



**Provenance
Blockchain**

THE EVOLUTION OF PROVENANCE BLOCKCHAIN

Infrastructure Upgrades & HASH Tokenomics

INTRODUCTION

The problem

The global financial system runs on legacy infrastructure built for a pre-internet era - slow, archaic technology that stifles innovation that makes it unnecessarily complex, costly, and restrictive for most participants. This legacy technology creates three fundamental challenges:

1

Legacy infrastructure & security risk

Existing systems create operational inefficiencies, limiting scalability and the ability to respond adequately to industry shifts. They also pose security risks, as they may not support modern security protocols to prevent cyber attacks.

2

Zero transparency & trust

Traditional financial rails operate like a private blockchain - but without transparency. Outsiders can't verify transactions, track asset movements, or even understand how value flows through the system. This opacity isn't just frustrating - it creates massive inefficiencies in risk assessment and compliance, while destroying trust between market participants.

3

Limited access & high barriers

Access to securitized assets still operate like an allowlist-only protocol. High barriers to entry, complex intermediaries, and centralized control mean that accessing many financial services requires significant capital or institutional connections.

The result? A two-tier system where premium financial products and services are reserved for certain participants, while the broader markets are limited to basic options with higher fees - leaving trillions in potential public market liquidity untapped and inaccessible.

A lose-lose scenario with a solution

The cost of operating and maintaining legacy systems is undeniable for financial institutions. Maintenance and verification can consume up to 75% of IT budgets and balloon financial overhead, leaving limited resources for innovation, and risk of human error. These risks and inefficiencies are pain points borne by financial institutions, but ultimately manifest in high costs passed down to the consumer.

Founded in 2018 with the mission to modernize and democratize financial markets, Provenance Blockchain aims to bring clarity, access, and equity to everyone. After developing proven solutions behind the scenes since its inception, Provenance is now ready to lead the transformation of financial markets.

Why now: a perfect storm of market evolution

The convergence of three key market shifts creates an unprecedented opportunity for institutional-grade blockchain infrastructure:

- **Technological maturity & TradFi appetite:** Blockchain technology has reached a critical inflection point with robust, scalable, and secure infrastructures now enabling the tokenization of real-world assets. Industry estimates suggest that the RWA sector could expand to between \$4 trillion and \$30 trillion, driven by growing interest from traditional finance institutions seeking to integrate blockchain solutions into their asset management strategies.
- **Evolving crypto market sentiment:** Amid recent market turbulence—marked by the oversaturation and volatility of speculative assets like memecoins and transient gaming tokens—crypto users are shifting their focus toward tokens with genuine utility. Current events underscore a rising demand for projects that deliver sustainable value, as investors and users increasingly favor assets with real-world backing.
- **Regulatory clarity:** A more predictable regulatory landscape is emerging, reducing uncertainty and bolstering institutional confidence in blockchain technologies. Clearer guidelines and supportive policies are paving the way for mainstream adoption, further enhancing growth and stability across the ecosystem.

Provenance Blockchain's competitive edge

Provenance Blockchain distinguishes itself from other chains through three foundational pillars:

Next-generation financial protocols & digitally native on-chain assets

- **Innovative financial services:** Provenance powers [Figure](#) and [Figure Markets](#); groundbreaking on-chain protocols that provide lending, asset management, and a marketplace for the modern user. This includes DeFi-powered management of real-world assets, automated lending infrastructures, and a revolutionary cross-chain collateral protocol—allowing users to efficiently collateralize diverse assets (from real estate to crypto) for maximum capital efficiency.
- **Robust ecosystem integration:** Beyond the figure ecosystem, Provenance is validated by participation from diverse sell-side banks (e.g., Goldman Sachs, Jefferies), multiple bank fiat rail partners (e.g., UMB, Lead), and a wide range of buy-side firms (e.g., Apollo, Bayview, Marathon), with over 140 third parties leveraging Figure's mortgage technology.

Enterprise-ready architecture

- **Scalable, high-performance infrastructure:** Built on a secure, proof-of-stake framework, Provenance delivers the high throughput and low fees critical for real-world financial operations. This infrastructure is engineered to support the rapid on-chain tokenization of real-world assets as the market scales.
- **Interoperability & data control:** Acting as a data validation chain rather than a golden dataset, Provenance empowers users with control over their information. It also supports interoperability—bridging to other Layer 1 blockchains via Axelar—and integrates enterprise features such as roles, entitlements, and decentralized MPC custody. Additionally, innovations like [DART](#) ensure instant UCC security perfection on-chain.

Best-in-class security & operational integrity

- **Advanced custody & compliance:** Provenance employs state-of-the-art security measures including decentralized multi-party computation (MPC) custody leveraging the Cosmos SDK, ensuring that assets are safeguarded at all times.
- **Regularity & institutional confidence:** With established Figure Markets transfer agents, lending and servicing licenses, and alignment with local and global security standards, Provenance meets the rigorous demands of institutional clients. This robust security framework fosters trust and positions the network as the premier chain in the RWA space.

With favorable market tailwinds and battle-tested infrastructure, Provenance is seizing the moment to upgrade its tokenomics. Drawing on our learnings and experience over the last several years, this upgrade is tailored to today's crypto landscape and is designed to foster a robust, thriving ecosystem within the Provenance network.

Key focus areas

This paper provides a comprehensive overview of the key modifications to our tokenomics framework and presents a forward-looking preview of our forthcoming roadmap, with a few key highlights below:

Platform upgrades: streamlined fees & enhanced functionality

- **Flat network fee model:** Streamlines cost calculations and ensures consistent, predictable fees for developers and users.
- **Tiered settlement fee model:** Encourages higher transaction volumes by reducing fees as usage increases.
- **Expanded capabilities & tools:** Enhances usability, security, and accessibility by simplifying authentication, offering better asset activity insights, and enabling seamless cross-chain interoperability.

Improving governance & security

- **Reduction of Figure & inactive grant HASH holdings:** To ensure decentralization and incentivize blockchain activity, 40% of Figure's holdings will be returned back to the foundation to be reinvested into the community.
- **Enhanced incentives for validators:** To provide adequate compensation for validators and encourage continued network stability.

Balancing HASH scarcity & liquidity

- **Inflation & Rewards mechanisms:** To incentivize staking, participation, and the reduction of liquid HASH in the ecosystem.
- **New auction model:** To facilitate regular HASH transactions and drive continuous price discovery.

