REPUTATION

Reputation, Tokenized.

White Paper · Version 1.0 · March 2026

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Abstract

Reputation presents a novel economic primitive: the tokenization of individual and institutional credibility on public blockchain infrastructure. By deploying reputation as a tradeable asset on a bonding curve, Reputation creates a market-priced signal of trustworthiness, skill, and social capital — one that is transparent, permissionless, and economically consequential. This paper describes the protocol design, economic mechanics, and broader implications of a reputation-based economy, beginning with our launch on the Terra Classic blockchain as a deliberate acknowledgment of the power of community resilience, with a planned expansion to Bitcoin SV.

1. Introduction

Reputation is one of the oldest and most powerful economic forces in human history. Long before credit scores, ratings systems, or verified profiles, societies allocated trust, trade, and opportunity based on reputation. A merchant's word was his bond. A craftsman's reputation preceded his goods. A leader's standing determined the loyalty of those who followed.

Yet in the digital economy, reputation remains curiously unmonetized. Professionals build audiences, creators cultivate communities, experts accumulate credibility — and none of it is directly tradeable. There is no market for trust. There is no mechanism by which early believers in a person's trajectory can participate in the financial upside of being right about them.

Reputation changes this. We have built the first platform on which reputation itself becomes a tradeable asset — launched with price discovery, governed by market mechanics, and settled on a public blockchain.

The implications extend far beyond a single product. A reputation-based economy — one in which trustworthiness, credibility, and social capital carry explicit market prices — has the potential to restructure how value is created, allocated, and rewarded across every domain of human activity.

2. The Problem: Reputation Has No Market

2.1 Credibility Is Unpriced

In every professional and social domain, reputation is the primary determinant of opportunity. Employers hire based on it. Clients choose vendors based on it. Investors back founders based on it. Communities rally around leaders based on it. Yet reputation has no market price. It exists as a qualitative signal — real and powerful, but not directly tradeable.

This creates a fundamental inefficiency. Early believers in a person's trajectory — those who recognized their value before the market did — have no mechanism to capture financial returns from being correct. The friend who believed in a founder before their company existed, the community member who championed a creator before they found fame, the colleague who vouched for a professional before their breakthrough — all carry the social risk of their endorsement with none of the economic upside.

2.2 Trust Has No On-Chain Primitive

Despite the proliferation of blockchain-based financial primitives — fungible tokens, NFTs, DeFi protocols, prediction markets — no on-chain primitive exists for reputation itself. Existing

solutions treat reputation as a metadata layer on top of financial activity, not as a primary economic object.

The result is a gap in the decentralised economy: no mechanism by which the market can price the most important signal in human economic coordination — whether a given person or institution is trustworthy, capable, and worth backing.

2.3 Community Conviction Has No Expression

When a community believes in someone, they express it with words. Comments, endorsements, social media posts, word of mouth. These expressions are powerful but ephemeral. They cannot be aggregated, priced, or transferred. There is no way to convert collective conviction into a durable economic signal.

Reputation creates this mechanism. Every token purchase is a public, economically-weighted vote of confidence. Every holder is a stakeholder in the trajectory of the person or institution whose reputation they have backed.

3. The Solution: The Reputation Protocol

3.1 Core Concept

Reputation is a bonding-curve launchpad for reputation tokens. Any individual, creator, institution, or community can deploy their reputation as a tradeable token on a price-discovery bonding curve. The token's price rises with demand, creating a real-time, market-priced signal of the market's assessment of that reputation's value.

The protocol is built on three principles:

- Market-priced reputation: the token's price is set by buyers and sellers, not by any authority.
- Economic skin in the game: holding a reputation token is a financial commitment to your assessment of that reputation.
- Transparent on-chain settlement: all trades, prices, and distributions are publicly verifiable on-chain.

3.2 The Bonding Curve Mechanism

Reputation tokens launch on an exponential bonding curve. Price is a function of tokens sold relative to total curve supply. As more tokens are purchased, the price increases algorithmically. As tokens are sold back, the price decreases.

