



# NETWORK

## Resource model

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Origin Ventures

## Resource Model for the UX Network

UX uses a staking contract for resource users to access the underlying utilities. The contract is accessed by 2 network staking tokens that correspond to the resources as follows:

CPU or NET: UTX  
RAM: UTXRAM

The total system resources are allocated proportionately to the tokens. That is to say that every token has a fixed allocation of resources pro-rata to the total token allocation. There is no “Leeway”, fractional reserve or effects from other token holders’ usage that changes the allocation where:

$X\%$  of UTX tokens grants the token holder  $X\%$  of CPU/ NET resources

This creates stability and removes friction for resource users.

### Two Utility Tokens

RAM as a resource is not analogous to CPU or NET. The use of one token to cover all resources can lead to sub-optimal network usage and friction for users. The UTXRAM tokens are used to access the RAM contract through staking for proportionate allocation of RAM. Similarly, UTX tokens are staked for proportionate access to CPU or NET resources.

### Token Supply

As of launch date 1<sup>st</sup> September 2020:

<u>Token</u>	<u>Total Issuance</u>
UTX	1,795,000,000
UTXRAM	8,388,608

### UTXRAM

The starting RAM allocation for the UX Network is 8 GB and therefore each UTXRAM token corresponds to 1 kB of RAM. This relationship is fixed.

An algorithm based on User growth and usage is in place to expand RAM to meet demands on the system. In addition, Block Producers may make discrete expansions.

As RAM expands beyond the initial allocation, new UTXRAM Tokens are created to maintain the fixed relationship per 1 Kb of RAM.

The distribution of new UTXRAM tokens is split evenly between Block Producers and UTX Token Utility as described below

## UTX

UTX holders can access their proportionate quota of either CPU or NET, calculated and reset daily.

The UTX token has an inflation curve that responds to the usage of the two resources and is designed to increase with usage whilst decreasing over time.

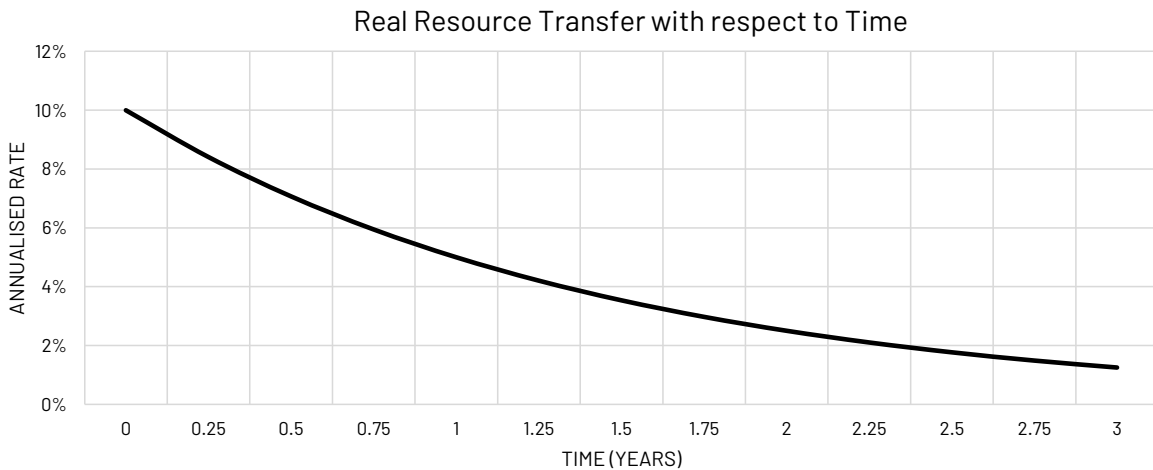
In the case of the UX Network, inflation of the UTX Token is simply a reallocation of resources from non-users to users. This should not be confused with monetary tools or negative economic outcomes.

