

Token



DRV: The Foundation of Derive

Derive is a composable ecosystem of derivatives powered by the DRV token. This blog explains the governance mechanisms, staking incentives, and utility features designed to foster sustainable growth and engagement.

Token Overview

- **Ticker:** DRV
- **Total Supply:** 1,000,000,000
- **Migration Ratio:** 1:1 for LYRA/stkLYRA holders
- **Chain:** Ethereum Mainnet and Derive L2

No new tokens will be minted.

Utility

1. Staking for Governance (stDRV)

- Stake DRV into **stDRV** to participate in governance.
- **Staking Features:**
 - 28-day unlock period or instant unlock with a 20% penalty.
 - Non-transferrable to secure governance integrity.
 - Voting power can be delegated.

Staking Rewards:

- Earn weekly rewards funded by DAO emissions.
- 6 months post-TGE, emissions decrease and transition to buyback-funded rewards.

2. Governance Framework

Governance will operate entirely on Derive L2, offering:

- **Proposal Creation Wizard:** Streamlined tools for drafting proposals.
- **Delegation Flexibility:** Re-delegation and partial delegation for institutional participants.
- **Low-Cost Voting:** Leveraging Derive L2 for minimal fees.

3. Protocol Usage Incentives

DRV incentivizes trading, liquidity provision, and ecosystem engagement:

- **Weekly Emission Pool:** Up to 2,500,000 DRV allocated for trading and liquidity programs.
- **Unused Rewards:** Returned to the DAO treasury.

4. Sustainable Buybacks

- 25% of protocol revenue funds weekly DRV buybacks.
- Ensures long-term demand and treasury growth.

Emissions Schedule

- **Initial Weekly Rewards:** Up to 1,150,000 DRV for staking.
- **Post-6 Months:** Drops to a maximum of 600,000 DRV and transitions to buyback funding.

At a Glance

Feature	Details
Total Supply	1,000,000,000 (fixed)
Migration Ratio	1:1 from LYRA/stkLYRA
Staking Token	stDRV (non-transferrable, 28-day unlock, or 20% instant unlock penalty)
Governance	Delegated voting, proposal wizard, low-cost transactions on Derive L2
Staking Rewards	Weekly emissions transitioning to buyback funding after 6 months
Protocol Incentives	Up to 2,500,000 DRV weekly for trading and liquidity programs
Revenue Buybacks	25% of protocol revenue allocated for DRV buybacks
Pre-Stake Bonus	2.5% boost for users committing DRV during the pre-launch window

DRV combines robust governance, staking incentives, and sustainable emissions to fuel growth. This tokenomics framework prioritizes decentralization, security, and long-term alignment for tokenholders and ecosystem participants.

Summary of Derive Token

Core Components

- **Derive Chain:** An Ethereum rollup leveraging the OP Stack for high performance and security.
- **Derive Protocol:** A generalised risk engine supporting advanced portfolio margining.
- **Derive Exchange:** A self-custodial, high-performance exchange built for both GUI and API users.

Governance Evolution

- Fully autonomous governance where staked tokenholders manage the DAO and protocol parameters.
- Enables direct token holder control, ensuring decentralization and transparency.

Sustainability Model

- DAO earns revenue through protocol fees, rollup fees, and liquidation fees.
- Fees support the ecosystem and provide funding for staking rewards and buybacks.

Adoption Strategy

- Incentive structures attract traders, liquidity providers, and integrators to the platform.
- Flexible rewards and growth experiments align stakeholder interests with long-term protocol success.

Stay tuned for further updates from Derive in 2025.