Token Activities

There are four main components of the Koii token economy:

1. **Consensus Activities**
   Under Gradual Consensus, there is no finite ‘confirmation’ of information, so Koii awards nodes for participation in consensus “Tasks” via Bounties, instead of the typical ‘Block Rewards’.

2. **Token Generation**
   New KOII are created daily to reward creators for building things that bring more attention to the network. As users engage, they generate Proofs of Real Traffic (PoRTs) which are aggregated daily in the principle network task; this aggregated total is used to distribute new tokens to creators’ wallets based on the volume of PoRTs they earned.

3. **Lock Up**
   In order to offset the inflation from Token Generation, participants are encouraged to lock their tokens into *Bounty* and *Staking* contracts. These mechanisms both protect the network and encourage long-term engagement to facilitate network growth.

   a. **Bounty Contracts**
      Any user can submit a ‘Koi Task’ which defines specific node activity (“Executable Bundle”) along with a reward mechanism (“Distribution Function”) and a security mechanism (“Audit Function”). When a Task is created, a Bounty denominated in KOII must be locked into the Task contract to reward participants.

   b. **Staking Contracts**
      In order to participate in Tasks and earn Bounties, a node operator must lock tokens into a Stake. The Stake is unable to be released during Task participation and can be slashed if the node is shown to have behaved dishonestly via the Audit Function.

4. **Burning**
   Because KOII has a default inflation rate of 3.6% per year, the network will also implement token destruction mechanisms (“Burning”) in specific actions, and the rate of burn can be updated over time through a vote by existing token holders. In particular, burn mechanisms will exist for activities like

   a. Withdrawing from staking
   b. Bounty distributions
   c. Transactions
   d. Registering assets for Attention Tracking

Digital Assets

In the Koii ecosystem, digital assets go far beyond the typical functionality of NFTs. While digital art and collectibles will make up the initial market, the Finnie Wallet provides an easy way to edit and configure these assets, and the Koi-X framework provides the ability to create web applications which serve a similar purpose.

Token Utility

The Koii Network provides three ways for participants to use their tokens:

I. **The Attention Game**
KOII can only be generated by earning verified attention via PoRT, so users can spend their tokens to mint or buy digital assets and burn them to register those assets for attention tracking.

II. **Asset Management**
Once assets have been created, the network provides services to manage them and increase their utility. Some examples of digital asset services include personalized galleries, caching and file availability, ad placement, content enrichment, indexing, and even attestations from verified DIDs.

III. **Distributed Tasks**
Finally, Koii nodes also provide task execution services via Gradual Consensus. A task can be programmed from an existing template and deployed using KOII tokens. Once deployed, a task will be executed autonomously by nodes in order to earn a share of the bounty tokens. Typical tasks range from web scraping to message passing, but can be modified to include any executable script, as long as it can be verified by other nodes.

When a developer deploys an application with Koii, they will pay tokens to register the app, they will set bounties for services, and then earn KOII based on the attention it receives.