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ODIN

TOKENOMICS PAPER

Developed by

geodb

Odin Protocol Tokenomics Paper V1.2

Open Data Interoperable Network

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Odin Protocol
Open Data Interoperable Network

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Contents:

1. Background and Goals

Following the ODIN mission of being a reliable bridge between Data producers and Data consumers the goals of tokens used in the system are:
- to be means of payment for data
- to secure data reliability and consensus for the whole network
- to provide governance with the principles of Decentralised Autonomous Organization

Binary token system to be implemented for the ODIN project. First ODIN token should secure the network, to be a means of payment for Data consumers and take part in System Governance. The second GEO token will be the means of payment for Data providers.

2. Binary Token System

2.1. ODIN Data Providers Token

GEO is a token used as a means of payment to data providers. Inflationary token which is rather easily obtained by data providers and data producers. After accounting the data providers can charge it to data producers (end users who have installed applications and are engaged in the production and transfer of data). Key features:

- Key distribution mechanism - distribution to data providers and purchase on the market.
- Majority of tokens are in the hands of data providers and producers.
- Do not take part in System Governance.

GEO overall supply is capped at 350 000 000 tokens, including:

- Data providers rewards - 14.5% tokens;
- GEO's investor's token sale - 75.5% tokens;
- Company & Founding team - 10% tokens.

Auction mechanism to be used to buy out a certain amount of GEO for ODIN token if the data is paid and consumed in the system. For example, if Data consumers paid for data from oracle's equivalent of 800 USD, GEO tokens were bought out via an auction mechanism for the 800 USD equivalent. The threshold

for auction is set by Governance and changed to the higher or lower amount as soon as the required decision is voted and approved by System Governance.

50 000 000 GEO tokens to be distributed among data providers for about ten years with a fixed average rate per day, which will be announced later. The number of GEO tokens issued to data providers at any given time during the first ten years since project launch should be equal to or less than number of daily tokens distributed * number of days since project launch. If at any given moment in the future the number of GEO tokens due to be issued exceeds the above-calculated value, the price for data nominated in GEO will be decreased proportionately to fit in the GEO tokens per day cap. Hard per day GEO issuance cap could be updated and changed via system governance vote.

2.2. ODIN Data Consumers and System Governance Token

Token used as a means of payment for data received from the system. The number of tokens is limited and initially they are issued in the ODIN treasury. Tokens can be purchased by consumers of data. The token is also used for staking and paying fees and rewards for validators. Key features:

- Key distribution mechanism - buy on the market.
- Majority of tokens initially are in the hands of the ODIN Treasury.
- Take part in System Governance (proposals and voting).

ODIN will use ODIN native token for its own network which uses ODIN tokens as an incentive for validators to produce new blocks and submit responses to data requests. ODIN holders can use the tokens in the following ways:

- to pay for data received from the network;
- to use the tokens they own to become validators;
- to delegate their tokens to validator (delegate) to earn a portion of the collected fees and inflationary rewards;
- to participate in network governance.

The total supply of ODIN is capped at 100 million tokens with the following distribution:

- Data consumers pool - 10%;
- Staking rewards - 30%;
- Company & Founding team - 10%;
- ODIN Treasury - 50% (ODIN tokens allocated to ODIN Treasury are not taking part in System Governance)

At the ODIN token launch phase a deflationary model will be applied.
- ODIN applies a deflationary model to incentivize early holders
- A dynamic tax model between 4% and 12% is applied within each cycle of transactions. Every transaction of ODIN within Binance Smart Chain will be taxed.
- 400.000 ODINs are burned in every cycle where 200.000 are burned entirely, and 200.000 are returned to the holders proportionally.
- 20% of all ODINs (20 million) will be burned within 100 cycles.
- Final supply of ODINs after burn will be 80 million

All ODIN tokens will be issued with the genesis block and allocated to specific pools with further gradual distribution to validators and stakers over time.

Annual inflation rate for validators staking is set to around 12% APR.

Governance voting with ODIN tokens includes all major decisions regarding functioning of the system:

- Fees and data prices set by the protocol and system governance;
- Changes to system parameters and data oracles;
- Using part of the generated value from data transactions that corresponds to ODIN token holders, to build a portfolio managed under the governance token holders community.

3. Flow of Assets

ODIN Treasury is a key financial tool for managing projects and achieving its financial success via the community System Governance model. In the early stages of project implementation when Data oracles are not decentralized it is ODIN Treasury which collects payments from Data consumers for data obtained from ODIN projects own oracles. Key ODIN Treasury functions:

- Selling ODIN token to the market participants (Data consumers, Stakers, Validators, Investors) and keeping received payments in the form of native crypto assets (BTC, ETH, DAI) and tokenized USD
- 80% of collected funds received from selling ODIN token to be used to buy out GEO token via auction mechanism every time as soon as 800 USD threshold is achieved, acquired GEO tokens will be allocated to recycling pool for future use as a means of payment to data providers
- 20% of collected funds are subject to invest in DeFi space with investment decisions offered and approved by System Governance

All above values of 80/20 funds allocation and 1000 USD buy out threshold are subject to change via System Governance voting mechanism.