We believe Provenance Blockchain is the heart of what blockchain excels at: ledgering, registry, and exchange. Blockchain is a transformational technology that requires understanding what users care about, how blockchain should be used to solve real world problems, which includes creating efficiencies, and reducing expenses.

These enhancements will solidify Provenance Blockchain's position as a leading platform for financial institutions, and be a leading force in ushering in the new age of financial technological innovation.

THE PROVENANCE BLOCKCHAIN ECOSYSTEM

About Provenance

Provenance Blockchain (“Provenance”) was launched in 2018 to transform financial services by eliminating value extractive intermediaries and operational inefficiencies. Provenance is a sovereign L1 public, proof-of-stake blockchain built using the Cosmos SDK.

Provenance was built by June Ou and Matt Conroy while at Figure. June is the Executive Director and Matt the CTO of the Provenance Blockchain Foundation (“The Foundation”). They built the technology stack at SoFi and later Figure. Mike Cagney and Laurie Katz are both senior advisors to Provenance and active in efforts to promote the blockchain to the financial services community.

Provenance combines the speed, efficiency and certainty of proof-of-stake with data control and privacy, making it the only public blockchain uniquely situated to serve the financial services ecosystem.

Figure Technologies (“Figure”) was the first institutional user of Provenance, originating home equity loans (“HELOCs”) on blockchain in 2018. Figure has powered Provenance to be the leader in the real world asset (“RWA”) space, with over \$42B in loan transactions and \$9B in active loan TVL (over 79% of the web3 private credit market). Additionally, Provenance hosts an additional \$2B+ in other RWAs in TVL, capturing 73% of overall on-chain RWA TVL

The Provenance Blockchain operates on three core pillars:

- **Ledgering:** Securely recording transactions across blockchain validators to create an immutable, tamper-proof history.
- **Registry:** Maintaining a transparent and verifiable record of asset ownership by aggregating all ledgered transactions. This ensures accuracy at all times and guarantees asset integrity, enabling real-time margin and liquidity in exchanges.
- **Exchange:** Enabling instant, trustless asset swaps, such as buying Bitcoin with US dollars or trading tokenized assets, through atomic bilateral transactions.

About HASH

The Hash token is the native asset to the Provenance Blockchain platform, with a 1B token supply. The token serves several key utility functions:

- **Staking:** HASH can be staked to earn rewards and participate in network governance
- **Fee payments:** HASH is used to pay network and settlement fees
- **Asset purchases:** HASH is required to purchase assets in on-chain auctions
- **Governance:** HASH holders can participate in on-chain voting for governance

Ecosystem participants

The Provenance Blockchain ecosystem is supported by five key participant groups:



Institutions: asset creators & traders

Institutions leverage Provenance Blockchain's efficiency and cost benefits to create and trade financial assets.

- **Asset Creators** Institutions that issue loans, tokenized securities, and real-world assets.
 - Examples:
 - **Figure:** Issues standardized and crypto HELOCs on-chain, providing an interface for originators to sell to buyers.
 - **Figure Markets:** Issues REIT shares on-chain for trading on blockchain ATS, enabling users to leverage assets as collateral for margin loans.
 - **Decentralized MPC:** Issues entitlements to assets on other blockchains, such as BTC, ETH, and SOL.
- **Traders:** Institutions buying and selling assets, paying settlement fees that contribute to the asset auction mechanism.

Users: asset buyers, sellers, lenders & borrowers

Users interact with Provenance Blockchain for financial services.

- **Asset Buyers & Sellers:** Individuals buying and selling assets, paying settlement fees that contribute to the asset auction mechanism.
- **Lenders & Borrowers:** Benefit from on-chain transparency and efficiency:
- **Tokenized Loans:** Lenders gain efficiencies from tokenized HELOCs, streamlining audits and takeout processes. Borrowers benefit from lower costs.
- **P2Prime:** An on-chain peer-to-peer (P2P) lending platform. On-chain collateral visibility improves risk mitigation for lenders and allows for efficient liquidation. The reduced risk profile enables lenders to pass savings onto borrowers, lowering borrowing rates.

HASH token holders: Auction participants, builders, & delegators

HASH token holders play a critical role in network utility, governance, and economic incentives.

- **Buyers:** Individuals and entities participating in on-chain auctions to acquire settled assets with HASH. This auction process drives continual price discovery within the ecosystem.
- **Builders:** Developers and projects building protocols on Provenance Blockchain, using HASH to run operations, pay fees, and distribute incentives to users.
- **Institutions:** Entities placing assets on Provenance Blockchain, paying fees (denominated in HASH) to record assets on-chain.
- **Delegators:** HASH holders who stake their tokens with validators to earn staking rewards while securing the network.
 - Delegators receive rewards through inflation, while non-stakers experience dilution over time.
 - Staking HASH also grants voting power in network governance, incentivizing participation in ecosystem decisions.

Validators: Securing & maintaining network integrity

Validators are responsible for processing and settling transactions, ensuring network security and efficiency.

- They verify and sign transactions, with penalties (slashing) for malicious behavior.
- Delegators must carefully select validators to stake with.
- Validators earn 60% of network fees, paid in HASH, which they can either sell or stake for additional rewards.

Each of these five participant groups are critical to maintaining the healthy vibrancy of the Provenance ecosystem.

Provenance Fees

There are two primary types of fees on Provenance Blockchain:

- **Network fees:** These cover the operational costs of the network and compensate validators for their role in processing transactions and maintaining network integrity and security.
- **Settlement fees:** These fees are charged on the exchange of assets and contribute to the funding pool for the HASH Market (the auction platform).

These fees have different pricing mechanisms based on the category type of activity, as well as the type of transaction occurring on the chain.

Fees categories and prices are subject to change based on chain demand and performance; fees will be assessed on a quarterly basis and all changes (increases or decreases, new categories) will be put to governance vote for transparency.

