

Wrapped Stake Tokenomics paper

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Introduction

Wrapped stake relies equally on secure code and well aligned incentives to create a product that is useful and interesting to crypto holders looking for a secure store of value combined with a predictable and reliable income source. This paper aims to identify, quantify and strategise, the incentives to participate, trade and exit Wrapped Stake.

Wrapped Stake token will be referred to as WSTK

Participants

We categorise participants in 3 groups -

- Staker
 - * Responsible for adding to the Pool of staked currency
- Holder
 - * Anyone who buys WSTK and holds it with a view to collect rewards
- Team
 - * The group responsible for securing, staking and developing Wrapped Stake project

Tokenomics stages

Entrance tokenomics - Will concern the tokenomics, incentives and costs concerned with entering the wrapped stake ecosystem.

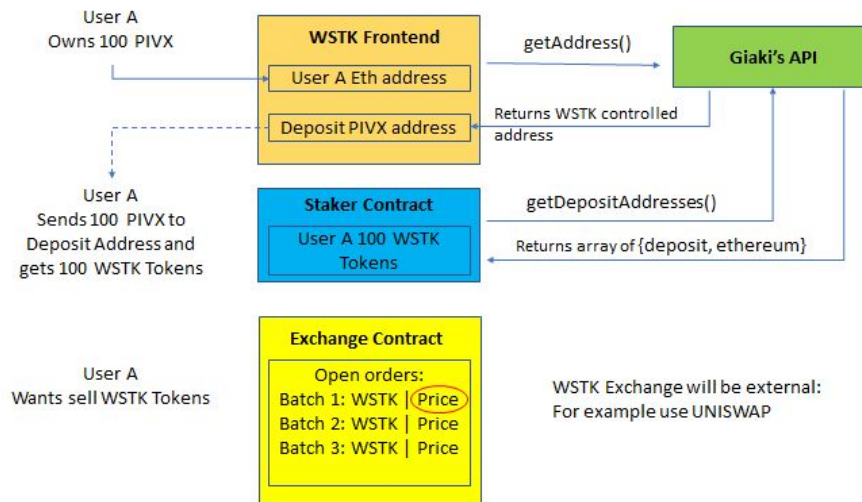
Exit tokenomics - Will concern the tokenomics, incentives and costs concerned with leaving the Wrapped stake ecosystem

Staking tokenomics - Will concern the tokenomics, incentives and costs concerned with participating in the Wrapped Stake ecosystem as each a Staker and a Holder.

Entrance Tokenomics

Users will enter the Wrapped stake ecosystem by converting their PIVX (or other staking coins) into WSTK. This will be done through our team operated 'gateway'. Initially this gateway will only accept PIVX and payout to a supplied ETH address, however, over time it's easy to see this process being opened up to ALL cryptocurrencies by using instantswap solutions such as stealthex.io or shapeshift.io to seamlessly exchange coins to PIVX prior to minting of WSTK. It's important to note that we do plan on opening up WSTK to include more projects than just PIVX

Here is a simple diagram of the process (credit Luis)



A user provides an Eth address and is then supplied with a team controlled PIVX address, once deposited the new WSTK will be minted and sent to the users supplied Eth address. It's important to note that new WSTK MUST be minted whenever more coins are added to the Staking vault.

The User then becomes a Staker for the amount of PIVX he has supplied and will enjoy a slightly higher rate of return for the privilege. 15% of the overall stake reward will be split among the stakers alone.

The number of WSTK minted when a person deposits PIVX will be calculated based on the current supply of WSTK and the current supply of PIVX being in the staking vault and NOT including the stake invested by the team.

- $n = ((\text{total PIVX} - \text{Team PIVX}) / \text{Total WSTK}) * \text{PIVX deposited}$
- ## At this point the 'PRICE' of Wrapped stake or PIVX is totally irrelevant
- This will need to be modified slightly when we start to add other PoS projects

Staking Tokenomics

All PIVX or other staking coins being held by the WSTK team will be held in a place called the StakingVault, this will be a secret address (though visible on the blockchain) where coins will be being constantly staked in the most profitable denominations possible.

At the end of a certain period of time (likely weekly), all of the newly rewarded coins will be tallied up and a representative amount of WSTK will be minted and then distributed among all the current WSTK holders. This will be the way to incentivise people to 'hodl' the WSTK token

The formula for calculating/distributing returns is as follows,

- Of each 100 WSTK minted it is split as follows
- 80 WSTK split among all holders and stakers equally
- 15 WSTK split among all stakers
- 5 WSTK towards the team (may go towards a DAO in future)
- Fees for distributing WSTK to be considered
- 1.1 % going to a charity or open sourced

We will initially be donating to GiveEth but during the course of the project will be moving between charities as decided by either the team or the DAO (discussed in the WSTK DAO paper separately)

Exit Tokenomics

- Upon exit PRICE will be considered and oracles will be used to decide how much PIVX will be given for each WSTK
- This will be done by calculating the total value of the Staked coins and then deciding how much of a portion each single WSTK represents, and then assigning a value to that WSTK and multiplying by however many WSTK want to be redeemed.

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- This method is designed to continue working when we start to add other Coins, it will mitigate the arbitrary nature of 'total supply' mechanics across multiple coins and only take 'value' into account.
 - Upon exiting WSTK ecosystem, ALL WSTK used to exit will be burnt, this will keep the correct restriction on supply.
 - Diagram to come.