At launch, 80% of the total token supply is allocated to the bonding curve for public purchase. The remaining 20% is held in reserve to seed AMM liquidity at graduation. This ensures that graduated tokens launch with immediate DEX liquidity backed by real capital.

The curve is segmented across eleven price points, creating an exponential trajectory:

- 0% sold: 1× base price
- 50% sold: 7.59× base price
- 100% sold: 57.66× base price

This exponential structure rewards early conviction and creates meaningful price discovery at each stage of a token's growth.

3.3 Graduation

Each reputation token is assigned a graduation target — a USD-denominated threshold that, when reached by the token's bonding curve reserve, triggers graduation to a permanent DEX listing. Creators choose from three tiers:

$10,000 Small — for individuals and niche communities
$50,000 Medium — for established creators and professionals
$100,000 Large — for recognized names with strong community backing

Upon graduation, the LUNC reserve accumulated by the bonding curve is distributed as follows:

- 60% → DEX liquidity pool, seeding permanent on-chain trading
- 30% → Platform treasury
- 10% → Token creator reward

After graduation, the bonding curve closes and the token trades freely on the DEX. The creator's reputation has a permanent market.

3.4 The Decay Penalty

To reward long-term conviction and discourage short-term speculation, Reputation implements a sell-side decay penalty. Selling within the first 14 days of a token's launch incurs a penalty that decays linearly from 6% at launch to 1% at day 14, where it remains permanently.

The decay penalty serves three functions:

- It rewards early holders who maintain their conviction through the early volatility period.
- It creates a natural floor of commitment for token purchases.
- It funds the reflection mechanism — distributing proceeds to remaining holders.

3.5 Reflection

A portion of each sell transaction is redistributed proportionally to all existing holders of that token. This reflection mechanism creates a passive yield for long-term holders and aligns economic incentives around sustained belief in a reputation rather than short-term trading.

4. Fee Structure

The Reputation protocol applies transparent, on-chain fees at three points:

4.1 Listing Fee

To launch a reputation token, creators pay a $50 listing fee denominated in LUNC or ADDVOW. This fee serves as a commitment signal — it filters out low-conviction launches and funds the platform's operations. The fee is split between the platform treasury and any referring address.

4.2 Buy-Side Fees

Each token purchase incurs the following fees deducted from the LUNC sent:

- 1.5% Platform fee
- 0.75% ADDVOW treasury fee

The effective buy-side fee is 2.25% of the trade amount.

4.3 Sell-Side Fees

Each token sale incurs the following deductions from the gross LUNC return:

- 1.0% Platform fee
- 0.5% Reflection — distributed to existing token holders
- 0.75% ADDVOW treasury fee
- 1.0%–6.0% Decay penalty (decays from 6% at launch to 1% after 14 days)

5. The Referral Program

Reputation implements an on-chain referral program that rewards community members who bring new creators to the platform. Any address that has previously launched at least one token is eligible to serve as a referrer.

When a new creator launches using a referral link, the referring address receives 20% of the listing fee — $10 at the current $50 fee level — paid instantly on-chain in LUNC at the moment of token creation. No claims, no waiting, no middlemen.

The referral program is enforced at the smart contract level with the following protections:

- Self-referral is blocked: a creator cannot refer themselves.
- Referrer eligibility is verified on-chain: the referrer must have launched at least one token themselves, ensuring they are genuine participants with skin in the game.
- Payment is atomic: the referral reward is distributed in the same transaction as the token creation.

6. Chain Strategy

6.1 The LUNC Launch: A Deliberate Choice

Reputation launched on Terra Classic (LUNC) as a deliberate and considered choice, not a default. The Terra Classic community represents one of the most remarkable demonstrations of community resilience in the history of blockchain. After the catastrophic collapse of the original Terra ecosystem in May 2022, a global community of builders, holders, and believers chose to remain, rebuild, and continue developing on the chain.

That commitment — financially costly, socially demanding, and uncertain — is itself the purest expression of what Reputation is about. The Terra Classic community understands what it means for conviction to have economic consequences. They understand that belief, sustained through adversity, is the most valuable signal in any ecosystem.