Action	Fee Amount	Type of Fee
Loan Funding	Sliding scale	BPS
Loan Payments	Sliding scale	BPS
Loan Registration DART	\$8.50	Flat
Exchange Settlements	Sliding scale	BPS
Token Transfers (e.g. YLDS, HASH, loans)	\$0.025	Flat

These fees are distributed in a variety of ways - to validators (and their subsequent delegators), or to the auction (refer to “Tokenomics” to learn more about the Auction system)

Fees	Validators	Auction
Network Fees	60%	40%
Settlement Fees	0%	100%

Below, is an in-depth review on the types of fees, how they work, and examples:

Network fees

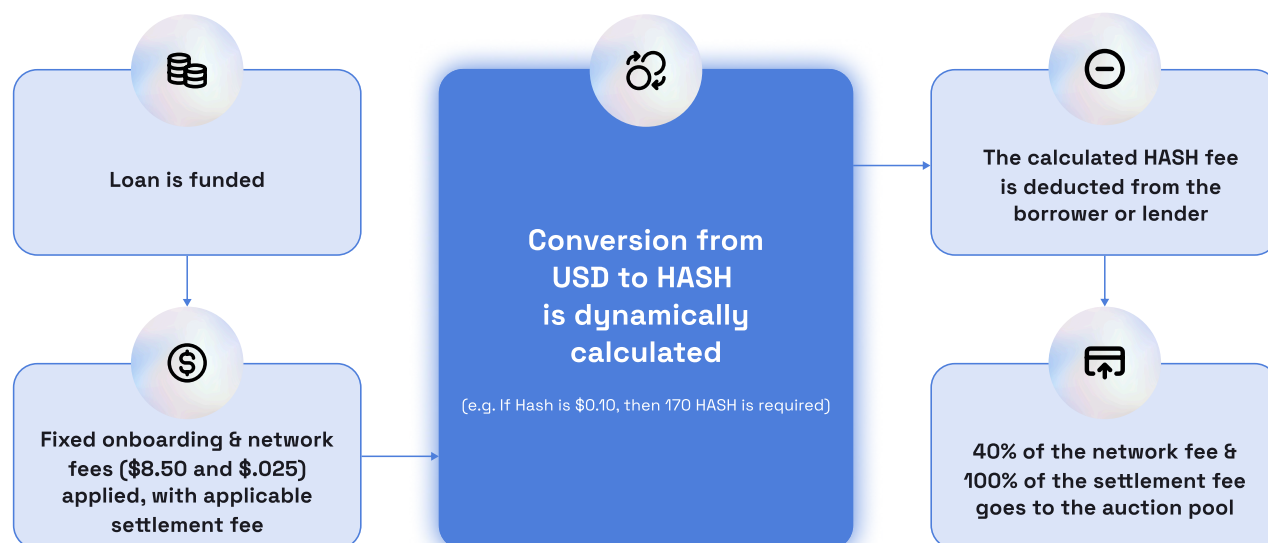
Gas fees on traditional blockchains are unpredictable, fluctuating with network congestion. This creates three key issues:

- **Financial institutions** can't reliably estimate costs to place assets on-chain.
- **Validators** face uncertain revenue, making it hard to cover operating costs.
- **Transactions** are prioritized by fee, causing out-of-order processing and fairness concerns.

While surge pricing helps manage demand, it conflicts with financial institutions' need for cost stability.

Provenance Blockchain eliminates gas fee volatility with a flat fee model, ensuring predictable costs for each transaction type—aligning incentives and creating a more sustainable system.

Example of Hash fee calculation for Loans



Provenance Blockchain fees are denominated in USD but paid in HASH, dynamically determined by a pricing oracle, with VWAP streaming from various liquidity venues.

Fees are adjustable via governance, ensuring transaction costs stay slightly above the cost of compute while decreasing over time as usage grows. This model provides predictability, transparency, and efficiency for all participants.

Network fees sustain the ecosystem and are distributed as follows:

- 60% to validators for maintaining the blockchain*
- 40% to auctions, driving HASH participation and retail demand

*Validators are encouraged (but not required) to set commissions at 60%. While this is the default floor at each upgrade, they can adjust their commission as needed.

Settlement fees

Settlement fees are charges on transactions between parties, paid to the Provenance Blockchain to fund operations and encourage higher transaction volumes.

They are calculated with a **base rate** (starting at 3.5bps) **plus a sliding scale** that lowers fees as transaction volume increases—so the more transactions an exchange or application executes in a given timeframe, the lower its subsequent fees. Fees are set on a per-exchange basis, meaning each participant only pays for its own activity; for example, an exchange processing \$2.1B monthly might only pay 1.57bps. These fees are automatically funneled into the Provenance auction mechanism.

While the network currently targets a 5-second block time, early performance has exceeded this benchmark. As validators invest in infrastructure (averaging about \$350 per month), block times are expected to decrease further, enhancing performance and reducing costs.

Example of Settlement Fee

Date Range	Total Amount Settled Onchain	Blended Settlement Fees	Total Fees
3/1/25 - 3/31/25	\$233,234,000	3.43 bps	\$79,970
4/1/25 - 4/30/25	\$2,153,123,000	1.57 bps	\$337,578
5/1/25 - 5/31/25	\$2,764,231,000	1.28 bps	\$352,856

* Based on block cuts over the last 30 days

Settlement Fee Table

Amounts are denoted for 30 day periods

Settlement Amount (s)	Settlement Fees
$0 \leq s < \$200,000,000$	3.5 bps
$\$200,000,000 \leq s < \$450,000,000$	3 bps
$\$450,000,000 \leq s < \$700,000,000$	2.5 bps
$\$700,000,000 \leq s < \$950,000,000$	2 bps
$\$950,000,000 \leq s < \$1,200,000,000$	1.5 bps
$\$1,200,000,000 \leq s < \$1,450,000,000$	1 bps
$\$1,450,000,000 \leq s$.25 bps

Roadmap

Provenance Blockchain is executing an **aggressive expansion strategy**, driving rapid upgrades, ecosystem adoption, and strategic listings to solidify its leadership in financial asset tokenization.

This year, the Provenance Blockchain Foundation will be focused on two core goals:

- Increasing HASH availability and liquidity
- Chain expansion and interoperability of Provenance Blockchain assets

We are committed to continuous innovation, enhancing usability, security, and interoperability with open-source tools that empower builders, investors, and institutions. 2025 will be a high-growth, high-impact year, with bold execution to maximize adoption and HASH value.

Key feature roadmap

Our 2025 roadmap focuses on structuring blockchain data, enhancing security, expanding cross-chain access, and improving user experience—all while ensuring transparent, efficient, and institutional-grade asset management:

1. Standardized On-Chain Structures & Data Transparency

- All loan-related transactions—origination, transfers, and payments—will now be recorded immutably on-chain.
- This ensures consistent, verifiable transaction history for better valuation, due diligence, and transparency.
- Metadata structuring will make key loan data more accessible and useful for financial institutions.

