



Tgrade

Decentralized Finance In A Self-Sovereign Regulated
Environment

Proof of Engagement

What's wrong with Proof of Stake?

We see a concentration of power and centralisation.

When we introduce delegators we reduce the blockchain security.

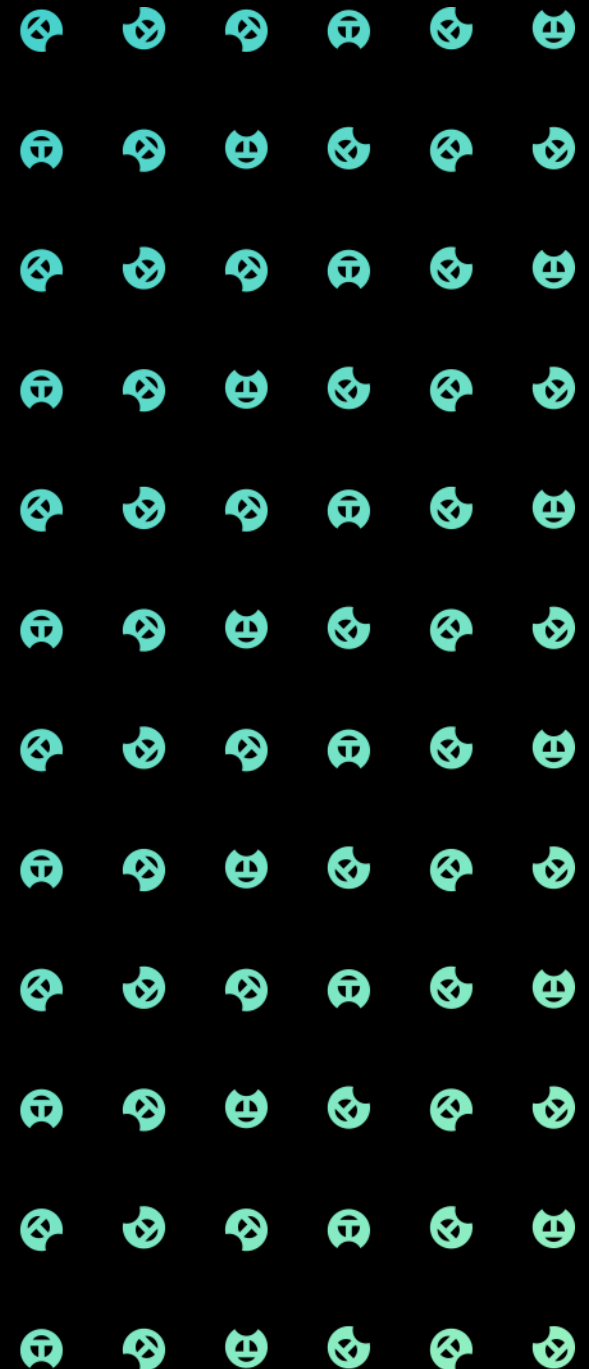
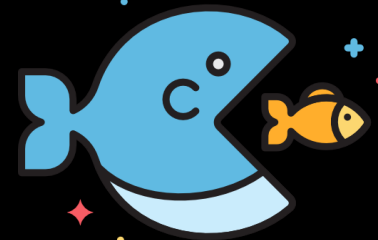
Incentives to cooperate



Decentralize Cosmos
@cosmosdecentral

At block height 5200791
24 validators control 2/3 of the stake
7 validators control 1/3 of the stake

