



ADAPROFIT

Cardano community stake pools

Delegation guide

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About ADA4PROFIT

ADA4PROFIT is an initiative co-owned by blockchain and Cardano enthusiasts located in the EU and the USA.

We are stake pool operators on the Cardano blockchain. We run and maintain several nodes to secure this decentralized network.

We are no financial advisors, you have to do your own research and due diligence before making an investment decision.

Everything written in this document is our personal opinion.



Delegation

Delegation is the assignment of any authority to another person (normally from a manager to a subordinate) to carry out specific activities. It is one of the core concepts of management leadership. However, the person who delegated the work remains accountable for the outcome of the delegated work.

Delegating in the Cardano blockchain

Delegation in the Cardano blockchain is more or less the same as delegation in our daily life. ADA owners can delegate their stake to a stake pool. The authority of their stake is referred to a stake pool that uses this stake to protect the network and to forge blocks.

The ADA that was referred by the owner stays in the wallet of the owner, thus under the owner control who remains accountable for it.

In case the stake pool is forging blocks on basis of its total network weight in delegation, it will receive rewards for this. These rewards are being shared between the stake pool and its delegators.

The stake pool owner will subtract costs from the rewards for the infrastructure needed to forge blocks and costs related to operating and maintenance of the stake pool operation.

Infrastructure costs are being covered by the fixed fees and operating and maintenance costs are being covered by the variable fees for the stake pool.

These fees are not set in cement but can be changed by the stake pool operator at any time.

Rewards are paid out immediately to the wallet of the delegator. They are based on what is left after subtracting stake pool fees.

The paid amount is calculated on basis of the percentage of the total stake the owner has in the stake pool

How to delegate to a stake pool?.

First you need a wallet in which you need to store your ADA. There are two wallets you could use to stake:

1. Daedalus Mainnet wallet, the official native wallet of IOHK that is available for macOS, Linux, and Windows. The wallet can be downloaded via following url: <https://daedaluswallet.io/en/download/>

Note: For the security of your owned ADA, please make sure that the checksum of the wallet is correct. Verify it according the instructions on the Daedalus.io website.

2. Yoroi wallet, a wallet created by a affiliate of Cardano, Emergo. This wallet is available as browser extension for Chrome and Firefox or as mobile App for iOS and Android

Advantages of the Yoroi wallet over the Daedalus wallet are:

- Supports of your wallet via hardware security devices Ledger and Trezor
- Support for mobile devices iOS and Android

Current disadvantage of using the Yoroi wallet is that their wallets still need to be updated for Mainnet and Delegation.

Note: In case you like to delegate your stake, we advise you to transfer your tokens to a Byron compatible wallet in Daedalus and from there to a Shelley wallet.

We will describe the delegation process in Yoroi in a later document when the Mainnet wallet is available with the option to delegate.

In this document we will focus on the Daedalus Mainnet wallet.

The Daedalus Mainnet wallet supports both the **Byron** and **Shelley** era. The Shelley era introduces full decentralization of the Cardano blockchain. Stake pools and delegation of your stake to a stake pool in order to earn rewards on your stake.

What is delegation?

Blocks forged by a stake pool lead to rewards



Shelley Mainnet wallet

Byron vs Shelley mainnet wallet

Previous Mainnet wallet was based on the Byron era where Cardano was running only on nodes of IOHK. The development company behind the Cardano blockchain.

In fact, the Cardano blockchain was still centralized and running on a limited number of nodes operated and maintained by IOHK.

With the introduction of Shelley, the Cardano blockchain will be full decentralized. It will run on nodes operated and maintained by stake pool operators. Everyone can join the network as a stake pool operator if you have the required skills for it.

With other words the network is operated and maintained by a community. Future decisions about the network will be in the hands of the community and not in the hands of a centralized organizations or institution.

New Daedalus Mainnet wallet

The new Daedalus Mainnet wallet replaces the previous Daedalus Byron Mainnet wallet.

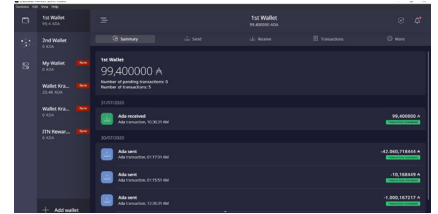
The new Daedalus Mainnet wallet differentiates itself from the previous Byron Mainnet. Rewards and Shelley Testnet wallet by its color scheme in green as seen from the startup icon below.



Once you have the Daedalus Byron Mainnet wallet installed on your system, your Byron wallets will be automatically imported in the new Daedalus Mainnet wallet.