2. Enhanced Security & Key Management

- Smart Accounts eliminate traditional private keys, enabling passkey, biometric, and FIDO2 authentication for seamless, secure access.
- Multi-signature (multi-sig) and Multi-Party Computation (MPC) support allows users to set up recovery mechanisms, reducing risk and improving account security.

3. Cross-Chain Interoperability & Liquidity Expansion

- HASH will be natively bridged to Ethereum and Solana, unlocking new liquidity and expanding its presence on centralized exchanges.
- Provenance Blockchain will remain the core L1, but Provenance Protocol will become a multi-chain framework for onboarding Provenance-originated assets into the broader blockchain ecosystem.

4. Provenance Pulse: A Unified Web Hub

- A streamlined web application for auctions, staking, and real-time blockchain insights.
- Users can monitor asset supply, transaction trends, and milestone-based rewards (e.g., airdrops) in a clear, structured interface.

Active Hash Market Auctions







Provenance Pulse

HomeAssetsParticipantsAuctionsJenniferMainnet

Auctions

Hash price auctions from settlement and network fees collected on Provenance Blockchain.

History

Asset	Start Date	End Date	Status	Total
 USDC-HASH	Nov 6, 2024 10:00 AM	Nov 7, 2024 9:59 AM	Open	10,000 USDC 553,663.58 HASH
 USDT-HASH	Nov 6, 2024 10:00 AM	Nov 7, 2024 9:59 AM	Open	10,000 USDT 553,663.58 HASH
 USD-HASH	Nov 6, 2024 10:00 AM	Nov 7, 2024 9:59 AM	Open	10,000 USD 553,663.58 HASH
 HASH-USDC	Nov 6, 2024 10:00 AM	Nov 7, 2024 9:59 AM	Open	553,663.58 HASH 10,000 USDC
 USDC-HASH	Nov 5, 2024 10:00 AM	Nov 6, 2024 9:59 AM	Complete	10,000 USDC 553,663.58 HASH
 USDT-HASH	Nov 5, 2024	Nov 6, 2024	Complete	10,000 USDT

Asset Overview Page

Provenance Pulse






HomeAssetsParticipantsAuctionsMainnet

Assets

Tokens on Provenance Blockchain with known TVL

Search by name, description or marker ID

Assets

Name	Price / 24 Change	Market Cap ¹	24h Transactions
 HASH hash	\$0.02 ▼ 0.41%	\$2,000,000,000	\$1,059,294.15
 Bitcoin btc.figure.se	\$69,447.40 ▲ 0.09%	\$4,074,571	\$532,915.34
 Ethereum eth.figure.se	\$2,591.35 ▼ 0.41%	\$1,154,284	\$92,195
 Solana sol.figure.se	\$135.00 ▲ 0.41%	\$771,388	\$92,541
 Pepe pepe.figure.se	\$0.00001736 ▲ 0.41%	\$10,500,015	\$1,872,421

5. Institutional-Grade Financial Infrastructure

- Stablecoin rails for seamless buying and selling of stablecoins on Provenance Blockchain.
- On-chain financial primitives including:
 - Loan registration (DART)
 - Transparent funding & settlement mechanisms
 - Automated payment remittance
 - On-chain warehouse structuring for institutional money movement
 - Securitization solutions

TOKENOMICS

Rebalancing HASH supply

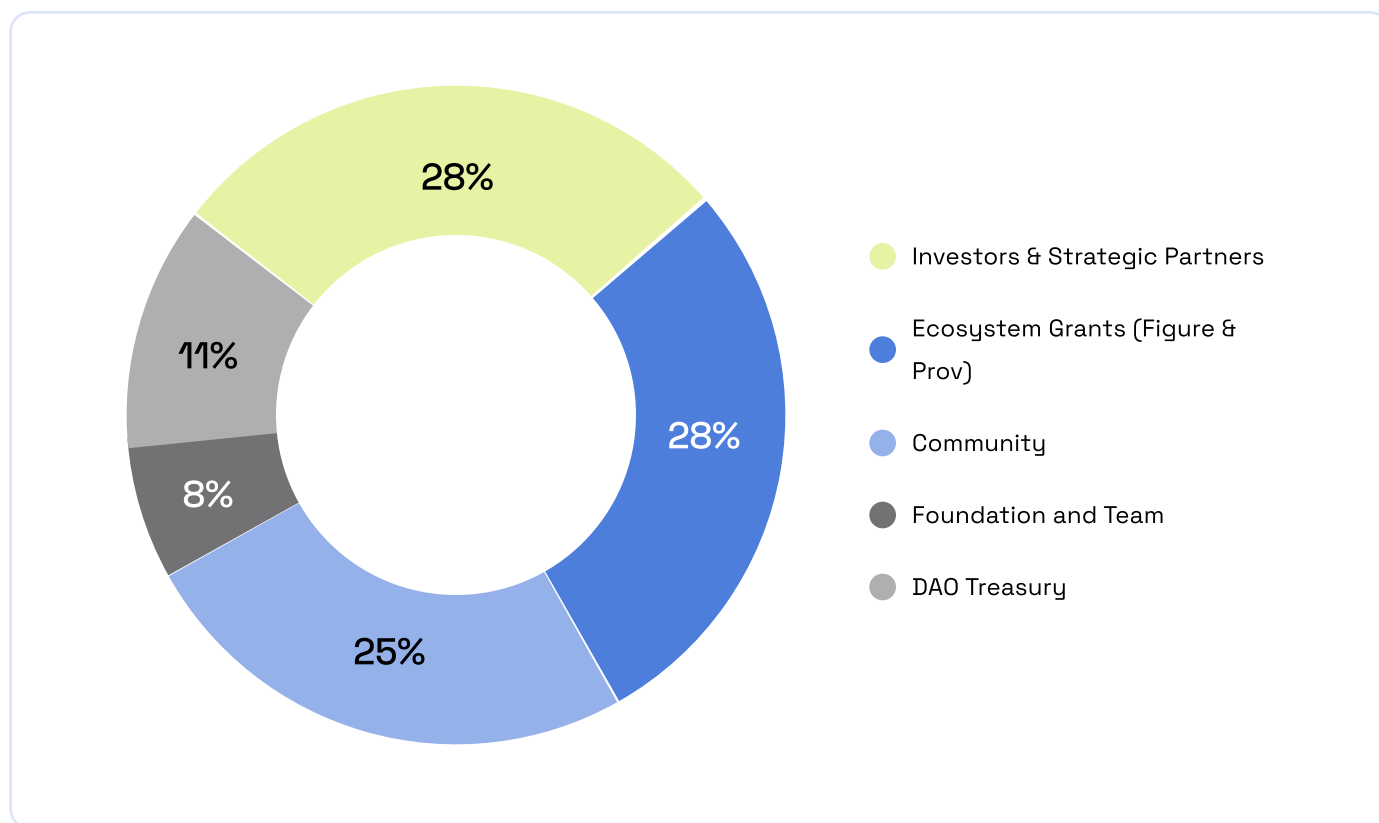
At Genesis, 100B HASH tokens were minted. These were allocated to investors and builders via grants, with the majority held by Figure.

