligations outside this proposal.

/ Decision Mechanics (detail)

A recommendation record is created for each substantive program decision above the materiality threshold of ₳400,000 (approximately $64,000 at $0.16/ADA, recomputed quarterly only if ADA moves by at least 25%). Cumulative-cap protection applies for any single recipient or affiliated group above $250,000 per quarter.

The OG review window opens upon publication of the recommendation. Members vote within the window:

- 3-of-5 (or 3-of-4 with recusal/vacancy) vote with written rationale → recommendation is vetoed. Returned to AG with rationale. AG may revise and resubmit for a fresh review window.

- Fewer than 3 vetoes within review window → recommendation authorizes execution of the corresponding Disbursement Memo.

All recommendations, vetoes, written rationales, and final outcomes are published within 5 business days of resolution.

/ Veto Standards

Veto authority is reserved for material objections tied to program criteria: scope violations, eligibility failures, disbursement errors, conflict of interest concerns, or clear departures from the program's public-good mandate. Veto authority is **not a general override mechanism**. Each vetoing party bears public accountability for its written rationale. **A veto without written rationale has no effect.**

/ Custody and Disbursement Flow

AG issues recommendations and Disbursement Memos → OG review window → non-vetoed recommendations authorize execution → the disbursement is executed through the program's fund-administration arrangements. The operational path may use on-chain or traditional payment rails depending on the recipient and disbursement type. Any conversion from ADA into stablecoins or other low-risk treasury-management positions must remain within approved program scope, reporting, and return-to-treasury rules.

/ Contract Standards

All contracts executed under this program include: defined scope and obligations; reporting requirements aligned to PRIME's reporting schedule; drawdown conditions tied to milestone gates; public reporting obligations. A written off-chain Legal Contract will be created between AlphaGrowth and the Cardano Development Holdings (CDH), as mandated by the Constitution, and will be administered by Intersect. This will include details of the project delivery schedule and dispute resolution. Vendors and partners receiving program funds must comply with transparency and public-good commitments.

Milestone assurance. Before any material milestone-gated disbursement, the applicable Statement of Work, Disbursement Memo, or acceptance record must identify the deliverable, acceptance criteria, approving authority, payment amount, and any independent auditor, assessor, or assurance-reviewer validation required by the contract or this proposal. The disbursement may be executed only after the required approval or assurance record has been received.

/ Cardano Addresses

Program funds will be received by Intersect, acting as Constitutional Administrator. ADA held before approved disbursement will be delegated to the predefined abstain voting option and not delegated to any SPO.

Any subsequent movement of funds must remain separately auditable and be reported through the program's financial reconciliation and unused-funds rules. Net yield remains subject to the return/reinvestment mechanics in this proposal.

/ APPENDIX B — REPORTING REQUIREMENTS & TVL ATTRIBUTION METHODOLOGY

/ Reporting Schedule

All program reports are public. AG and the Constitutional Administrator publish reports on the schedule below. The OG maintains private working sessions during active build and deployment, with summary notes published quarterly.

REPORT TYPE	TIMING	PUBLISHED BY
Per-Milestone Report	At M2, M3, M4, Month 12 closeout	AG and OG w/ Administrator

Quarterly Public Update	Every 3 months (Months 3, 6, 9, 12)	AG and Administrator
OG Working-Session Summary	Quarterly digest of internal sessions	OG (internal sessions remain private)
Advisory Council Disclosure	Quarterly within the Public Update	OG — records any AC input declined by the OG and rationale

Reporting cadence consolidation note. The quarterly updates at Month 6 and Month 12 serve as the bi-annual summaries; no separate bi-annual report is published.

