

Newton Protocol: Governance Model

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Phase 0: Governance Planning

1. Introduction

Why Governance Matters

Newton Protocol aims to be the first secure, neutral, decentralized policy protocol designed to govern the new era of AI and assets such as stablecoins and RWAs, which require more compliance and composability than smart contracts allow.

Unlike many web3 protocols, Newton Protocol sits at the intersection of the traditional and crypto worlds. This makes credible neutrality especially critical: only with transparent, well-coordinated governance can the protocol earn trust across these domains.

Good governance ensures Newton Protocol evolves responsibly, preserving security, decentralization, and long-term utility. The Foundation serves as a shepherd, committed to transparency and neutrality, helping to facilitate the seamless convergence of offchain and onchain systems. Phase 0 focuses on planning and clarity to build trust before formal decision-making begins. This outline is meant as a guide for how Newton Protocol governance may evolve over time, and Magic Newton Foundation may adjust the approach as the Protocol, ecosystem, and community grow.

2. Governance Outline

Purpose

The Newton Protocol Governance Outline sets the initial principles, roles, and scope for how the Protocol will eventually be governed.

In Phase 0, its function is to:

- **Provide clarity and transparency** around governance intentions and what the governance framework applies to.

- **Establish the baseline vision and values** that will guide decision-making and community participation.
- **Establish decision making entities** including the Foundation board, committees, tokenholders, councils or other actors and their respective mandates.
- **Enable readiness** by ensuring the community is educated and prepared to take on active responsibilities in later phases.

Vision

Newton Protocol envisions a governance system that enables a truly decentralized and self-sustaining ecosystem, where decisions reflect the needs of real users, contributors are empowered and rewarded, and structures adapt as new use cases emerge. Governance will serve as the mechanism for shared stewardship - anchored in trust, transparency, credible neutrality, and collective ownership - ensuring that authority transitions responsibly from the Foundation to the community as the Protocol grows to support developers, autonomous agents, institutions, stablecoins, and real-world assets.

Principles

Governance of Newton Protocol is guided by a set of core principles that provide continuity as authority shifts from the Foundation to the community. These principles are not static rules but commitments that shape how decisions are made and evaluated.

- **Security First:**
Every decision must prioritize the safety of users and the integrity of the Protocol. Upgrades, parameter changes, and treasury allocations will be assessed through the lens of minimizing risk, preserving trust, and ensuring that Newton Protocol remains a reliable foundation for all participants.
- **Progressive Decentralization:**
Newton Protocol governance will decentralize slowly over time at a measured and purposeful pace. Authority will move gradually from the Foundation to the community in measured steps, ensuring that governance capacity develops alongside ecosystem maturity. This progressive path balances openness with stability.
- **Transparency:**
Decisions should be made in the open and communicated clearly. Proposals, rationales, and outcomes will be documented so that the community can understand not only what choices were made, but also why they were made.

- **Participation Over Plutocracy:**

While token stakers have an important role in governance, influence should not be determined solely by the size of one's token stake. Contributions, expertise, and reputation are equally important forms of participation, and governance mechanisms will be designed to recognize and incorporate them.

- **Developer and Contributor Inclusion:**

Technical contributors are central to the Protocol's evolution. Governance must actively incorporate their expertise, ensuring that proposals are both technically sound and aligned with the needs of those building on the Protocol. By recognizing the unique value of developers and other core contributors, it is ensured that governance remains grounded in real-world use and innovation.

Scope of Governance

When fully rolled out, it is intended that the scope of governance will include critical Protocol aspects, such as:

- **Protocol Parameters & Upgrades**

- Smart contract upgrades, AVS operator upgrades, policy operating framework, feature releases, and parameter tuning.
- Examples: changing staking mechanics, enabling new automation primitives, integrating stablecoin or RWA functionality.
- Governance ensures changes are technically sound, aligned with ecosystem growth, and economically sustainable.

- **Treasury Management**

- Allocation of Protocol resources to fuel growth, security, and innovation.
- Areas may include:
 - **Grants** for developers building on Newton Protocol.
 - **Ecosystem incentives** for adoption, liquidity, and integrations.
 - **Security funding** for audits, bug bounties, and insurance.
- Governance balances short-term ecosystem growth with long-term sustainability.

- **Staking, Reward & Fee Economics**

- Parameters that shape how \$NEWT incentivizes participation and security.
- Examples: inflation rates, validator/operator rewards, staking yields, slashing rules, and fee structures.
- Governance ensures economics remains competitive, fair, and aligned with Protocol adoption.

If the scope of governance needs to change, it will follow the decision making framework outlined in this document.

Governance Bodies (Future State)

While the Protocol is only governed by the Foundation board in Phase 0, these are the envisioned structures for later phases:

Governance Body	Composition	Responsibilities
Token House	\$NEWT stakers	Serves as the primary voting body. Votes on protocol upgrades, treasury allocations, and ecosystem-wide policy changes based on \$NEWT staking. Expresses community consensus, subject to Foundation Board review for compliance, legal, and security safeguards.
Developer House	Verified developers	Drafts proposals, provides technical review, feasibility analysis, and recommendations. Acts in an advisory capacity only, strengthening proposals before they move to vote.
Community House	Reputation or contribution-based members (non-token)	Offers structured input on governance, education, ethics, or ecosystem-wide implications. Serves in an advisory capacity only, ensuring diverse perspectives and acting as a check on token-holder dominance.

Decision Making Framework (Future State)

Newton Protocol governance is designed to be transparent, inclusive, and resilient. While early phases emphasize community discussion and Foundation-led implementation, the long-term goal is to empower participants through a structured governance system that balances technical expertise, economic stake, and community contribution.

