ECHELON PRIME FOUNDATION

BULLETIN 22.02 - Sink Update
January 16, 2023

1) PRIME Sink Schedules
PRIME sinks are developed by Echelon game partners to provide additional in-game and out-of-game utility for PRIME. The majority of PRIME used in sinks replenishes the gameplay pool.

Original PRIME Sink Schedule - Jan 25, 2022
65% Gameplay Pool
5% Gaming Partner
2% Echelon
3% Cached Prime Drives
10% PRIME Staking
15% Cached Prime Sets

The 10% for PRIME staking was removed in the Echelon Whitepaper Addendum. It is now split between the gameplay pool (+8%) and Echelon (+2%). Increasing the gameplay pool percentage supports emission sustainability. Increasing the Echelon percentage aids in the development and maintenance of the ecosystem. Unless otherwise stated, when PRIME is used, it will be distributed according to the following sink schedule.

Revised PRIME Sink Schedule - Jan 10, 2023
73% Gameplay Pool **(+8%)**
5% Gaming Partner
4% Echelon **(+2%)**
3% Cached Prime Drives
15% Cached Prime Sets

Data modeling revealed that the gameplay pool percentage should increase to preserve the sustainability of the ecosystem as it scales. When initial caching pools are depleted (July 2023), a linear 36-month taper will occur (refer to below chart). If the gameplay pool balance increases for a sustained period, Echelon may revisit this taper. After 36 months, the sink schedule will be the following.
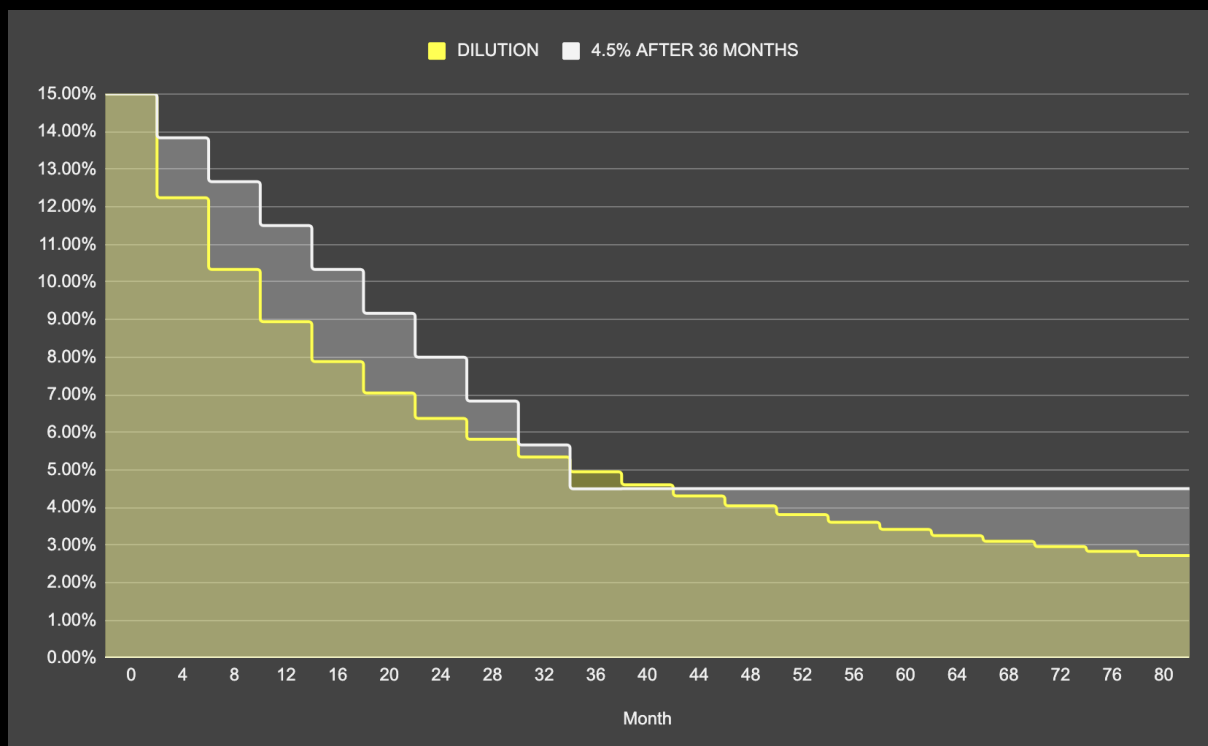
Future PRIME Sink Schedule
83.5% Gameplay Pool **(+10.5%)**
5% Gaming Partner
4% Echelon
4.5% Cached Prime Sets **(-10.5%)**
3% Cached Prime Drives

