

KEYFI Token Economic Model Update Part 1/3: Staking & Reward Pools

Deflationary KEYFI Burning x Sustainable Reward Pools x Seeding Liquidity Pool Growth



This is the first entry in a three-part series that covers updated details about the KEYFI token economic model. This model is currently evolving and is subject to change. Please be advised that KeyFi is still a beta project.

During the course of this year I will be writing in more detail about the KEYFI token economic model in order to provide more transparency about how the token and the platform work together.

For this current version I will break it up into three parts:

Part 1: KEYFI Staking and Reward Pools

Part 2: KEYFI kTokens

Part 3: Cross-Chain Architecture

You can find the original KeyFi Litepaper and Token Economics Whitepaper on our [website](#).

A Brief Review of the KEYFI token

In case you are not familiarized with the base concepts, here are a few key points to give you a frame of reference.

- 10m ERC-20 KEYFI tokens minted in December 2020
- 80% Allocated for Community
- 20% Allocated for Team (10% Development / 10% Treasury)
- No new tokens can be minted until approximately Q4 of 2022 (locked by token contract rules)
- Decentralization roadmap states that the KEYFI token should be community driven via Governance and Smart Contract mechanisms (KeyFiDAO)

Previous KEYFI Token Governance Votes

- 1m BEP-20 KEYFI tokens minted on Binance Smart Chain (passed February 2021)
- 100k Community KEYFI tokens allocated for marketing (passed April 2021)

Some other points to mention about the token in general is that it is on our roadmap to launch the token on Polkadot-based networks as well as Ethereum Layer 2 networks in order to maximize the potential utilization and integration capabilities of the token.

KEYFI Staking and Reward Pool

Currently we have 2 active Rewards Pools where users can stake and earn KEYFI rewards.

The first is the KeyFi v1 Ethereum pool, which is used for staking SelfKey's KEY token as well as for staking UniSwap's UNI-V2 KEYFI:USDC Liquidity Provider tokens.

The v1 pool has a strict requirement that all stakers must have a SelfKey powered decentralized identity credential in order to access the pool. You can learn more about this specific process here: <https://keyfi.com/credentials>

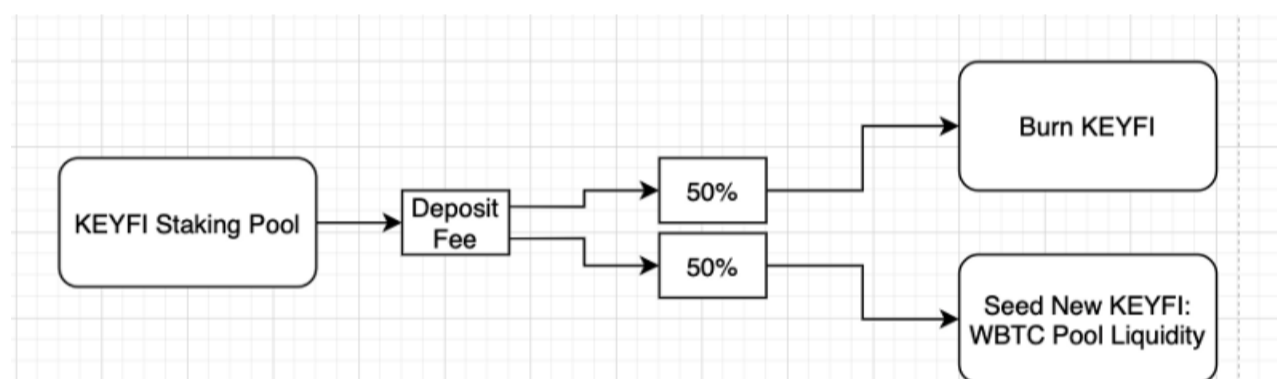
The second is the KeyFi v2 Binance Smart Chain pool where you can currently stake KEYFI directly in addition to staking PancakeSwap CAKE-LP KEYFI:BUSD Liquidity Provider tokens and direct BUSD and WBNB staking.

The following is an overview of how the deposit fees burn KEYFI and create a self-sustaining model on these v2 pools, including the one currently live on BSC as well as the contracts soon to be launched on Ethereum Layer 1 and Polygon (Matic) Ethereum Layer 2.

For the purposes of simplification, we will outline these processes using the Ethereum L1 contract as an example.