Once you have installed the software, the chain is verified and synced and the Byron wallets are imported. You have to create new Shelley wallets to be able to transact on the new Shelley chain.

In this figure, you can see three Byron wallets that were automatically imported in the Daedalus Mainnet wallet.



The Byron wallets show with a red label behind it. This indicates that it is a Byron wallet.

For the Shelley era a new genesis was created implementing may new functionalities and improvements of the previous Byron chain.

Most noticeable feature for a Daedalus wallet user is the increased security. Where Byron wallets were protected with a 12 words passphrase. Where as, Shelley wallets are protected with a 24 words passphrase.

When creating a new Shelley wallet you are asked to specify a Wallet name and a spending password.

Next the wallet generates the unique passphrase of your wallet that now consists out of 24 words.

Please write the passphrase word down carefully and store it somewhere safe. This way you don't lose access to your ADA ownership. Don't share these words with anyone else.

Once you will have your new Shelley wallet created via the **+Wallet - + Create create a new wallet** option. This will show under wallets, similar to the 1st and 2nd wallet in the previous image.

Now that you have a new Shelley wallet you can transfer your ADA from your Byron wallet to your Shelley wallet so that you will be able to transact on the new Shelley chain.

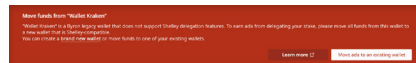
On the next page we explain the process of transferring your ADA from a Byron to a Shelley wallet.

Byron vs Shelley era

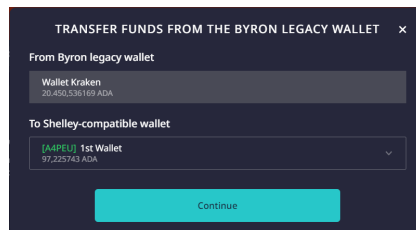


How to transfer funds

If your Byron wallet has funds, you will see a message like the image below. Once you created a new Shelley wallet you should transfer your Byron funds to a this new wallet.



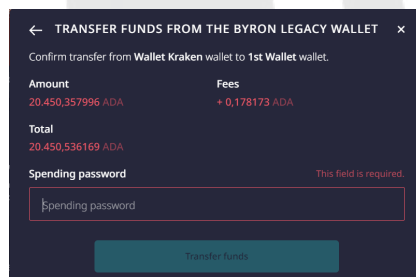
For this click on the button, **Move ada to an existing Wallet**. Now the following screen will open.



In the image above, the funds of the Byron wallet to be transferred to a Shelley compatible wallet are shown.

If you have multiple Shelley compatible wallets, you can choose your destination wallet from the dropdown box. Next press **Continue**.

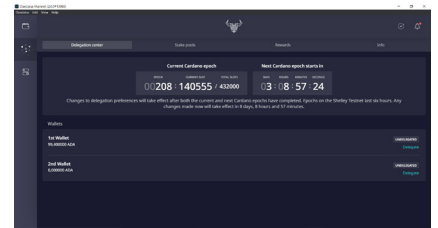
The confirmation screen specifies the transfer to be made. You have to provide the spending password of your Byron wallet. In which you would want to transfer funds to the Shelley wallet. Next press the **Transfer Funds** button.



Now that we have transferred our Byron funds to a Shelley compatible wallet we are ready to stake.

Delegation Center

In the Delegation Center only the Shelley wallets are shown.



Also information about the current epoch and next epoch is shown. An epoch is the time cycle in which blocks can be forged by stake pools. Rewards will be received at the end of every epoch. In the Shelley Mainnet an epoch takes 5 days.

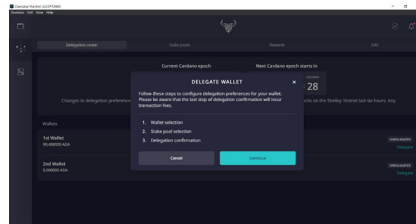
On the next page we will explain how you can delegate your ADA stake to stake pool.

How to transfer funds from a Byron to a Shelley compatible wallet and start delegating your ADA

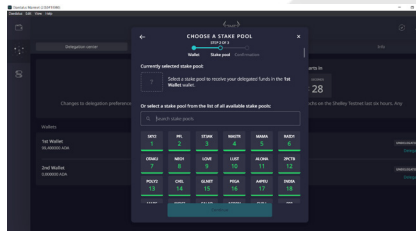


Delegate your ADA

By choosing a Shelley wallet from the **Delegation Center** and pressing on the option **Delegate**, the DELEGATE WALLET window will pop-up in which the steps are presented we need to fulfill.



Select **Continue** to continue in to the next step. Since we already started from the wallet, we are asked to choose a stake pool.

