AURONEX
GOLD ECONOMY

MEMORANDUM

July 14, 2026

To: All Auronex Members
Subject: Income Cap Policy Update — Diminishing Contribution Model

1 Summary

Effective immediately, Auronex is updating its income cap calculation model to a diminishing contribution structure. This policy change ensures the ecosystem rewards long-term commitment and network depth over volume-stacking, while preserving full mining rewards for every active position.

2 Background

Under the existing model, each active staking position contributes its full USD value to a wallet's income cap. A wallet with ten $50 positions carries a $500 cap — the same as a single $500 position. This creates an unintended incentive to accumulate many small positions rather than fewer meaningful commitments.

3 Diminishing Contribution Model

Going forward, each additional active position contributes progressively less to the income cap. Positions are sorted largest-first to ensure capital commitment is appropriately rewarded.

Position Rank (by size)	Cap Contribution	Example: 10 × $50
1st (largest)	100%	$50.00
2nd	50%	$25.00
3rd	25%	$12.50
4th	12.5%	$6.25
5th	6.25%	$3.125
6th+	0%	$0.00
Total Effective Cap		**$96.875**

Under the previous model, the same wallet carried a $500 cap. The updated cap of $96.88 tightens affinity and structural reward headroom without reducing mining rewards.

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4 What This Affects

- **Income Cap —** The ceiling used for affinity (network) rewards and structural (completion) rewards. Mining (staking) rewards are never capped by this mechanism.
- **Not Affected —** Mining rewards remain at full value for every active position, regardless of position count. Apex wallets and the Treasury wallet are exempt from the diminishing model and retain full cap treatment.

5 Why This Matters

This policy protects the ecosystem in three ways:

1. **Encourages meaningful capital commitment —** Larger positions contribute more to the cap, rewarding deeper participation.
2. **Discourages volume-stacking —** Each additional position contributes progressively less, making position farming uneconomical.
3. **Preserves network integrity —** Affinity and structural rewards remain valuable for genuine network builders, while the cap curbs extractive multi-staking without real network contribution.

6 Example

A wallet with a single $500 position carries a $500 cap — full rewards on all mining, affinity, and structural income.

A wallet with ten $50 positions carries a $96.88 cap — mining remains full across all ten positions, but affinity and structural rewards are limited to the reduced cap. This aligns reward potential with real capital commitment rather than position count.

7 Recommendations for Members

To make the most of your income cap under the new model:

1. **Consolidate small positions.** A single $500 stake carries a $500 cap. Ten $50 stakes carry only $96.88. If you hold multiple small positions, consider allowing them to mature and restaking as fewer, larger positions to preserve your full income cap.
2. **Prioritize your largest stake.** The first position contributes 100% of its value to your cap. Making your primary position larger is the most capital-efficient way to expand your affinity and structural reward headroom.

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3. **Choose longer durations for equal-value stakes.** When two positions have the same USD value, the longer-duration position (360-day) ranks ahead of a 30-day position in cap contribution. Committing to longer terms gives you better cap positioning.
4. **Above $50,000 total, you earn full rewards.** Members who commit meaningful capital are rewarded with the full income cap. The diminishing model is designed to protect the ecosystem from volume-stacking, not to penalize genuine capital commitment.
5. **Network depth still matters.** Mining rewards are never reduced by this policy. A strong network of active members continues to generate full mining yield across all your positions. Focus on building quality downlines — the cap only affects how much affinity and structural income you can collect per epoch.

8 Technical Implementation

The diminishing cap is computed at settlement time in the `anx-worker` settlement engine (`network-sales.ts`). The function `computeDiminishedIncomeCap` applies contribution weights to each active position (sorted largest-first), returning an effective cap that never exceeds the original value.

The update requires no on-chain contract changes — it is a settlement-level policy enforced by the worker at each epoch.

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