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All you need to know about the
**Cardano Initial Stake
Pool Offering - ISPO**

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Prelude

Crypto has helped reduce the barriers to entry to the global financial system. Blockchain technology allows anyone to trade digital assets, get loans, or utilize cryptocurrency for business without intermediation or a centralized authority. Regardless of an individual's net worth, income, or nationality, crypto allows anyone with an internet connection to access decentralized digital currencies, decentralized finance (DeFi), or Web3 applications.

In traditional finance, access to <u>**private placements**</u>[1] **that can have above-average returns such as venture capital, private equity, or hedge funds is not available to everyone on an equal basis**. An individual's net worth, nationality, and even political ideology have all been used by centralized authorities as a basis to restrict access to certain financial products and services. Financial products and services include private placements, checking accounts, loans, fiat currencies, and publicly tradable financial assets. Today these restrictions have excluded hundreds of millions of people across the world from the global financial system, creating a minority "privileged" class of individuals and entities who are able to achieve higher returns because of their special access to financial opportunities.

<u>Initial Stake Pool Offerings (ISPOs)</u>[2] utilize the <u>Cardano</u>[3] blockchain to enable decentralized, <u>permissionless</u>[4] funding of startups and projects by millions of people. ISPOs have removed the wall between the privileged <u>accredited</u>[5] persons and non-accredited persons, giving both the same access and opportunity to profit from promising startups with significant growth potential. MELD, a decentralized lending protocol, is the pioneer of the ISPO model. The <u>MELD ISPO</u>[6] had almost 40,000 token holders delegate over $1 billion USD worth of ADA, garnering MELD $10 million USD in funds.

<u>Genius X</u>[7], a business accelerator for Web3 startups and a launchpad for token sales, continues to push the boundaries of innovation with blockchain technology. **To further enhance the ISPO experience for startups and delegators alike, Genius X has created the world's first Multi-Token ISPO. The Genius X Multi-Token ISPO will give delegators access to multiple startups in one ISPO while not exposing their delegated funds to any risk of loss if any of the projects fails. In addition, delegators' funds are never locked and can be withdrawn or transferred at any time by the delegator.**

I. Cardano's Delegated Proof of Stake model

To understand ISPOs, we must first understand Proof-of-Stake (PoS) protocols like Cardano. In a PoS protocol, <u>nodes</u>[6] are randomly selected to validate and add a block of transactions to the blockchain. Nodes with a higher stake or higher ownership of the blockchain's native coin have a higher chance of being selected to add a block of transactions, which results in the node being compensated by the blockchain with its native coin.

Being selected to add a block via PoS differs from Proof-of-Work (PoW) blockchains like Bitcoin. In PoW blockchains, nodes use a large amount of computing resources in a "race" to solve a mathematical problem first, allowing the winning node to add a block of transactions and get compensated. Since validators are not "racing" to add a block of transactions in PoS, they are not using substantial computing resources and thereby have significantly less energy consumption than PoW.

Cardano's **delegated Proof-of-Stake consensus protocol (dPoS)** is unique from other PoS blockchains in that the community of ADA holders, or delegators, can participate directly in the protocol. First, Cardano relies on <u>full nodes</u>[7], or Stake Pool Operators (SPOs), to secure the network. Cardano has around 3,000 SPOs that validate, propagate, and add blocks of transactions to the blockchain. To become a SPO, one must first set up a stake pool using the appropriate software and hardware. Next, the SPO can pledge their stake, or ADA, as part of the pool they operate, giving them a vested interest in the success of the pool and the overall security of Cardano. For public stake pools, the SPO's stake is publicly viewable and a higher pledge incentivizes other ADA holders to delegate their funds to the SPO's pool. The higher the total combined stake of the SPO and its delegators, up unto a maximum threshold, the higher the chance the SPO has of getting selected to add a block of transactions as a slot leader. When a SPO is selected and successfully adds a block of transactions, they are rewarded with ADA, which is split between the SPO and the pool's delegators. ADA rewards accrue each epoch, which occurs every five days. Rewards earned via blocks added during one epoch are paid out to SPOs and their delegators two epochs later.

Delegation on Cardano is non-custodial, meaning that ADA never leaves a delegator's wallet and the SPO has no control over a delegator's funds. Delegated funds are never locked and can be withdrawn or transferred at any time by the delegator.