Launching on LUNC is a statement of values. We believe in community-driven chains. We believe in the potential of Terra Classic. And we believe that the market for reputation will find its earliest and most passionate adopters among communities that have already proven they understand long-term conviction.

6.2 Bitcoin SV Expansion

Reputation is planned for expansion to the Bitcoin SV (BSV) blockchain. BSV's commitment to the original Bitcoin protocol, its low transaction fees, its high throughput, and its focus on real utility applications make it a natural home for a reputation economy that requires frequent, low-cost on-chain interactions.

The BSV launch will bring the Reputation bonding curve mechanics to a new user base, with reputation tokens native to the BSV ecosystem. Creators on BSV will launch, trade, and graduate entirely within the BSV network.

6.3 The ADDVOW Utility Token: LUNC-Exclusive

ADDVOW is the utility token of the Reputation ecosystem on Terra Classic. It functions as an alternative payment method for listing fees and contributes to the platform's buy and sell-side fee treasury.

ADDVOW is exclusively a LUNC blockchain token. There will be no ADDVOW token on BSV or any subsequent chain on which Reputation deploys. There will be no additional utility tokens created for future chain launches.

This is a firm architectural decision. The multi-chain expansion of Reputation does not dilute the ADDVOW token's role or create competing utility tokens. ADDVOW holders on LUNC retain their exclusive utility status across the platform's LUNC ecosystem regardless of how many additional chains Reputation deploys to.

7. The Reputation-Based Economy: Broader Implications

7.1 What Is a Reputation Economy?

A reputation economy is one in which the primary unit of economic value is trustworthiness — the demonstrated, market-priced capacity of an individual or institution to deliver on their commitments, produce quality outputs, and behave with integrity over time.

This is distinct from a credential economy, where value is derived from certificates and qualifications. It is distinct from a network economy, where value is derived from the size of one's connections. And it is distinct from an attention economy, where value is derived from the volume of eyeballs a person commands.

In a reputation economy, the question is not how many followers you have or what degree you hold — it is what the market believes you will do with the trust placed in you.

7.2 Reputation as a Financial Primitive

The creation of a market-priced reputation token introduces a new financial primitive — one with implications that extend across finance, employment, social organisation, and governance.

Consider the implications across domains:

Professional services: A consultant's reputation token price is a real-time market assessment of their value. Clients can verify conviction, not just credentials. Early clients who helped build that reputation can hold financial stakes in its continued success.

Creative economy: A creator's token is not a social media metric — it is a financial commitment from their community. Token holders have economic skin in the game, creating deeper, more durable relationships than follower counts.

Venture and early-stage investment: Reputation tokens create a primitive for backing individuals before their products exist. An investor who buys a founder's reputation token is making an early bet on the person, not just the company.

Institutional trust: Organisations, DAOs, and protocols can tokenize their institutional reputation, creating a market-priced signal of their trustworthiness that complements on-chain activity data.

Hiring and talent allocation: Employers can assess candidates not by CVs but by the market's assessment of their reputation — a signal that is harder to fake and more economically meaningful than a credential.

7.3 Skin in the Game as a Social Good

One of the deepest problems in modern information ecosystems is the absence of consequences for being wrong. Pundits, critics, advisors, and endorsers bear no economic cost when their assessments prove incorrect. This produces an overabundance of low-conviction signal.

Reputation token holders have skin in the game. Their economic position moves with their assessment of another's reputation. This creates an incentive to form genuine views rather than performative ones — to back people they truly believe in, not simply those who are fashionable to endorse.

At scale, a reputation economy populated by economically-accountable conviction signals would produce substantially more reliable information about who and what is trustworthy than the current ecosystem of costless, consequence-free endorsements.

7.4 The Long-Term Vision

We envision a world in which reputation tokens become a standard component of professional and social identity. Where a person's token is linked from their professional profiles, backed by their community, and tradeable as a direct expression of market confidence in their trajectory.

