

Reward System

Introduction

The Logos Reward System is designed to create and distribute rewards on the Logos Network - it incentivizes **nodes to actively validate requests by rewarding them in proportion to the actual cost of inflation**. Rewards are Logos currency that are accumulated during the Epoch in the form of transaction fees, and generated at the end of an Epoch in the form of inflation, then subsequently distributed to eligible participants. Transaction fees are distributed amongst delegates according to personal stake and new Logos are distributed to representatives according to total stake. Furthermore, rounding is used to ensure invariants such as total token supply are not broken.

Delegates who failed to validate a request and representatives that fail to vote during an epoch lose their claim to the transaction fees and penalty distributions. Unclaimed fees are added to the subsequent pool. Provided that epoch length is several orders of magnitude greater than transaction processing time (by construction), these reward requests will only represent a de minimis portion of overall network transactions.

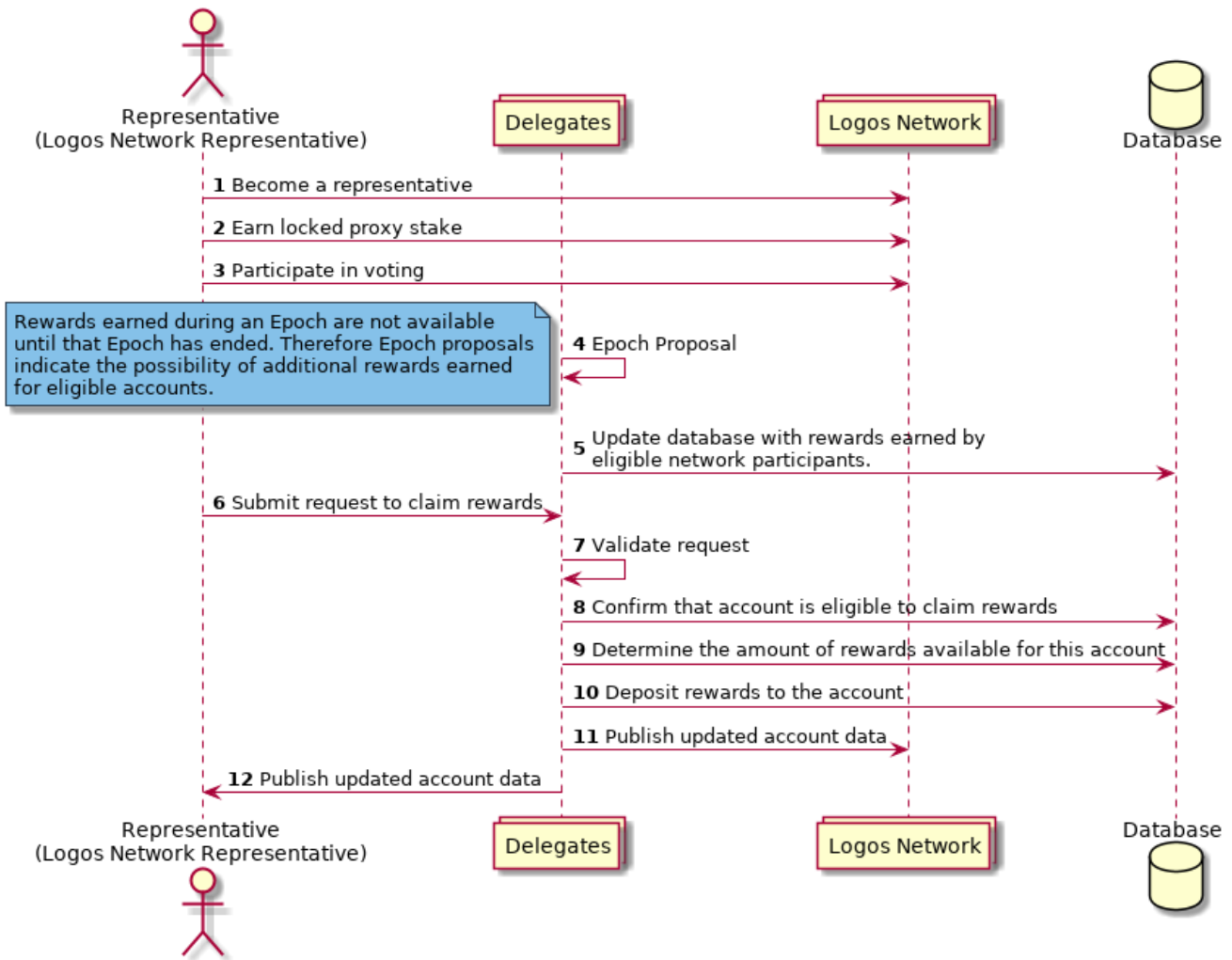
Claiming Rewards

With the exception of delegates, participants must submit valid reward claim requests in order to receive any rewards they may have accumulated during their lifetime. If approved, the full balance of rewards available for that account will be deposited to its balance, resulting in a receive appended to the account's receive chain, as with a typical send request.