It is prohibited for ODIN Treasury to invest collected GEO tokens in any form (put in liquidity pools, use as a collateral to get other crypto assets, etc.). The ODIN Treasury function here is to sterilize GEO tokens from the market which leads to higher price for this asset.
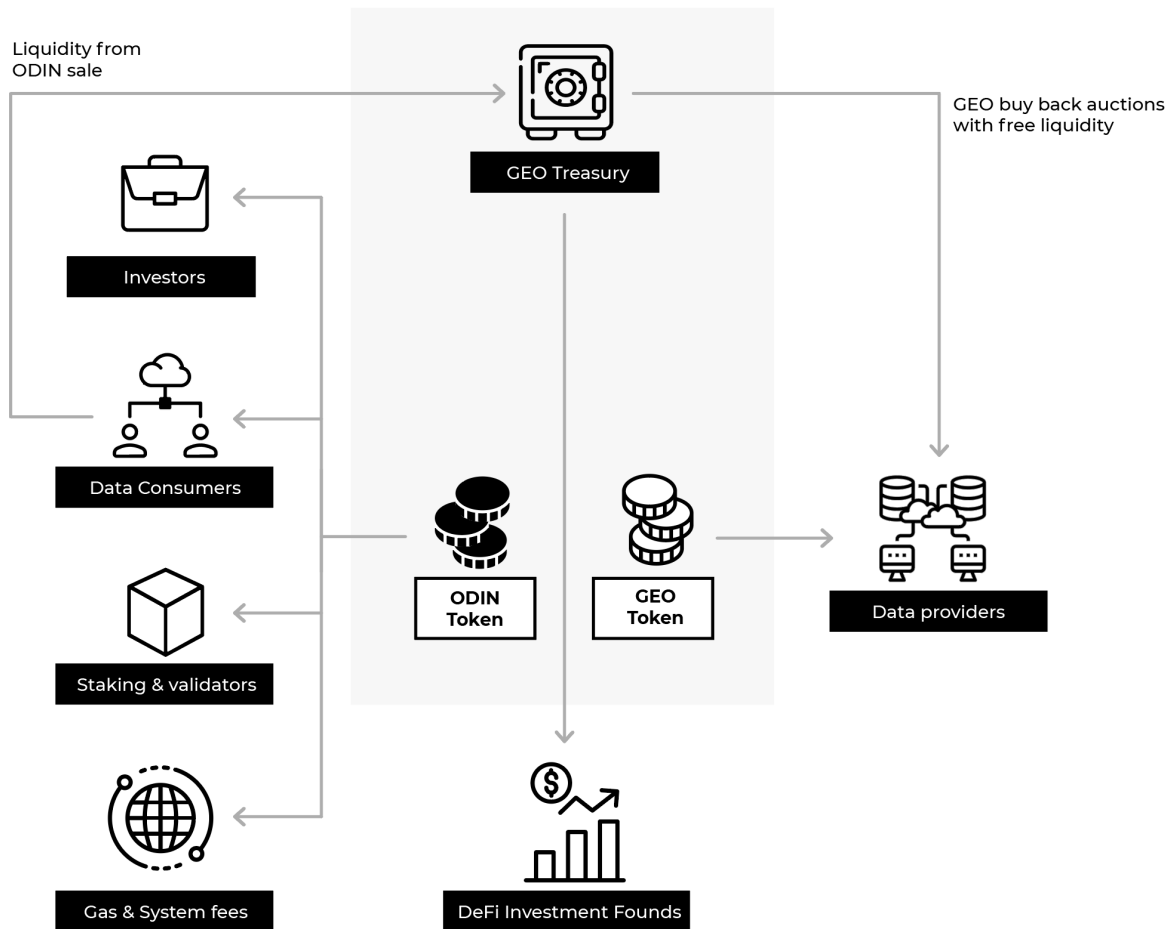

Figure 1 - Flow of assets

ODIN and GEO tokens have fixed supply of 100 million (will be decreased to 80 million) and 350 million tokens accordingly. New tokens are not issued and not burned. Mechanism for absorbing and adding liquidity to the system is ODIN Treasury managed by System Governance.

4. Governance

Motivation for an ODIN decentralized governance system is to provide an architecture where the ultimate goal is the protocol's benefit above interests from specific individual stakeholders.

A multilevel governance system provides a context where stakeholders (data providers, data consumers, investors, token holders, project team, validators and stakers) are "forced" to operate under commonly agreed frameworks regulating both higher level policies as well as oracle evolution policies.

ODIN System Governance will be a two tiered system where proposals are discussed in offchain forums and ratified/voted through on chain GGIP (ODIN Governance Improvement Proposals). Staked ODIN tokens will also be able to vote on GGIPs. This system allows for extensive discussions on proposed improvements before they're pushed on chain for voting.

Improvement proposals should be of two different kinds:

- Protocol Policies; where general rules dealing with token use and distribution, major crypto economic modifications and incentive systems.
- Oracle Policies; Defining requirements and context for staking, penalties and all decisions dealing with the structure of the decentralized oracle network.

4.1. Governance Flows

Given an initial proposed framework for policies protocol and oracle policies as flushed out by ODIN creators (The Genesis Framework), these frameworks should be evolved and fine tuned by System Governance. In order to foster participation and mitigate potential voter's apathy, participation in governance decisions should be incentivized.

ODIN's System Governance architecture is based on the aforementioned off chain community based forums, from where community voted proposals are submitted to the Genesis Team (Define who they are). The Genesis Team will then push proposals to on chain voting by ODIN token holders. After a certain transition period, Genesis Team will migrate from the original Genesis Team to a token holder voted one.

Only ODIN token holders will be allowed to vote. The only requirement will be to have a wallet holding tokens for the period during which proposals are voted.

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In order to be approved, proposals must reach a certain quorum during a pre-stated time period.

Bearing the above in mind, the proposal flow is as follows:

1. The Community creates a GGIP,
2. Community evaluates and discusses the proposal, GGIP is polished according to received feedback,
3. Community signals to implement such proposal,
4. Genesis Team implements the proposal and submits it to the governance system,
5. Proposal is voted by token holders and is approved or rejected.