

Alt_Fee_Models conceptual framework, for your consideration.

A. Fee scaling mechanism (Diagram A):

The shape of the curve aims to increase the fees when Global staking % goes down, incentivizing the firing up of new nodes to capture the higher fees. Also incentivizes risk management from node operators to protect their nodes from attacks of other node operators (pool vs pool).

On the other end of the curve, once you pass the sweet-spot the curve lowers fees de-incentivizing node operators from staking, releasing the Algos into the network to be allocated into the project's services ecosystem.

The intention of this mechanism is to strike self-regulating fee structures that create incentive vectors that switch around the inflection point of the curve.

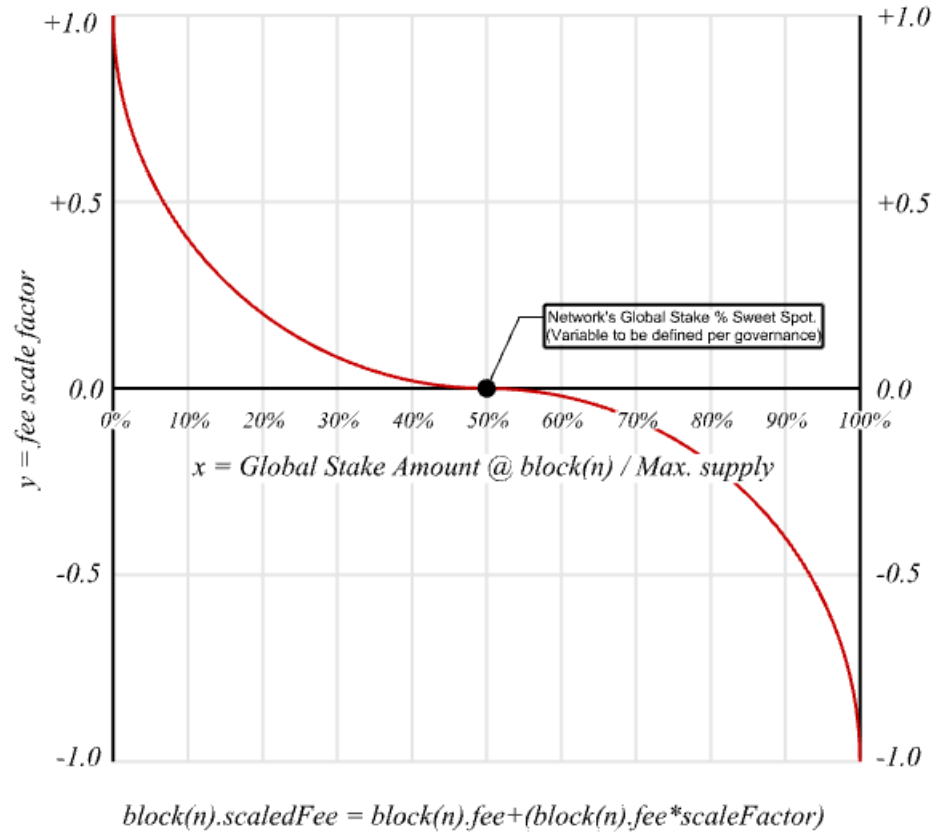
B. A centralization mitigation/absenteeism mitigation model that incentivizes node operators (pools or individuals) to keep as much of the registered consensus Algos Online at every round. (Diagram B)

- The distribution of consensus incentives would be 0 for rounds with less than 80% of online validators in a round. After that threshold is crossed the rewards set for the next block get multiplied according to the curve approved by governance.
- Three proposed multiplier shapes, linear, "S" shape, and parabolic. (Note: The "S" and parabolic shapes push the incentives away from the Network failure horizon)

******Since fees get calculated in the current round to be applied in the next round, in order to prevent fast staking and unstaking arbitrage, registering tokens for consensus participation could have a delay of <1 round.

Regards,
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A.



B.