Reward Claim Sequence

This demonstrates **the process for earning and claiming rewards**.

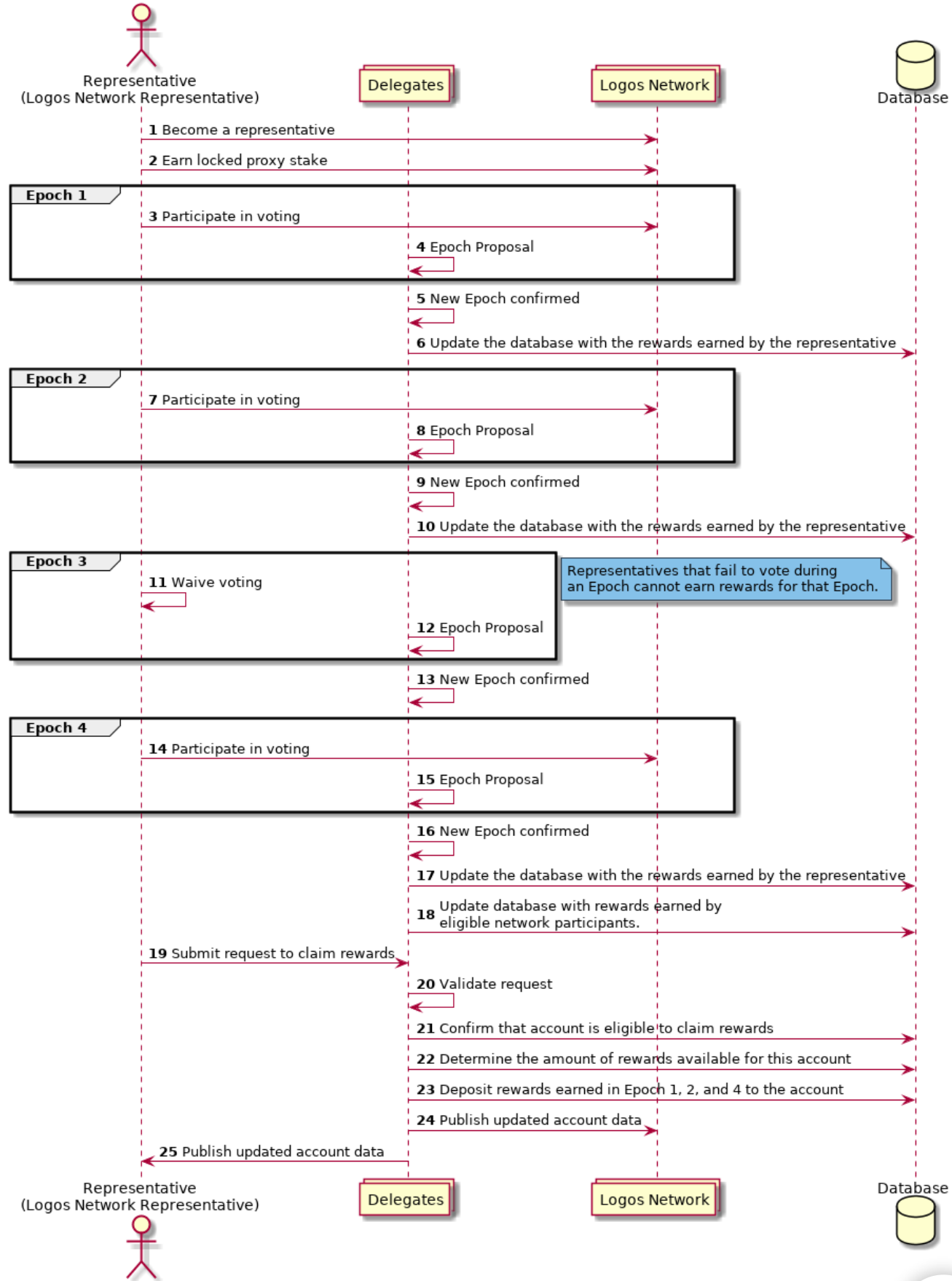




Voting's Impact on Rewards

Representatives can only earn **Rewards for Epochs** during which they successfully participated in voting. Failure to vote during an Epoch excludes representatives from earning rewards for that particular Epoch.



