

Fando Tokenomics Summary

Introduction

The goal of the FANDO platform is to find ways to leverage and subsequently elevate the relationship between fans and creators. To do this, we set out to introduce creator tokens, a cryptocurrency that rewards fans directly for engaging with creators, and creators for building fanbases by doing what they do best — create engaging content.

The result is an *engage-to-earn* economy using a series of smart contracts and our FANDO platform to connect fans and creators; with a strong secondary market value for the creator token as a means to govern Creator decisions and to access a multitude of offerings housed in the creator's marketplace.

This document details the structure of the economy and the mechanisms that we use to manage it so that there is economic bootstrapping, and the establishment of value as network effects come into play.

Token Allocation

Our goal is to reward creators and fans for building their own economy and exchanging value. The central guiding principles used in the token allocation below are fairness and risk management: We allocate tokens fairly (and equally) among role players in the economy: the fans, the

creator, and the platform. The majority of platform tokens are to be burnt, and a percentage is held as a risk management reserve. Fans receive their tokens on the claim, while creator tokens are vested and paid out at a significantly slower rate to creators, based on milestones and other conditions.

Creators and the FANDO platform earn tokens based solely on fan engagement events. Fan rewards generate creator and platform rewards, and without fan engagement, via the FANDO platform, no creator rewards are generated. This recognizes the fact that fans generate network effects and this gives the creator's content value — fans engage other fans, content spreads, and based on feedback and guidance from fanbases, creators evolve new content.

As such every economy starts with a five billion creator tokens and these are split equally between fans, creators, and token burn/CT liquidity/reserve after the CLO amount is accounted for. As content is viewed by fans, creator tokens are earned simultaneously by creators and fans.

Breakdown of Token Allocation

Allocation Target	Allocation Percentage
Creator Launch Offering (CLO)	10%
Fan Rewards	30%
Creator Rewards	30%
Platform Burn/Reserve	30% (18% Burn/12% Liquidity/Reserve)

- Fans receive their tokens on the claim.
- Creator tokens are vested and released over time to the creator as rewards.
- Platform tokens are locked up and will mostly not go into circulation at all unless there is a security event i.e. a hack. A percentage of platform tokens will be burnt, a portion will be used for initial Creator token liquidity, and the remainder will be held for insurance purposes as a reserve of last resort.

Further, tokens will be allocated according to a set schedule and the daily/quarterly/annual token allocation will never exceed the prescribed amounts in the schedule. This ensures that there is longevity in the rewards mechanism and a gradual increase in the circulating token supply across a wide selection of token holders (the creator fanbase).

Token Launchpad (CLO's)

The Kickstarter event for the creators economy is *Creator Launch Offering* or CLO.

On initialization, the token mint creates a total of five billion tokens. These tokens are directed to different vaults so that they may be allocated over time, and for different purposes.

First off, tokens are sent to a *launch contract* which initializes the economy and helps to establish a base price for the creator tokens in terms of FANDO tokens. The creator tokens will need to trade against FANDO within the FANDO decentralized exchange (DEX) and FANDO will be the only means that an outside party can purchase any creator tokens directly through the platform.

The launchpad will host the CLO or Creator Liquidity Offering for the Creator tokens, in this initial launch phase, interested parties can purchase creator tokens with FANDO. This purchasing FANDO is locked into the DEX and will be used to create a liquidity pool for the creator token. At launch, up to 500 million creator tokens or 10% of the total supply will be distributed. Note that this is not a token raise in the traditional sense, since none of the FANDO that is collected as part of the allocation will be used outside of the liquidity pools. Each CLO will require FANDO for participation and FANDO collected via the CLO will be permanently locked into liquidity pools, thus increasing the overall value of FANDO for current holders.

We have designed FANDO to be extremely deflationary, the CLO is a huge part of this.

If you take an average Creator CLO of 20,000 FANDOs, then consider we've already announced 28 Creators. That means, 560,000 FANDOs are due to be locked in liquidity forever.

This is only the Creators we have included in the first batch, e.g. those we have announced thus far, we have many more still to announce & are due to open tokenization up to all Creators soon.