We are implementing several changes to previous token grants to make HASH governance decentralized with a highly participatory community. Ultimately, we believe these changes will lead to a much healthier price action and long term HASH ecosystem.

First, Figure will be funding the Foundation with 40% of its 61%, which increases the Foundations overall HASH holdings to ~44% to be utilized for growth efforts; this redistribution will also ensure healthy liquidity in the market.

Second, the Provenance Foundation will look to conduct a reverse-split at a future date, reducing to a **1B total supply**. While the total supply would be reduced, holders will maintain their same proportional ownership, as each holder's tokens will be consolidated at the same ratio as the overall supply reduction.

The new HASH token distribution will be reflected across the following buckets accordingly:



- **Ecosystem grants:** Grants given to key builders and partners critical to the Provenance Ecosystem (i.e. Figure, Prov Labs)
- **Community:** For community programming, developer initiatives, education, content grants, rewards, and airdrops
 - Milestone Rewards: 2%
 - Performance Rewards: 15%
 - Community content & developer initiatives: 8%
- **Foundation & team:** For founding team members, future team members, advisors, and contractors
- **DAO Treasury:** For finance and operations of the foundation, reserve, capital raise, and listings
- **Investors & strategic partners:** Tokens initially allocated to investors and partners critical to the foundation

Managing the HASH supply ecosystem

This year (2025), Provenance Blockchain aims to expand HASH availability and liquidity significantly by increasing market listings. We expect the FDV to be between \$1.4 - 1.8B, based on recent market price over the last 3 months.

To manage a healthy circulating supply, Provenance Blockchain will be implementing three mechanisms to manage the circulation of HASH:

- 1. Rewards:** Performance & Milestone Airdrops
- 2. Inflation:** Inflation rate is inversely related to the total supply staked
- 3. Burn:** HASH is permanently removed HASH from the total supply via the HASH Market

Performance & Milestone-Based Airdrops

To incentivize community engagement and ecosystem participation, HASH tokens will be distributed through a structured release mechanism to ensure sustainable growth.

Participants in the HASH ecosystem are eligible to receive a portion of milestone-based unlocks. These begin at a maximum rate and decrease each time a new milestone is met.

The release schedule is designed to correlate with key adoption metrics such as chain usage and Total Value Locked (TVL). Release milestones align with network growth and market readiness, ensuring the chain's value supports the additional supply.

There are two primary token release categories:

Milestone Airdrops: Direct token transfers to network participants as a reward for blockchain milestones achieved, e.g. a percentage increase in total assets on Provenance Blockchain, or for rewarding interactions with the blockchain.

Performance Airdrops: Fixed quarterly sums of HASH available for direct transfer to network participants based on overall usage of the network and contribution to the ecosystem.

These tokens are distributed without settlement fees, with the Provenance Foundation covering the network transfer costs. All relative distributions of airdrops will be determined by the HASH Rank Program (outlined on page 21).

For milestone-based rewards, there will be a fixed cap of 2% of the token supply available to airdrop. Every time a milestone is achieved by the blockchain, this airdrop will be distributed across all holders of HASH. These begin at a maximum rate and decrease each time a new milestone is met.

The decay function is defined as:

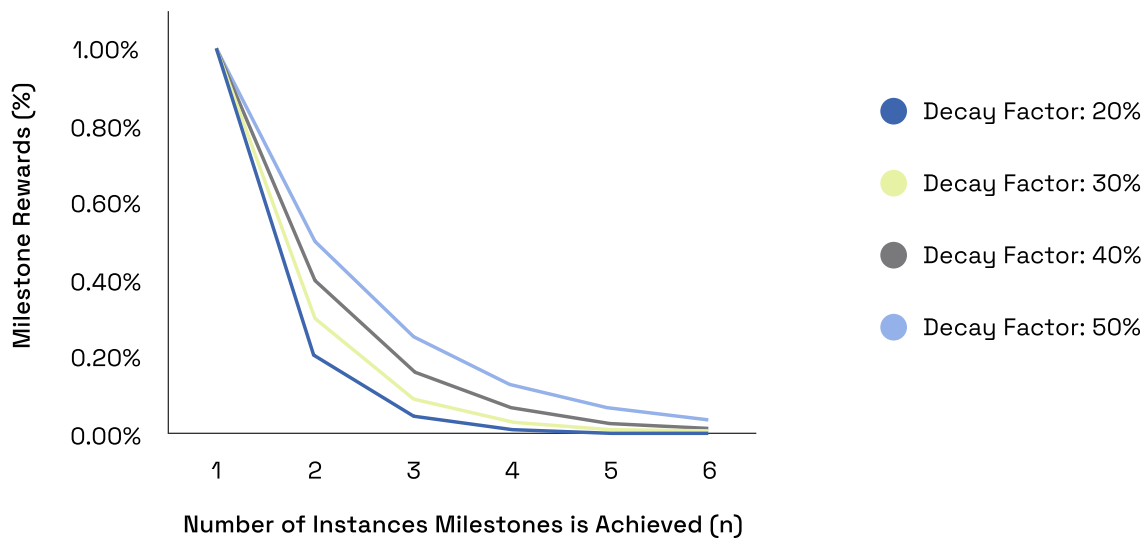
$$s * r^{(n-1)}$$

s = Starting reward

r = Decay Factor

n = Number of Instances Milestone is Achieved

This approach not only rewards early adopters, incentivizes community-driven network growth, and helps maintain stability in the total circulating supply. Below is a chart that illustrates the decay function, with examples of key milestones that will be rewarded, with an example of rewarded milestones:



Category	Starting Reward (s)	Milestone	Decay Factor (r)
Total assets	1%	10%	50%
Total amount of fees auctioned	1%	20%	20%
Total amount of receivables	1%	10%	50%
Total amount of settlement volume	1%	20%	20%
Total number of asset originators	1%	30%	50%

For performance-based rewards, there will be a fixed cap of 15% of the token supply available to airdrop to participants. These will be released on a quarterly basis, with quarterly allocations divided between retail and institutional categories.

