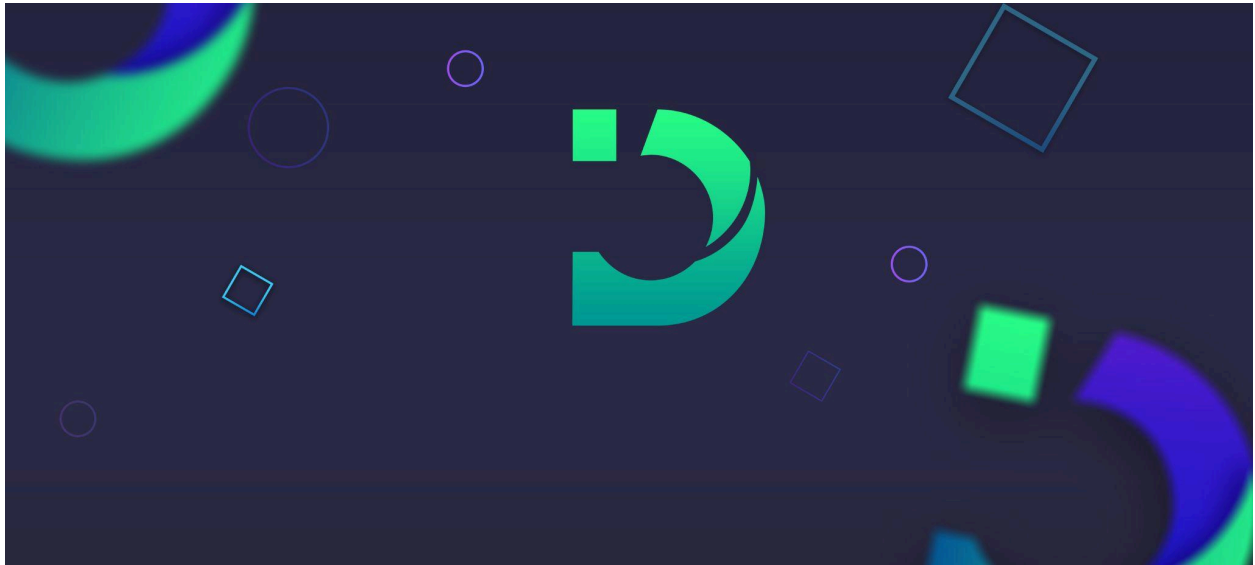

Diora Development DAO

111 Eagle St, Brisbane Queensland 4000



Diora Network - Incentivised Smart Contract Parachain built with Substrate for Polkadot & Kusama

Preliminary draft; comments are welcomed

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Scope

This document describes Diora's initial draft for both our Diora and Diosa parachain economics system.

The main difference between Diora & Diosa network tokenomics is that Diora features a fixed max supply with no inflation. At the same time, Diosa targets an 8% annual inflation rate and, as such, has an uncapped token supply

PREFACE

DIORA'S VISION AND MISSION

Diora Network is an incentivised smart contract parachain, utilizing advanced PoSM with Double Validation & Randomization for security guarantees. Diora is built with Substrate, which natively supports EVM, WASM (soon) and a multi-layer sharding scaling solution if needed.

The main goal of the Diora Network is to foster an array of diverse and sustainable cross-chain applications by empowering and rewarding developers that build on the network with baked-in incentives and rewards. More specifically, we are constructing an efficient and fully decentralized consensus protocol.

Diora rewards developers based on the value and impact of their dapp rather than their close association or connections to the capital. Unlike existing versions of older layer 1s, where tokens are primarily concentrated in the hands of the first few early participants, Diora is designed to be shared across all contributors, users and stakeholders.

Diora Network proposes the Proof of Stake Masternode (PoSM) consensus, which is a PoS/PoW hybrid consensus protocol with a fair voting mechanism, rigorous security guarantees, and uniform probability eventually. We apply PoSM with voting and Double Validation to create, verify and vote for blocks smoothly and efficiently. Whenever potentials of fork branches are detected, we employ the idea in PoW to select the most extended branch with the most votes and discard the other branches. With this hybrid approach, PoSM not only increases the performance and security of blockchain but also reduces the fork situation in an efficient and practical manner.