Proposal Lifecycle

It is intended that all governance decisions will follow a consistent and documented lifecycle:

1. **Idea** - Community members, developers, or the Foundation introduce early concepts informally through forums or Discord.
2. **Request for Comments (RFC)** - Early concepts are drafted into a structured document and opened for broad feedback. RFCs help stress-test ideas before they are formalized.
3. **Newton Improvement Proposal (NIP)** - Mature RFCs are promoted into NIPs using a standardized template. A NIP becomes the core unit of governance, ensuring clarity on scope, rationale, and implementation.
4. **Community Discussion** - Dialogue takes place in governance forums, AMAs, and working groups to refine and stress-test the proposal.
 - *Developer House*: Verified developers may draft proposals and provide technical review, feasibility analysis, and advisory recommendations to strengthen any proposal. Their role is advisory, not voting.
 - *Community House (if active)*: Recognized contributors and domain experts provide structured feedback on governance, education, ethics, or ecosystem-wide implications. Their role is advisory, not voting.
5. **Community Vote (off-chain)** - A Snapshot-style, gasless vote through the Token House is conducted to capture community preference. Only Token House votes will vote on proposals, while Developer and Community Houses serve in an advisory capacity.
6. **Implementation** - Proposals approved through the community vote and confirmed by the Foundation Board or designated working group are executed, with clear communication back to the community on outcomes.

It is envisioned that the Foundation Board will retain a limited veto authority to protect the Protocol against exceptional risks. This veto would likely only be applied in cases where a passed proposal would introduce material legal, compliance, security, or other threats to the Protocol, its ecosystem or community. The Board's use of this power will be rare, accompanied by transparent disclosure of the reasoning, and is expected to diminish as governance processes mature and decentralization strengthens. More details on any such veto power will be set forth in future documentation as governance progresses into later phases.

Voting Methods

It is envisioned that governance voting will occur as follows:

- **Linear Token Voting** - Each staked \$NEWT token equals one vote in the Token House, ensuring proportional representation of economic stake, and is the only binding voting method.
- **Community Sentiment Polling** - Non-binding off-chain votes serve as advisory signals, especially in Phase 0–1 before full governance authority is delegated.

3. Governance Rollout Roadmap

Phase	Description
0. Governance Planning	Publish governance outline, clarify roles and vision, and start community education. No formal voting yet. All decisions remain with the Foundation Board.
1. Initial Governance	Foundation-led proposals with community feedback. Community discussions and Snapshot polls begin to capture sentiment, but are non-binding.
2. Hybrid Governance	Token House is introduced as the primary voting body for protocol-level decisions. Developer House established as a formal advisory group providing technical review and recommendations. Foundation-led proposals continue.
3. Full Decentralization	DAO-led governance where the Token House holds voting authority, complemented by structured advisory roles from the Developer House. The Community House may be added as a non-voting sentiment and advisory chamber. Foundation is no longer the exclusive creator of proposals.

Note: These phases are not timebound. Each phase transitions based on community and Protocol readiness, adoption, and ecosystem growth.

4. Glossary

Term	Definition
Snapshot	Gasless, off-chain voting tool used to gauge community sentiment or validate proposal support.
Request for Comments (RFC)	A structured draft document used to gather early feedback on ideas before they are formalized into proposals.
Newton Improvement Proposal (NIP)	The standardized format for governance proposals. NIPs serve as the formal unit of decision-making and include scope, rationale, and implementation details.
Token House	The primary governance body composed of \$NEWT stakers. It is the only entity with voting rights in governance, responsible for protocol upgrades, treasury allocations, and ecosystem-wide policy changes.
Developer House	A council of verified developers who may draft proposals and provide technical review, feasibility analysis, and recommendations. They operate in an advisory capacity only and do not hold voting power.
Community House	An optional, non-voting governance body made up of recognized contributors and domain experts. Provides perspectives on governance, education, ethics, and user experience.
Foundation Board	The members of the board which manage the legal entity overseeing Newton Protocol.
Governance Rollout	The staged path toward decentralization, from Phase 0 (Foundation-led) to Phase 3 (DAO-driven governance with Token House voting and advisory support from other bodies).

5. Community Education & Onboarding

What Phase 0 Looks Like

- No formal proposals or voting yet.

- Governance documentation, roadmap, glossary, and proposal standards (RFCs/NIPs) are being introduced.
- Community discussion is encouraged through early channels like Discord or Telegram.
- Developer and contributor groups are beginning to self-organize to prepare for structured participation in later phases.
- Work is happening in parallel to build the tools and processes needed for governance (forums, templates, voting infrastructure).

How You Can Participate Now

- **Read:** Dive into the Governance Outline, Roadmap, Glossary, and Proposal Lifecycle.
- **Join:** Connect via Discord, Telegram, Twitter, or early governance AMA sessions.
- **Contribute:** Share feedback, suggest RFC ideas, or express interest in joining early working groups or future advisory councils.

6. What's Coming in Phase 1

In the upcoming phase, we will launch:

- A **dedicated Governance Forum** where all discussions, RFC drafts, and NIP submissions will take place.
- **Snapshot sentiment polls** to capture token-holder preferences on key topics. These are community-initiated, gasless, and non-binding.
- **Foundation-led proposals** using a standardized NIP template, accompanied by clear rationale and defined community engagement periods.
- A transparent **Proposal Lifecycle** (Idea → RFC → NIP → Community Discussion → Token House Vote → Implementation), where each step is documented and outcomes are communicated back to the community.