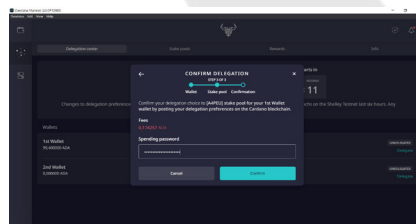


Select a stake pool to delegate your ADA

Once the ticker is selected by clicking on it, it will be highlighted in green. Next press the **Continue** button.

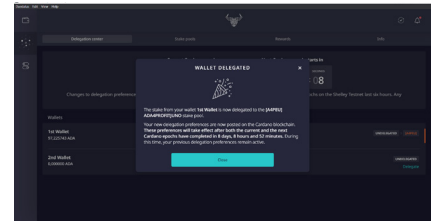


Next we have to confirm the Delegation by entering the spending password of the Shelley wallet, for this we push the **Confirm** button.



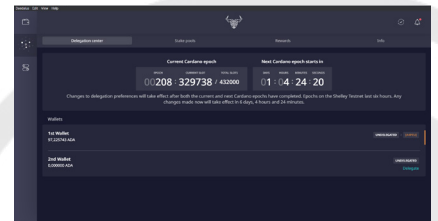
A confirmation will show that the wallet is delegated to the chosen stake pool.

It will become active after the current and next epoch is completed.



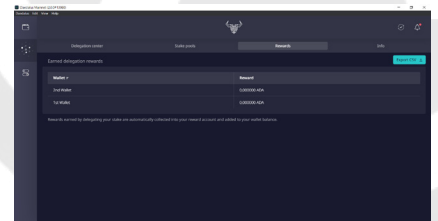
In case of a 5 day epoch, this means that the delegator will receive its first rewards after a period of more than 10 days.

Checking the Delegation Center shows that the Shelley wallet we chose to delegate from is now connected to the stake pool of choice.



Although not active for staking, because the current and next epoch did not finish yet. Once finished it will show active.

Rewards will be automatically paid out by the stake pool at the end of every epoch and they will show up under the **Rewards**.



This is all you need to do, to delegate your ADA stake to a stake pool within the Daedalus Mainnet wallet.

On the next page we will explain the procedure of restoring an already existing Byron mainnet wallet in Daedalus.

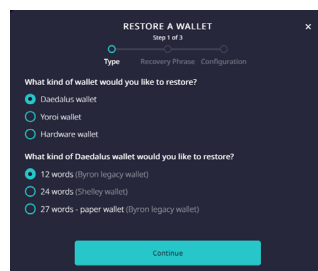


Wallet restore process

Restoring a wallet in Daedalus

For Yoroi users, who are desperately waiting for the new wallet. They can import their wallet in Daedalus via the **Restore** option.

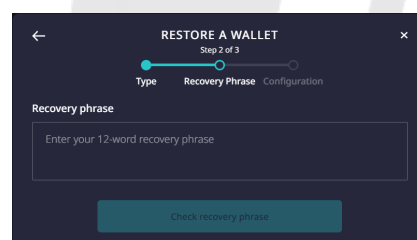
Once you click the restore option a window will pop up to choose the type of wallet to restore.



For Yoroi wallet users, choose Yoroi wallet and click **Continue** and follow the instructions.

Once we selected our choice we press **Continue**.

Now we have to key in our 12 words recovery phrase. This is the recovery phrase of the Byron wallet we like to restore in Daedalus.



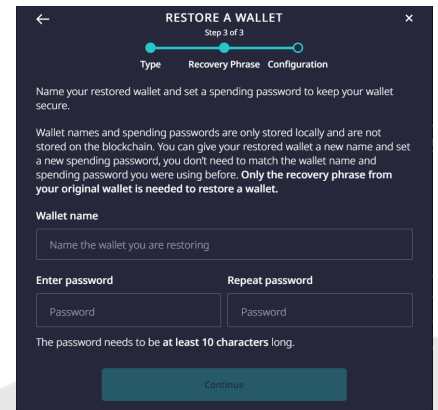
This process is similar for a Yoroi wallet. The recovery phrase of a Yoroi wallet is 15 words.

Also it is possible to restore a Shelley wallet, paper wallet or a hardware wallet via the same procedure.

Once done with keying in our recovery phrase press the **Check recovery phrase** button.

If your recovery phrase was entered correctly, a new screen will appear. In which you can specify the wallet name and the spending password for the

wallet. Once done press **Continue**.



That's all it takes to restore a wallet in Daedalus.

If you like our work, consider delegating your ADA with us.

ADA4PROFIT is a professional stake pool operation run from the Netherlands and the USA.

*Make sure you keep
you recovery phrase
hidden from others
eyes*