MASTERNODES

- **Masternodes** are full nodes that collect, verify and validate new blocks in Diora's platform.
- **Masternode Candidate:** Any account can deposit 25K DIOR using the official on-chain governance dapp to become a Masternode Candidate. a 25K DIOR deposit can earn staking rewards. A Candidate can resign, but the tokens will be locked for the next 30 days after the resignation.
- **Becoming a Masternode:** A Candidate becomes a Masternode when they belong to the top 150 most-voted Candidates in each epoch. A Masternode can resign, but the tokens will be locked for the next 30 days after the resignation.
- **Block Rewards:** The first portion of 40%, called "Infrastructure Reward", goes to the Masternode. The second portion of 50%, called "Staking Reward", goes to the pool of all voters for that Masternode, which is shared proportionally based on the token stake. The last portion of 10%, called "Treasury Reward", goes to a particular account controlled by on-chain governance.
- **Implementation:** Each epoch consists of 300 blocks, which will reward a total of 250 DIOR in the first two years. 250 DIOR will be divided among all the Masternodes proportional to the number of signatures they sign during each epoch.

TOKEN VOTING AND STAKING

STAKING IN DIORA & DIOSA

To stake in Diora, you must participate in the Diora Masternode election. Token holders can vote for Masternode Candidates by sending DIOR to each candidate's specific voting address using the official governance dapp. The top 150 most-voted candidates will become Masternodes.

Token voters should vote for the candidates who demonstrate strong support for the Diora ecosystem. If strong candidates are voted to become masternodes, the network will be more powerful, and the voters will earn more rewards.

Token holders can un-vote a candidate, but the tokens will be locked for the next 48 hours after the un-voting. This locking period is designed to promote the stability of the Masternode system.

Masternode token deposits and all tokens used to vote for Masternodes will enter a staking program and earn block rewards in each epoch, plus any fees. Tokens used to vote for candidates who do not become Masternodes and will not earn staking rewards.

The top 150 most-voted candidates will be promoted to masternode during the next epoch and will be able to sign blocks and collect rewards. All the voters (stakers) who supported the elected masternodes will receive rewards proportional to the amount of DIOR voted and the efficiency of the masternode.

DAPP STAKING & GAS REBATES

- **Developers:** Dapps can earn a portion of transaction fees and dapp rewards in exchange for their contributions to the network. This earning model is similar to how validators are rewarded for operating nodes in typical Proof-of-Stake blockchains
- **Voters:** Token holders can vote for their favorite dapp by staking DIOR to each dapp-specific voting address using the official governance dapp and will receive a proportion of the dapp rewards pool based on the amount of DIOR staked.
- **Gas Rebates:** Unlike existing smart contract platforms, Diora does not burn gas fees or distribute them entirely to the validators or miners. Instead, the collected gas fees are split between dapp developers, masternodes and our on-chain treasury.

From the developer's perspective, a contract receives a 50% rebate on all gas paid. From the masternode perspective, deferring a portion of rewards in the near term effectively drives transaction volumes, fees and increases the value of the underlying network in the future.

VOTING/STAKING CONSIDERATION

- **Candidate/ Masternode incentives**

Masternodes will receive a significant amount of block rewards, which likely exceeds the cost of running the infrastructure. However, Masternodes needs to invest in Diora Network by depositing at least 25k DIOR and stake them for a long term. Furthermore, after depositing 25k DIOR to become a Candidate, if the account cannot become a Masternode (has fewer votes than the Top 150 most-voted candidates), they will receive no rewards. Therefore, candidates are incentivised to do as much as possible, such as signaling their capability to support Diora Network to get into the top 150 most-voted candidates.