KEYFI

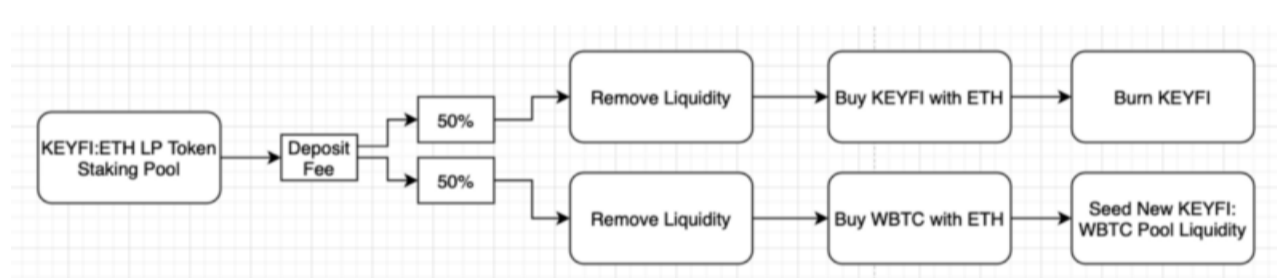
- 50% KEYFI Burned
- 50% KEYFI sent to seed fund for new DEX LP pools



KEYFI Direct Staking

KEYFI LP Token

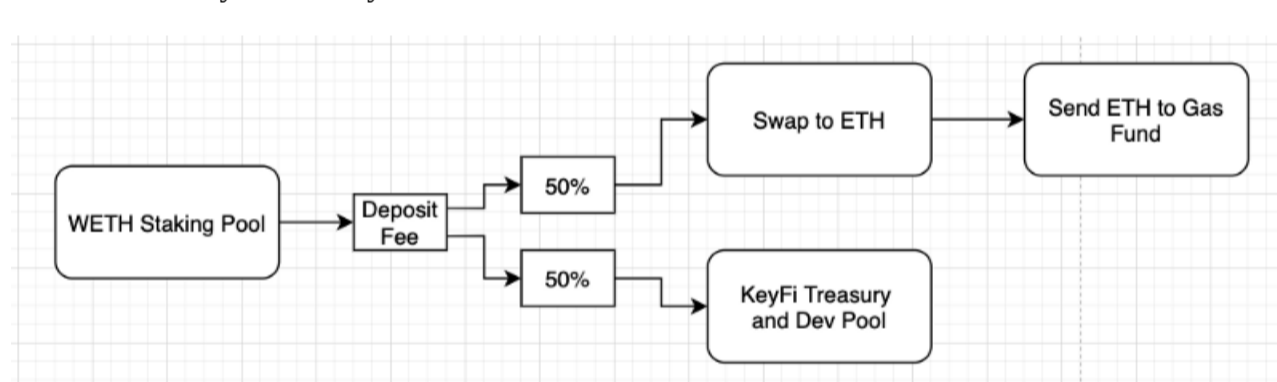
- 50% Sell the non-KEYFI token for KEYFI then all KEYFI is Burned
- 50% Sell the non-KEYFI then send to seed fund for new DEX LP pools



KEYFI:ETH LP Staking

Network Native Token (ETH/BNB/MATIC etc.)

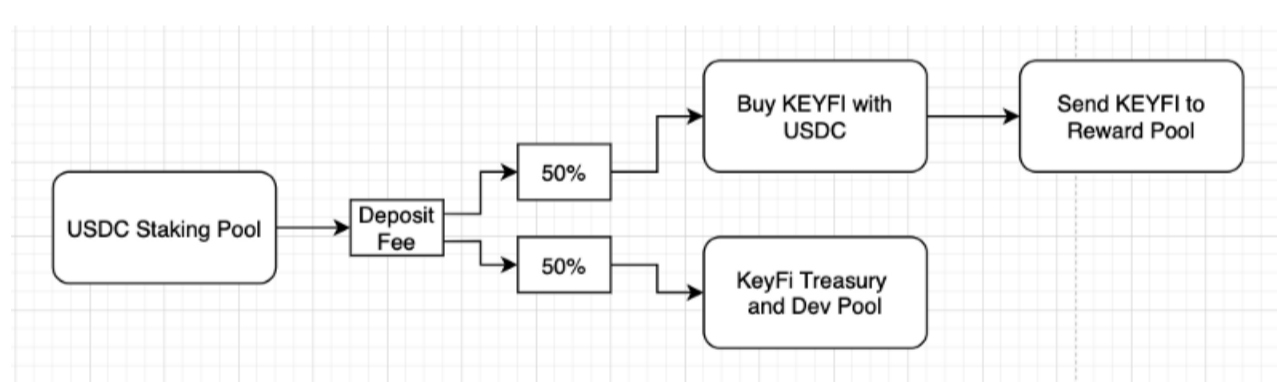
- 50% Send to Gas Fund (Contract Deployments / KeyFiDAO Transactions / Testing Integrations etc...)
- 50% Send to KeyFi Treasury / Dev Pool