/ Report Contents

Each milestone and quarterly report contains:

- **Financial Summary & Treasury Reconciliation.** Balance of undisbursed program funds; total disbursed to date by category; recovery status of seed capital and loans; yield accrued on idle/deployed assets net of approved costs; amounts returned to treasury; reconciliation against approved budget.
- **Workstream Status.** Phase 1 audit progress; Phase 2 gap analysis and recommendations; Phase 3 incentive campaign performance; capital deployment updates.
- **Audit & Compliance Statement.** Confirmation of compliance with OG veto requirements, publication requirements, constitutional obligations, independent-audit readiness, and oversight metrics. Periodic independent-audit results are published when completed.
- **Ecosystem Impact Assessment.** Quantitative metrics per attribution methodology (below). Headline qualifying TVL, stablecoin supply, monthly active users, transaction volume, **raw fees generated**, and **6-month rolling TVL persistence**.
- **Veto Record.** Complete log of Recommendations submitted, vetoes taken, written rationale, resolution status.
- **Advisory Council Disclosure.** Items the AC raised that the OG declined to act on, with rationale.
- **Governance & Forward Outlook.** Program health; material changes to market conditions or deployment strategy; forward-looking commentary on remaining milestones.

/ TVL Attribution Methodology

The Performance Fee is paid against verified qualifying TVL growth. The full and final attribution methodology is developed by AG and the OG, and signed off by the OG as an M2 gate condition (no performance fee disbursement before M2 OG sign-off), and published.

Baseline date. Later of withdrawal enactment or a more conservative earlier snapshot approved by the OG and published before first performance-fee measurement. Baseline TVL snapshot: independent third-party data (Defillama Cardano + Cardano telemetry) on baseline date.

Measurement cadence. End of each calendar quarter beginning Month 3.

Persistence requirement. Quarterly measurement requires TVL to hold for at least 30 days at measurement date. The headline TVL figure is reported alongside a 6-month rolling persistence number to distinguish durable from mercenary capital.

Permissionless platform clarification. Cardano DeFi is a permissionless platform; TVL flows are not exclusively attributable to any program. Qualifying TVL is the net additional TVL that, after the carve-outs below, would not have arrived in the absence of PRIME activity.

Supplementary metrics. Alongside qualifying TVL, every quarterly report includes raw transaction fees generated, monthly active users, and **trading volume (not transaction count)** so the OG can sanity-check headline TVL against on-chain economic activity.

Carve-out: ADA price effects. USD-denominated TVL recomputed using rolling 7-day mean ADA price. Price-attributable gains/losses are excluded from “qualifying” growth.

Carve-out: founding-entity and externally attributable TVL. TVL directly attributable to funding, liquidity, or launch support from Cardano founding entities or other non-PRIME programs during the program period is excluded. Methodology specifies how externally attributable share is computed per protocol.

Carve-out: Externally-funded protocol launches. New TVL from protocols whose primary funding source during the program is external (non-PRIME) venture or grant funding is excluded.

Anti-double-counting. Cross-protocol TVL (e.g., LP tokens deposited into lending markets) counts once at originator protocol only.

Dispute resolution. OG-level disagreement on attribution methodology application escalates to an independent technical panel (3-of-5 OG votes to convene). Panel composition: 1 AG nominee, 1 OG nominee, 1 independent ecosystem researcher (mutually agreed).

The attribution methodology may be amended only by 4-of-5 OG super-majority + AG concurrence; amendments are not retroactive.

/ Marketing & Ecosystem Awareness — Indicative Allocation

The $2.4M / ₳15.0M marketing budget is indicatively allocated as follows. Final allocation is set by AG recommendation in M2/M3 with OG sign-off:

SUB-CATEGORY	INDICATIVE $	NOTES
Conference & event sponsorships	$750K	Targeted Cardano + cross-ecosystem conferences
Content (technical writing, video, dashboards)	$650K	Public-good content produced under AG editorial control
Distribution partnerships	$450K	Co-marketing with custody / analytics / data partners
Co-marketing with Cardano-native protocols	$350K	Joint awareness with homegrown DeFi protocols receiving program support
Ecosystem awareness research and surveys	$200K	Baseline + quarterly LP sentiment tracking

/ APPENDIX C — INTEGRATION AND ECOSYSTEM SUPPORT RECOMMENDATIONS (PHASE 2 DELIVERABLE SHAPE)

During Phase 2, AG produces the Integration and Ecosystem Support Recommendations document. It is a program-delivery input and public reference, not a binding instruction to outside parties; PRIME’s Phase 3 deployment proceeds against the priorities identified, regardless of whether outside parties act on the broader recommendations.