- **Token Staking incentives**

Token voters/stakers should vote for Candidates who signal strong support for Diora Network because if the Candidate does not become a Masternode, voters will not receive any rewards. However, token voters should also vote for the less voted Candidates because the most voted Candidates will receive less reward per token stake comparatively.

- **Governance Participation incentives**

In part of an effort aiming to increase participation in Diora and Dios's on-chain governance design, we have created a system that randomly rewards a few participants that vote in each referendum with X amount of native token that is funded via the on-chain treasury.

LONG TERM ECONOMICS CONSIDERATION

a. P/E theory of token value

Equity price can often be a multiple of annual earnings a company generates. In the case of a blockchain platform, earnings could be considered as the total rewards and fees the platform produces. The multiples for technology startups in the early days could exceed 5000, which is where the Ethereum network is approximately at the moment.

b. The quantity theory of money for token value

In this theory, the total amount of DIOR can be considered the money supply for the blockchain economy, including all the dapps and tokens on top of Diora and Diosa Networks. Assuming a constant price and velocity of money, demand for money will rise proportionally to the total amount of activities of the whole blockchain network, which will increase the price of DIOR if the supply of Diora is fixed or the inflation rate is minimal. Diora's advantages of the minimal transaction fee and swift confirmation time could spur a massive amount of activities for DIOR tokens and other tokens on top of Diora Network.

c. Built-in decentralized exchange

Diora roadmap includes a built-in decentralized exchange, in which a portion of fees will be added to the pool of epoch rewards. These fees could be substantial if there are many valuable tokens on top of Diora. This extra feature can increase the future earnings of the network and raise DIOR price based on the P/E theory.

DECENTRALIZED GOVERNANCE

a. **Become a Masternode**

Becoming a Masternode is an essential signal of long-term support for the Diora Network platform. We would welcome other entities to become a Masternode, to show their support by helping the network, and gradually decentralize the platform further.

b. **Masternode Council**

It is postulated that the Diora Network platform would later be coordinated by non-profit bodies such as Masternode Council and Diora Development DAO, amongst many other decentralized bodies which shall receive a steady amount of income from the network, and act solely in the interest of the network.

c. **Technical decision-making**

The technical decisions should be considered, debated, and decided upon by Diora's on-chain governance mechanism.

