Leased Proof-of-Stake(LPOS)

Understanding LPOS

LPoS allows users to lease out their interests to miners. Mining nodes, in return, share some part of their earnings with the leaser.

It is a novel way to benefit from mining without really needing to mine.

This consensus is considered to be a more powerful branch of Proof-of-Stake as it extends the capabilities of PoS and facilitates additional features such as balance leasing (discussed later), passive income generation, and secure transactions.

The Waves platform currently supports LPoS.

How Does It Work?

The Waves platform currently supports LPoS.

Only full nodes in Waves may validate transactions.

The platform's lite users are unable to maintain a full node.

Validators are chosen based on their stake among full node owners.

To participate in mining, a lite user can either upgrade to a full node or lease WAVES tokens to a full node owner in order to assist them in getting selected as a validator.

Features of LPOS

Balance Leasing

Users can earn passive income by leasing coins from their wallets or other cold storage to miners.

Fixed Tokens

In LPoS mining, no tokens are added to the network. Tokens have a set value and are not transferable. Leased tokens are locked in leaser accounts and cannot be exchanged or transferred until the leaser terminates the lease.

Decentralized

Most Blockchains reward users who join a mining pool, which results in a centralized structure. In LPoS, however, rewards are divided linearly based on the amount of stake; hence there is no need for a mining pool.

Transaction Fee As Rewards

Miners in LPoS, on the other hand, earn transaction fees as a reward for processed blocks, as opposed to block rewards in other Blockchain networks.

Benefits of LPOS

- Validate with Less Stake
- Earn with Fewer Tokens
- Control Over Funds
- Fewer Energy Consumptions
- Higher Processing Speed

Disadvantages of LPOS

Possible Cartel Formations

On the LPoS, when members lease a single full node, malicious activity can be staged. This node will always be ahead of the pool of validators, providing it an edge over other nodes.

New Technology Shortcomings

It is vulnerable to the flaws that any new technology faces, such as skepticism and a lack of regulations, which can hinder adoption.

LPOS Vs. POS

LPoS is a more powerful branch of PoS. It extends the capabilities of PoS to provide customers with additional features such as balance leasing, passive income generation, and secure transactions.

Here it is important to note that the major difference between LPoS and PoS is that regular users can rent their WAVES tokens in order to generate nodes in exchange for rewards to participate in block generation.
And the best part is that since the lease can be canceled at any time, token holders have complete control of the funds.

The addition of LPoS to the Wave platform has given decentralized ledger technology a new feature. Waves network works on an LPoS consensus mechanism combined with the Waves-NG protocol.

Example of LPOS: WAVES

The addition of LPoS to the Wave platform has given decentralized ledger technology a new feature.

Waves network works on an LPoS consensus mechanism combined with the Waves-NG protocol.

On the Waves LPoS platform, node operators can use the mining power of another person to generate new blocks without having to transmit any WAVES, which means coins never leave the leaser's wallet.

It is always possible to cancel a lease agreement and discontinue leasing. The user leasing is responsible for screening for an appropriate node operator.

To operate a node on the Waves platform, for example, a certain minimum balance must be obtained (1000 WAVES).

In addition, when more transactions are completed on the network, the leaser is rewarded.