A non-custodial wallet,[10] which is required for a person or entity to delegate their ADA to a stake pool, is set up through applications such as Eternl, Nami, or Daedalus[11] When a person or entity sets up a Cardano wallet, that wallet will contain a **staking key,** or unique identifier for each wallet that must be registered before delegation is possible. When that person delegates their ADA to a stake pool, that transaction is added to the Cardano blockchain. Since all transactions are public, the SPO or anyone can identify each wallet by their unique staking key. With the staking key, all of the transaction history of each wallet can be publicly viewed, including the stake pool selected for delegation, the amount delegated each epoch, the dates of delegation, and the amount of staking rewards the wallet has received each epoch.

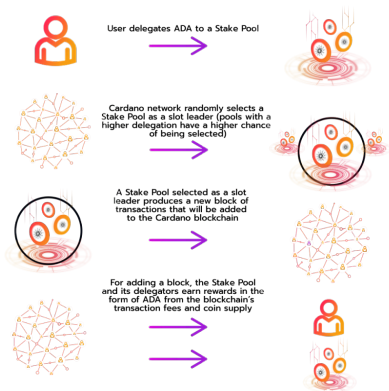## II. What is the payout for delegators?

There are multiple factors that determine the staking reward payout delegators receive such as the amount of the SPO's pledge, the total amount delegated to a pool, and the pool's saturation level[12] However, two important parameters users should review before delegating their ADA to a pool are the fixed cost and variable margin. The **fixed cost** is set by the protocol to a minimum of 340 ADA per epoch, and is given to the SPO to cover the server costs of running a stake pool. Cardano's parameters currently don't allow SPOs to charge a fixed cost less than 340 ADA per epoch. However, SPOs are allowed to increase the fixed cost. The **variable margin,** also called the profit margin, is a percentage of the remaining ADA rewards that a SPO can keep before the rest is returned to its pool's delegators. Competitive stake pools typically charge a variable margin between 0 to 5%, but can set the margin between 0% to 99%. Pools that set their variable margin to 100% are considered private and won't be listed publicly. For example, let's say a stake pool generated 1,000 ADA in fees during an epoch and is charging a 5% variable margin.

The SPO would receive 340 ADA for the fixed cost, leaving 660 ADA. Next the SPO would receive 5% of 660 ADA, or 33 ADA. Delegators would receive the remaining 627 ADA, which would be divided proportionally according to the size of each delegator's stake. A delegator's staking rewards are sent to the wallet used for stake pool delegation. Delegators and SPOs staking over a long-term period will receive compounded ADA rewards each epoch, as staking rewards are automatically delegated with each user's current funds.

In summary, most public stake pools charge a 0 to 5% variable margin and keep the fixed cost at the protocol minimum of 340 ADA. Delegators receive around 95% or more of the remaining staking rewards which currently equates to around a 4% to 5% **APY**.[5]

Staking rewards are determined and distributed at the blockchain protocol level. While the SPO can increase the fixed cost or change the variable margin, they don't pay themselves or the SPO's delegators. The blockchain handles the distribution of staking rewards to the SPOs and delegators. Now that we know how stake pools work, we can learn about the mechanics of ISPOs.

Cardano Proof of Stake

User delegates ADA to a Stake Pool

Cardano network randomly selects a Stake Pool as a slot leader (pools with a higher delegation have a higher chance of being selected)

A Stake Pool selected as a slot leader produces a new block of transactions that will be added to the Cardano blockchain

For adding a block, the Stake Pool and its delegators earn rewards in the form of ADA from the blockchain's transaction fees and coin supply

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III. What is an ISPO?

An **Initial Stake Pool Offering (ISPO)** is a unique method of decentralized fundraising for startups on Cardano. Cardano is a permissionless, decentralized public blockchain that facilitates peer-to-peer transactions through its native coin, ADA. If a new project plans to build a decentralized application (dApp) on Cardano and use the ISPO model to raise funds, below are the steps the startup would take:

1. **Marketing –** The startup would typically market their project to the public about the new dApp it's creating on Cardano, including the dApp's functionality and utility. The project, team, roadmap, and token utility should be described in a litepaper or whitepaper.

2. **Native tokenization –** For the public to participate and support the development of the dApp, the project will need to obtain its own native token, which can be minted by the developer of the project. Cardano native tokens, which has similar functionality to the ERC-20 and ERC-721 tokens on Ethereum, can be created natively on the Cardano ledger. Unlike Ethereum, where custom tokens must be smart contracts which require more computing resources to use and are more prone to bugs or hacks due to potential vulnerabilities from each independent developer's code, Cardano's native tokens have the same logic as ADA on the Cardano ledger. This means that native tokens have the same security properties that Cardano's native coin ADA enjoys. Developers can program functionality and utility between their dApp and its custom native token, such as staking for governance, access to content, and many other features.