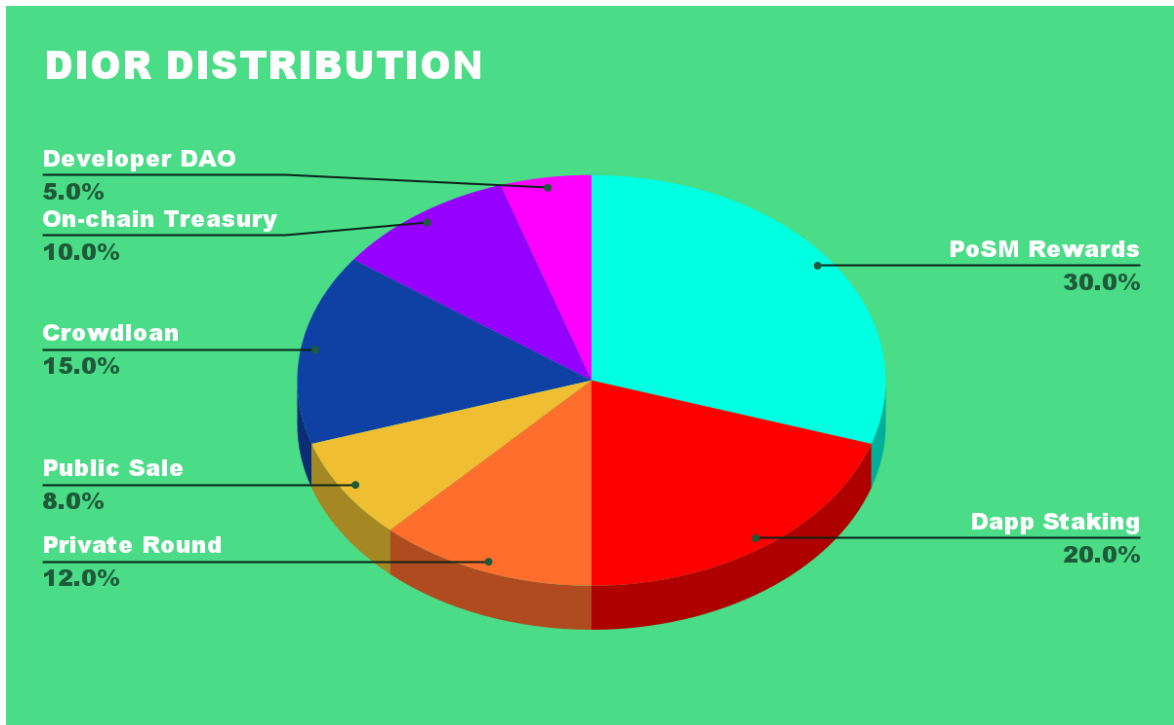
d. **Economic decision-making**

The economic choices, such as the amount of block rewards, inflation rate, and the division of block rewards, might be based on the consensus of the majority of the Masternodes (with their voters). Masternode Council could be one of the coordinating bodies for these activities using the official governance dapp.

e. **On-chain Governance**

A tri-cameral (three-chamber) structure with a technocratic committee managing upgrade timelines, an approval-voted, elected executive “government” to manage parameters, admin and spending proposals, as well as a general voting system for everything else which rewarded long-term stakeholders with increased influence.

DIORA NETWORK TOKENOMICS



Deployment Network - **Diora Network**

Relay Chain - **Polkadot**

Token Ticker - **\$DIOR**

Anticipated Launch - **Q4 2025**

Small Unit - **Wei (10¹⁸ Wei = 1 DIOR)**

Decimals - **18 Decimals**

Max Token Supply - **500 Million (CAPPED FIXED SUPPLY)**

Inflation Rate - **0%**

TOKEN DISTRIBUTION BREAKDOWN

Token Distribution	Total Tokens	% of Total Supply	Vesting (Months)	% Unlocked at TGB	Token Amount Unlocked TGB	% Unlock Each Month
Private Round	60,000,000	12%	12	10%	6,000,000	5.92%
IDO Round	10,000,000	2%	6	10%	1,000,000	11.25%
Public Round	30,000,000	6%	6	20%	6,000,000	15%
PoS Rewards	150,000,000	30%	96	0%	0.00	1.38%
Dapp Staking	100,000,000	20%	48	0%	0.00	3%
Crowd Loan Rewards	75,000,000	15%	12	5%	3,750,000	
Treasury	50,000,000	10%	36	2%	1,000,000	
Team	25,000,000	5%	18	10%	2,500,000	5%
Total Supply	500,000,000	100.00%		*%	0.00	

* TGB = at the genesis block

TRANSACTION FEES

Unlike existing smart contract platforms, diora does not burn gas fees or distribute them entirely to the validators or miners. Instead, the collected gas fees are split between Dapp Developers, Masternodes and our on-chain treasury.

- **50% of all transaction fees go to the dapp rewards pool for Gas Rebates**
- **20% of all gas fees go to refill PoSM block rewards pool for after the 8-year period**
- **30% of all gas fees go to treasury split 50/50 with DAO & on-chain treasury**

BLOCK REWARDS EXPLAINED

Diora Network's block rewards are divided into two parts, 60% to PoSM Rewards and 40% to Dapp Rewards

PoSM Rewards

Equals 30% of Diora's total 500m supply (vested and linearly released over an 8 year period)

Masternodes (Validators) - 40% of PoSM rewards will be distributed to the top 150 participants who help validate and produce new blocks for the network.

Masternode Voting - 50% of PoSM rewards called Staking Rewards goes to the pool of all voters for that Masternode, which is shared proportionally based on their amount of DIOR staked.

