

For one I think the destruction of currency is in our best interests. If the supply of the currency is decreasing (which is caused by NMR being burnt in the tournament), and demand is constant or increasing, then prices will rise. The price rising is beneficial for us as it means our stakes are worth more.

I like the idea of donating our burns to charity. But if our burnt NMR is donated to charity, then presumably the charity will sell it immediately for fiat money. So that means when we're burning a lot of NMR, a lot of NMR will also be being sold in exchanges. So the performance of the currency will have a positive correlation with the performance of the tournament, this is going to increase tournament participant's risk, which I don't think is desirable. Also even if the charity isn't given the NMR immediately, when they are given the NMR the market will be flooded with supply which will devalue the currency.

With regard to whether we need contracts, I think that is an interesting question, as it is kind of weird that Numerai is the oracle for the contract and also the counterparty we make the contract with. So maybe in theory we don't need contracts. But also I think contracts are nice as (I'm pretty sure) they add an extra layer of security, as I think if it wasn't tied up in contracts, it'd be easier for hackers to steal our NMR.