The calculation of inflation, or more accurately, the reallocation of resources from non-utility to utility is a function of:

- (1) Time from launch
- (2) System Utility

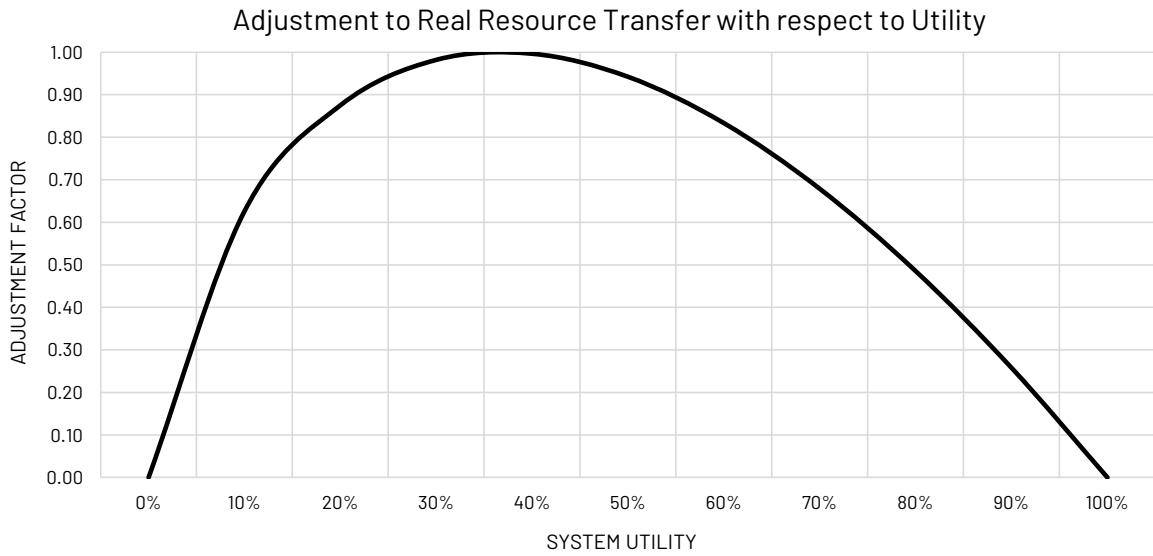
At the heart of the calculation is a base parameter of Resource Transfer in real terms which is then converted to nominal pricing to generate inflation. Real Resource Transfer decreases over time.

