

SUMMARY

Echelon was founded with a governance structure based on Prime Keys. There were 1,500 PKs in total, and each counted for one vote. With the launch of PRIME, the Foundation moved to a dual voting system. PKs had 4,000 PRIME worth of votes, which tapered down to zero over the course of one year. Our dual voting system was quadratic, calculated by the square root of PRIME and Prime Key votes.

This system was effective when PRIME was non-transferrable. Smaller holders had increased influence and whales were not as impactful on governance outcomes. However, PRIME has now been transferrable for nearly a year and the environment has shifted.

With transferrable tokens as governance instruments, quadratic voting is fundamentally vulnerable to Sybil attack. It is the responsibility of the Foundation, therefore, to strengthen governance processes for the protection of Echelon assets, including the Echelon Reserve and Gameplay Pool.

ANALYSIS AND RESPONSE

Following the identification of Sybil risk, EPs consulted with third-party specialists to analyse current governance frameworks. The third party conducted an analysis and issued a report, [which can be found here](#). Key points to note are:

- Sybil attack scenarios are net profitable for bad actors under quadratic voting.
- Risk is asymmetrical. As the value of the Reserve and Gameplay Pool increases, the cost of attack does not increase proportionally.
- There are no proven detection and mitigation strategies for Sybil attacks with pseudonymous quadratic voting systems.

Due to the findings of this report, and the clear risks presented by quadratic voting, EPs propose a transition to a linear voting system where one PRIME equals one vote.

NEXT STEPS

EPs remain in discussions with experts to research and assess prospects for Sybil resistant QV implementations in the Echelon ecosystem going forward.