S Token

The S token will be the native token for Sonic. It has multiple roles within the Sonic network:

- Paying for transaction fees
- Staking to participate in securing the chain (min. 1 $S)
- Running a validator to secure the chain (min. 50,000 $S)
- Participating in governance

Additionally, the S token will be used with the upcoming Gateway to Ethereum, with more details to be announced soon.

Upon the launch of the new Sonic chain, FTM holders will be able to exchange 1 $FTM for 1 $S. We also expect you'll be able to purchase S directly from decentralized exchanges (DEXs) on Sonic or key centralized exchanges (CEXs) in the near future.

Learn more below.

Validator Rewards

To help secure the Sonic network by providing computing resources and staking a certain amount of $S, you can earn block rewards as well as transaction fees paid by users on Sonic.

Block Rewards

The target reward rate for validators is 3.5% when 50% of the network is staked. The network mints tokens each epoch to distribute to validators to achieve this. This target rate is maintained proportionally, so if all $S tokens are staked, validators and stakers will earn 1.75% annually. Conversely, if only 25% of $S tokens are staked, they will earn 7% annually.

Network Fees

Network fees are generated when users pay gas to interact with the network. Validators earn a percentage of these fees, which are distributed equally among all staked S tokens. For a detailed breakdown of how much a validator earns from gas fees, see here.

Tokenomics

At genesis, a supply of 3,175,000,000 $S will correspond to the total supply of 3,175,000,000 $FTM, which can be converted to S at a 1:1 ratio via our Gateway.

As decided by multiple governance proposals, the following additions will gradually be implemented into the tokenomics of the $S token:

Airdrop

An additional 6% of the 3.175 billion $S will be minted six months after Sonic launches. These tokens will be exclusively used for programs within the airdrop, rewarding both Opera and Sonic users and builders.

Ongoing Funding

Six months after Sonic launches, we will mint additional S tokens to:

- Increase S adoption and global presence
- Grow the team and scale operations to drive increased adoption
- Implement robust marketing initiatives and DeFi onboarding campaigns
- Launch the Sonic Spark and Sonic University programs to advance the future of Sonic technology adoption and innovation

To fund this program, an additional 1.5% of $S (47,625,000 tokens) will be minted annually for six years, starting six months after the mainnet launch.

However, to guard against inflation, we'll burn newly minted tokens not used during the year, ensuring that 100% of all newly minted tokens from this initiative are allocated toward network growth rather than being held by the treasury for later use.

For example, if we use only 5,000,000 tokens in the first year, the Sonic Foundation will burn the remaining 42,625,000 tokens.

Validator Rewards

We're migrating validator rewards from Opera to Sonic. While Opera validators were initially set to receive rewards for several more years, we're now reducing their block rewards as validators and stakers shift to Sonic. These funds will instead be used as rewards for Sonic validators, while the Sonic Foundation will maintain Opera validators for the foreseeable future.

Sonic's target annual percentage yield (APR) has been set at 3.5%. To sustain this rate without causing inflation during the first four years, we are reallocating the remaining FTM block rewards from Opera to Sonic for validator and staker rewards, which are already included in the initial supply of 3.175 billion $S tokens.

Consequently, Opera's APR will drop to zero upon Sonic's launch. Additionally, no new tokens will be minted to ensure validator security until the fourth year of Sonic's deployment, preserving value for all $FTM and $S token holders and eliminating the need for new inflationary rewards at Sonic's inception.

Furthermore, we're changing our staking model to a simplified, hard period of 14 days without a variable APR rate, which allows us to unlock hundreds of millions in liquidity through liquid staking derivatives.

Gas Monetization

Sonic's 3.5% target block reward rate ensures that the chain can continue to support its applications. By locking in this reward rate for validators, the network can increase its token burn for transaction fees and provide higher fees for builders in the Gas Monetization program:

- **Transactions on non-GasM apps**: 50% of the transaction fee will be burned, and the remaining amount will be tipped to validators.
- **Transactions on GasM apps**: Up to 90% of the transaction fee will be allocated to an exclusive number of apps, and the remaining amount will be tipped to validators.

Fee Breakdown

Type	Opera	Sonic (Non-GasM TX)	Sonic (GasM TX)
Burn	5%	50%	0%
Validator Reward	70%	45%	10%
Ecosystem Vault	10%	5%	0%
Gas Monetization	15%	0%	90%
Total	100%	100%	100%

Ecosystem Vault

The Ecosystem Vault was initially launched to fuel the community ecosystem by sharing a percentage of total gas fees used with select apps in the community.

To extend this program to the Sonic chain, we'll revise the program to allocate quarterly disbursements from the Ecosystem Vault to the Sonic Community Council (SCC), an independently operated collective of ecosystem members who actively contribute to elevating the Sonic community via user-based programs, assisting with developer onboarding, and app support.

The amount will be decided at the discretion of the Sonic Foundation and reflect the SCC's previous quarter performance.