Following a second round of community feedback, Prime Sets will settle at 4.5%, up from 3% in V2. If the Gameplay Pool is at risk, this number will be revisited. Players who earn PRIME actively from gameplay are more likely to utilize it for in-game benefits. Rewarding active players promotes a high velocity of PRIME, increases throughput in sinks, and improves ecosystem health.

2) Parasets released after Parallel Base Set are not Prime Sets
To balance the Prime Set taper, future Parasets (following the Parallel Base Set) will not be Prime Sets, meaning they cannot be cached.

There would have been roughly 84 new Prime Sets in 4 years: 7 sets per expansion, 3 expansions per year. Due to the removal of dilution through future Sets, Parallel TCG base set Prime Sets have a larger claim to the pool then they would have without these changes. However, new games entering the ecosystem may be allowed to introduce their own Prime Sets pending community approval. Echelon will also announce details on Bonds and Card Lending which provide further utility.

3) Lineage PRIME Sink

Lineage is a process by which Echelon gaming partners scale NFT assets to a growing playerbase. To meet demand, players are empowered to replicate and distribute their game assets. Parallel Studios will be the first to implement this system with Parallel TCG and allow replication of NFTs with PRIME. This PRIME sink will follow the below distribution.

69% to Sink Schedule
20% to Game Studio
10% to Echo Buyback Pool
1% to Masterpiece Holders

Game partner studios will capture a portion of PRIME used in Lineage to enable long-term sustainability. In the first implementation of the Lineage system, Parallel Studios will capture 20%. 10% of PRIME will be used for an 'Echo buyback pool' as a buyer for replicated cards. It ensures that Echoes remain liquid regardless of market conditions.

4) Artigraph PRIME Sink

Artigraph is the first PRIME sink and allows collectors to exchange a card they own for an exclusive signed copy. 'Artigraphing' a card does not affect its rewards from Prime Events. Signed and unsigned versions of the same card will receive the same rewards at Prime Event 5. This PRIME Sink will follow the below distribution.

89% to Sink Schedule
11% to Card Artists

5) Ardent Prime Reward Program

Ardent Prime is meant to be a non-gameable reward system that recognizes a faithful collector base and complements Prime Events and Caching. Community feedback suggested that increasing from two to three tiers is a good compromise between exclusivity and inclusion. The following framework hopes to provide sufficient recognition of ardent collectors while including a broad group of early community members. Please note the names for each tier are subject to change.

100 Ardent Prime, First Order
- Edition of 500 Cardback SE
- 'Ardent Prime First Order' In-Game Title
- Parallel Closed Beta Access Key
- Limited-Edition Ardent Prime First Order Paragon Skin
- Priority Access for Future Echelon Game Partner Playtesting

400 Ardent Prime, Second Order
- Edition of 500 Cardback SE
- 'Ardent Prime Second Order' In-Game Title
- Parallel Closed Beta Access Key
- Limited-Edition Ardent Prime Second Order Paragon Skin

2000 Ardent Prime, Third Order
- Edition of 2,000 Cardback FE
- 'Ardent Prime Third Order' In-Game Title
- Parallel Closed Beta Access Key

The Ardent Prime list will be announced following Prime Event 5.

6) Changes to EADA Rewards
i.
The Core
There is a limited number of matches in which a player can win PRIME per day. This number will be set at the average amount of games played per day, plus one. Accounts holding a Core are eligible for one extra PRIME win per day. This replaces the keyframe modifier rake, shifting the incentive from passive holding to active playing. The net effect on overall PRIME earnings is higher.

7) Amendments to the Charter
i.

Original – Charter section 4.3.3 Continuity and Term Length
Prior to the end of each term, EPs can select up to four current EPs to continue for a second term. This mechanism provides continuity to the Emissary Prime Council. However, all EPs must be elected via community vote at least once every two years. Thus, an EP serving their second term as a result of an EP vote must be re-elected by the community to serve a third term. An Emissary Prime will serve a maximum of 11 consecutive terms.

