charon tokenomics
https://github.com/themandalore/charon

The charon system will be incentivized by the charon incentive token (CIT). The CIT will be minted via a weekly auction and garner fees from future auction proceeds and trading fees in the system. The token will be on Ethereum, but payments will be made on the first of each month on every chain, based on the CIT holder's balance on Ethereum.

the auction

The charon incentivize token (CIT) is a token associated with the charon system and will be launched on the Ethereum mainnet. Its purpose is to bootstrap usage of the system and promote activity such as oracles, keepers, liquidity providers, and usage subsidies to foster a large anonymity set. The token will start with a supply of 100,000 tokens given to early developers of the system. 2,000 tokens will then be minted each week for perpetuity. The distribution of these tokens will be a public auction that ends each week at the same time. The proceeds from this auction will be sent to the charon fee contract on Ethereum.

the charon fee contract

The charon fee contract (CFC) is a distributor contract on each chain. Revenue from various tokens come into the contract and are distributed as incentives to the charon system.

revenue streams

The only fees in the charon system are basic AMM fees. The system will be initialized with a .5% fee on all trades, a number in range with other AMM systems. 50% of this fee be given directly to LP's and the other 50% will go to the CFC. This will be the only revenue on most chains, however on mainnet Ethereum, 100% of the auction proceeds will also be distributed to the CFC.

distribution

- 10% oracle / keeper incentives
- 20% yield farming rewards
- 20% usage farming rewards (to bolster larger anonymity sets)
- 50% staking rewards given to CIT holders

All distributions will happen once a month from the CFC on the first of month.

alternate chains

Staking rewards are given to holders on each chain based upon their CIT balance at the start of each month. Since CIT is only on Ethereum mainnet, a snapshot of balances is taken on the first of each month and then passed over to alternate chain CFCs for distribution[1].

upgradeability and distribution changes

Since new chains and contract can be added to the charon system, the usage and yield farming rewards will be distributed to contracts on each chain based upon the amount they contribute. For example, if a charon contract submits 50% of all fees to the CFC on a given chain, it will receive 50% of the usage and yield farming rewards for that chain.

responsibility, governance, and disclaimer

Token holders have no voting responsibility or rights in the system. The contracts are immutable once launched and cannot be changed. There is no reason to buy these tokens other than to accumulate fees paid to the various CFCs on each chain. The token is not live before the charon system. The charon system may fork the token out of the system. It functions fine without it. The token just helps incentivize things and gain some sort of network effect. Long term, the game theory plays out that it's quite likely that the token will be abandoned to lower fees.

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[1] https://github.com/tellor-io/crosschainBalances