

Brief Guide on Cardano, ADA and Staking

by the Argenstake Team

The first thing, which you may already know, is that Cardano works by proof-of-stake. This means that ADA holders can “delegate” them to a validator node, so that node has greater chances to be awarded with the chance to resolve a transaction block. The more Nodes there are, the better: That's decentralization. Considering that in order to attack the network one would need 51% of the nodes in agreement, if there were 3 nodes concentrating all delegation, it would be enough that 2 nodes come in agreement to cause mayhem. That's why Cardano nodes have a limit of 60M worth of stake: To force that decentralization that works so good for the system. Beyond 60M ADA, nodes become “saturated” and do not have greater chances to be selected to resolve blocks. Hence, diminishing returns' law kicks in. Node selection for block resolution is random, but it weighs in how many ADAs are “inside” that Node (the “stake”). Stake is comprised by the following:

- 1) The Pledge. Fede and myself put our own ADAs (in Argenstake, that sum is 37.000 ADAs) so you can rest assured that we are in this for real. If we ever screw something up, that pledge (and not the delegated ADAs) would be at risk.
- 2) The delegation from other ADA holders. But pay attention to the following fact: Delegators don't “give” a pool their ADAs. Their ADAs are always 100% of the time in their possession, and they can instantaneously redelegate to another pool, spend, transfer or do whatever they want, at any time, without restrictions. Their ADAs remain in their wallets. We, as pool operators, will never touch or manage the delegated ADAs. Delegating ADAs is like “voting”, with the power endowed by your ADA holding, that certain staking pool and its node operators are honest, capable and do not want to hurt the network. It's very important that you keep this in mind.

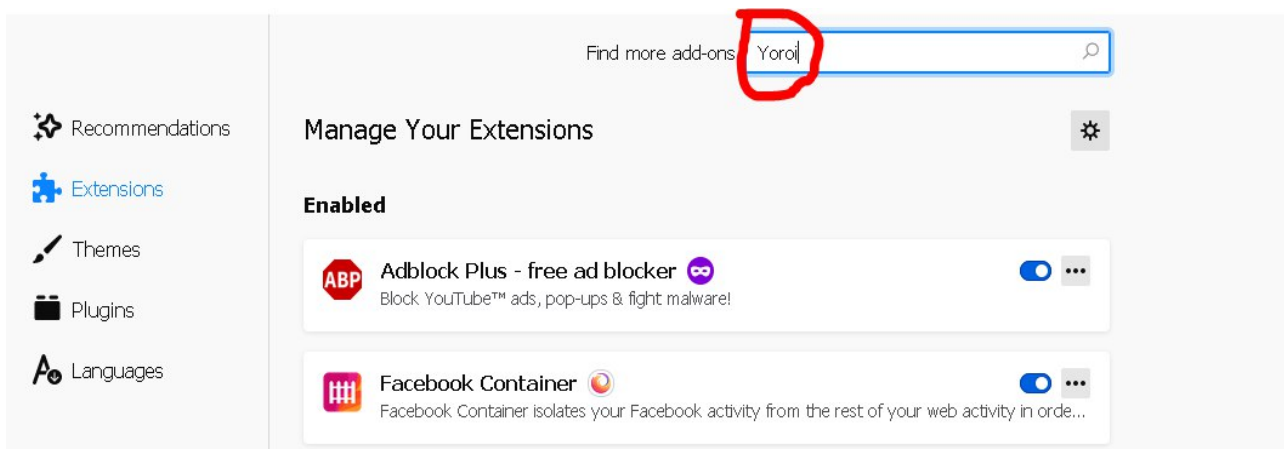
Delegating is like stating “*I, owner of this sum of ADA, support and believe in the good faith of this pool*”. And this is where it gets interesting, because the way Cardano works, we all get paid for that job we are doing: Resolve blocks and preserve network's security. As pool constituents, each and every time we get a block of transactions and resolve it, we are going to earn a reward in ADA, and the fees of the transactions compiled in that block. At the end of an epoch where blocks were resolved, fees from the pool are applied. It's usually a percentage, plus a fixed amount that cannot be lower than 340 ADA. At this point, it's clear you are better off delegating with us, because we are the most economical pool possible. Let's say that, at the end of an epoch, we resolved X blocks and we have 10.000 ADA of earnings to split. The protocol does this automatically: First, the porcentual fee is assigned to the staking pool. In our case is 0%, but you can check most pools charge 2-3%. We will keep it at 0% forever, it's our promise so you don't have to be checking if we are taking advantage of the delegators by starting at 0% and then raising the fees, as many pools do. Then, the fixed amount is deducted, in our case 340 ADA, the minimum amount allowed. Then the rest (9660 in this example) will be split between the delegators, proportionally to what they had delegated compared to the pool's total. Usual APY is between 4,5% and 5%. In our pool, with the lowest possible fees, we aim to make a consistent APY north of 6% to our delegators.