- (1) Time from launch

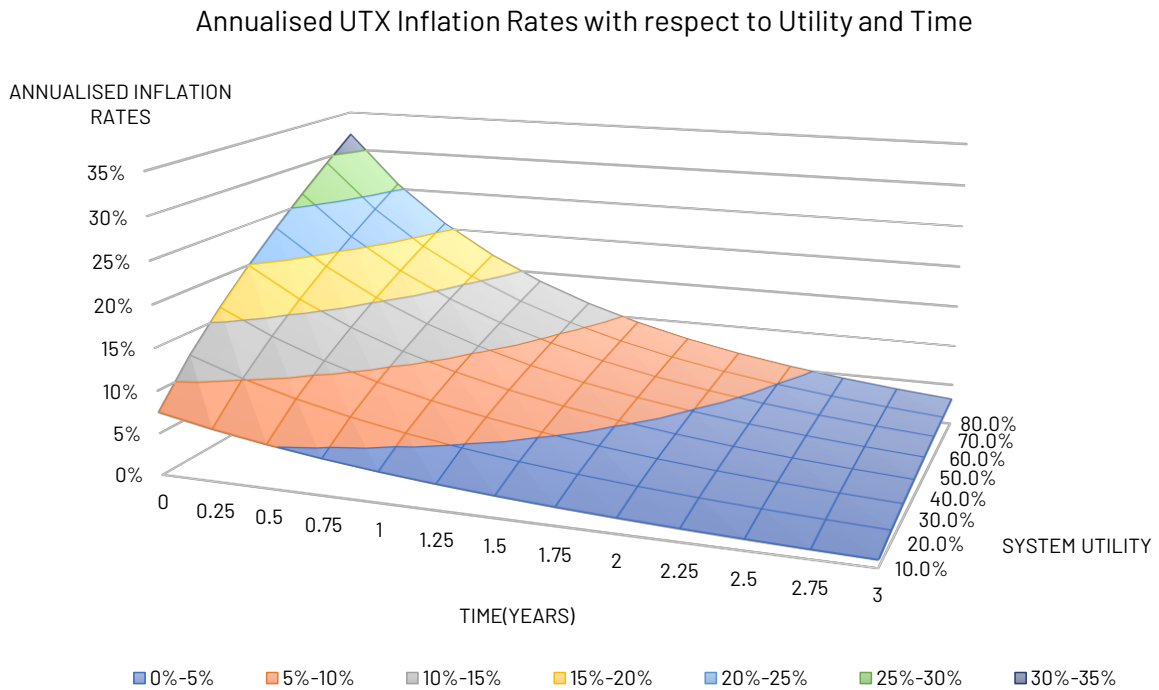


Real Resource Transfer is adjusted depending on the levels of Utility.

(2) System Utility

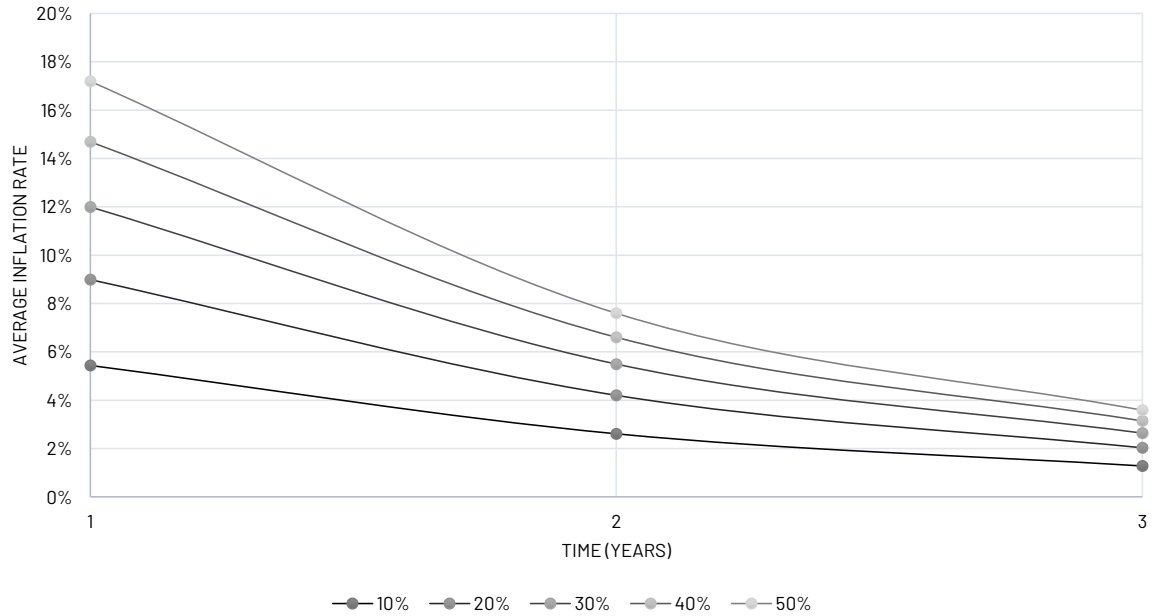


Inflation is derived from the nominal effect of the resource reallocation as a function of Utility and Time.



