# TVC Tokenomics

Velocore on Telos Tokenomics

Velocore V2 utilizes two tokens for managing its utility and governance:

- TVC
- — ERC-20 utility and reward token of the protocol
- veTVC
- — ERC-20 governance token of the protocol
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TVC is used for rewarding liquidity providers through emissions.

veTVC is used for governance. AnyTVC holder can vote-escrow their tokens and receive the same number ofveTVC at any time. There is no lock-up period and everyveTVC token has the same voting power.

Conversion fromTVC toveTVC is always possible, but it's irreversible.veTVC can be liquidated through liquidity pools, includingveTVC on Velocore.

Different from the tokenomics of Velocore V1 in zkSync Era, we've removed the team allocation from the emissions.

ve(3,3) Mechanics

Velocore mechanics were inspired a blend of two DeFi concepts:

- Vote-Escrow
- — first introduced by Curve to bolster incentives for long-term token holders
- Staking/Rebasing/Bonding or (3,3) game theory
- — designed by Olympus DAO
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Velocore V2 is designed differently from the typical model known as ve(3,3), yet it inherits its spirit.

At the heart of Vote-Escrow is the virtuous cycle structure where high trading volume leads to high trading fees, high gauge votes, high rewards, and in turn, high Total Value Locked (TVL). This ensures the utility of the token and prevents distortion in the incentive structure. It's further optimized through the removal of epochs and a real-time voting mechanism.

The spirit of game theory, represented by (3,3), has been re-interpreted to give stakers the freedom to easily find the optimal balance point and act accordingly. While the structure that benefits the entire protocol when everyone stakes their rewards is maintained, the problem of liquidity difficulties faced by existing stakers and the barrier to entry for new users has been resolved. Now thatveTVC has transitioned from NFT to a fungible ERC-20, it can be converted toTVC at any time according to market value.

V2 Initial Distribution

The initial supply ofTVC &veTVC is 6M.

Out of this, the initial supply ofTVC is set at 750,000 andveTVC is set at 5,250,000.

At launch,TVC andveTVC tokens allocated to the community and ecosystem will be utilized to support and reward contributors in the Velocore and Telos ecosystems. (e.g., events, official partnerships, etc.)

TVC (Locked Supply)

- 0.5M
- for the Velocore community (8.3%)
- kept in reserve for future events or for the community
- Example: airdrops, special events, roles, and KOLs
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TVC for Initial Liquidity

- 0.25M
- for initial TVC/USDC liquidity (4.2%)
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veTVC (Airdrop for zkSync & Linea users)

- 2.5M

- for the ecosystem airdrop (41.7%)
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veTVC (Locked)

- 1.5M
- for the ecosystem fund (25%)
- 1.25M
- for the Velocore team (20.8%)
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TVC Emissions

A total of 4M TVC tokens will be distributed for emissions, with a weekly emission start of 40,000 TVC and an exponential decay rate of 0.5%.

After 140 weeks, the total supply of TVC will be approximately 10M (10,014,359), tail emissions will be 0.2% of the total supply perpetually.

- 20,000 TVC
- / week
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Users keen on forecasting can calculate weekly emissions using the previous week's figures:

$$Emissions(week(N)) = Emissions(week(N-1)) * 0.995$$

Emissions are flexible and may be adjusted in response to market conditions and significant events, with any changes being communicated in advance to maintain transparency with the community.