Treasury Rewards - 10% of PoSM rewards go to a particular treasury account which is controlled and run by the Diora community through on-chain governance

Dapp Rewards

20% total supply (vested and linearly released over an 8 period)

Dapp Staking - 80% of the dapp rewards will be distributed to dapp operators in proportion to the nominations received by dapp voters.

Dapp Voting - 20% of the dapp rewards will be distributed to Dapp voters in proportion to the number of DIR staked.

FUNDRAISING ROUNDS

Round Name	Tokens	% of Total Supply	Target Raise \$	Round Price \$
Private Round	60,000,000	12%	\$2,400,000	\$0.04
Public Round (Builders Club)	30,000,000	6%	\$9,000,000	\$0.30
Public (IDO) Round	10,000,000	2%	\$4,000,000	\$0.40
Capped Max Total Supply	500,000,000	100%		

DIORA DEVELOPMENT DAO

- a. To replace the standard traditional foundation team, we are introducing the Diora Development DAO, A share-based decentralized organization that is governed by its community of shareholders.
- b. The goal of Diora's development governance mechanism is to rapidly advance the protocol according to the desires of the shareholders. In that shared mission, the governance process seeks to include core developers, application developers, incubators, strategic, and other contributors.
- c. Diora's main objective is to make decentralized finance accessible to anybody with an internet connection. Developing Diora under a DAO will allow us to keep our project as decentralized as possible. As a small team, keeping full transparency with our early investors is key to the growth and success of the diora network. Running a DAO allows our decisions to be fully transparent while giving incubators a stake in our network at the earliest possible date.
- d. The Development DAO will receive numerous means of revenue from various streams such as the initial supply of both Diora & Diosa networks, a percentage of transaction fees from both networks & application fees from various EVM-compatible networks that DioraDAO deploys cross-chain dapps onto.

