hMOVE Token Economics

Executive Summary

The hMOVE token serves as the governance and utility token of HypurrMove, an innovative

decentralized platform for on-chain volatility trading. This document outlines the token allocation, utility, distribution schedule, and economic model designed to ensure long-term protocol sustainability while creating aligned incentives for all participants in the ecosystem.

Our token model is built on several key principles:

- **Community-First Approach:** 59% of tokens allocated to community incentives
- **Sustainable Fee Distribution:** 90% of protocol fees directed to token stakers
- **Balanced Stakeholder Alignment:** Strategic allocations for team (13%), investors (20%), and liquidity (8%)
- **Long-Term Vision:** Vesting schedules designed to ensure commitment from team and investors
- **Value Accrual:** Strong token utility tied directly to protocol revenue and usage

This economic model creates a virtuous cycle where protocol adoption drives token staking, which reduces circulating supply while distributing substantial rewards to long-term participants.

Token Allocation & Distribution

Total Supply: 100,000,000 hMOVE

Category	Allocations	Tokens	Description
Team	13%	13,000,000	Core development team and future hires
Investors	20%	20,000,000	Seed (7%) and Private (13%) rounds
Community	59%	59,000,000	Participation incentives

| Liquidity | 8% | 8,000,000 | Liquidity Bootstrapping |

Vesting Schedule

Category	Cliff	Vesting Period	Initial Unlock	Vesting Type
Team	12 months	24 months	0%	Linear Monthly
Investors (Seed)	6 months	18 months	0%	Linear Monthly
Investors (Private)	3 months	12 months	3%	Linear Monthly
Community	None	60 months	Variable by Program	Emission Schedule
Liquidity	None	N/A	100%	N/A

The team tokens are subject to an extended vesting schedule to ensure long-term alignment and commitment. With a 12-month cliff and 24-month linear vesting, the core team is incentivized to build and grow the protocol over multiple market cycles.

Circulating Supply Projection

Based on vesting schedules and expected staking participation:

- **Month 1:** ~9.5M tokens (9.5% of total supply)
- **Month 6:** ~14.7M tokens (14.7% of total supply)
- **Month 12:** ~26.2M tokens (26.2% of total supply)
- **Month 24:** ~58.4M tokens (58.4% of total supply)
- **Month 36:** ~82.6M tokens (82.6% of total supply)

This projection accounts for vesting schedules and estimated staking participation, with actual circulating supply likely lower due to staking incentives removing tokens from circulation.

Investor Distribution and Funding Strategy

Seed Round

- **Allocation:** 7% of total supply (7,000,000 tokens)
- **Valuation:** $2,000,000

- **Target Raise:** $140,000
- **Token Price:** $0.02
- **Vesting:** 6-month cliff, 18-month linear vesting
- **Participants:** Early-stage angels, strategic partners, and key community members

Private Round

- **Allocation:** 13% of total supply (13,000,000 tokens)
- **Valuation:** $3,000,000
- **Target Raise:** $390,000
- **Token Price:** $0.03
- **Vesting:** 3-month cliff, 12-month linear vesting
- **Initial Unlock:** 3% (390,000 tokens)
- **Participants:** DeFi-focused investors, strategic partners, and industry participants

Total Raise: $530,000

Use of Funds

Category	Allocation	Amount	Description
Development	60%	$318,000	Core protocol development, smart contract audits
Liquidity	26%	$140,000	Initial Liquidity
Marketing & Community	9%	$48,000	Community building, user acquisition
Operations	5%	$24,000	Legal, administrative expenses

This allocation prioritizes product development (60%) while ensuring adequate initial liquidity (26%), enabling the team to build a high-quality protocol that delivers immediate value to users.

Community Incentives Breakdown

The 59% community allocation (59,000,000 tokens) demonstrates HypurrMove's commitment to community participation and ownership. This substantial allocation will drive protocol adoption, reward active users, and ensure deep liquidity across all markets.

Liquidity Provider Incentives (23%)

- **Market Making Rewards (14%)**: Tiered rewards for professional and retail market makers who maintain consistent order book depth
- **Pre-Launch Liquidity (5%)**: Special allocation for market makers participating in the crucial pre-launch order book building phase
- **HYPE-Margined Market Incentives (4%)**: Enhanced rewards for liquidity in HYPE-margined markets

Trading Incentives (15%)

- **Volume-Based Rewards (8%)**: Rewards distributed proportionally to trading volume
- **Early Adopter Bonus (5%)**: Accelerated rewards for first 6 months of launch
- **Loyalty Program (2%)**: Increasing rewards for consistent traders over time

Participation Rewards (11%)

- **Governance Participation (4%)**: Rewards for active governance participation
- **Referral Program (4%)**: Incentives for bringing new users to the platform
- **Community Development (3%)**: Rewards for content creation, translations, and community management

Protocol Growth Fund (10%)

- **Ecosystem Development (4%)**: Funding for teams building integrations with HypurrMove
- **Strategic Partnerships (3%)**: Incentives for cross-protocol collaborations
- **Future Initiatives (3%)**: Reserved for new incentive programs based on community needs

Distribution Timeline

The community incentives will be distributed over a 5-year period with a diminishing issuance rate:

- **Year 1:** 30% of community allocation (17,700,000 tokens)
- **Year 2:** 25% of community allocation (14,750,000 tokens)
- **Year 3:** 20% of community allocation (11,800,000 tokens)
- **Year 4:** 15% of community allocation (8,850,000 tokens)
- **Year 5:** 10% of community allocation (5,900,000 tokens)

This weighted distribution front-loads incentives to drive initial adoption while maintaining sustainable incentives in later years.