The document covers five areas:

1) Shared infrastructure. Limit order book hardening, DeFi Gateway SDK with custody adapters, eUTxO-native vault standards. Where eUTxO + native non-custodial liquid staking can be combined into a primitive that no competing ecosystem can replicate, that combination is prioritized.

2) Critical integrations. Bridge and cross-chain messaging providers; oracle networks; custody providers; analytics platforms; distribution partnerships. Assessment of live options, emerging paths, and lower-cost or better-fit alternatives.

3) Integration assessment. Full assessment of live and emerging bridge, messaging, oracle, custody, analytics integrations available to Cardano. Coverage gaps, redundancy, cost efficiency, sequencing.

4) Primitives and sequencing. Recommended protocol-level enhancements, scaling improvements, language features expanding Cardano's DeFi primitive layer. Recommended order of operations.

5) Funding path. Routing recommendations for each in- or out-of-scope priority (i.e., recommending potential Pentad coordination, protocol-led, separate treasury action, etc.).

/ APPENDIX D — PRIOR TREASURY RECEIPT DISCLOSURE

Article II, Section 7, Item 2 of the Cardano Constitution requires disclosure of whether the prospective Treasury Withdrawal Recipient has received ada from the Cardano Treasury within the last 24 months. This withdrawal is separate from and not a continuation of any other governance action or program.

PARTY	DISCLOSURE REQUIRED (24-MONTH LOOKBACK)	STATUS
AlphaGrowth	Legal entity name, payment reference if applicable, and prior Cardano treasury receipts in the prior 24 months	No prior receipts
Named direct third-party payees or beneficiaries, if identified before submission	Legal entity name, payment reference where available, amount/role, and prior Cardano treasury receipts in the prior 24 months	Not applicable as there are no parties identified as direct recipients/payees before submission; later program disbursement recipients are disclosed through decision mechanics and reporting
Operating Group members and employer organizations	Not disclosure parties solely by serving on the unpaid OG; disclose only if a member or employer becomes a named direct recipient/payee or affiliated beneficiary	Not applicable unless selected as a recipient/payee through the published process

/ APPENDIX E — CONSTITUTIONAL COMPLIANCE MATRIX

This withdrawal is submitted under Article II, Section 7 of the Cardano Constitution v2.4 (Current Enacted Constitution; IPFS: bafkreieyuknozbtewyurfqoagvplvykadn6a4u6wglupavdz46bbsnnl6e).

CONSTITUTIONAL PROVISION	HOW PRIME SATISFIES IT	STATUS
Article II §6 — Format, URL, hash, identifiable title	Identifiable title, abstract/summary, rationale, supporting materials, stable URL, and immutable IPFS hash before submission	Satisfies upon final IPFS URL/ hash publication

