

Economy setup for Equilibrium

Token function. The Equilibrium token (EQ) will serve as the main utility token of the Equilibrium blockchain which in turn will be a substrate/parachain in the polkadot network. As such the EQ token will serve several functions:

- Collection of fees for the DeFi applications on the network (borrower interest)
- Validator's rewards
- Transaction fees of the Equilibrium blockchain
- Collateral an Insurance for DeFi applications
- Liquidity farming rewards

EQ sales. EQ will be made available to investors on three occasions.

- During the NUT -> EQ token swap (complete)
- As a reward during the private equity funding round of the network
- During Crowdloans.

The Crowdloan sale will be held in the form of a lease sale, where DOT token holders lease their tokens to Equilibrium for the purpose of participating in a parachain auction. DOT token holders will always get the full amount of their tokens back. The events when this will happen, respectively are

- If Equilibrium does not win the parachain slot auction
- If Equilibrium wins the parachain auction, tokens will be distributed back at the end of the parachain lease period

Initial token supply and token allocations

Total token supply of EQ tokens is 12 billion tokens. Equilibrium intends to distribute these tokens the following way

Allocation	Percentage	Description
Parachain Auction Rewards	20%	Incentivize DOT holders to vote for Equilibrium in parachain slot auctions.
Institutional Investors	5%	Allocation for strategic investors
NUT/EQ token swap	25%	Allocation for NUT token holders who migrated from EOS blockchain
Liquidity farming	10%	Allocation to incentivize users to bring and keep liquidity inside Equilibrium
Team	15%	Team allocation with 2 year vesting period
Treasury	25%	Treasury allocation for future funding and acting as insurance of last resort.

EQ token allocation

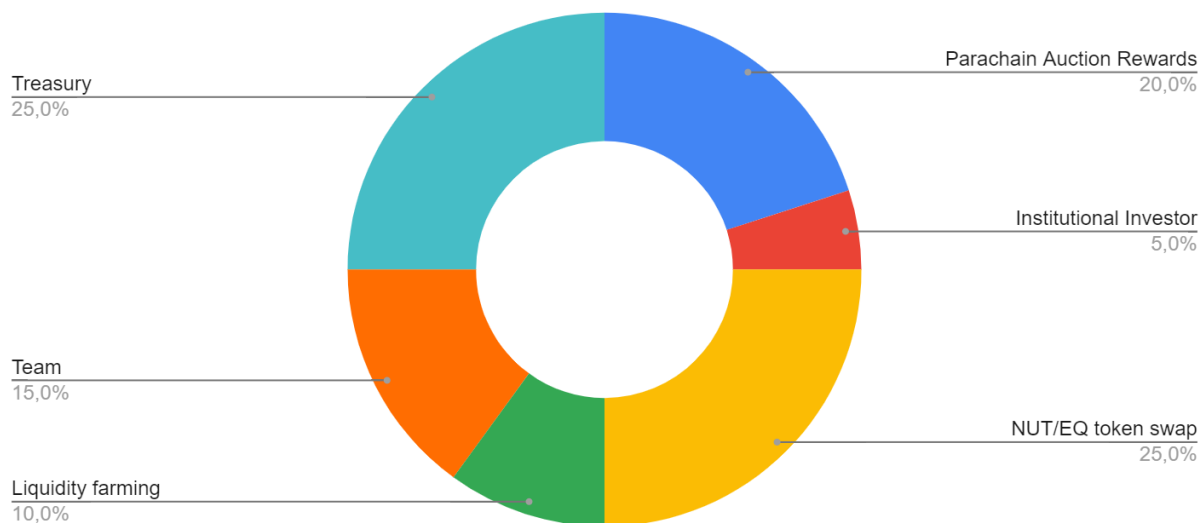


Fig. 1: Total token allocation.

Further clarifications

- Parachain auction rewards will be vested linearly over the course of the parachain lease period (~2 years) with 10% of the entire allocation available immediately upon the parachain launch.
- Liquidity farming rewards will be distributed evenly over the course of 2 years.
- Team allocation is vested linearly over the course of 2 years.
- Investor allocations are vested linearly over the course of 1 year.

EQ circulating supply projections

Given token allocations described above and the mechanics related to rewarding users for parachain slot auctions, as well as liquidity farming reward distributions, we may gauge the expected number of EQ tokens in circulation over a period of 2 years (8 quarters):

Expected EQ token circulation (BN tokens)

