

# TOKE Emissions Update April 2022

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Phase 1 Effective April 13th, 2022

Update:

Tokemak has reached a point where we are now able to proceed with the next stage of our emissions. These forward thinking modifications will set us on a trajectory of sustainable emissions with the ultimate goal of benefitting the Tokemak protocol and its community.

Completion of the first phase will reduce TOKE emissions by 23%. In concert with our CRV/CVX strategy our TOKE/ETH liquidity will become increasingly efficient and will ultimately become self-sustaining.

The analysis performed also included a review of which emission groups tend to use their rewards actively in the system. Therefore we believe the updated approach will not only reduce emissions and lengthen the runway, but also relieve potential sell pressure in the future.

## Phase 1:

The table below outlines the changes to the weekly TOKE rewards that will take effect on April 13th (Cycle 208) — please note that this table shows the final state, not taking into account that the emissions to the Uni TOKE/ETH LPs will be decreased over time.

The UI will reflect the updated reward quantities in the coming days:

LP Pair Reactors:

More emissions allocated to the current most revenue generating LPs

LD TOKE Stakers:

Additional rewards to absorb increased LD activity from previous Sushi/Uni LP stakers

Sushi LP Stakers:

Adapting rewards to match need of SushiSwap liquidity

Uni LP Stakers:

Rewards to this pool will be initially decreased by 50%, further reductions after with the ultimate goal of sunseting emissions fully

Curve LP Stakers:

Rewards that should incentivize appropriately sized liquidity pool, additional rewards via future gauge weight will further supplement rewards here and ultimately become self-sustaining. This pool will be turned on over the coming weeks

While this is a noticeable decrease in rewards for Uni and Sushi LP stakers, we're exploring adding the ability for LP stakers to begin voting to direct liquidity (with diluted voting power).

This will not only allow for them to offset the aforementioned changes. LP stakers have long provided a great service to the protocol, some might have wanted to more actively participate in the liquidity direction — which will now be possible for them. LP stakers are taking a non-negligible risk as is, so also giving them a more active role in the system is fair — and at the same time might have the effect of demanding a bit more participation.

## Phase 2:

Phase 2 will introduce a refined incentive structure which will, in addition to the well known “balance the reactors” mechanic,

include a factor resulting in rewards commensurate to the system revenue generated by the underlying directed liquidity. This will not only boost the growth of the PCA, from which all will benefit — but also help balance the incentives and interests of the different groups of LDs.

Taking into account that larger players such as DAOs and exchanges are more focused on directly benefiting from liquidity direction rather than optimizing for yield, as well as aligning the incentives of more agnostic LDs with the interest of the protocol and all its participants will result in a more balanced and healthy system state. DAOs and exchanges build liquidity while PCA grows. The ultimate goal always is to enable the different users to leverage the system in ways that benefit them while keeping all interests focused on growing a healthy protocol.

This is an important evolution and interim step prior to TOKE emissions decreasing in the long term. That long-term flow is: incentivize all liquidity direction -> incentivize liquidity direction that increases PCA -> progressively decrease the need for TOKE incentivization of liquidity direction.

Phase 2 will be enabled as soon as we have determined the initial parameters.

## **Phase 3:**

More information will be forthcoming regarding the introduction of “pAssets,” but to give you a brief introduction: these are permanent assets (cannot be redeemed) designed to massively grow the PCA instead of the TVL. Opting to mint pABC tokens will have a variety of perks, that depositing into Reactors and receiving tABC assets do not. We'll release an article soon detailing those incentives.

Phase 3 timeline TBD.

## **Questions? Join the ranks of the Tokemechs here:**

Discord: <https://discord.com/invite/tokemak>

Website: <https://www.tokemak.xyz/>

Medium: <https://medium.com/tokemak>

Twitter: <https://twitter.com/tokenreactor>

Also, expect the preliminary C.o.R.E.3. list later this week.