Amendment – Charter section 4.3.3 Continuity and Term Length
Echelon can select some EPs to continue for the next term in an internal election. However, the majority of EPs must always be elected by the community in a general election. The maximum number of EPs that can be internally elected is four. An EP cannot be internally elected two years in a row. Internally elected EPs are in charge of running the general election each year. EPs can serve a maximum of 11 consecutive terms.

Community feedback suggested that Echelon run at least one election to gather data before making changes to the election framework as of Charter section 4.3.3 and Bulletin 22.01. The above language change is to clarify that continuing EPs can only make up a minority of the council and are capped at four if the council size is eleven or higher. Once the general election for term two has happened and data has been collected, Echelon may revisit this framework.

ii.

Original - Charter section 4.4.1 Trading Rules
EPs must hold to an ethical standard wherein they do not trade using asymmetrical information and influence on the market. EPs are not expected to withdraw from participating in the market entirely during their terms. However, they must always adhere to the following rules.

1. No trading with insider information. EPs may not trade on material, non-public information at any time. Once information is disclosed (or deemed non-material) EPs may act on it along with any other members of the community.

2. No trading during blackout periods. A Blackout Period can be called by an EP at any time. With the support of two other EPs (rule of three) a trading halt is validated and implemented. Blackout Period proposals must include specific assets halted and the length of the halt.

Amendment - Charter section 4.4.1 Trading Rules
In order to increase transparency and continue to be a leader in decentralized governance Emissaries Prime (EPs) will agree to the following guidelines.

EPs shall not be allowed to trade on any material non-public information (MNPI). MNPI generally means information that:

1. has not been shared via Echelon Bulletin, Echelon Discord, Echelon Twitter, or any other official Echelon communications channel **AND**
2. a reasonable community member might consider it to be of importance in making any decisions around the sale or acquisition of the PRIME token or EADAs.

No trading during blackout periods. A Blackout Period can be called by an EP at any time. With the support of two other EPs (rule of three) a trading halt is validated and implemented. Blackout Period proposals must include specific assets halted and the length of the halt.

EPs shall provide the Ethereum wallet addresses of all wallets that contain the PRIME token if an EP is either the sole proprietor of the wallet, or the majority (greater than 50%) owner of the company or organization that owns the wallet.

Should a previously undisclosed wallet suddenly meet the criteria set forth in section 3, the EP shall publicly disclose the new wallet address within 72 hours. Additionally, any previously undisclosed wallet address is not permitted to sell PRIME tokens until the address ownership becomes public record.

EPs **will not** be required to disclose the sale of any amount of PRIME tokens traded on chain since the wallet addresses of EPs will be public record.

EPs **will** be required to disclose off-chain sale of PRIME tokens. Since off-chain trades are opaque by nature EPs will be required to disclose any sale of any amount of PRIME done this way within 24 hours of the transaction being completed. Disclosure will include:

1. EP who initiated the trade
2. Wallet address the PRIME tokens were sold from
3. Cost in USD
4. Timestamp of tx

Failure to adhere to these guidelines by EPs may result in a suspension or permanent removal from the Echelon Prime Foundation.

The previous trading rules for EPs only covered Echelon-approved digital assets. With the upcoming PRIME unlock, the trading section has been updated to include rules around trading PRIME.

iii.

Original - Charter section 4.4.5 Interim EPs
If an EP is impeached, resigns, or becomes otherwise incapacitated, all future salary is forfeited and a community election for an interim EP is initiated immediately. This election follows the framework outlined in section 4.3. Interim EPs remain until the end of the original term of the former EP.

Amendment - Charter section 4.4.5 Interim EPs
If an EP is impeached, resigns, or becomes otherwise incapacitated, all future compensation is forfeited. A community election for an interim EP may be initiated, provided the removal does not occur within 6 months of a future general election. This election follows the framework outlined in section 4.3. Interim EPs remain until the end of the original term of the former EP.

This rule change provides the option for Echelon to call an election to select a replacement EP instead of making it a requirement - particularly if an EP leaves their role close to a general election.