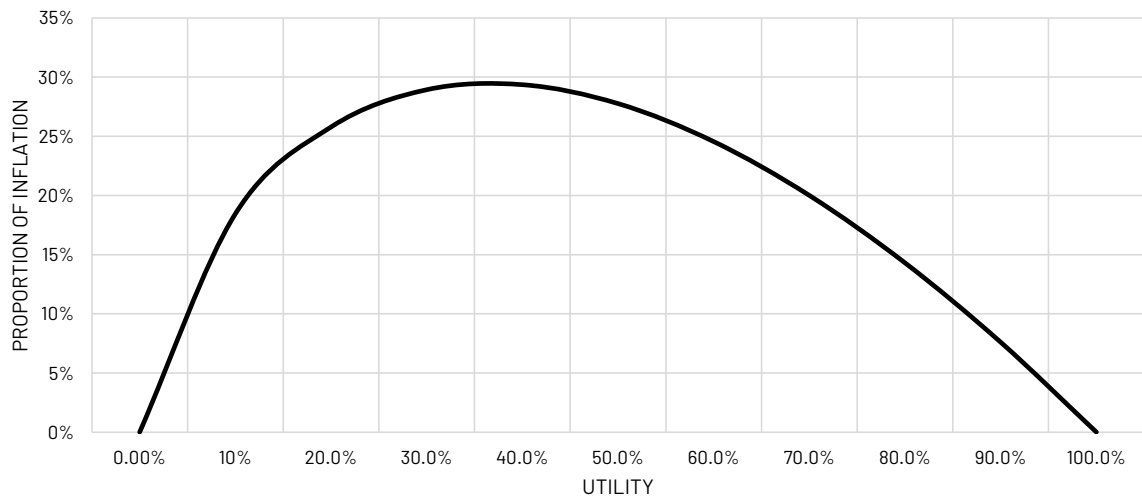
- Exponential averaging is applied to System Utility data to calculate the Utility rate for daily inflation.
- Inflation is calculated and applied every 24 hours at midnight UTC.

UTX Average Inflation with respect to Utility and Time



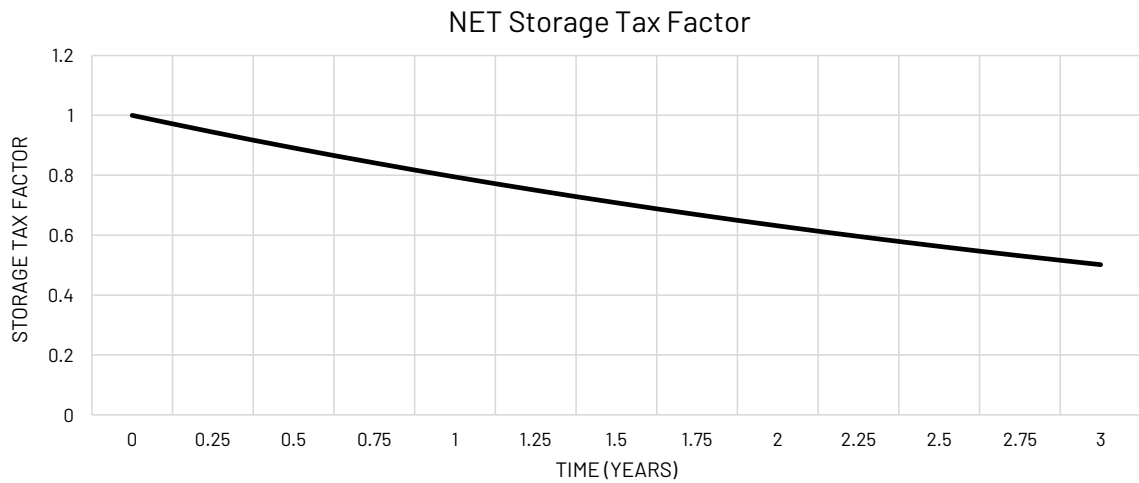
Block Producers receive a variable proportion of inflation as a function of Utility