In the month leading up to the beginning of the quarter, announcements will be made on the rewards pool available to be airdropped to participants by the end of the quarter.

HASH Rank Program

The points accumulated through HASH Rank determine the proportional distribution of both performance-based HASH rewards and milestone rewards among participants.

Below are examples of actions that can be rewarded:

Core Network Participation (Available to all HASH holders):

- **Validator Staking:** Contributing to network security by staking HASH with validators
- **Governance Participation:** Voting on proposals and participating in protocol governance decisions

Institutional Engagement (Designed for financial services entities):

- **Loan Registration:** Recording loan documentation and ownership on Provenance blockchain
- **Exchange Settlements:** Participating in asset exchange and settlement processes
- **Loan Funding:** Providing capital for loans originated within the ecosystem

Retail Participation (via Figure Markets):

- **P2P Transfers:** Sending YLDS to other users
- **First Deposit/Trade:** Making initial deposit into Figure Markets platform and executing first trading activity
- **REIT Purchases:** Initial investment in real estate investment trust products
- **Cryptocurrency-Backed Loans:** Taking out a CBL (Crypto-Backed Loan)
- **HELOC Funding:** Successfully receiving Home Equity Line of Credit funding

The activities outlined above represent examples of actions that can be rewarded within the HASH rewards program. These activities will evolve and change on a regular basis to align with ecosystem development and strategic priorities.

Comprehensive details and the official timeline of the program will be announced formally via the Foundation.

Staking & inflation

Hash utilizes a dynamic inflation mechanism that adjusts between 1% and 52.5%, depending on the percentage of tokens staked. The formula for inflation is as follows:

$$\text{Inflation} = \text{inflation rate} * \text{hash staked}$$

When 60% of the total supply is staked, inflation is minimized to 1%, aligning token issuance with network security and long-term sustainability.

Staking mechanics

- **No direct staking rewards:** The primary benefit of staking is avoiding dilution due to inflation.
 - However, staking applies a multiplier to milestone-based airdrop earnings, increasing the relative allocation for stakers compared to non-stakers.
- **Inflation rate dynamically adjusts** based on the percentage of liquid supply staked:
 - 60% staked → 1% inflation
 - 0% staked → 52.5% inflation
- **Minimum effective staking period:** While there is no minimum effective staking period, there is a 21 day delay from unstaking due to the unbonding period.

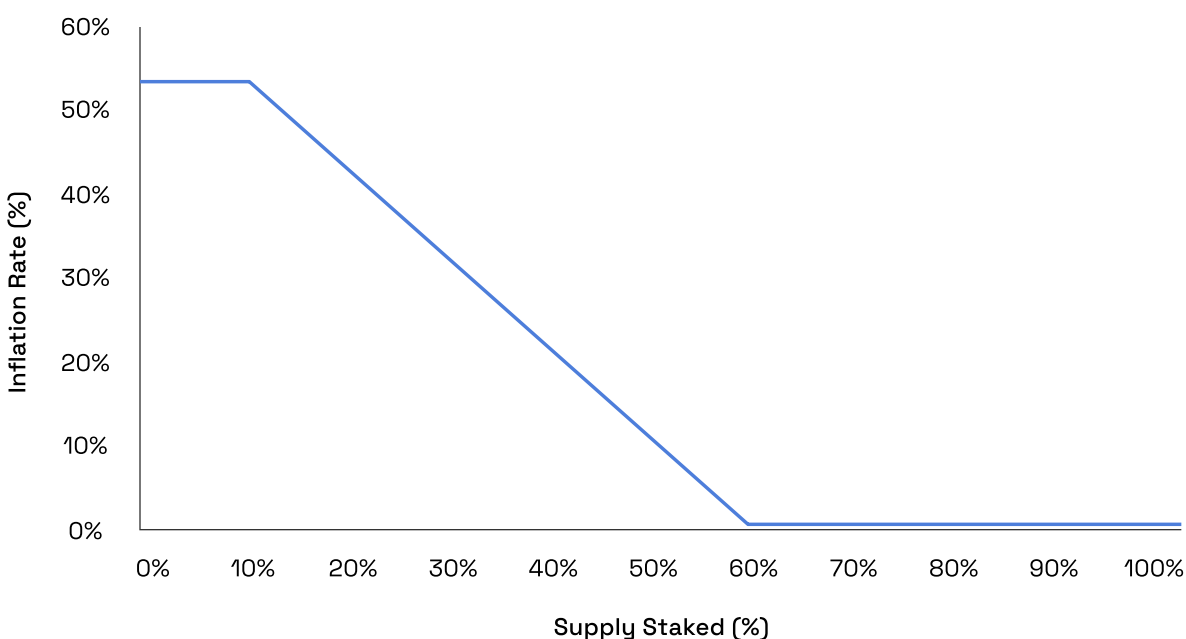
For example :

- Say only 40% of the token is staked - the inflation rate would be ~21%. Those that stake, will receive a 5% increase in tokens; this incentivizes users that aren't staking to participate in staking to benefit from inflation.
- As users continue to stake and the proportion of tokens staked increases, the inflation rate continues to drop. Once 60% of the token is staked, the inflation rate drops to 1%

Lower staking percentages lead to higher inflation, incentivizing more token lock-up.

Impact on circulating supply

By dynamically adjusting inflation, this model encourages long-term staking without penalizing liquidity. As more tokens are staked, the circulating supply grows at a slower rate, helping stabilize the network while aligning incentives between validators, stakers, and the broader ecosystem. Additionally, because milestone-based airdrop earnings are multiplied for stakers, staking provides both protection against dilution and an opportunity to increase overall token rewards.



Introducing: HASH Market

HASH Market is a decentralized auction platform for acquiring HASH tokens and various assets, including USDC, USD, and other settlement-generated assets—all without intermediaries like Figure, Figure Markets, or the Provenance Blockchain Foundation.

