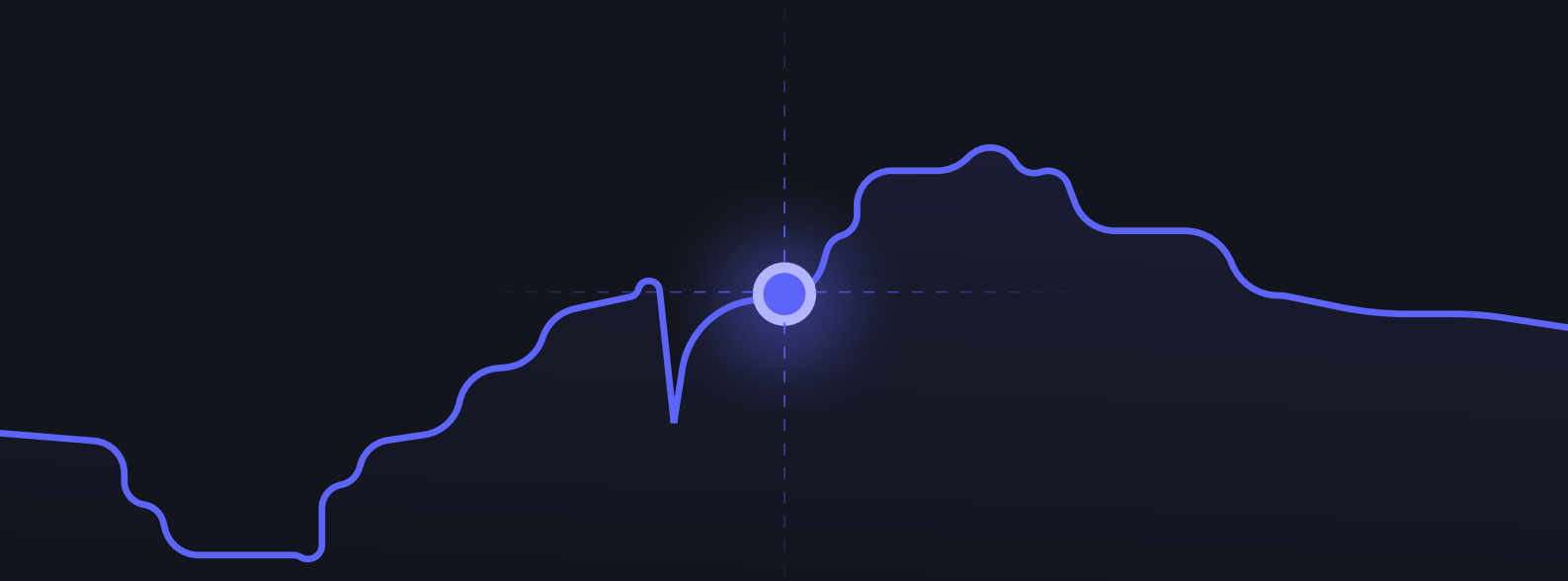
09.23.2025 v1.1

Tokenomics

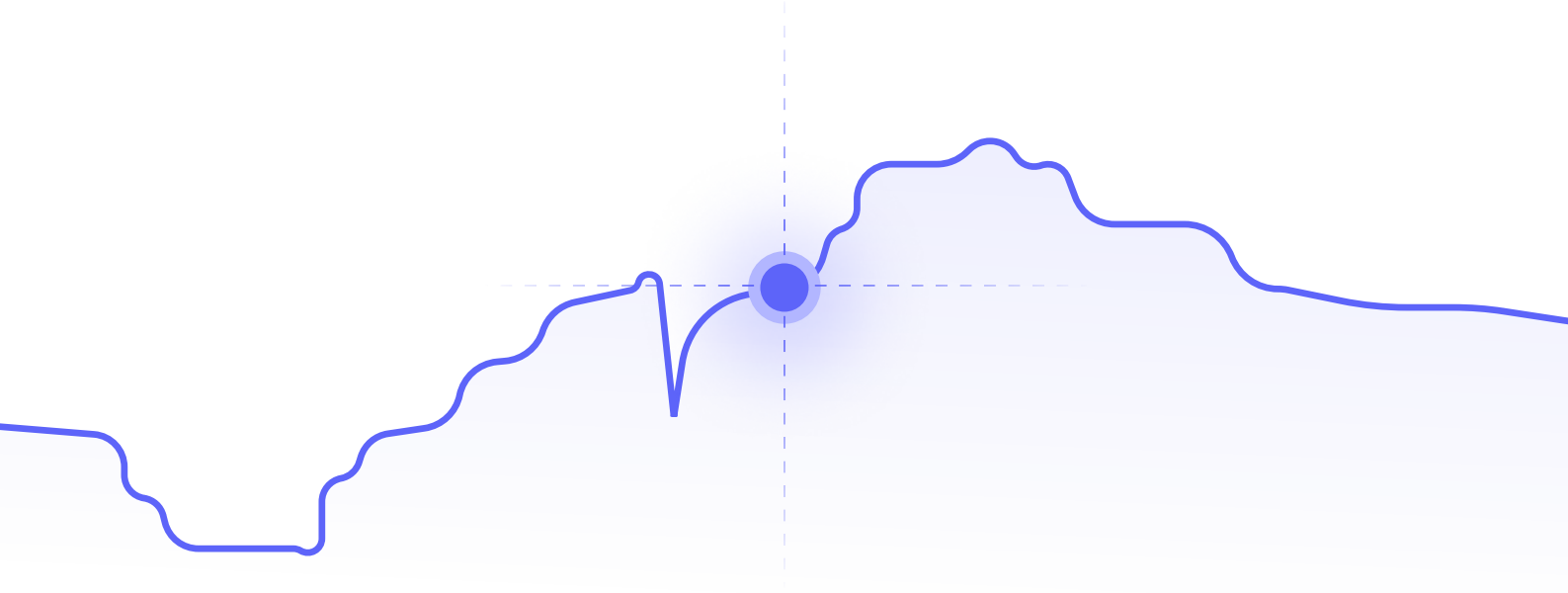


Rails

Overview

The Rails Token is the coordination layer of the Rails ecosystem — powering rewards, prop trading access, and institutional participation. With a fixed supply of 100,000,000 tokens, the design balances:

- **User incentives** to grow adoption and trading activity.
- **Direct utility** for traders and Rails Prop participants.
- **Deflationary mechanics** tied to platform growth and vault profitability.
- **Community governance** to shape future markets and features.



Rails

Token Supply & Allocation

Category	Tokens	Supply
User Rewards	40,000,000	40.0%
Investors + Team	30,000,000	30.0%
Token Sale	15,245,000	15.25%
Foundation	14,755,000	14.76%

Founder & Team Vesting: Of the 30,000,000 tokens allocated to Investors + Team, **18,591,837 tokens** are allocated to founders and key team members. These tokens are subject to a **2-year vesting schedule** with a **6-month cliff** (no tokens released until 6 months after Token listing). After the cliff, tokens vest **monthly on a linear basis** until fully vested at 24 months.

Token Sale: The 15,245,000 tokens were sold in a single, private sale to fund **liquidity providers on Rails, market maker programs, and growth/marketing campaigns** to scale the platform.

Rails

Distribution Schedule for Users (40M Pool)

Rails is distributing 40,000,000 user tokens to reward early adopters, incentivize participation, and support long-term platform growth.

Early User Rewards (10M Total)

- **Launch Summer Campaign (4.6M):** 4,600,000 tokens distributed to participants in the summer campaign.
- **Rails Play (750K):** 750,000 tokens awarded to top performers in Rails Play, rewarding skill and consistency.
- **Pre Token Launch Campaigns (4.65M):** 4,650,000 tokens allocated to October–November competitions leading up to token launch.