Number of Creator's	Est Fando amount / CLO	Total Fando locked in Liquidity
28	20,000	580,000
50	25,000	1,250,000
100	25,000	2,500,000
500	17,500	8,750,000

Table to showcase projected FANDO lock-up as Creator's scale

Initially, the estimated FANDO per CLO input amount is projected to rise, due to us having yet to announce our biggest Creators, with bigger Creators inevitably having higher CLO requirements on average. However over time, as we scale it's likely the CLO FANDO input will reduce due to a higher number of mid-level Creators joining.

When you consider that over 7,000 sports/esports YouTube channels have more than 1,000,000 Subscribers, it's evident the above table doesn't even begin to demonstrate the potential scale.

Please note the FANDO CLO amount will adjust based on FANDO price movement.

Fan Rewards Algorithm

Fans earn reward points through participation in the ecosystem. Each creator post engaged with earns points for the fan, and this is done via an off-chain algorithm that is grounded in data science. The level of reward depends on various factors including video-related attributes, such as video length, the time of viewing relative to video release time, and the amount of creator token and FANDO a viewer is staking in LP. In economic terms, this produces utility in the fan-creator economy, and the rewards are directly proportional to the level of utility produced.

Rewards points accumulate across the fan base as a unit of value, and these are mapped to a token value. All of this is handled seamlessly through the FANDO browser platform facility.

A finite number of tokens are available as rewards per day and depending on the claims level (tokens owed to fans) these are either allocated directly or if the network is oversubscribed with claims, the amount is allocated proportionally and the claims are rebased. The approach taken is consistent with slow inflation dynamics — we want to put tokens into circulation as rewards, but we want to do this slowly enough that creator tokens can accumulate high value.

Details on the algorithm and formulas used to calculate fan rewards will be released in due course. Further, our aim is to use machine learning to optimize the allocation of value and this will play a key part in managing large creator libraries across multiple creators. In economic parlance, our key metric is utility production in the fan-creator economy, and the reward level is proportional to the level of utility produced.

Creator Token Rewards

On paper, creators receive a large percentage of the total tokens released into the ecosystem, but in practice, this is a governed and gradual process.

Creators receive tokens into a system of vesting contracts, and these tokens are paid out in two different ways.

Time-Based Rewards. Each quarter a percentage payment is made to the creator based on cumulative tokens received into the vesting contract. If the creator continues to do well, the base payout rate increases for the next quarter, and if the creator does not put out compelling content over the quarter and engagement is slow the base rate is reduced. These types of payments focus on creating a continuous stream of value and broadening the network of new fans in the creator economy.

Milestone Rewards. A core driving factor in the overall success of a creator's token economy is creating value, so the bulk of creator token rewards are tied to achieving milestones and generating value for the economy as a whole. Initial milestones are things like NFT drops, governance polls, and engagement targets e.g. unique platform criteria, number of fans, video views, platform downloads, etc. In order to unlock higher-level rewards, creators will have to attain more complex career track milestones.

An example token release schedule is detailed below. This covers the maximum amount that will be paid to the creator’s vesting contract in a given year. This is not the amount that will be paid into the creator’s private wallet, but rather the cap on what can be sent to the vesting contract.

Year	Upper Limit on Tokens Paid to Vesting Contracts
Year 1.	15 Million CTs
Year 2.	20 Million CTs
Year 3.	30 Million CTs
Year 4.	30 Million CTs
Year 5.	30 Million CTs
Year 6.	40 Million CTs
Year 7.	50 Million CTs
Year 8.	45 Million CTs
Year 9.	30 Million CTs
Year 10.	30 Million CTs

Example Creator Token Release Schedule

Please note this is an example, will change based on Creator sizes and other variables

Platform Dynamics

The goal of FANDO as a platform is to support and manage the engagement of a huge network of creators over time. The platform will collect, into various smart contract vaults, creator tokens. A percentage of

these tokens will be burned to add value for other token holders, and a percentage will be used to defend the ecosystem from speculative economic attacks, and other failure points, including hacks.

Summary and Long Term Objectives

Overall, the aim is to create a stable long-term economic system that enables value exchange, and participation via governance between fans and creators. With each step, there is a slow release of tokens and value, and organic growth through content creation and curation by creators.

Creators are incentivized to build fan bases, and then to share value with these fanbases via tokenized rewards and governance opportunities. Further value is created through exclusivity and engagement within a private marketplace.

All in all, tokenomics are set up for longevity of value creation and slow inflation dynamics. This supports the development of a network of value that engages fans and creators alike.