In this world, the early believers who bought a reputation token at launch — before the market recognised the person's value — hold a financial stake in having been right. And the token's price history is a more honest record of a person's trajectory than any CV or follower count could provide.

This is the economy Reputation is building. Not as an abstract aspiration, but as a live, deployed protocol on Terra Classic, with real tokens, real prices, and real economic consequences for every participant.

8. Technical Architecture

8.1 Smart Contract

The Reputation bonding curve is implemented as a CosmWasm smart contract deployed on Terra Classic mainnet. The contract manages all token state, price calculation, fee distribution, referral logic, and graduation mechanics entirely on-chain.

Key contract parameters:

- Contract address: terra1afjq58f0z45ngkdvuxh9se8thl42mda0hvyh3xhju9kzw3nzjjssllfnrh
- Minimum total supply: 1,000,000 tokens
- Maximum total supply: 1,000,000,000 tokens
- Curve supply allocation: 80% of total supply
- AMM reserve allocation: 20% of total supply
- Price oracle: admin-updatable with configurable staleness tolerance

8.2 Price Oracle

Token prices within the bonding curve are denominated in LUNC. USD-equivalent prices are calculated using an on-chain oracle price feed, maintained by an authorised price updater address. The oracle supports both a primary Pyth Network integration and an admin fallback price for resilience.

8.3 Frontend

The Reputation frontend is a Next.js 14 application deployed on Cloudflare Pages. It connects to the Terra Classic blockchain via the LCD API and integrates with Keplr wallet for transaction

signing. Token metadata and images are stored in Supabase, with scheduled launch functionality managed by a Node.js scheduler service.

8.4 ADDVOW Integration

ADDVOW is integrated as a CW20 token on Terra Classic. The Reputation contract accepts ADDVOW as an alternative listing fee payment via the CW20 Receive hook interface. ADDVOW payments are converted to a LUNC-equivalent value using the oracle price and verified against the required listing fee threshold.

9. Token Economics Summary

$50 Listing fee per reputation token launch
20% Referral reward on listing fee ($10 per referral)
2.25% Total buy-side fee (1.5% platform + 0.75% ADDVOW)
2.25%+ Base sell-side fee before decay penalty
1%–6% Decay penalty (decays to 1% after 14 days)
80% Token supply allocated to bonding curve
20% Token supply reserved for DEX liquidity at graduation
60/30/10 Graduation reserve split: DEX / Platform / Creator

10. Risk Disclosures

Participation in the Reputation protocol involves significant risks. The following disclosures are not exhaustive.

- Reputation tokens are not securities, investment products, or financial instruments. They represent speculative participation in a price-discovery mechanism and carry no guaranteed returns.
- The value of any reputation token may fall to zero. Graduation is not guaranteed. Liquidity is not guaranteed.

- Smart contract risk: the Reputation contract has not undergone a formal third-party security audit at the time of this writing. Users interact with the protocol at their own risk.
- Oracle risk: USD price calculations depend on the accuracy and availability of the on-chain price feed. Stale or incorrect prices may affect fee calculations.
- Regulatory risk: the legal status of reputation tokens, bonding curve mechanisms, and associated fee structures varies by jurisdiction. Participants are responsible for compliance with their local laws.
- Chain risk: Reputation's LUNC deployment is subject to all risks associated with the Terra Classic blockchain, including validator behaviour, protocol upgrades, and network availability.

11. Conclusion

Reputation is not a trading platform. It is not a speculation vehicle. It is infrastructure for a new kind of economy — one in which the most valuable signal in human coordination, trustworthiness, has a market price.

We chose to build this on Terra Classic because the LUNC community already understands what sustained, economically-costly conviction looks like. They have lived it. They are the natural first inhabitants of a reputation economy.

We are building toward a world in which a person's reputation token is as natural a part of their professional identity as a LinkedIn profile or a portfolio — and far more honest. Where early believers can hold financial stakes in the people they believe in. Where conviction has consequences, and being right has rewards.

That world begins at reputation.money.

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