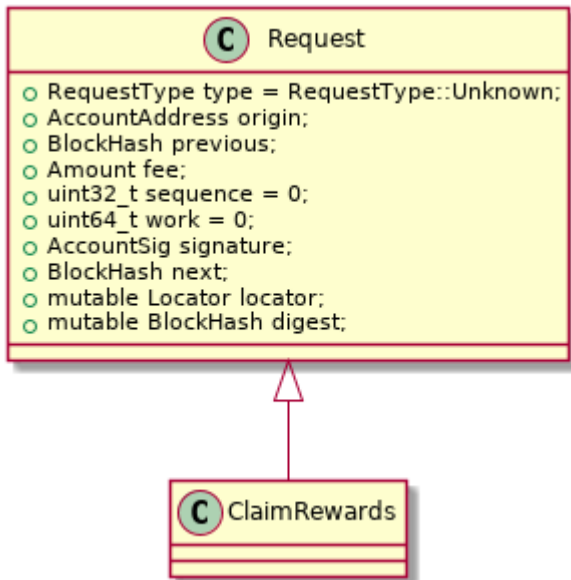


Claim Reward Request



The reward system introduces a distinct request type to the Logos Network implementation that will be used to claim any rewards available for a particular account. If no rewards are available but the request is otherwise valid, it will still be post-committed and the corresponding account will be updated.

As with all other requests, the claim reward request will simply extend the Request base class. Members of this derived class will be determined at a later time.



