

Forum Session: Value Accrual Flywheel

Summary

October 8, 2025

The session focused on the “**Value Accrual Flywheel**,” the 3rd section of the MultiversX economic model, highlighting the new fee structure, builder incentives, validator rewards, and long-term alignment between ecosystem participants. Below is a structured overview of all key interventions, questions, and responses.

Opening Context

Format and Purpose:

- An open session designed to collect actionable feedback on the proposed fee and revenue distribution mechanisms

Topics Presented:

- Introduction to the Value Accrual Flywheel and its connection to ecosystem growth
 - New fee model with 90% of revenue directed to builders and 10% to burning
 - Dynamic fee split over eight years, trending toward a 50/50 balance
 - Introduction of direct priority fees for validators, establishing an additional income stream independent of staking rewards
 - Discussion of market-based transaction pricing and the protocol reinvestment strategy
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Interventions & Responses

Changes to the Fee Model

Feedback:

- Requests for clarification on the new 90/10 revenue split and its impact on builders, validators, and network security.

Response:

- The new system replaces the previous 30% smart-contract-based share, extending builder rewards to the full fee structure while ensuring sustainable validator incentives through priority fees.

Dynamic Fee Split and Revenue Distribution

Feedback:

- Interest in how the dynamic fee split will evolve and whether governance can modify it.

Response:

- A gradual 5% annual shift from builders to burn is planned, achieving a 50/50 balance in eight years. Adjustments can be made through governance votes based on network KPIs. The model rewards applications that generate real usage and revenue, enabling developers to subsidize user transactions.

Validator Incentives and Block Space Optimization

Feedback:

- Questions about the practical impact of priority fees on validator income and transaction throughput.

Response:

- Priority fees go directly to validators, providing an incentive beyond staking. This creates a feedback loop where increased app activity drives validator revenue, strengthening network performance and sustainability.

Priority Fees and Sharding Architecture

Feedback:

- Concerns about the necessity of priority fees at current usage levels and how they will interact with sharding.

Response:

- Priority fees are a forward-looking mechanism for high-demand conditions. The sharded architecture provides horizontal scalability, mitigating the risk of excessive fee spikes seen in single-shard models.

Builder Fees and Composable Contracts

Feedback:

- Clarification requested on how fees are distributed across multiple interacting contracts.

Response:

- The virtual machine calculates gas usage per contract, ensuring each contract owner receives their fair portion of the total builder allocation.

Proposal for Dynamic Builder Rewards

Feedback:

- Suggestion to make builder rewards adaptive, starting from a 50/50 split that scales based on individual builder performance. Concerns raised about potential disincentives for onboarding new Web2-style use cases.

Response:

- The proposal's goal is to promote meaningful, economically valuable activity, not trivial onchain data. A 1–2 year runway provides sufficient time for builders to validate use cases before governance review.

Network Effects and Long-Term Alignment

Feedback:

- Observation that network effects often begin with small-scale activity and grow exponentially.

Response:

- The system is designed for iterative evolution rather than constant change, with measured updates informed by data and audits to ensure long-term stability.

Priority Fees and User Experience

Feedback:

- Concerns that validators might fill blocks to maximize priority fee income, increasing costs for builders sponsoring user transactions.

Response:

- Such behavior would be economically unfeasible and self-defeating, as it would result in substantial daily burns for little gain. Safeguards like KPIs and caps on subsidized fees will be implemented.

Market-Based Mechanisms and Adaptability

Feedback:

- Requests for clarity on market-driven transaction pricing and network scalability.

Response:

- A filled block space is a sign of healthy demand. The network's architecture enables scaling through sharding and fiber connectivity. Competition and open markets are preferred over enforced DAO-controlled mechanisms for innovation and flexibility.

Mempool Functionality and Transaction Prioritization

Feedback:

- Interest in how transactions are prioritized and priced dynamically.

Response:

- Mempool functionality allows temporary storage and prioritization based on gas price. Transactions with higher urgency can compete for faster inclusion, enabling a dynamic and efficient market for block space.
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Smart Contract Ownership and Relayed Transactions

Feedback:

- Questions about how builder rewards apply to projects that relay transactions for users.

Response:

- The model will account for layered usage patterns, allowing relayed transactions from verified project addresses to be recognized as legitimate activity for reward distribution.
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Transaction Logic Review

Feedback:

- Requests to regularly re-evaluate transaction types eligible for subsidies.

Response:

- Applications will undergo periodic reviews to ensure that sponsored actions contribute real computational value and align with network goals.
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Market Mechanisms and State Size

Feedback:

- Concerns about long-term storage costs and infrastructure strain from state size.

Response:

- Market mechanisms for transaction pricing are key to balancing demand and capacity. The protocol integrates historical lessons from open markets to optimize resource allocation.
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Protocol Reinvestment Strategy

Feedback:

- Clarifications sought regarding non-native asset buybacks and reinvestment.

Response:

- Open contracts will execute buybacks from exchanges and restake proceeds into EGLD, ensuring value cycles back into the network economy.
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Implementation of Feedback and Future Direction

Feedback:

- General support for the model's adaptability and interest in how updates will be integrated.

Response:

- Adjustments will be implemented efficiently without overcomplicating protocol design. The Supernova upgrade provides the infrastructure for expansion, allowing the system to adapt dynamically as new categories of users and apps emerge.
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Summary of Key Suggestions

- Introduce adaptive builder rewards tied to real usage metrics
 - Ensure fair distribution of fees across composable contracts
 - Monitor validator incentives to prevent gaming of priority fees
 - Periodically re-evaluate subsidized transaction categories
 - Maintain transparency in buyback and reinvestment mechanisms
 - Use market-based gas pricing to balance demand and resource limits
 - Keep governance modular and data-driven for future refinements
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General Points Expressed

- Strong support for the Value Accrual Flywheel concept
- Agreement that market mechanisms encourage sustainable growth
- Consensus on maintaining clear validator incentives and transparent fee structures
- Positive sentiment toward adaptive, data-backed evolution of the model