3. **Create stake pool(s) for the ISPO –** The project must set up a public stake pool(s) and market it so that anyone interested in participating in their project can delegate to the pool(s) for a set period of time, or epochs.

4. **Changing the variable margin –** The SPO changes the ISPO-designated pools' variable margin to 99%, which means the SPO gets 99% of the ADA rewards generated in an epoch after the fixed cost is paid to the SPO. However, there are some ISPOs where the SPO charges a lower margin, opting to receive less funding and return more of the ADA staking rewards to delegators. With a 99% variable margin, the SPO essentially captures all of the ADA staking rewards. These ADA rewards can then be used to fund project development, delivery of the dApp, or any additional project costs.

In exchange for delegators giving up their staking rewards of around 4% to 5% APY, the delegators will receive the project's native tokens. In our earlier example, the delegators received 95% of the remaining ADA rewards, or 627 ADA of the 660 ADA remaining after the fixed cost was paid. If the variable margin was set to 99% instead of 5%, the SPO would receive 653 ADA of the 660 ADA remaining, leaving only around 7 ADA to be distributed to delegators that epoch, which is miniscule when split between hundreds or thousands of different delegators.

5. **Give native tokens to delegators** - Projects publicly announce the formula for how many of its tokens will be given to delegators that participate in its ISPO. For example, a project could announce that for 25 epochs in a specified date range, ADA delegated to the ISPO pools will receive 2 native tokens per ADA delegated. Another method is the SPO announcing a total amount of tokens per epoch that will be given proportionally to ISPO delegators based on each delegator's stake. The SPO knows the ADA delegated each epoch by every participating wallet via their staking key, as this information is publicly available on the blockchain. With the information from the blockchain, the native tokens earned by each delegator can be calculated. The project can airdrop the tokens to all of the participating wallets or use a different mechanism for users to claim their tokens.

Initial Stake Pool Offering (ISPO)

Startup XYZ, looking to raise funds through an ISPO, opens up a public stake pool on Cardano with a 99% variable margin for five months.

Delegators excited about the project's prospects decide to delegate their ADA to Startup XYZ's stake pool for the five-month ISPO period to receive the project's token.

With a 99% variable margin, Startup XYZ, as Stake Pool Operator, keeps virtually all of the ADA staking rewards for producing blocks Startup XYZ uses these ADA rewards to cover development and operations.

Startup XYZ delivers its native tokens to users who delegated their ADA to its stake pool for the five-month ISPO period at the prescribed exchange ratio.

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Chapter 2: The ISPO solution to Traditional Finance

I. Traditional Finance flaws

Crypto is no longer an esoteric technology. Global adoption has dramatically increased, with estimates that the number of global crypto users could reach 1 billion by the end of 2022 from the estimated 300 million at the end of 2021.[16] There have been multiple drivers behind the adoption of crypto: a hedge for high inflation of fiat currency, decentralized finance (DeFi), Web3, Play-to-Earn (P2E), and much more. This growth has provided an opportunity to reshape how financing works for startups.

Normally, startups would only seek funds for development from private entities such as venture capital firms or accredited individuals with large sums of money. The vast majority of people cannot participate because they are non-accredited, lack a large amount of liquid funds, and are restricted by government regulation.

The consequences of limiting retail individuals from funding startups are not innocuous. Venture capital, private equity, and hedge funds are risky but can experience <u>above-average returns</u>[17]compared to <u>public equities.</u>[18] **Low financial inclusion due to the lack of access to financial products and services is a main contributor to growing** <u>**wealth inequality.**</u>[17] In 2020 roughly 90% of households in the United States were not accredited. In addition, the estimated 10% of accredited households in the United States controlled over 75% of all private wealth in America[19] In 1998, Jeff Bezos, the founder of Amazon, spent $250,000 USD[19] in a private funding round for Google.[20] Bezos' funding for Google stock translated into 3.3 million shares, which at Google's IPO price in 2004 was worth $280 million USD.[21]

While access to decentralized digital currency like ADA or Bitcoin has increased financial inclusion globally, ISPOs on Cardano have gone a step further by giving millions around the world the ability to support promising startups that could grow to be as impactful as Google.