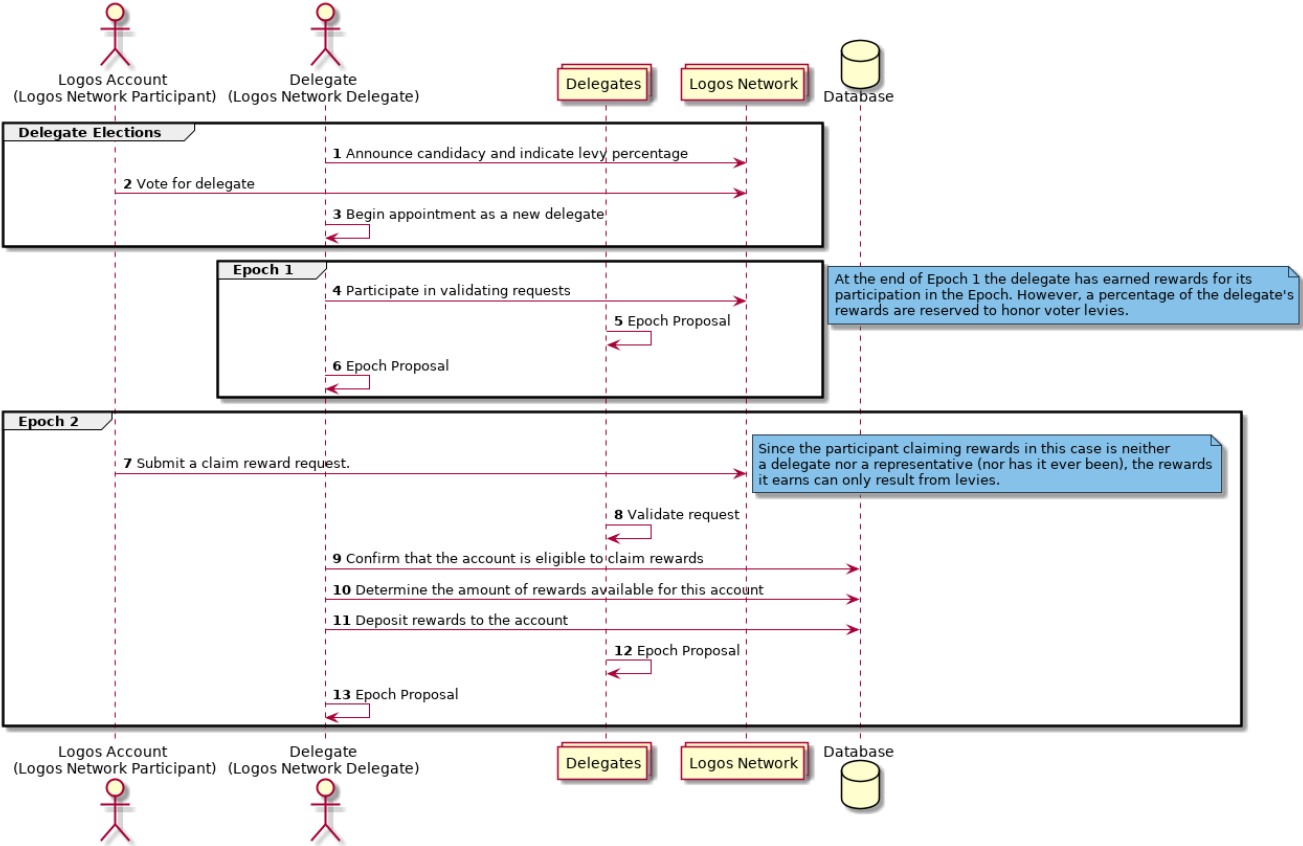
Levy Percentage

Delegates and representatives may choose to allow other participants to place levies on the rewards they've earned, whereby a percentage of a delegate's rewards will be deposited into the accounts of supporting voters, or in the case of representatives, a percentage of the rewards earned will be deposited into the accounts of locked-proxy staked participants.

Delegate Levies

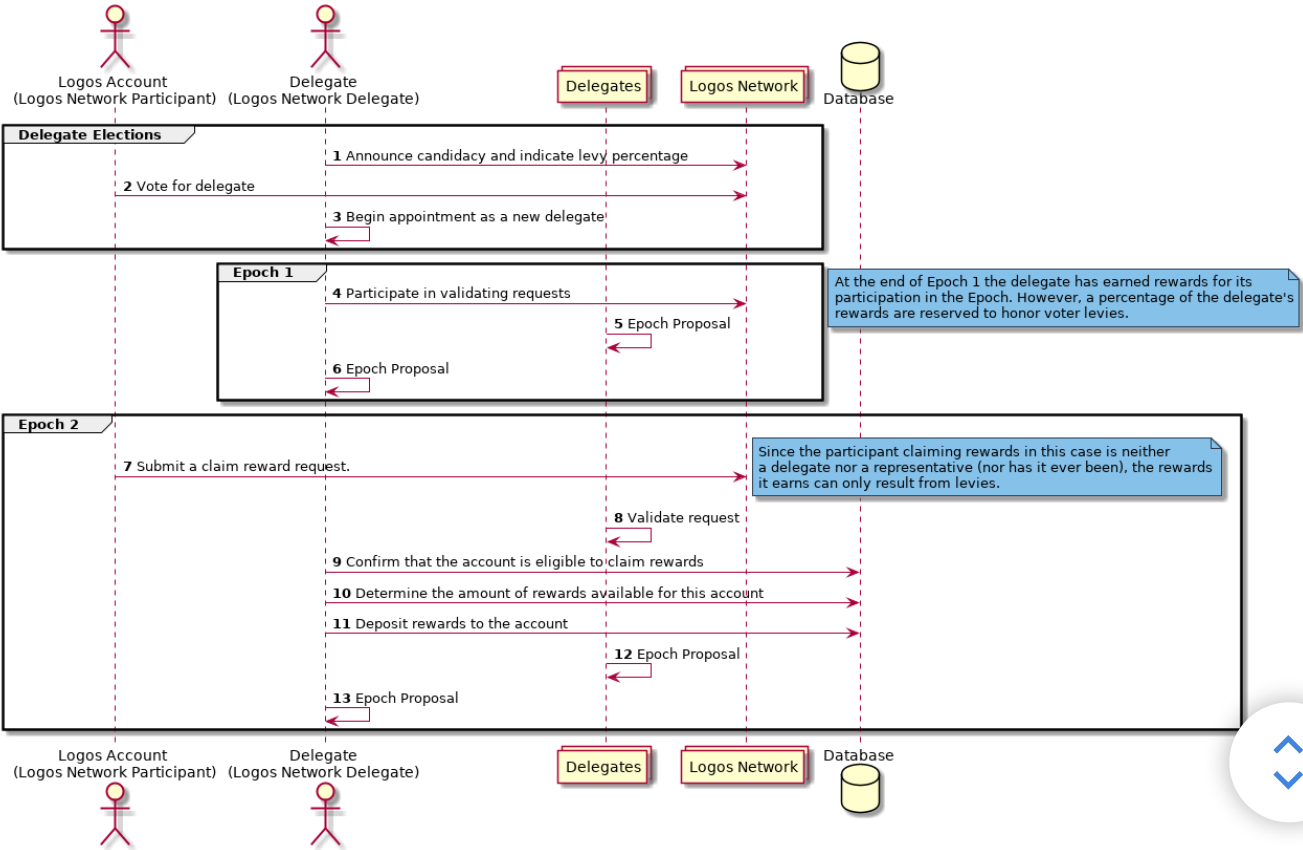
Logos Network participants may be entitled to levies placed on elected delegates.





