Tokenomics

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Attention is the most valuable resource on earth. L3 is the attention layer. It creates a global liquid market for attention, turning it into currency.

Anyone can supply attention to the network, but access requires the token. Layer3's distribution network has a powerful flywheel effect: as more ecosystems integrate Layer3, user demand increases, further driving ecosystem integration and amplifying value.

L3's deflationary tokenomics, activity-based rewards, utility, and staking drivers create a self-sustaining ecosystem where token value aligns with network growth and user engagement. This ensures that the most active members earn the most over time.

L3 features an innovative staking model, **known as Layered Staking.** Users earn maximum rewards by staking and actively participating on Layer3. Staking and activity levels serve as measurable indicators of alignment with the Layer3 ecosystem and partners, unlocking rewards, additional perks, governance rights, and exclusive opportunities.

To access the Layer3 protocol and network when permissionless, communities may use L3 tokens to post quests, deploy incentives, and access CUBE credentials.

L3 tokenomics are based on these principles:

1. A total supply of 3,333,333,333 L3 tokens
2. 1 unified staking mechanism with three layers of rewards (Layered Staking)
3. Proposed burn or stake-requirements to access the protocol from various stakeholders

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Staking

Layered Staking Visualized

By staking on Layer3, users can earn passive yield (L3) proportional to the amount staked. Additionally, by staking and actively using Layer3, users will earn other increased utility and L3 staking rewards. **This is called Layered Staking.**

The Layered Staking program is designed to set a new standard in crypto by aligning tokenholders with deeper ecosystem engagement through three layers of utility (all accessed via one stake). This mechanism ensures that active participants earn more L3 over time, fostering long-term engagement and community growth.

Layer 1: Passive Staking Rewards & Governance

- Passive Earnings: Stake L3 tokens to passively earn additional L3.
- Governance Participation: L3 will be used to participate in governance decisions. Governance processes are detailed here.

Layer 2: Actively Earn Other Tokens & Protocol Utility

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- Stake-to-Earn Exclusive Quests: By staking a certain amount of L3 tokens, users gain access to exclusive quests and incentives run by Layer3 and its partners.
- Tiered Reward System: Unlock different levels of rewards and experiences based on the amount of L3 tokens staked.
- Launchpad Access: Receive early and extended access to new project launches and specially designed pre-airdrop campaigns, such as the Linea Park initiative.
- Extra Races: Participate in special races and incentive programs, with different tiers based on the amount staked.

Layer 3: Actively Earn L3

- Activity-Based Airdrop Multipliers: Earn a multiplier on L3 airdrops based on your activity.
    - For example, a whale who does nothing gets proportionately less than a minnow who does a lot.
    - A user who completes 10 quests might earn a 1.5x multiplier on their L3 rewards, while a user completing 20 quests could earn a 2x multiplier.
- Ongoing Incentives: L3 tokens will be distributed to users and stakeholders through ongoing incentives. L3 stakers earn a multiplier on L3 distributions based on their activity, but all users can access a base level of these incentives by actively participating in the Layer3 ecosystem.

Key Point: Your staking and activity levels serve as measurable indicators of your alignment with the Layer3 ecosystem. High alignment scores may unlock additional perks, governance rights, or exclusive opportunities.

Proposed Burn/Stake Mechanisms

1. The community may vote to initiate revenue flow to stakers or a buy & burn mechanism for L3 protocol revenue.
2. Burning or Staking L3 to access posting quests, deploying incentives, and accessing the CUBE credential network

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Token Value Accrual

All protocol revenue generated by Layer3 accrues to the Layer3 Foundation, which uses these resources to support the token and its ecosystem. Token holders benefit from network growth through incentive programs, staking rewards, and governance control over treasury assets and emissions.

Distribution

Overview:

- Total Supply: 3,333,333,333 tokens (fixed)
- Ethereum Token Contract: `0x88909D489678dD17aA6D9609F89B0419Bf78FD9a`
- Base, Optimism, Polygon, Arbitrum, and BNB Chain Token Contract: `0x46777C76dBbE40fABB2AAB99E33CE20058e76C59`
- Solana Token Contract: `5k84VjAKoGPXa7ias1BNgKUrX7e61eMPWhZDqsiD4Bpe`
    - *L3 on Solana is powered by Wormhole NTT*

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L3 Token Distribution

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Community: 51% (1.69 billion L3)

51% of the total L3 supply is reserved for the community, over a 4 year-period with 40% in year 1, 30% in year 2, 20% in year 3, and 10% in year 4.

- 200,000,000 L3 (6%) is the OG & S1 airdrop. 50,000,000 (1.5%) is the S2 allocation. This entire allocation is unlocked at TGE.
- 25% is the initial budget allocated by the Foundation to planned airdrops and incentives
- The remaining 26% will go to the community and governed by the DAO and Foundation to be allocated to future airdrops, incentives, and ecosystem initiatives over time.

Core Contributors: 25.3% (843 million L3)

- All tokens allocated to core contributors are subject to a 4-year lockup period.
- During the first year, no tokens will be unlocked. Starting in the second year, 33% of the tokens will be unlocked per year, distributed monthly until the end of the 4 year period.

Investors: 23.2% (773 million L3)

- All tokens allocated to investors are subject to a 4-year lockup period.
- During the first year, no tokens will be unlocked. Starting in the second year, 33% of the tokens will be released per year, distributed monthly over the next three years. This gradual release schedule reduce large supply shocks that often occur when a significant percentage of tokens become available after the first year.

Advisors: 0.5% (16 million L3)

- All tokens allocated to advisors are subject to a 4-year lockup period.
- During the first year, no tokens will be unlocked. Starting in the second year, 33% of the tokens will be released annually, distributed monthly over the next three years.

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Airdrops & Future Incentives

Airdrop 1 & 2 will distribute 250,000,000 tokens to early users, community members, and participants in S1 and S2. The early users and S1 participants allocation is 4x S2, given the large difference in length. The early users and Season 1 snapshot occurred on May 10th, 2024. The Season 2 snapshot occurs on July 22nd, 2024. Recipients may claim L3 until August 20, 2024.

The remaining community allocation (43.5%) of L3 will be distributed to the Layer3 community via Layered Staking and future token distributions on a schedule decided by the Layer3 Foundation. Ongoing airdrops will reward L3 to users who stay active in Layer3 and our partners.

L3 emitted to the community is tied to proof of contribution to the Layer3 ecosystem. To maximize network ownership, a stakeholder must be an active participant in the Layer3 ecosystem over a sufficiently long time horizon. Factors such as staking, insta-dumps, and Layer3 participation will all be factored into future distributions from the Foundation.

The Layer3 Foundation reserves the right to buy back L3 tokens from the public market using protocol revenue to maximize community benefits of the L3 token at the Foundation's sole discretion.

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