Chapter 3: ISPO Benefits

I. ISPO Benefits for Delegators

1. **Low risk** – To support projects or companies on other platforms, an entity typically must exchange their crypto or fiat currency for the token in the hopes that the token will do well. In addition, if the tokens are smart contracts like on Ethereum, participants must assume that the independent developer didn't make a faulty smart contract with bugs or vulnerabilities that could get their assets stolen. **In an ISPO on Cardano, you don't have to spend your ADA to support a new project and your principal is never at risk since it is secured by the Cardano blockchain. You only forgo future ADA staking rewards.** For example, let's say you delegated 1,250 ADA in a six-month ISPO for a new dApp. In exchange for the project's tokens, you give up potential staking rewards of 25 ADA based on the average 4% APY of other stake pools. After the ISPO is over, the project fails to meet their goals and the dApp is canceled. Your 1,250 ADA are still safe in your wallet, as delegation on Cardano is non-custodial and you always maintain control of your funds. Your only loss would be the potential rewards of 25 ADA.

2. **Pseudonymity** – ISPOs are permissionless, as you only need to have your ADA to delegate to a stake pool. As you have probably seen, public knowledge of financial support through ownership of certain companies or political contributions to controversial candidates has led to reputational damage, loss of work, and other consequences for individuals. Since ISPOs are permissionless and the blockchain is pseudonymous, entities can support their choice of startup projects with a higher degree of privacy.

3. **Accessibility** – Another benefit of the permissionless nature of Cardano's blockchain is that ISPOs are accessible to anyone with no wealth level requirements. Some countries require individuals to have high incomes or a high net worth to participate in funding startups, which eliminates the option to support innovative startups for many people. In addition, there are usually high financial minimum contributions required to support a startup. **In ISPOs, there are no financial conditions or restrictions on participation. It doesn't matter if you have 10 ADA or 10,000 ADA, you can participate in an ISPO.** Cardano's ISPO model is more egalitarian than traditional finance by not limiting people by financial status or nationality.

4. **ISPO period** – With ADA staking rewards currently around 4% to 5% APY, startups must calibrate the length of the ISPO period to obtain the desired funding needed for their project. ISPOs typically have time periods of four to six months, or more. This period is typically longer than the seed or private sale rounds for venture capital. The benefit of the longer time period is that the project must stay engaged with the community about project updates, news, or technical changes. **Since staking on Cardano is non-custodial, delegators can remove their delegation from a stake pool that's part of an ISPO at any time, lowering the project's funding.** Therefore, projects must constantly interact with the community to build and keep their attention and interest. Otherwise, the delegators will withdraw their delegation for other opportunities. Projects that don't actively engage with the community or show a lack of development will find it harder to maintain delegation support for their projects.

II. ISPO Benefits for Startups

1. **Additional fundraising** – Many projects need capital to fund their operations, marketing, and development before their dApp is launched. Previously, most of this funding would come from venture capital firms or high net worth individuals. **Currently there are over 1.2 million delegators staking over 25 billion ADA, providing a large source of potential funding via ISPOs for startups.** For example, the Genius Yield ISPO had almost 15,000 participants delegate 270 million ADA at the peak of its five-month ISPO.

2. **Building a community** – An ISPO can build a community around a project, which is needed for long-term success. Having only a few venture capitalists is usually not enough for most dApps that require high utilization to survive. ISPO participants have a vested interest in the success of the project and many will stay engaged, marketing the products to others while also potentially becoming the initial users of the project's dApp.

Chapter 4: Genius X Multi-Token ISPO - Maximizing the value of your ADA

Since the introduction of smart contract functionality for Cardano in 2021, the growth of dApps has been extraordinary. Currently, there are over 1,000 projects being built on Cardano. With this surge of development, it has become harder for individuals to assess the quality of new projects and their tokens. The Genius X team reviews each startup thoroughly before they are accepted into the Accelerator Program. This review process includes an assessment of the project's application, interviews and verification of the founding members' work experience, analysis of the project's strategy and market fit, the project's development stage, community traction, and much more. Genius X has onboarded over a dozen ambitious startups that we believe will add value to the Cardano ecosystem.