As a side note, picture how well Cardano financial system works. You walk the walk of life with your 1000 ADAs delegated and collecting rewards epoch after epoch (1 epoch=5 days). At certain point, you spend, let's say, 100 ADA. Well, the remaining 900 delegated ADAs will still produce their full rewards. It's like having a debit card debiting from a common fund of T-immediate. This system is the best because in the process we also securize and decentralize the network. You perform an important task, get rewarded and assume no risks.

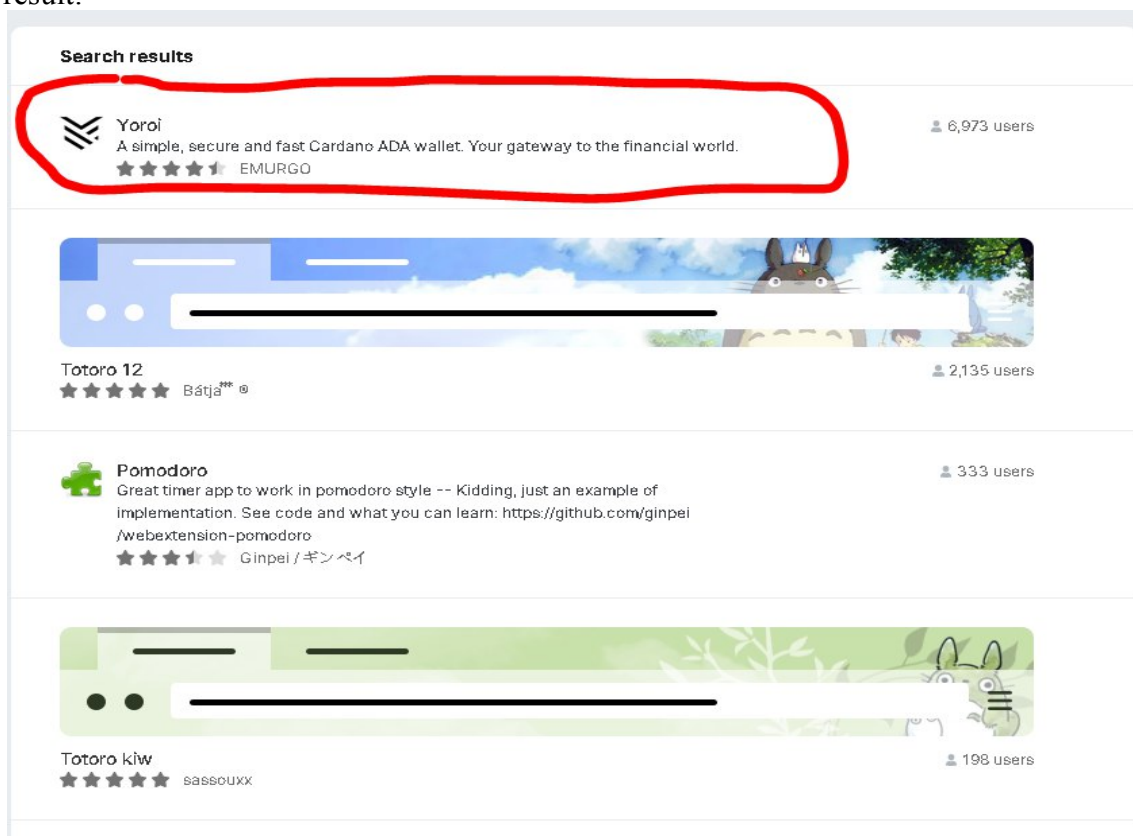
I've been asked a lot of times about the delegation risks: There aren't many, really. Nobody can touch your ADAs, you don't lose the option to spend or transfer them at any moment. Even in the event that a server gets hacked, the delegated wallets and their ADAs are not hosted in that server. The damage could be against the whole network, but not directly to the delegators. Still, hacking is very complicated because (at least us) work with state-of-the-art professional hosting and there are one or more relay servers hiding the actual node-servers behind them (which are the ones that actually resolve blocks), rendering them invisible. The last risk and perhaps the only real one is human incompetence: Having lazy and/or stupid people running nodes that will come offline, miss blocks and achieve below-par rewards. Not our case, that's for sure.

