

# xMOVE Token Economics

## Executive Summary

The xMOVE token serves as the governance and utility token of MoveX, an innovative decentralized platform for on-chain volatility trading. This document outlines the token allocation, utility, distribution schedule, and economic model designed to ensure long-term protocol sustainability while creating aligned incentives for all participants in the ecosystem.

Our token model is built on several key principles:

- \* **Community-First Approach:** 59% of tokens allocated to community incentives
- \* **Sustainable Fee Distribution:** 90% of protocol fees directed to token stakers
- \* **Balanced Stakeholder Alignment:** Strategic allocations for team (13%), investors (20%), and liquidity (8%)
- \* **Long-Term Vision:** Vesting schedules designed to ensure commitment from team and investors
- \* **Value Accrual:** Strong token utility tied directly to protocol revenue and usage

This economic model creates a virtuous cycle where protocol adoption drives token staking, which reduces circulating supply while distributing substantial rewards to long-term participants.

## Token Allocation & Distribution

**Total Supply:** 100,000,000 xMOVE

Category	Allocation	Tokens	Description
<b>Team</b>	13%	13,000,000	Core development team and future hires
<b>Investors</b>	20%	20,000,000	Seed (7%) and Private (13%) rounds
<b>Community</b>	59%	59,000,000	Participation incentives
<b>Liquidity</b>	8%	8,000,000	Liquidity Bootstrapping

## Vesting Schedule

Category	Cliff	Vesting Period	Initial Unlock	Vesting Type
<b>Team</b>	12 months	24 months	0%	Linear Monthly

Category	Cliff	Vesting Period	Initial Unlock	Vesting Type
<b>Investors (Seed)</b>	6 months	18 months	0%	Linear Monthly
<b>Investors (Private)</b>	3 months	12 months	3%	Linear Monthly
<b>Community</b>	None	60 months	Variable by Program	Emission Schedule
<b>Liquidity</b>	None	N/A	100%	N/A

The team tokens are subject to an extended vesting schedule to ensure long-term alignment and commitment. With a 12-month cliff and 24-month linear vesting, the core team is incentivized to build and grow the protocol over multiple market cycles.

### Circulating Supply Projection

Based on vesting schedules and expected staking participation: \* **Month 1:** ~9.5M tokens (9.5% of total supply) \* **Month 6:** ~14.7M tokens (14.7% of total supply) \* **Month 12:** ~26.2M tokens (26.2% of total supply) \* **Month 24:** ~58.4M tokens (58.4% of total supply) \* **Month 36:** ~82.6M tokens (82.6% of total supply)

*This projection accounts for vesting schedules and estimated staking participation, with actual circulating supply likely lower due to staking incentives removing tokens from circulation.*

## Investor Distribution and Funding Strategy

### Seed Round

- **Allocation:** 7% of total supply (7,000,000 tokens)
- **Valuation:** \$2,000,000
- **Target Raise:** \$140,000
- **Token Price:** \$0.02
- **Vesting:** 6-month cliff, 18-month linear vesting
- **Participants:** Early-stage angels, strategic partners, and key community members

### Private Round

- **Allocation:** 13% of total supply (13,000,000 tokens)
- **Valuation:** \$3,000,000
- **Target Raise:** \$390,000
- **Token Price:** \$0.03
- **Vesting:** 3-month cliff, 12-month linear vesting

- **Initial Unlock:** 3% (390,000 tokens)
- **Participants:** DeFi-focused investors, strategic partners, and industry participants

**Total Raise:** \$530,000

### Use of Funds

Category	Allocation	Amount	Description
<b>Development</b>	60%	\$318,000	Core protocol development, smart contract audits
<b>Liquidity</b>	26%	\$140,000	Initial Liquidity
<b>Marketing &amp; Community</b>	9%	\$48,000	Community building, user acquisition
<b>Operations</b>	5%	\$24,000	Legal, administrative expenses

This allocation prioritizes product development (60%) while ensuring adequate initial liquidity (26%), enabling the team to build a high-quality protocol that delivers immediate value to users.

### Community Incentives Breakdown

The 59% community allocation (59,000,000 tokens) demonstrates MoveX's commitment to community participation and ownership. This substantial allocation will drive protocol adoption, reward active users, and ensure deep liquidity across all markets.

#### Liquidity Provider Incentives (23%)

- **Market Making Rewards (14%):** Tiered rewards for professional and retail market makers who maintain consistent order book depth
- **Pre-Launch Liquidity (5%):** Special allocation for market makers participating in the crucial pre-launch order book building phase
- **HYPE-Marginated Market Incentives (4%):** Enhanced rewards for liquidity in HYPE-marginated markets

#### Trading Incentives (15%)

- **Volume-Based Rewards (8%):** Rewards distributed proportionally to trading volume

- **Early Adopter Bonus (5%):** Accelerated rewards for first 6 months of launch
- **Loyalty Program (2%):** Increasing rewards for consistent traders over time

### Participation Rewards (11%)

- **Governance Participation (4%):** Rewards for active governance participation
- **Referral Program (4%):** Incentives for bringing new users to the platform
- **Community Development (3%):** Rewards for content creation, translations, and community management

### Protocol Growth Fund (10%)

- **Ecosystem Development (4%):** Funding for teams building integrations with MoveX
- **Strategic Partnerships (3%):** Incentives for cross-protocol collaborations
- **Future Initiatives (3%):** Reserved for new incentive programs based on community needs

### Distribution Timeline

The community incentives will be distributed over a 5-year period with a diminishing issuance rate: \* **Year 1:** 30% of community allocation (17,700,000 tokens) \* **Year 2:** 25% of community allocation (14,750,000 tokens) \* **Year 3:** 20% of community allocation (11,800,000 tokens) \* **Year 4:** 15% of community allocation (8,850,000 tokens) \* **Year 5:** 10% of community allocation (5,900,000 tokens)

This weighted distribution front-loads incentives to drive initial adoption while maintaining sustainable incentives in later years.