After a project's acceptance, we offer assistance to the startup in deploying an ISPO. Current ISPOs usually only allow delegators to get one token for their ADA delegation. However, many delegators in the Cardano community are interested in getting tokens of multiple projects. Raising the bar further for ISPO innovation, <u>Genius X is launching the world's first Multi-token ISPO</u>[22] for startups in the Geniux X accelerator Program. The Genius X Multi-Token ISPO provides a solution for ADA holders looking to diversify by allowing delegators to get the tokens of multiple projects within one ISPO and thereby maximize the value of their ADA holdings.

In the first cohort of the Genius X Multi-token ISPO, delegators will get the tokens of five different projects by participating in a single ISPO instead of the typical one token per ISPO. Details of the Multi-Token ISPO are below:

1. **Stake Pools –** GENS1, GENS2, GENS3, and GENSX.
2. **Staking Rewards Allocation –** Staking rewards across the four stake pools will be split between each startup. Some of the ADA rewards will be paid to Genius X as fees to cover marketing and operations.
3. **ISPO period –** The ISPO will last 25 epochs, or around four months.
4. **Development Stage –** Startups accepted for the multi-token ISPO need to have a proven track of development and prospects for growth.

The deployment and operation of the Multi-Token ISPO will be handled by Maestro,[?] a project in the Genius X accelerator program. **The Multi-Token ISPO will start when epoch 363 begins at 21:45 UTC on September 12th, 2022, and will last 25 epochs.** To participate for all 25 epochs, delegators will have to stake their ADA to any of the four GENS pools before epoch 364 begins at 21:45 UTC on September 17th, 2022. However, individuals can delegate at any time during the ISPO to receive tokens based on the remaining epochs. The multi-token ISPO ends at the beginning of epoch 388 at 21:45 UTC on January 15th, 2023.

GENIUS X Multi-Token ISPO

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MULTI-TOKEN ISPO

Genius X, as stake pool operator, manages multiple stake pools on Cardano on behalf of Genius X partners and sets a variable margin on all pools to 99%

ADA delegators excited about the promising startups from the Genius X Accelerator Program participating in the Genius X Multi-Token ISPO decide to delegate to the Genius X stake pools during the ISPO period.

With a 99% variable margin, Genius X keeps virtually all of the staking rewards. Genius X returns the ADA rewards to each participating startup, keeping some ADA rewards to cover operation costs.

Each startup agrees to exchange a similar percentage of their project's token supply to receive ADA staking rewards that will be used to cover the project's development and operations costs

Delegators receive multiple projects' native tokens with the ease of only delegating to a single ISPO.

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Conclusion

In the current global financial system, access to savings accounts, loans, or financial products isn't uniform. Various factors such as nationality, economic status, or government policy limit millions from participating in financial opportunities that can grow wealth. The failures of the current financial system to make financial services widely available has led to the devastating impact of growing wealth inequality on society. However, blockchain technology and crypto has the ability to reshape the current global financial system, creating a trustless, permissionless, and secure way for people to carry out peer-to-peer financial transactions.

The **Initial Stake Pool Offering (ISPO)** model has been a leading financial innovation of the crypto ecosystem, creating a decentralized, permissionless mechanism for anyone to participate in the growth of promising startups. Financial support for early-stage startups was previously reserved for privileged entities with USD millions of capital at their disposal, such as venture capitalists or accredited individuals. Using Cardano's unique dPoS consensus mechanism, ISPOs have created a more egalitarian way of supporting startups. Even if an individual only holds $10 USD worth of ADA, ISPOs allow them to now support startups at the same stage as venture capitalists. The ultimate benefit of the ISPO is that it expands the opportunity set for many people to grow wealth, which could potentially lower wealth inequality over the long-term.

Genius X takes the ISPO innovation a step further with its **Multi-Token ISPO**. First, Genius X selects what the team feels are promising blockchain based projects to be a part of its Accelerator Program, providing them resources and advisory to achieve their goals. Next, the Multi-Token ISPO allows the 3.5+ million Cardano community to maximize the value of their ADA by getting the native tokens of multiple promising projects from the Genius X Accelerator Program in one ISPO. **With the Genius X Multi-Token ISPO, delegators have access to multiple startups in a single ISPO while eliminating the risk of losing their delegated funds if any of the projects fails.** Delegators also retain control, as their funds are never locked and can be withdrawn or transferred at any time.