The distribution of tokens to early users and community members is designed to align long-term incentives, support sustainable liquidity, and minimize short-term sell pressure.

Rails

Distribution Schedule for Users (40M Pool)

These 10,000,000 tokens are subject to a dynamic vesting framework:

- **Initial Unlock:** 25% of tokens are unlocked at the token launch.
- **Baseline Vesting:** Remaining tokens follow a 12-month linear vesting schedule.
- **Activity-Adjusted Vesting:** Users actively trading on the platform can accelerate vesting based on their trading volume.
- **Market Cap Contingent Unlock:** Any remaining locked tokens from this 10M pool will **fully unlock** if the fully diluted market capitalization of the token **reaches and maintains USD 1 billion for a continuous 7 day period.**

Post Token Launch

- **Yearly Emissions (30M):** 10,000,000 tokens distributed annually over three years, tied to trading activity, liquidity provision, and ecosystem participation.

Rails

Core Utilities of the Rails Token

Trading Fee Discounts

- Token holders **and stakers** receive **tiered trading fee reductions** on Rails Pro.
- Larger token holdings — or staked amounts — unlock progressively lower fees, rewarding long-term participants and active traders.

Rails Prop Integration

Releasing Q4, 2025

- **Save on Costs:** Evaluations purchased with Rails Tokens are **cheaper** than those paid with stables — immediate savings for traders.
- **Boost Your Rewards:** Traders who pass evaluations paid in Rails Tokens receive **enhanced payouts or bonuses,** giving them more upside for the same effort.
- **Deflationary Burn:** A portion of every token-based purchase is **permanently burned,** reducing circulating supply and making the token more scarce.

Rails

Core Utilities of the Rails Token

Institutional-Grade Vault Participation

Rails will introduce institutional-grade vaults that **connect platform success to token scarcity** through a deflationary mechanism:

- **Performance Fee Burns:** A fixed percentage of vault performance fees are used to **market-buy and burn Rails Tokens**, steadily reducing supply as vault adoption and profitability grow.
- **Excess Insurance Burns:** When insurance pools hold **capital above required coverage levels,** Rails allocates a higher percentage of performance fees to buy-and-burn — rewarding token holders even more when the system is overcapitalized and risk reserves are abundant.

Rails

Core Utilities of the Rails Token

Governance Utility

Token holders can participate in governance to help shape the Rails ecosystem:

- **Vote on New Market Listings:** Decide which perpetual markets are launched next.
- **Feature Prioritization:** Signal demand for new product features.
- **Incentive Allocation:** Help direct Rails' reward emissions to the markets that matter most.
  - Each quarter, a portion of the token rewards budget is set aside for community-driven allocation.
  - Token holders vote (weighted by their holdings) on which markets or products should receive additional rewards.
  - Markets with more votes get proportionally higher emissions, attracting liquidity and trading activity where the community wants to grow volume.

This governance model ensures Rails' incentives are **transparent, user-aligned, and adaptive** — turning token holders into active participants in Rails' growth strategy rather than passive observers.

Rails

Planned Deflationary Supply

- **Quarterly Buy & Burn:** 10% of Rails trading fees will be used to buy and burn tokens, on a quarterly basis, until 50% of total supply is burnt.
- **No Lock-Ups for Users:** Emissions are fully liquid; price discovery is organic and market-driven.
- **Deflationary Flywheel:** Prop usage, vault performance, and trading activity all drive token demand and supply reduction.

Conclusion

The Rails Token is designed for **long-term sustainability** and **clear ecosystem alignment** between traders, token holders, and institutional participants:

- **For Traders:** Lower trading costs and potential bonus payouts.
- **For Institutions:** A system that aligns vault growth with token value creation, increasing buy-and-burn activity as vaults become overcapitalized.
- **For the Community:** A chance to shape Rails' roadmap — from the markets that launch to the features and incentives that get prioritized.