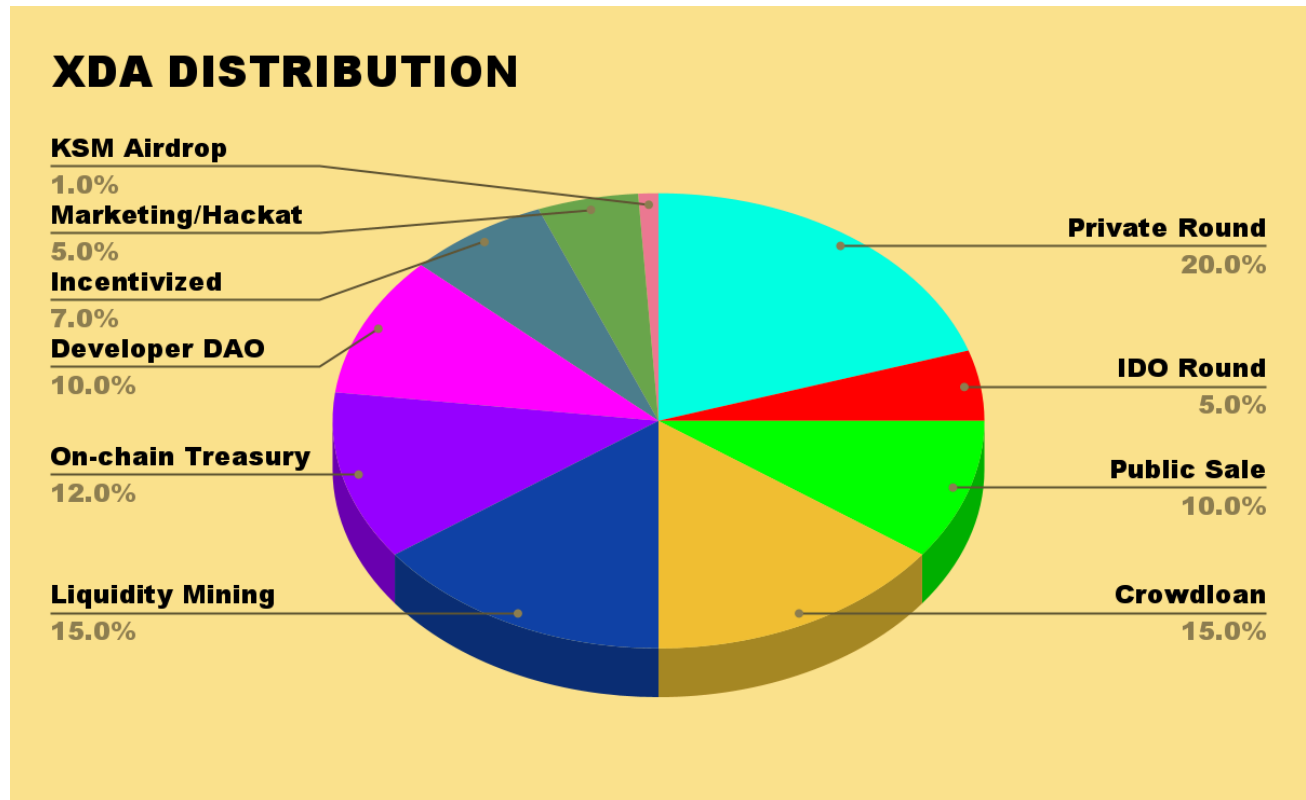
DAO SHARES BREAKDOWN

Diora Core - **60%** (split among full-time employees)

Incubators & Investors - **30%**

Strategic Partners - **10%**

DIOSA TOKENOMICS



Deployment Network - **Diosa**

Relay Chain - **Kusama**

Token Ticker - **\$XDA**

Anticipated Launch - **Q3 2025**

Small Unit - **Wei (10¹⁸ Wei = XDA)**

Decimals - **18 Decimals**

Token Supply - **100 Million**

Inflation Rate - **8%**

TOKEN DISTRIBUTION BREAKDOWN

Token Distribution	Total Tokens	% of Total Supply	Vesting (Months)	% Unlock at TGB	Token Amount Unlock TGB	% Unlock Each Month
Private Round	20,000,000	20%	12	10%	2,000,000	5.92%
IDO Round	5,000,000	5%	7	20%	1,000,000	11.25%
Public Round	10,000,000	10%	6	20%	2,000,000	15%
Crowd Loan Rewards	15,000,000	15%	12	10%	1,500,000	
Liquidity Mining	15,000,000	15%	48	0%	0.00	1%
Treasury	12,000,000	12%				1%
Team	10,000,000	10%	18	10%	1,000,000	5%
Incentivized Testnet	7,000,000	7%	10	10%	700,000	10%
Marketing/Hackathons	5,000,000	5%	24	0%		
KSM Airdrop	1,000,000	1%	9	10%	100,000	10%
Total Supply	100,000,000	100.00%		*%	0.00	

ANNUAL INFLATION

Diosa targets a 8% annual inflation rate and, as such, has an uncapped token supply.

The purpose of inflation in Diosa is to pay for ongoing security needs of the network. The primary security budget items are to pay for a parachain slot on an ongoing basis, to incentivize collators (masternodes) to provide collation (block production) services to support the Diosa network. Of the 8% inflation, 2% goes towards incentivizing masternodes, 2% goes towards incentivizing dapp developers and 0.5% goes to the parachain bond reserve to accumulate on chain funds to pay for a parachain slot in perpetuity. The remaining 3.5% is for users that stake their XDA tokens and help power the masternode and dapp staking selection process.

FUNDRAISING ROUNDS

Round Name	Tokens	% of Total Supply	Target Raise \$	Round Price \$
Private Round	20,000,000	20%	\$0.00	BONUS
Public Round (Builders Club)	5,000,000	5%	\$1,000,000	\$0.20
Public (IDO) Round	10,000,000	10%	\$0.00	BONUS
Initial Token Supply	100,000,000	100%		
8% annual inflation				