BP Proportion of Inflation with respect to Utility

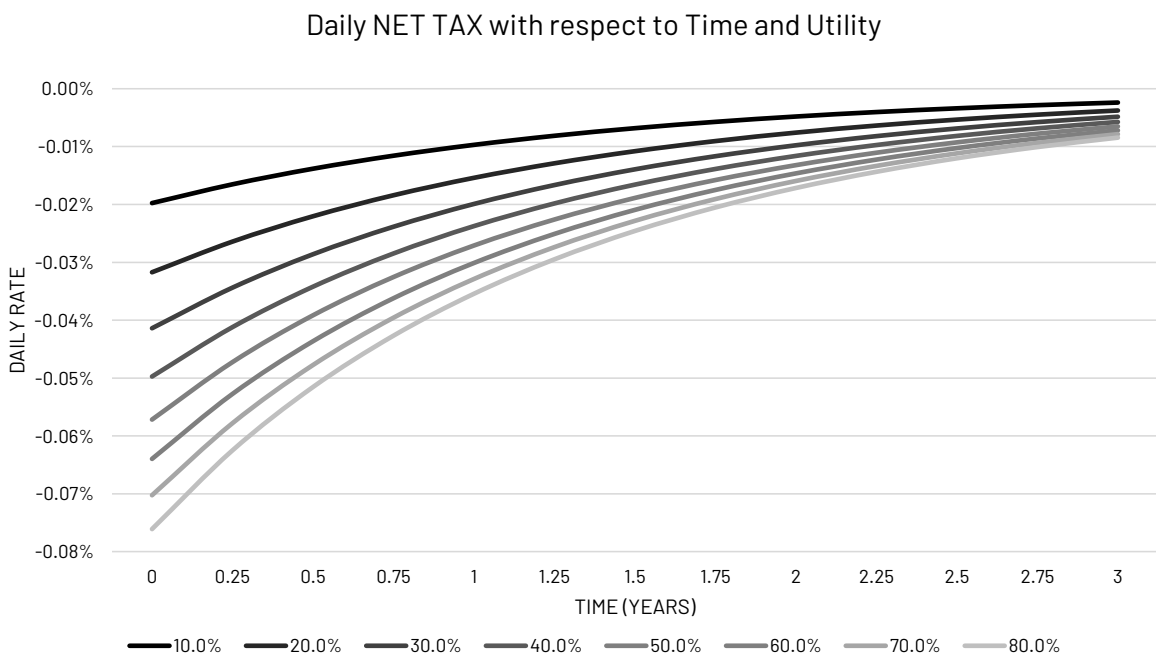


Accounts using CPU resources are eligible for distribution from inflation. Accounts using NET resources are treated as follows:

- (1) Inflation generated from NET Utility is distributed to Block Producers
- (2) A 'Tax' is applied to NET stakes that is based on a storage cost function decreasing over time



The NET Tax is the prevailing UTX annualised inflation rate adjusted by the Tax Factor. The Tax is applied daily and paid to Block Producers



## Summary of Inflation and Effects

Cohort	UTX Token	UTXRAM Token	Effects
CPU Utility	Distribution	Distribution	<p>UTX Inflation distribution creates increased resources in real terms until System Utility = 100%.</p> <p>UTXRAM Distribution recognises correlation between resource usages.</p>
NET Utility	No Distribution	No Distribution	<p>UTX Inflation creates decreased resources in real terms (Unchanged in nominal terms)</p> <p>NET Tax creates an explicit further decrease in resources.</p>
Block Producers	Distribution	Distribution	<p>UTX Inflation allocates resources for Vertical business model both from UTX and UTXRAM.</p> <p>UTXRAM is a larger relative distribution representing the non-linear cost of RAM expansion and incentivisation for User growth through Block Producer verticals.</p>
Non-User	No Distribution	No Distribution	<p>UTX Inflation creates decreased resources in real terms ( Unchanged in nominal terms)</p>

Noting that the usage of CPU and NET is not mutually exclusive at the Account level. An Account may therefore receive a net distribution of CPU Utility less NET tax.

Token holders who do not use the resources receive no benefits. They are able to mitigate this position in part through resource management applications such as UtilityX<sup>®</sup> which provides dynamic resource liquidity. This optimises the Network further by allowing Utility to be fluid without the movement of tokens themselves.

## Fixed Token Cap and Inflation Maturity

UTX Inflation will end at the earliest occurrence of the following:

- (1) UTX supply reaches 2.5 Billion
- (2) The third anniversary following the commencement of the Resource Model

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