Ready to participate? Learn more about Genius X's Multi-Token ISPO here![22]

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- Telegram Announcements
- Discord
- Instagram
- LinkedIn
- Youtube
- Medium

References | Glossary of Terms

1. **Private placement -** A sale of securities to a limited number of potential investors instead of the open market. Private placements include complex financial vehicles that can be high risk such as venture capital, private equity, or hedge funds. Due to the substantial risk and complexity of private placements, many countries limit their resident's from participating based on various factors such as professional qualifications and net worth.
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3. Balogu, D. (2022, April 22). Cardano. *Geniusyield.Co.* https://academy.geniusyield.co/guides/cardano
4. **Know-Your-Customer (KYC) -** The Cardano blockchain is permissionless, which means there is no centralized authority or intermediary able to restrict its use to individuals or entities. The permissionless nature of blockchains differs from financial services, where many financial institutions are required by law to properly identify their customers through KYC procedures. KYC and Anti-Money Laundering (AML) are a set of regulations and guidelines that are made to reduce fraud, money laundering, and other illicit activities for financial institutions such as banks, lenders, and exchanges that enables traditional financial services. While the regulations vary by country, in general KYC / AML guidelines require the financial institution to collect private information to identify customers before they can use the institution's services such as their picture, tax identification number, nationality, home address, and financial history. While this identifying information has helped reduce and deter illicit activity, many customers may not want to give their personal information. In addition, companies and governments have used this information gathered to deny or restrict access to individuals based on nationality, financial history, or other questionable factors.
5. **Accredited -** Persons or entities who are allowed to participate in complex financial opportunities such as private equity, hedge funds, venture capital, and equity crowdfunding. While the criteria to be accredited varies by country, in general individuals have to have significantly higher income, net worth, or professional knowledge than the general population. For example, in the United States, an accredited person must have income exceeding $200,000 USD in each of the past two years or joint income with a spouse exceeding $300,000 USD in each of the past two years. Individuals can also qualify as accredited if they have at least $1,000,000 USD in net worth excluding their primary residence or hold specific professional designations or credentials such as the Series 7, Series 65, and Series 82 licenses.
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7. (N.d.). Genius-x.Co. Retrieved August 31, 2022, from https://www.genius-x.co/
8. **Nodes** - In Cardano, stake pools, or a network of computers, are server nodes that handle ledger maintenance and are responsible for processing transactions and producing new blocks that will be added to the ledger of transactions.
9. **Full nodes** - Full nodes refer to nodes that store a full copy of a blockchain. If other nodes are shut down, full nodes can disseminate the full blockchain history, ensuring continuity. Some full nodes also validate and propagate, or relay transactions, to other nodes. The more copies of a blockchain, the more secure the blockchain. Most well-known blockchains like Cardano and Bitcoin have thousands of full nodes.
10. **Non-custodial wallet** - Non-custodial wallet - A non-custodial crypto wallet allows you to spend or transfer digital assets by interacting with a blockchain network. In a crypto wallet, the funds of the wallet cannot be spent or withdrawn unless the owner or a third party has the spending key or password. When creating a non-custodial wallet, each user is given the spending key for their unique wallet, granting the user full ownership and control of their digital assets. A custodial wallet is different in that a third party, such as a centralized cryptocurrency exchange (CEX), has ownership of the user's assets due to having the wallet's spending key. When a person transfers their funds to their account on a CEX, they are using a custodial wallet owned by that CEX. If a person is using a custodial wallet, the third party has the ability to freeze, restrict, or seize a user's digital assets.
11. **Eternl, Nami, and Daedalus** - These are Cardano-based wallets that allow an entity to manage the operations of their ADA or other Cardano-based tokens. These operations could include withdrawing or receiving ADA and other Cardano-based tokens, delegating ADA, or interacting with a smart contract. Do your own research before downloading and using any software application.
12. A higher Stake Pool Operator's (SPO) pledge leads to higher staking rewards when a stake pool is selected to produce a block of transactions. The higher the total delegation of ADA to a pool, the higher the chance the pool has of being selected to produce a block of transactions. To encourage decentralization, Cardano's current parameters limit the amount of delegation for each pool that is used to calculate staking rewards. Once a stake pool has passed the maximum threshold for delegation, the staking rewards per delegator will decrease as the rewards calculations will be based on the maximum threshold. The current maximum threshold for each Cardano stake pool is the saturation point. Saturation level is the ratio of a pool's delegation to the saturation point. A saturation level below 100% means additional ADA can be delegated without delegators getting diminishing rewards while a saturation level above 100% means all delegators of that stake pool are experiencing diminishing rewards.
13. **Annual Percentage Yield (APY)** - APY is the compounded annual yield per year for an asset.
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