Next, we'll walk you through the delegation process, step-by-step.

First, open your browser (Firefox, Chrome, etc) and go to "Install Add-Ons". Look for extensions, search "Yoroi" (Yoroi being the official Cardano wallet).



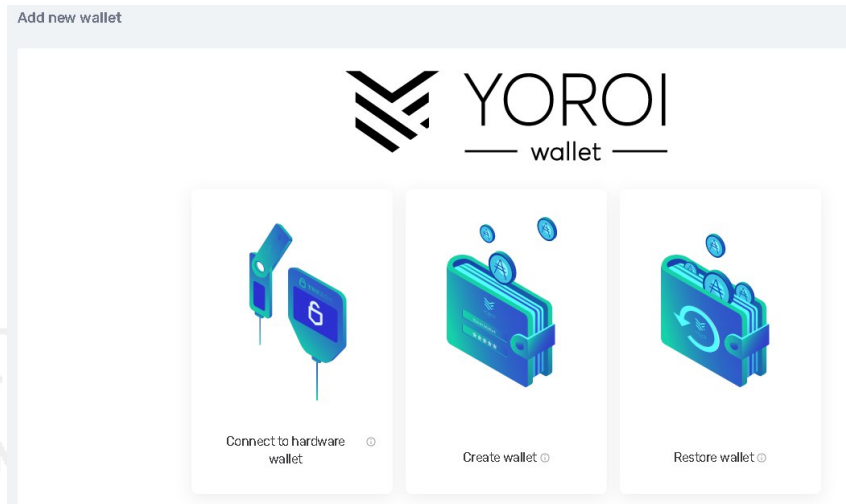
First result:



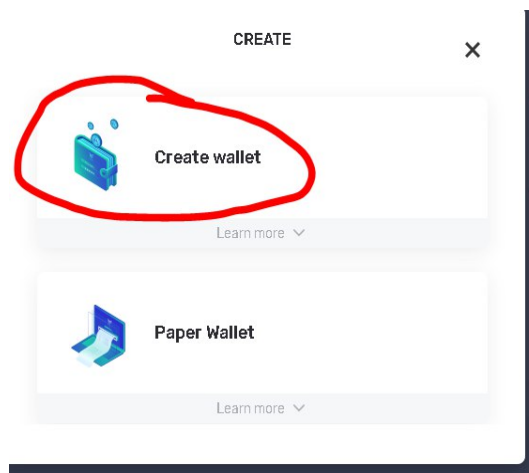
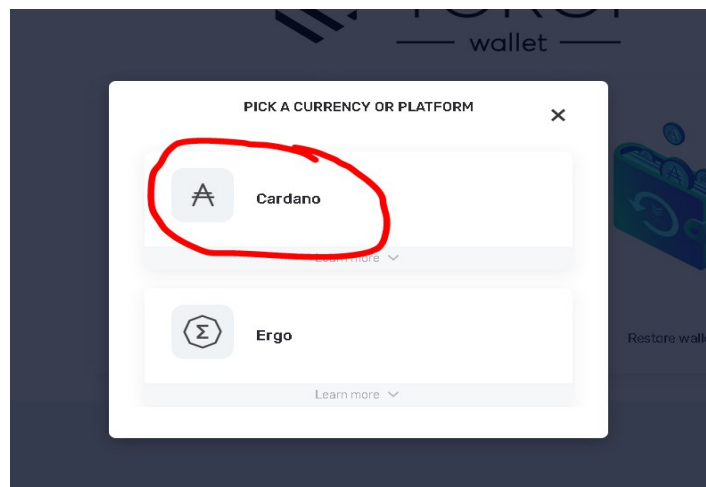
Install it, and in the browser you'll get this button:



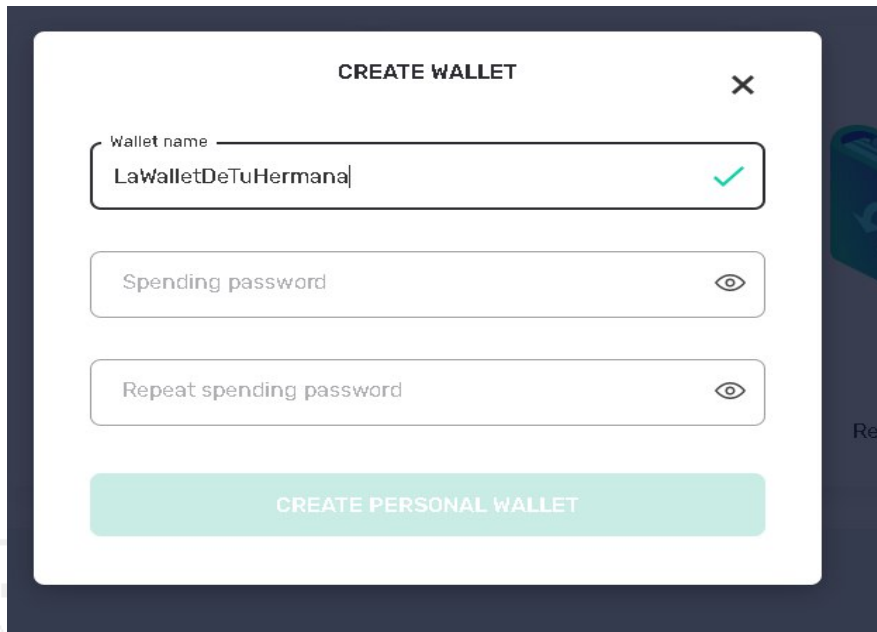
Click, open Yoroi, and proceed to "Add new wallet" and "Create new wallet":



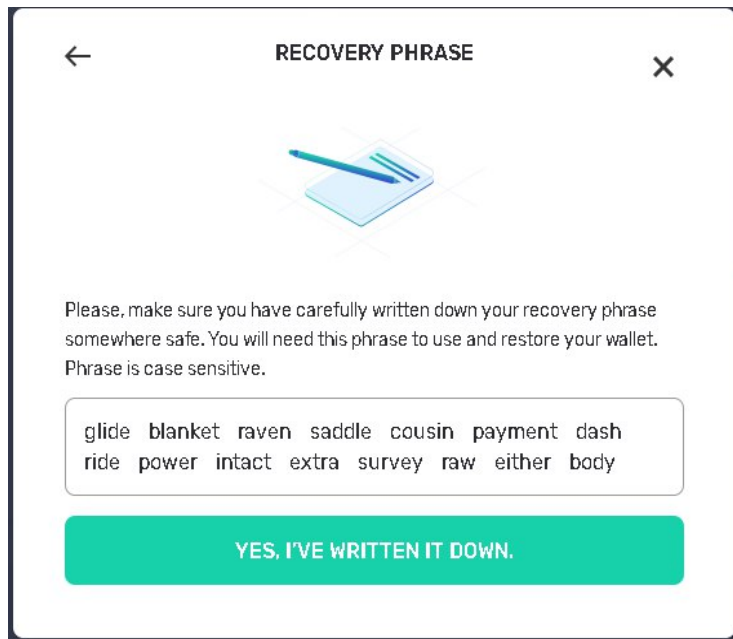
Choose Cardano:



Put a name to the wallet, and utilize a strong password:



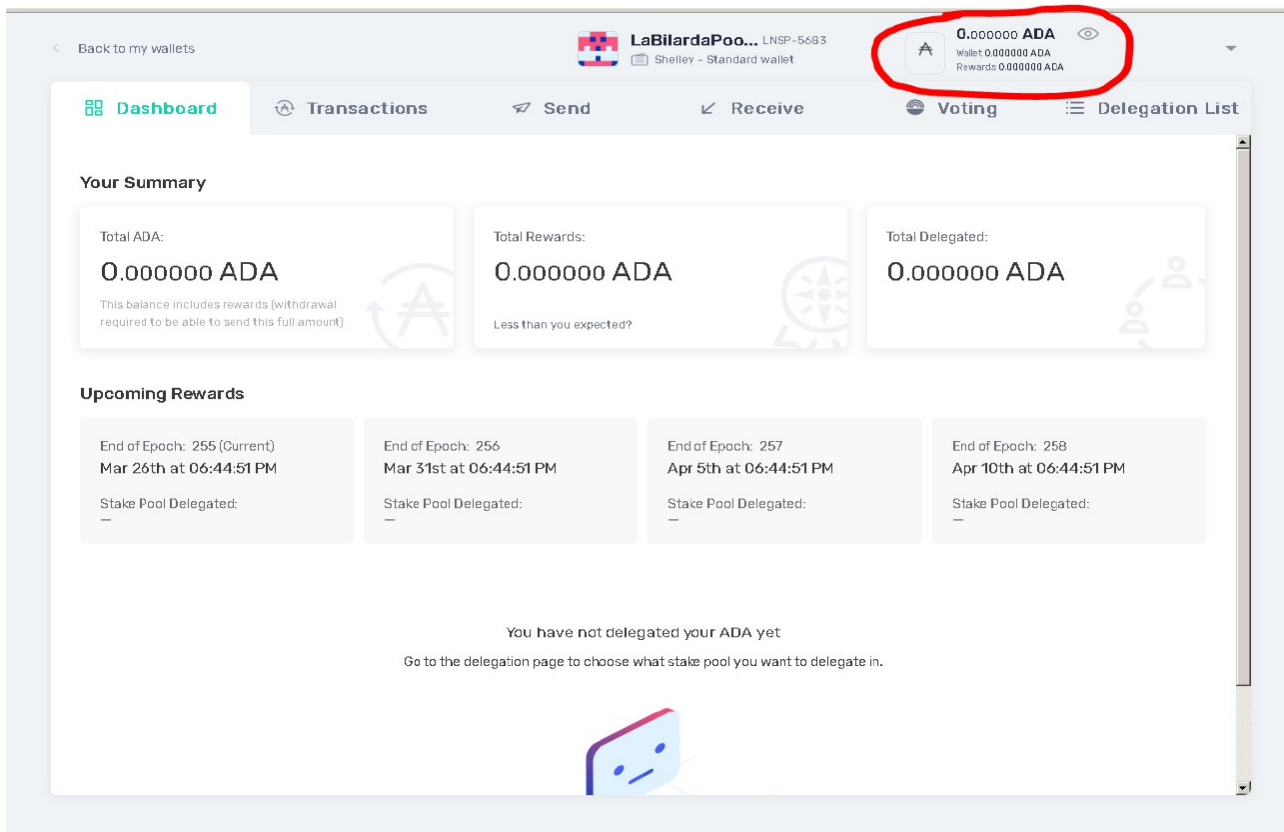
Now the part of the recovery words, same as in Exodus, Electrum and other wallets:



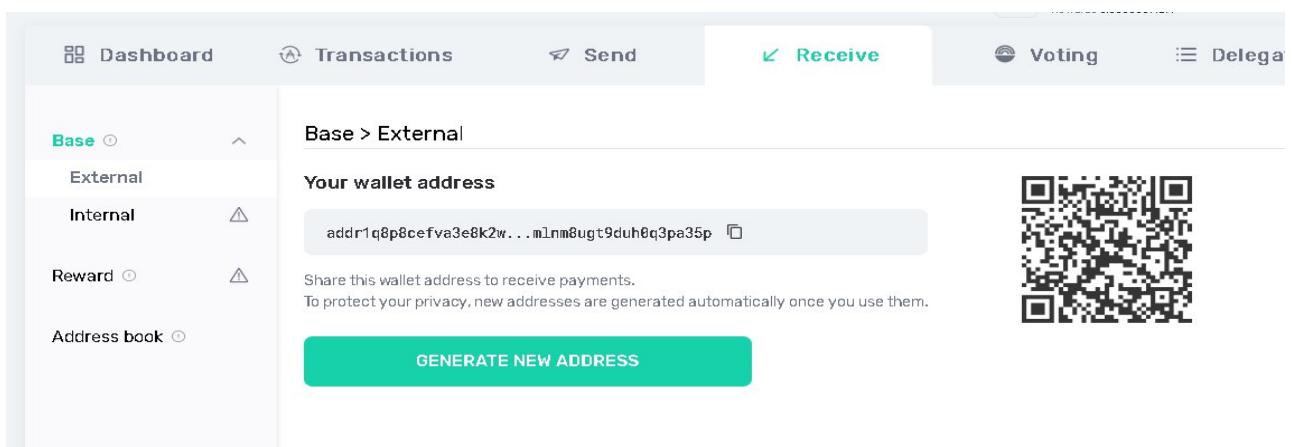
NOTE AND ENCODE VERY WELL THESE 15 WORDS, because if anything happens to your PC and you need to recover the wallet from another PC, you will need these exact 15 words written in the exact order they were given to you. If you lose them, and something happens, you can lose the whole contents of your wallet forever.