Participants can:

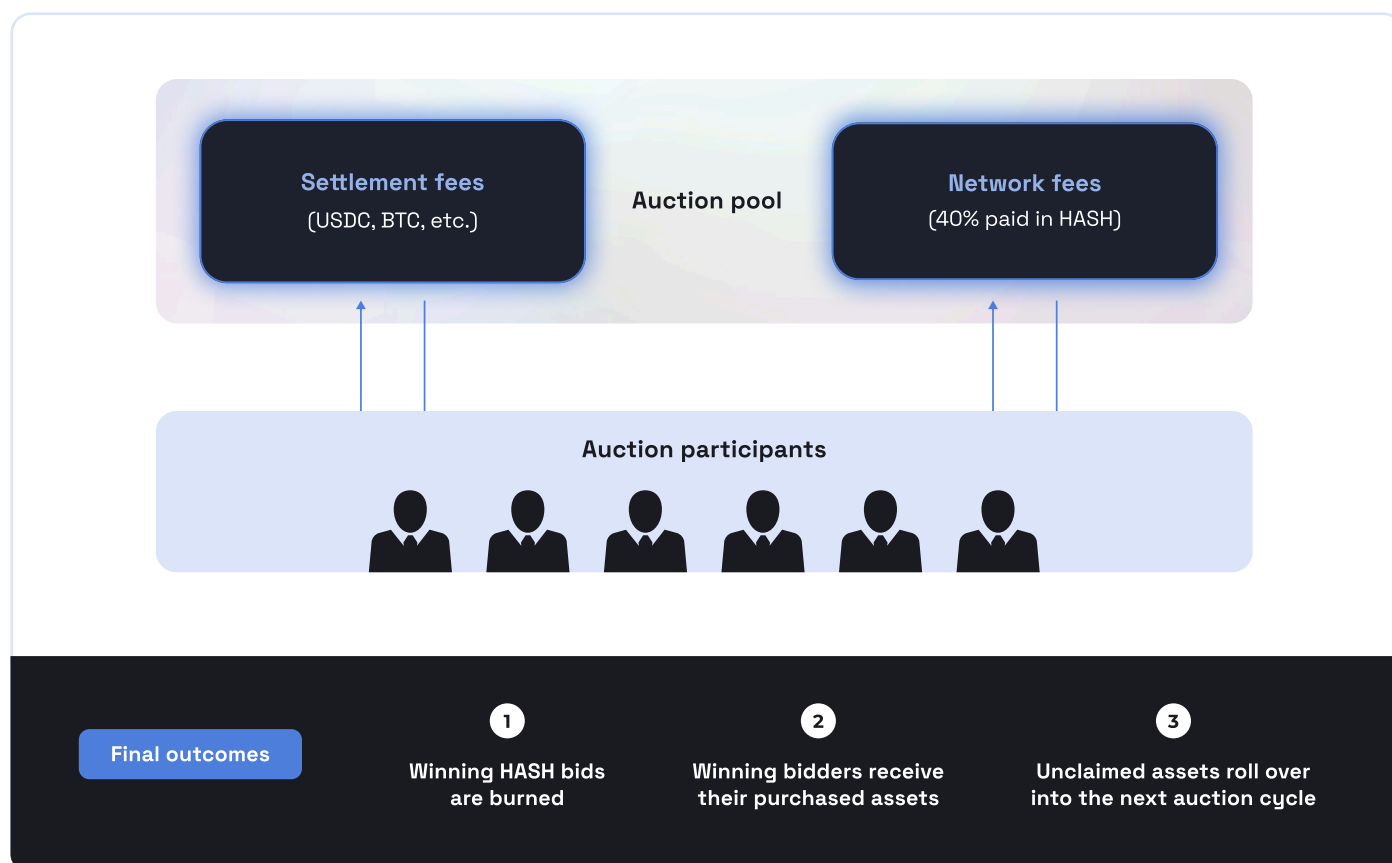
- Bid with USDC and other accepted currencies to acquire more HASH.
- Use HASH to bid on assets, increasing HASH's utility and scarcity.
- By combining token distribution with asset acquisition, HASH Market enhances liquidity, supports competitive price discovery, and reinforces HASH's long-term value.

How tokens flow into the auction

Assets in HASH Market come from two sources:

- 1. Network Fees:** 40% of network fees collected in HASH are auctioned in the next cycle.
- 2. Settlement Fees:** Collected in the quote currency of a trade and auctioned for HASH.
 - Example: In a BTC/USDC trade, the settlement fee is collected in USDC and then auctioned, allowing HASH holders to bid for it.

This mechanism increases HASH demand, creates revenue opportunities for holders, and permanently reduces supply through token burns, driving scarcity and long-term value.



Bidding process

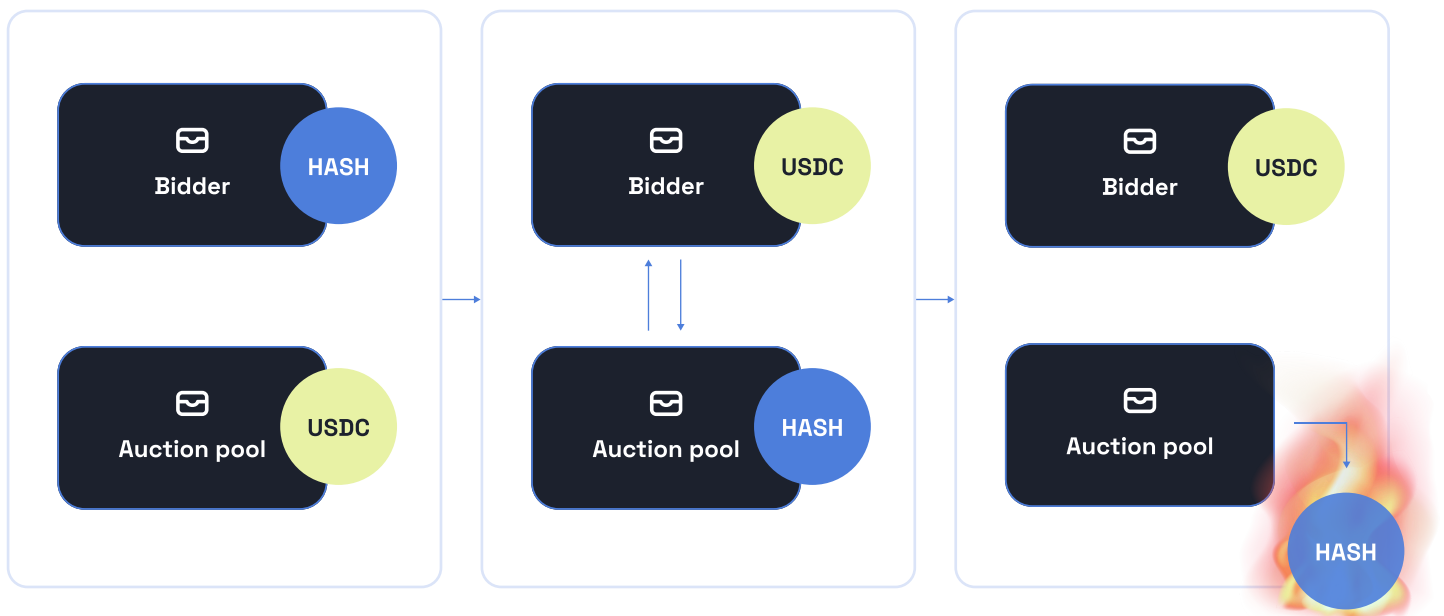
HASH Market will operate as a **variable-close open auction, ensuring fair market pricing:**