8:01 am · 18 Feb 2021 · decentral-bot



Proof of Engagement

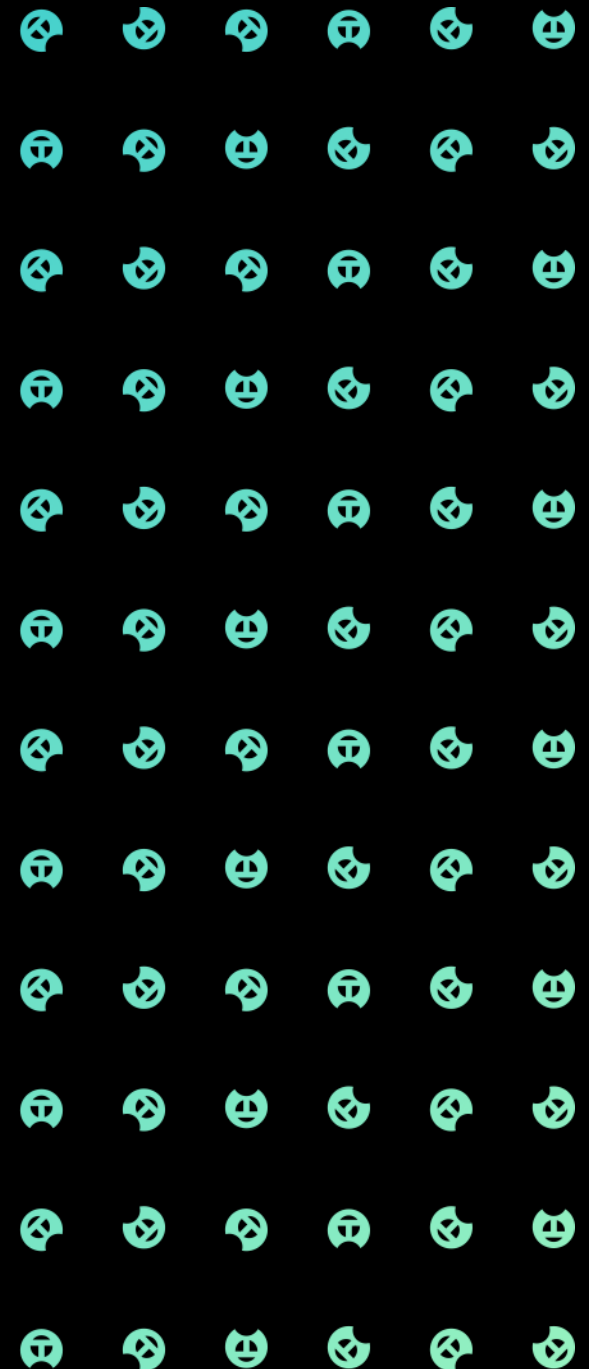
Collaboration

Align incentives to include the whole community makes a stronger chain.

Decentralisation achieved through economic design

Parity between validators: engagement + stake = large stake + no engagement

Blogger, forum hero, tool builder, dApp business, validator, committee member all have skin in the game.



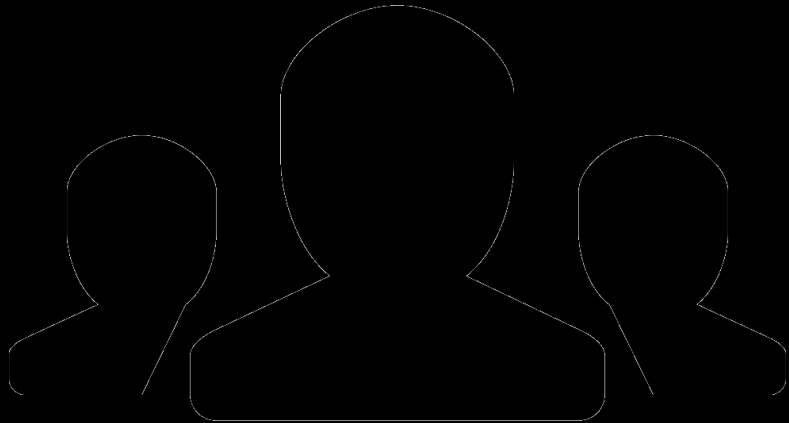
Proof of Engagement

Engagement Rewards

We know what engagement looks like

The decision is subjective and done by people off-chain with on-chain governance.

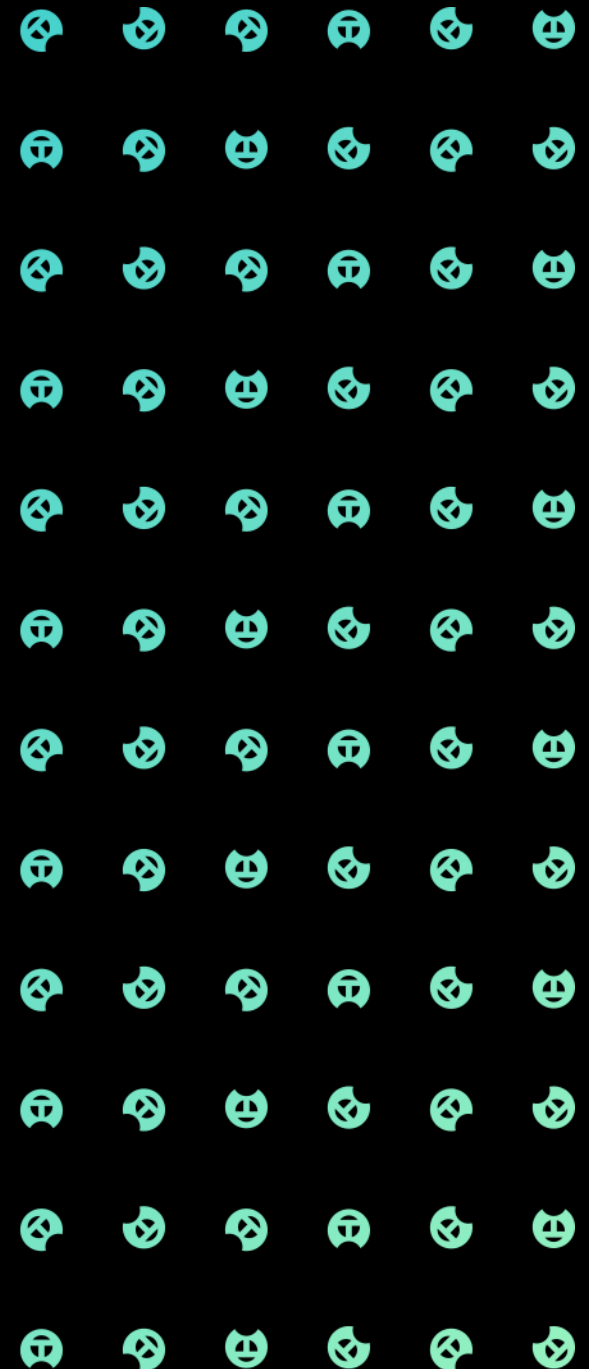
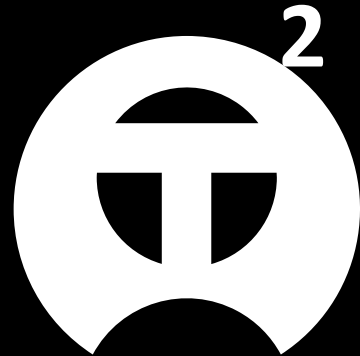
Oversight Community – self sovereign group.