Token Utility and Value Accrual

Primary Utilities

Protocol Revenue Sharing

90% of all protocol fees are distributed to hMOVE stakers, creating a direct value accrual mechanism. With a 0.35% taker fee structure, this creates substantial yield potential for token holders.

Example Scenario:

- Daily trading volume: $10 million
- Protocol fee revenue: $35,000 daily (0.35% of volume)
- Distribution to stakers: $31,500 daily (90% of fee revenue)
- Annualized: ~$11.5 million to stakers

Staking Mechanism

The staking system is designed to reward long-term holders and reduce circulating supply:

- **Multiple Lock Periods:** 1-month, 3-month, 6-month, and 12-month options
- **Reward Multipliers:** Increasing multipliers for longer lock periods
  - 1-month: 1.0x base rewards
  - 3-month: 1.2x base rewards
  - 6-month: 1.5x base rewards
  - 12-month: 2.0x base rewards
- **Automatic Compounding:** Option to automatically reinvest rewards
- **Supply Impact:** Estimated 60-70% of circulating supply to be staked long-term

Governance Rights

Staked hMOVE grants proportional voting power on critical protocol parameters:

- New market launches
- Fee structures
- Risk parameters (leverage, liquidation thresholds)
- Community incentive distribution
- Protocol upgrades

Enhanced Trading Benefits

hMOVE holders receive advantages on the platform:

- Priority access to new markets during pre-launch phase
- Reduced trading fees (tiered by holdings)
- Higher leverage limits on selected markets
- Enhanced rewards in HYPE-margined markets

Market Creation Rights

hMOVE staking will be required to propose and vote on new markets, creating additional utility for market participants who want specific volatility derivatives.

Initial Liquidity Strategy

The 8% allocation for initial liquidity (8,000,000 tokens) ensures the token has sufficient market depth from launch:

- **Initial Pairing:** 8,000,000 tokens paired with approximately $140,000
- **Initial Token Value:** Approximately $0.035, providing a modest premium to private sale investors

This straightforward approach to liquidity ensures the token can be traded with reasonable depth from day one, while preserving the majority of raised funds for development and operations.

Governance Implementation

Governance will be implemented in phases to ensure stability during the critical launch period while gradually transitioning to full decentralization:

Phase 1: Guided Governance (Launch to 6 months)

- Core team maintains control of critical parameters
- Community forum for proposals and discussion
- Transparent communication of all parameter changes
- Non-binding community voting for feedback

Phase 2: Limited Governance (6-12 months)

- Community voting on selected parameters:
  - New market additions
  - Fee adjustments (within bounds)

○ Incentive distribution
● Core team maintains emergency override capabilities
● Weekly governance calls and proposal discussions

Phase 3: Full DAO Governance (12+ months)

● Complete protocol control transferred to token holders
● On-chain voting for all protocol parameters
● Time Locked execution of approved changes
● Emergency council with limited override capabilities

This phased approach balances the need for initial stability with the long-term goal of full decentralization.

Comparative Analysis

Compared to other successful DeFi derivatives protocols, HypurrMove's tokenomics demonstrate a balanced approach with strong community focus:

Protocol	Team	Investors	Community	Liquidity
hMOVE	13%	20%	59%	8%
dYdX	15.7%	27.7%	50.0%	6.6%
GMX	16.2%	22.6%	51.6%	9.6%
Synthetix	20.0%	20.0%	40.0%	20.0%
Perpetual	24.8%	25.1%	43.7%	6.4%

The hMOVE tokenomics model provides several competitive advantages:

● **Lower team allocation** than industry average (13% vs 15-25%)
● **Investor allocation** aligned with market standards (20% vs 20-28%)
● **Higher community allocation** than peers (59% vs 40-52% in comparable protocols)
● **Strategic liquidity allocation** (8%) with clear deployment plan
● **Direct connection** between protocol usage and token value through fee sharing

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Conclusion

The hMOVE token economics are designed to create a balanced ecosystem that secures appropriate funding for development while maintaining a strong commitment to community ownership and participation.

By allocating 59% of tokens to community incentives, HypurrMove creates powerful mechanisms to bootstrap and sustain the critical network effects necessary for a derivatives exchange. The substantial focus on liquidity provider incentives reflects our understanding that deep, resilient order books are the foundation of a successful trading platform.

The token's utility goes beyond governance, with direct revenue sharing creating one of the most compelling value capture mechanisms in DeFi. The 90% fee distribution to stakers establishes a clear link between protocol success and token holder rewards, while the staking mechanism naturally reduces circulating supply as the protocol grows.

This balanced approach positions hMOVE for sustainable growth driven by real user adoption and protocol revenue, rewarding early investors, active users, and liquidity providers who contribute to building a leading platform for on-chain volatility trading.