## Token Utility and Value Accrual

### Primary Utilities

**Protocol Revenue Sharing** 90% of all protocol fees are distributed to xMOVE stakers, creating a direct value accrual mechanism. With a 0.35% taker fee structure, this creates substantial yield potential for token holders.

**Example Scenario:** \* Daily trading volume: \$10 million \* Protocol fee revenue: \$35,000 daily (0.35% of volume) \* Distribution to stakers: \$31,500 daily (90% of fee revenue) \* Annualized: ~\$11.5 million to stakers

**Staking Mechanism** The staking system is designed to reward long-term holders and reduce circulating supply: \* **Multiple Lock Periods:** 1-month, 3-month, 6-month, and 12-month options \* **Reward Multipliers:** Increasing multipliers for longer lock periods \* 1-month: 1.0x base rewards \* 3-month: 1.2x base rewards \* 6-month: 1.5x base rewards \* 12-month: 2.0x base rewards \* **Automatic Compounding:** Option to automatically reinvest rewards \* **Supply Impact:** Estimated 60-70% of circulating supply to be staked long-term

**Governance Rights** Staked xMOVE grants proportional voting power on critical protocol parameters: \* New market launches \* Fee structures \* Risk parameters (leverage, liquidation thresholds) \* Community incentive distribution \* Protocol upgrades

**Enhanced Trading Benefits** xMOVE holders receive advantages on the platform: \* Priority access to new markets during pre-launch phase \* Reduced trading fees (tiered by holdings) \* Higher leverage limits on selected markets \* Enhanced rewards in HYPE-margined markets

**Market Creation Rights** xMOVE staking will be required to propose and vote on new markets, creating additional utility for market participants who want specific volatility derivatives.

## Initial Liquidity Strategy

The 8% allocation for initial liquidity (8,000,000 tokens) ensures the token has sufficient market depth from launch: \* **Initial Pairing:** 8,000,000 tokens paired with approximately \$140,000 \* **Initial Token Value:** Approximately \$0.035, providing a modest premium to private sale investors

This straightforward approach to liquidity ensures the token can be traded with reasonable depth from day one, while preserving the majority of raised funds for development and operations.

## Governance Implementation

Governance will be implemented in phases to ensure stability during the critical launch period while gradually transitioning to full decentralization:

**Phase 1: Guided Governance (Launch to 6 months)** \* Core team maintains control of critical parameters \* Community forum for proposals and discussion \* Transparent communication of all parameter changes \* Non-binding community voting for feedback

**Phase 2: Limited Governance (6-12 months)** \* Community voting on selected parameters: \* New market additions \* Fee adjustments (within bounds) \* Incentive distribution \* Core team maintains emergency override capabilities \* Weekly governance calls and proposal discussions

**Phase 3: Full DAO Governance (12+ months)** \* Complete protocol control transferred to token holders \* On-chain voting for all protocol parameters \* Time Locked execution of approved changes \* Emergency council with limited override capabilities

This phased approach balances the need for initial stability with the long-term goal of full decentralization.

## Comparative Analysis

Compared to other successful DeFi derivatives protocols, MoveX's tokenomics demonstrate a balanced approach with strong community focus:

Protocol	Team	Investors	Community	Liquidity
<b>MoveX</b>	<b>13%</b>	<b>20%</b>	<b>59%</b>	<b>8%</b>
dYdX	15.7%	27.7%	50.0%	6.6%
GMX	16.2%	22.6%	51.6%	9.6%
Synthetix	20.0%	20.0%	40.0%	20.0%
Perpetual	24.8%	25.1%	43.7%	6.4%

The xMOVE tokenomics model provides several competitive advantages: \* Lower team allocation than industry average (13% vs 15-25%) \* Investor allocation aligned with market standards (20% vs 20-28%) \* Higher community allocation than peers (59% vs 40-52% in comparable protocols) \* Strategic liquidity allocation (8%) with clear deployment plan \* Direct connection between protocol usage and token value through fee sharing

## Conclusion

The xMOVE token economics are designed to create a balanced ecosystem that secures appropriate funding for development while maintaining a strong commitment to community ownership and participation.

By allocating 59% of tokens to community incentives, MoveX creates powerful mechanisms to bootstrap and sustain the critical network effects necessary for a derivatives exchange. The substantial focus on liquidity provider incentives reflects our understanding that deep, resilient order books are the foundation of a successful trading platform.

The token's utility goes beyond governance, with direct revenue sharing creating one of the most compelling value capture mechanisms in DeFi. The 90% fee distribution to stakers establishes a clear link between protocol success and token holder rewards, while the staking mechanism naturally reduces circulating supply as the protocol grows.

This balanced approach positions xMOVE for sustainable growth driven by real user adoption and protocol revenue, rewarding early investors, active users, and

liquidity providers who contribute to building a leading platform for on-chain volatility trading.