Proof of Engagement

Engagement Rewards

How do we incentivise people to keep being engaged?



Proof of Engagement

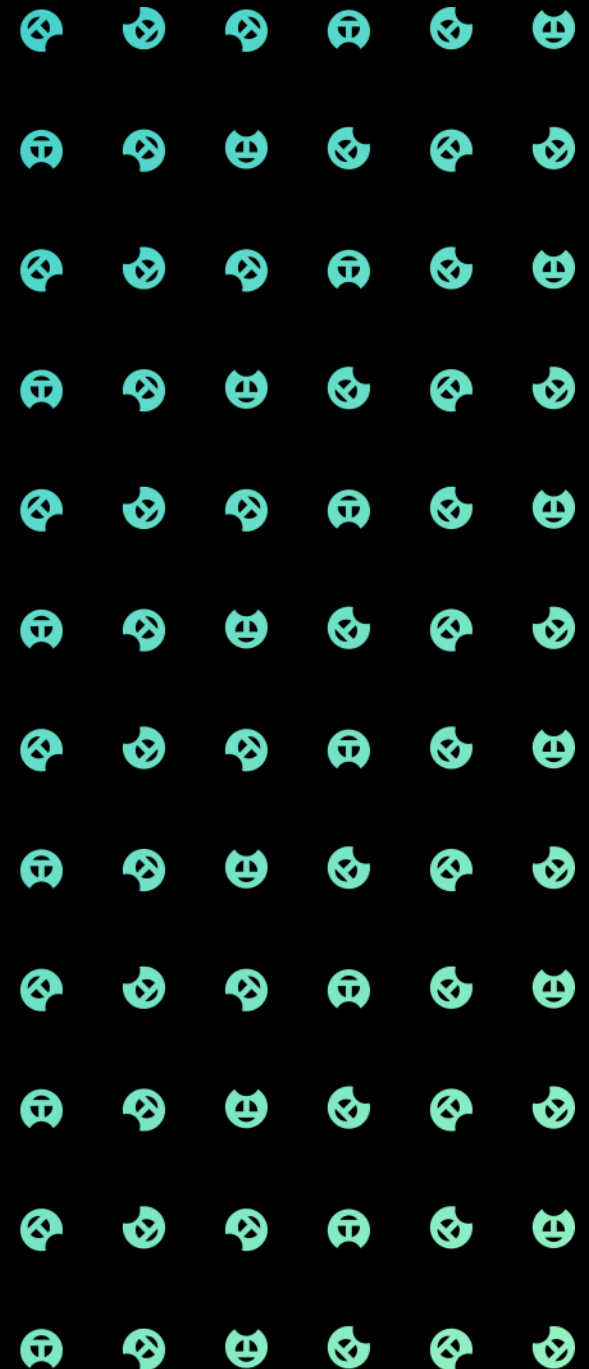
Engagement Rewards

Reward pool is made up of all the commission and transaction fees

Distributed based on a combination of rewards and stake

A cap on rewards to disincentives whales.

$$r_{max} * \left(\frac{2}{1 + e^{-s * engage_i * stake_i}} - 1 \right)$$



Proof of Engagement

Constitution

Constitutions in blockchains are like teenage sex

A fully written constitution. Contains Community Oversight, Circuit Breaker, and Arbiter Pool.

Definition of roles, responsibilities and rewards.

Processes in place to keep the constitution aligned with the needs of Tgrade.



Tgrade

Further reading:

<https://github.com/confio/ProofOfEngagement>



<https://medium.com/confio/the-curious-case-of-vitamin-b-bootstrapping-and-the-concentration-of-power-ffdebfc34ebc>



<https://medium.com/confio/delegators-or-no-delegators-which-path-does-tgrade-follow-63a0a3543d18>



<https://medium.com/confio/proof-of-engagement-95a1a6a024f8>