In the next screen, you'll be prompted to order those words in the proper sequence. Do it, and that's it. Your wallet has been created.

Next step, let's add some funds.



This is easy: Go to the “Receive” tab, copy your address and put it as recipient address on Binance, Exodus or wherever you keep your ADAs.



Once you get your ADAs in your Yoroi wallet, you can “Send” at any time or, what interests us right now, delegate them.

So we go to the “Delegation list” table, and a bunch of stake pools will appear.

⚠ **ATTENTION:**











The new saturation point for Stakepools will be 63.6 million ADA from December 6th. If the "Pool Size" parameter of your Stakepool is over this limit, delegate to a new stakepool to avoid less than expected rewards

Search By Id or Name

Q

Sort by: Score

▼

① Staking Pool	① ROA 30d	① Share / Pool Size	① Costs	① Average Cost	① Pledge	① Blocks	
 [NEDS1] NEDSCAVE.IO 024dcb...50	5.50%	49.64M  0.8%	(1.50% + 340)	2.42%	✓ 1.00M	31	DELEGATE
 [AZUR] AzureADA 79c4d4...d1	4.99%	51.22M  0.8%	(2.00% + 340)	2.90%	✓ 2.00M	36	DELEGATE
 [KIWI] Kiwi by Kiwipool Staking 603976...40	4.74%	51.08M  0.8%	(2.00% + 340)	2.90%	✓ 444.15k	26	DELEGATE
 [KYSN] KysenPool Thunder 490353...ba	5.00%	49.97M  0.8%	(1.90% + 340)	2.82%	✓ 100.00k	27	DELEGATE
 [ALPS] ALPS - The Alpine Stake Pool 16d216...e1	5.83%	47.75M  0.7%	(2.00% + 340)	2.96%	✓ 100.00k	29	DELEGATE

I'm going to briefly explain what each column means:

ROA 30D is the average return of the pool in the last 30 days, expressed annually. Pool size is how many ADAs are currently delegated to the pool, and how much that means in terms of the total ADA staked in the whole Cardano's blockchain. Please note that big pools (45-55M de ADA) can represent 0,8-1% of the total delegated ADAs. This is not good because centralizes the network.

Cost, we already mentioned it before. There's a percentage (1,50%, 2%, etc.) and a fixed fee (340). We are going to stick to the 0%-340 and, if in the future the inferior limit becomes lower, we will lower the fees as much as possible. The Average Cost is the relative cost of the pool, and the pledge represents the “skin in the game” of the stake pool operators, how many of their own ADAs they've put in their own staking pool.



Now, we'll search for the best pool: Argenstake


Argenstake

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Sort by: Score

▼

① Staking Pool	① ROA 30d	① Share / Pool Size	① Costs	① Average Cost	① Pledge	① Blocks	
 [ARGIE] Argenstake 6658af...b5	unknown	47.44k  0.0%	(0.00% + 340)	17.06%	✓ 36.91k	0	DELEGATE

Powered by  ADApools.org

Type “Argenstake” in the search box. Ours shows up. Press “Delegate” button. It will prompt you for the password, naturally, and then you're done!

Another thing worth explaining is the rules of delegation: Let's say that, during epoch 300, you delegate to Pool ABC. You will start receiving rewards once the 302 epoch is finished, and onwards. If, immediately after delegating to pool ABC, you change your mind and delegate to Pool XYZ, you will also collect your earnings from epoch 302 on, but with the Pool XYZ, not with ABC. If,

however, after delegating to the ABC Pool in epoch 300, during epoch 301 you change the delegation to Pool XYZ, you will collect rewards from epoch 302 from the Pool ABC, and from the epoch 303 and on from the Pool XYZ. When you redelegate, it can prompt you if you want to de-register. It's not really necessary, and it's not really necessary to claim rewards or do anything else; just delegation change.

I hope this guide has been of help. Questions? Concerns? Doubts? Comments? You can reach us via any of the following:

Web: argenstake.ar

Email: argenstake@gmail.com

Telegram: t.me/Argenstake

Twitter: [@Argenstake](https://twitter.com/Argenstake)

Our stats in [Adapools](#)

¡We welcome you to delegate with us!

ARGENSTAKE

Lean & Fede
March 2021