Article II §7 — Withdrawal terms, prior receipts, administrator designation	Terms throughout; prior receipts in Appendix D; Constitutional Administrator designation and custody terms included.	Satisfies
Article II §7 Item 1 — Purpose, delivery period, costs, refunds	12-month delivery period; costs detailed in Financial Architecture; six return triggers in Unused Funds	Satisfies
Article II §7 Items 4 & 5 — Audit funding and one or more administrators	₳2.0M (~1.7% of total) audit/assurance allocation; periodic independent audits, assessor review, or assurance-reviewer validation and oversight metrics are funded; Constitutional Administrator designated before submission; the contractual counterparty has no unilateral control over AG	Satisfies
Article II §7 Item 6 — Separate auditable account, no SPO delegation, abstain voting	Dedicated auditable account separate from any other program funds held by the Constitutional Administrator; pre-disbursement ADA not delegated to any SPO and delegated to the predefined abstain voting option	Satisfies
Guardrail TREASURY-02a — NCL compliance	Applicable NCL: this withdrawal is conditional on an applicable Net Change Limit being agreed under TREASURY-01a and having sufficient remaining capacity to satisfy ₳120,000,000 in full.	Conditional at enactment; NCL must be DRep-agreed and have sufficient remaining capacity to cover this withdrawal in full.
Guardrail TREASURY-03a — Withdrawal denominated in ADA	Denominated in ADA; USD figures as reference at $0.16/ADA planning assumption	Satisfies
Guardrail TREASURY-01a — DRep-agreed NCL in effect	Submission and withdrawal enactment are conditional on an NCL having been agreed by DReps through the applicable governance process with greater than 50% of active voting stake and applying to this withdrawal.	Conditional at enactment; applicable NCL must be DRep-agreed before this withdrawal is enacted.

Definitions referenced in this proposal, including Net Change Limit and Treasury Withdrawal Recipient, are taken from the same enacted Cardano Constitution v2.4.

/ APPENDIX F — CONFLICT OF INTEREST AND PUBLIC-GOOD PROTECTIONS

/ Conflict-of-Interest Protections (structural, not discretionary)

1. **No directive authority.** No OG participant directs AG's program recommendations, incentive design, counterparty selection, analytical conclusions, capital deployment, or disbursement memos. AG's operational independence is contractually protected in the AG MSA.
2. **Mandatory recusal — counterparty, beneficiary, and instructor matters.** Per Recusal Standards above.
3. **No preferential allocation.** OG participants and their affiliated protocols compete for any incentive allocations on the same published objective criteria as any other qualifying protocol. Before any disbursement to an OG-affiliated protocol, the record must show: fewer than 3 OG vetoes; Constitutional Administrator confirmation that the recommendation completed required process before payment; written independent auditor or assurance reviewer confirmation of objective eligibility.

4. **Public eligibility criteria.** Objective eligibility criteria (TVL thresholds, audit status, transparency standards, protocol age) are published at least 14 calendar days before any incentive campaign launches. Criteria cannot be modified retroactively.
5. **Annual independent audit.** The independent auditor examines all program disbursements annually, including any disbursements to protocols affiliated with OG participants. Audit findings are published publicly.
6. **No salary, stipend, or direct compensation from program funds to OG / AC participants.** Hard prohibition. Not subject to OG discretion. Applies to individual participants. **OG members' employer organizations** may compete for program grant or liquidity-incentive allocations only via published, objective criteria — and only with full recusal of the affiliated OG member from any related decision per Recusal Standards. A grant or liquidity allocation to an OG-member-affiliated organization that clears the published process is not "direct compensation" to the OG member.

/ Non-Discrimination and Public-Good Commitments

1. **Comprehensive scope.** PRIME covers all material DeFi categories: DEXs/AMMs, lending/borrowing, stablecoins, liquid staking, yield products, perpetuals/derivatives, prediction markets. No category is excluded from the Phase 1 audit or Phase 2 recommendations.
2. **Open publication.** Current-State Analysis, Integration and Ecosystem Support Recommendations, incentive eligibility criteria, all disbursement records, and all program outcomes are published in tamper-evident form.
3. **Equal access.** Any qualifying DeFi protocol may participate in PRIME incentive campaigns on equal terms. Access determined by published objective criteria, not relationships, prior engagement with AG, or affiliation with the OG.
4. **Relationship independence.** AG's recommendations are based on documented objective criteria and professional analysis. No recommendation is made on the basis of a commercial or personal relationship between AG and a protocol, partner, or vendor.
5. **Open publication of outcomes.** All final recommendation records, veto records, disbursement records, and program outcome data are published. No confidential carve-outs apply to program results.
6. **No exclusivity.** PRIME does not establish any exclusivity arrangement with any protocol, partner, vendor, or service provider. All program relationships are non-exclusive.