

Algorand Foundation Transparency Report October 2020

Period: February 11, 2020, to September 30, 2020

The Algorand Foundation is committed to providing full transparency into our Algo holdings and their changes over time. This report covers approximately a 6-month period, compared to shorter duration of previous reports. Going forward, the Foundation will publish the transparency report biannually to ensure reporting consistency and ease of period to period comparison.

The period covered in this report saw profound changes in the world economy and society, and the corresponding behavioural changes of the cryptocurrency market and community. During this period the Algo recovered from the Black Thursday slump that hit all world markets after the beginning of the Covid 19 pandemic. In April, the Algorand Foundation launched a large scale ecosystem grant program to enable and accelerate the buildout of the infrastructure and applications on the Algorand blockchain. Since spring, the market has experienced a growth faster than ever, fueled by innovation in the Decentralized Finance space, creating an exciting momentum within the broader blockchain ecosystem.

We outline below our Algo holding and their changes during this reporting period as well as a forward looking view about future Algo dynamics. Previous reports can be found [here](#) and the wallet addresses managed by the Foundation can be found [here](#).

Details of tokens entered into circulation by the Foundation

During the reporting period, **549.1M** Algos have entered circulation through the following channels:

1. Rewards, Staking and Vesting: 416.1M Algos

- **Participation Rewards: 124.7M*** Algos were distributed to all Algo holders as participation rewards per the schedule outlined on the [Algo Dynamics](#) page.
- **200M Staking Program:** A total of **100.0M** Algos were distributed to participants of the 200M Staking Program the Foundation launched in August 2019. See distribution details Period 1 and Period 2.

- **Relay Node Runner Vesting:** A total of **191.4M**** Algos were vested to the Relay Node Runners during the reporting period.

** The rewards are calculated from Feb 5, 2020 as that was the last date included in the last transparency report.*

*** Vesting is calculated from Feb 8, 2020 as that was the last date included in the last transparency report.*

2. Token Sales through Structured Selling: 69.4M Algos

During the reporting period, the Foundation has distributed 69.4M Algos via the structured selling program it has implemented since December 2019. The plan is executed through approved 3rd parties, with the same consistent guidelines*** stated in the Foundation's previous [reports](#).

Algos are distributed to the market by the Foundation to fund its operations, build the ecosystem and community, support research and development, and increase token circulation and decentralization. We will discuss in the Ecosystem Development [Progress Report](#) how sales proceeds and algos have been used in achieving these objectives.

3. Core Protocol Research & Development and Ecosystem Grants: 58M Algos

The Algorand Foundation made a payment of 50.2M Algos to the Algorand Inc. for its 2019 protocol R&D efforts post the mainnet launch. The most significant development is the launch of Algorand 2.0 where innovative layer-1 Algorand Standard Asset (ASA), Atomic Transfer and Smart Contract features were introduced. Also included in the payment is the ecosystem development efforts outsourced to the Algorand Inc., including use case development, developer engagement and strategic partnerships.

During the reporting period, the Foundation also distributed 7.8M Algos to developers and companies as part of its AlgoGrant program (including the Development Awards). Please note **this amount represents only a small fraction of the total grant awarded as the Foundation paid the majority of the grant in US dollars from the token sales proceeds.**

4. Others: 5.6M Algos

A total of 0.2M Algos were used as compensation for members of the Foundation's board of directors and advisors. A total of 5.4M Algos were used to build global awareness and promote the Algorand network through the Ambassador program and community and market partners.

*** *Algorand Foundation Structured Selling Guidelines:*

- *The seller only makes offers above market price, and doesn't sell into bids.*
 - *Daily sales remain materially below a fixed amount set based on medium term volumes, and with the constraint of remaining below 5% of estimated real market volume on any given day.*
 - *Automatic halting of sales if the secondary market goes below a fixed threshold set based on medium term market conditions, and with the constraint of stopping selling anyway if there is a 10% price drops within 24hrs*
-

Directions for future Token Dynamics

Participation Rewards

The Foundation plans to increase the amount of participation rewards in line with the growth of the circulating supply and in response to community feedback and market conditions for the remainder of the year and into 2021. Foundation will further review how to incentivize behavior and activities that benefit the Algorand ecosystem, with minimum impact on market supply.

For the next periods, the participation rewards have been set to the following:

Period	Starting Round Number	Approximate Dates	Projected Rewards (ALGOs)
19	9,000,000	Sept 12th, 2020 - Oct 6th, 2020	13,000,000
20	9,500,000	Oct 7th, 2020 - Nov 1st, 2020	18,150,000

21	10,000,000	Nov 2nd, 2020 - Nov 26th, 2020	18,450,000
22	10,500,000	Nov 27th, 2020 - Dec 22nd, 2020	18,700,000
23	11,000,000	Dec 23rd, 2020 - Jan 16th, 2021	18,950,000

Relay Node Runner Vesting

In 2021, the baseline vesting for Relay Node Runners is 8%, or 200M Algos, according to [EIP-11252019AF](#). The Relay Node rewards will only exceed this amount under conditions of appreciation of Algo price, leading to the 30 day moving average of the Algo price reaching new historical highs. We believe this algorithm under the EIP represents a powerful incentive for an appropriate behaviour of node runners.

Token Sales

We remain committed to selling no more than 150M Algos for the calendar year of 2020. Going into 2021, we expect to distribute up to 170M Algos into the circulating supply in anticipation of an accelerated momentum in ecosystem development. The process of ongoing Algo distribution is overseen by the Algorand Foundation's Economic Advisory Committee that holds the overall responsibility for establishing the economic guidelines for the protocol.

A Multi-Year Decentralization Plan

The Foundation is committed to building a more inclusive, organic ecosystem with broad community participation, while maintaining the security of the protocol over time.

As committed when launching the Algo Grant program, the Foundation will, in early 2021, introduce the first phase of a Community Fund, where our community can vote on which grant proposals receive funding and priority. This will kick start the decentralization of decision-making towards community members, further enabling an open and transparent environment for grant applicants to participate in the rapidly growing Algorand ecosystem.

The Foundation is also in the process of allocating long-term commitments to new community-run research, education and incubation programs in collaboration with leading institutions to support the development of the ecosystem and participation in consensus. Details of these large scale programs will be shared with the community in the coming months.