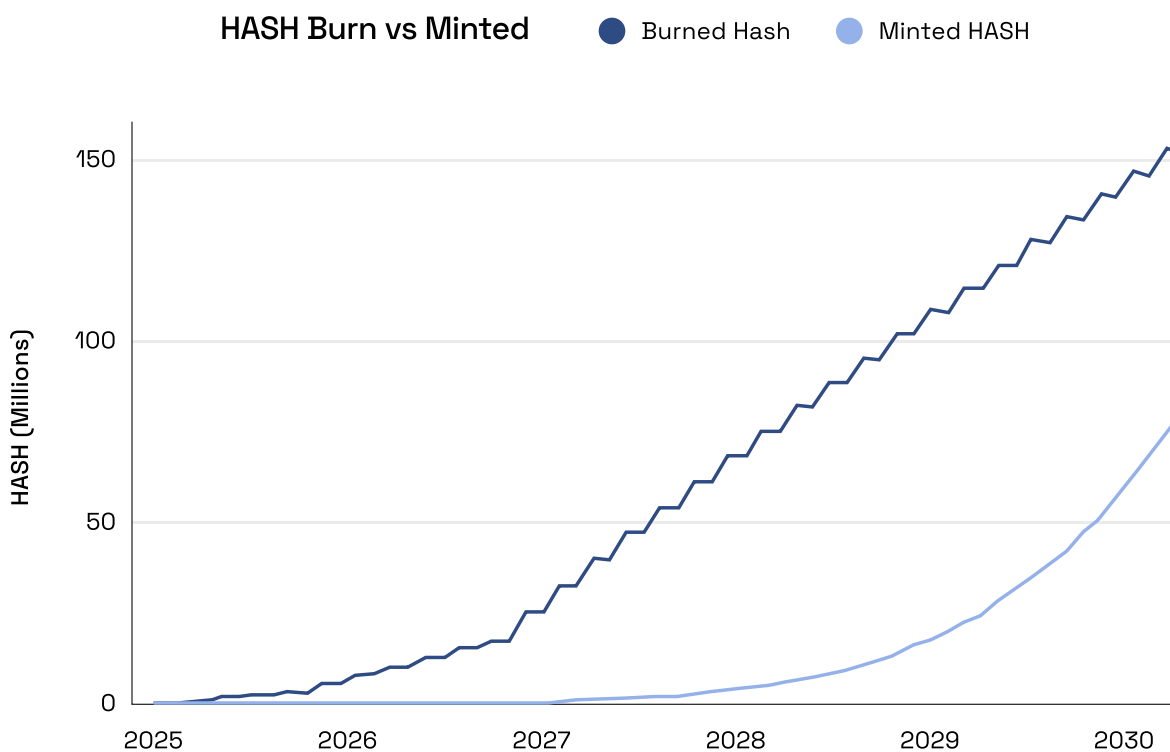
- Participants place bids on available assets, visible in a public offers table.
- At a randomized closing time, the highest bids are filled first.
- HASH is the exclusive token for bidding on non-HASH assets, and all winning HASH bids are burned immediately after settlement.

For example :

If 10,000 USDC is being auctioned:

- Buyer 1 bids 80,000 HASH for 8,000 USDC (0.11 USDC / HASH).
- Buyer 2 bids 27,272 HASH for 3,000 USDC (0.10 USDC / HASH).
- The system fills the highest bid first, then partially fills the next until all assets are allocated. 8,000 USDC is filled at (0.11 USDC / HASH) and 2,000 USDC is filled at (0.10 USDC / HASH); and 97,272 HASH is burned





Why HASH Market matters

- **Drives HASH scarcity:** Winning bids are burned, permanently removing HASH from the total supply.
- **Boosts ecosystem liquidity:** Converts settlement fees into a tradable market.
- **Strengthens HASH utility:** Makes HASH the exclusive asset for acquiring settlement fees.
- **Ensures fair price discovery:** Market-driven bidding determines asset values.

HASH Market is the mechanism that permanently removes HASH from circulation, reinforcing long-term demand, value, and institutional-grade liquidity.

LOOKING FORWARD

Summary

We at Provenance believe that the core changes outlined in this paper today will set up a comprehensive framework and guardrails to ensure a sustainable, long term future for both Provenance Blockchain and HASH:

- **Updated fee mechanisms:** With the introduction of flat fees versus gas fees, validators will be properly compensated for their services, asset creators will have stable and builders will pay commensurate to their usage. These changes will bring about a fair, sustainable, and stable blockchain ecosystem
- **New technological upgrades:** By establishing an interoperable protocol, Provenance will become a market leader in innovation and providing accessibility to new investment vehicles, as well as increase the accessibility of HASH within the global web3 ecosystem.
- **Changes to supply and allocations:** By reducing Figure's overall supply and redistributing the allocation back to the Foundation, Provenance will take significant steps towards decentralization, and the foundation will have the resources needed to bring HASH to the global market.
- **Upgraded levers to manage HASH circulation:** With the implementation of rewards, staking, inflation, and the new HASH Market auction mechanism, Provenance will be able to ensure active participation and liquidity of the HASH token.

These coordinated changes reflect our deep understanding of both traditional financial systems and decentralized economies, creating an infrastructure where stakeholders can confidently participate in a mature ecosystem built for longevity rather than short-term gains. As the blockchain industry continues to evolve, Provenance stands ready not merely to adapt but to lead—offering a resilient foundation upon which the next generation of financial services can be built with conviction and purpose.



**Provenance
Blockchain**