Representative Levies

Logos Network participants may be entitles to levies placed on locked-stake representatives.

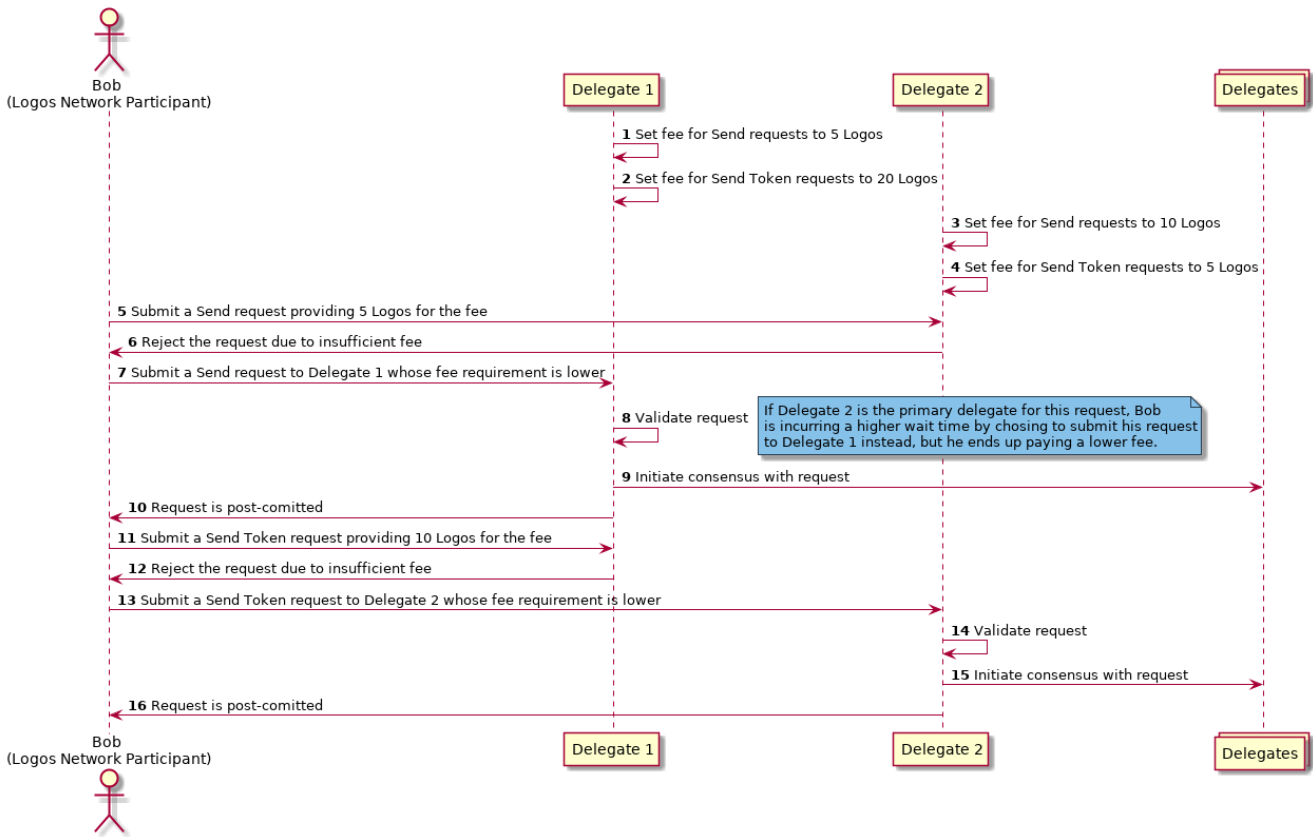


Fees

Fees are imposed on requests sent on the Logos Network and are amassed at the end of each Epoch and disbursed amongst the delegates. Additionally, each delegate can specify precisely how many Logos are required for each request type. Different request types may have different fee requirements, and different delegates may well disagree on the fees they impose for each request.

Fee Requirement Discrepancies

Differing fee requirements may incentivize network participants to choose delegates with lower fees.



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