WETH Staking

Non-KEYFI Token w/ Existing Pool

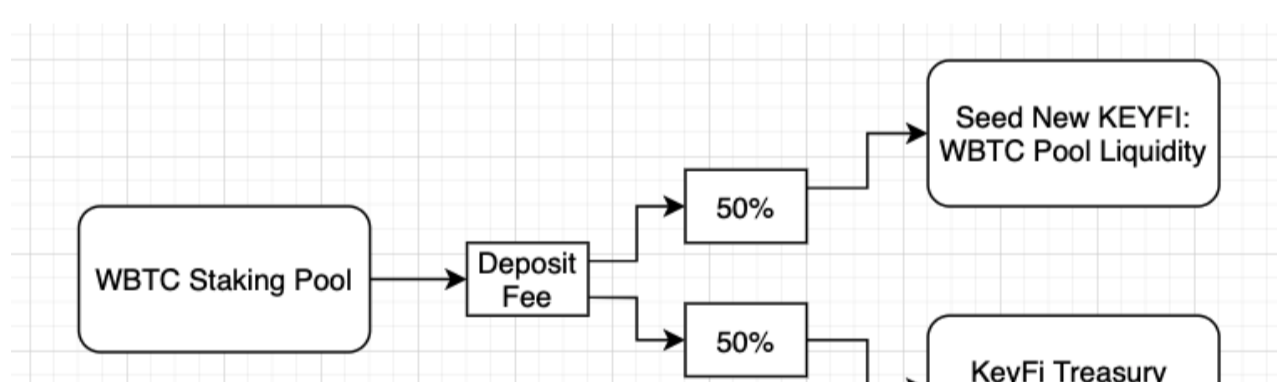
- 50% Buy KEYFI and send it to the Reward Pool
- 50% Send to KeyFi Treasury / Dev Pool



USDC Staking

Non-KEYFI Token w/o Pool

- 50% Send to seed fund for new DEX LP pools
- 50% Send to KeyFi Treasury / Dev Pool



WBTC Staking

In summary this is the current allocation of all deposit fees for the current staking model. This may be subject to change as we observe and optimize our token economic model over time.

KEYFI Token Utility

In the current model there are two specific ways that the KEYFI token can be utilized.

1. Hold KEYFI tokens to participate in Governance Votes (<https://vote.keyfi.com>)
2. Stake KEYFI to earn additional rewards as well as gain access to the upcoming KeyFi Pro app

Additional KEYFI utility will be announced in part 2 of this series when we cover the kToken concepts.

KeyFi Pro

KeyFi Pro will launch initially as a closed private beta that will allow only two types of users:

- Valid SelfKey-powered Decentralized Identity Credential Holders
- KEYFI Token Stakers

Some of the features that will be unlocked in the KeyFi Pro app include "First Look" Beta versions of features like:

- DeFi Strategy Designer and Manager
- Token Discovery Research Dashboard
- Advanced Crypto & DeFi Alerts to Email / SMS / Telegram
- Organized Transaction Notes / Trading Journal
- Providing access to CeFi platform like Nexo to earn interest on crypto deposits

Plus you will still get all the KeyFi Core app features integrated in the Pro app alongside some additional exclusive features like cross platform sync, dark mode and more.

We will announce the beta launch of KeyFi Pro as soon as it's ready so be sure to follow us on socials and join the KeyFi community to get the announcement.

I hope this helps clarify some of the key points regarding the current token economic model for KEYFI. As we move forward with our Ethereum L1 and L2 deployments, we will be monitor and adjust our model as needed in order to ensure a long-term sustainable model to power the project.

Thank you again to our amazing and supportive community, we always welcome your participation in governance as well as your input and feedback in our communities on [Telegram](#) and [Discord](#).

By [Ben Gevais](#) on [April 17, 2021](#).

[Canonical Link](#)

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