FORGE

Marketplace Utility, Participation & Rewards

White Paper v1.5

A utility-oriented token framework for the Forge NFT marketplace on X1.

Maximum Supply: 1,000,000,000 FORGE

Genesis Liquidity: 40% | Future Liquidity Reserve: 10%
Ecosystem Allocations: 45% | Genesis Burn: 5%
Total Allocation: 100%

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Important Notice

This document describes a proposed utility, participation, distribution, and liquidity framework for FORGE. It is not an offer to sell securities, investment advice, a promise of profit, or a guarantee of token value. FORGE is intended to support practical functions and participation within the Forge marketplace ecosystem. No return, price appreciation, liquidity level, marketplace volume, or future value is promised.

The legal characterization of a crypto asset or a transaction involving it depends on facts, circumstances, representations, promises, implementation, and applicable law. The U.S. Securities and Exchange Commission's March 2026 interpretation states that non-security crypto assets may nevertheless become subject to an investment contract depending on how they are offered or sold. The design principles in this paper are intended to reduce investment-contract risk through immediate utility, predetermined allocations, transparent rules, and avoidance of profit-oriented promises; they do not constitute a legal conclusion.

1. Executive Summary

Forge is an NFT marketplace built on X1. FORGE is proposed as an ecosystem token that complements, rather than replaces, the marketplace's core trading functionality. Basic NFT trading is not intended to require FORGE: users may transact in XNT, while FORGE provides additional participation, rewards, collectible, community, creator, and marketplace utility.

The model is designed around a finite one-billion-token maximum supply, an immediate genesis burn, permanently committed genesis liquidity, scheduled three-year ecosystem releases, weekly Forge Points distributions, a Forge Participation program with flexible and committed options, NFT participation benefits, and a marketplace fee mechanism that initially uses collected XNT fees for periodic FORGE acquisition and permanent removal from circulation.

2. Design Principles

- Utility first. FORGE should have practical marketplace and ecosystem functions from launch.
- Basic marketplace access remains open. Users are not required to acquire FORGE simply to buy or sell NFTs.
- Predetermined supply. Maximum supply and allocation percentages are disclosed in advance.
- Scheduled releases. Ecosystem allocations become available according to published annual schedules.
- Participation rather than promised return. Rewards derive from finite, disclosed allocations and participation rules; no fixed APY or guaranteed yield is promised.
- Transparent liquidity. Genesis liquidity is intended to be permanent, while a separate future-liquidity reserve is restricted to liquidity purposes.
- Verifiable burns. Genesis and marketplace-funded burns should be observable on-chain.
- No claim on marketplace profits. Holding FORGE does not, by itself, confer equity, ownership, dividends, revenue share, or a contractual claim on Forge business income.

3. Token Specification

Item	Proposed Specification
Token	FORGE
Network	X1 (Solana-compatible architecture)

Maximum supply	1,000,000,000 FORGE
Genesis burn	50,000,000 FORGE (5%)
Post-genesis-burn supply	950,000,000 FORGE
Primary genesis pair	FORGE / XNT
Proposed XNT genesis contribution	Approximately 1,500 XNT
Marketplace fee	1% on applicable marketplace trades; creator royalties handled separately

4. Token Allocation

Allocation	%	FORGE	Purpose
Genesis FORGE/XNT Liquidity	40%	400,000,000	Initial XDEX liquidity; 100% of genesis LP ownership intended to be permanently burned.
Future Liquidity Reserve	10%	100,000,000	Restricted to future FORGE liquidity; resulting LP ownership may be retained as an ecosystem asset.
Forge Participation Rewards	10%	100,000,000	Predetermined participation allocation released over three years.
Forge Points Rewards	10%	100,000,000	Marketplace activity rewards distributed under Forge Points rules.
Community, Competitions & Airdrops	10%	100,000,000	Community programs, competitions, events, testing and airdrops.
Creator & NFT Incentives	5%	50,000,000	Creator programs, collection incentives and NFT ecosystem initiatives.
Team	5%	50,000,000	Team allocation released under the published annual schedule.
Ecosystem Treasury	5%	50,000,000	Development, infrastructure, integrations and ecosystem operations.
Genesis Burn	5%	50,000,000	Permanently removed at genesis.

5. Three-Year Release Framework

Each annual release represents the maximum portion of a designated allocation that becomes available for its stated purpose during that program year. Release does not require immediate distribution, sale, or circulation. Amounts not used for their designated purpose may remain in the applicable vault or reserve, subject to the published rules governing that allocation.

Bucket	Total	Year 1	Year 2	Year 3
Forge Participation Rewards	10%	5% / 50M	3% / 30M	2% / 20M
Forge Points Rewards	10%	5% / 50M	3% / 30M	2% / 20M
Community, Competitions & Airdrops	10%	5% / 50M	3% / 30M	2% / 20M
Creator & NFT Incentives	5%	2.5% / 25M	1.5% / 15M	1% / 10M
Team	5%	2.5% / 25M	1.5% / 15M	1% / 10M
Ecosystem Treasury	5%	2.5% / 25M	1.5% / 15M	1% / 10M

6. Forge Participation Program

Forge Participation is the proposed ecosystem commitment program for FORGE holders. It is not described as protocol staking and is not represented as a fixed-yield product. A finite FORGE allocation is distributed according to participation weight and program rules.

Option	Commitment	Participation Weight	Early Exit
Flexible	None	1.00x	Withdraw at any time; Flexible-rate rewards apply.
3-Month	3 months	1.15x	Principal returned; rewards recalculated at Flexible 1.00x rate.
6-Month	6 months	1.30x	Principal returned; rewards recalculated at Flexible 1.00x rate.
12-Month	12 months	1.50x	Principal returned; rewards recalculated at Flexible 1.00x rate.

A participant who exits a committed option early retains 100% of the FORGE principal, subject to ordinary network/program execution conditions. The enhanced commitment component is forfeited and the reward calculation is treated as Flexible participation for the applicable period. This design avoids principal slashing.

NFT Participation Benefits

Forge may distribute NFTs or provide eligibility for NFT drops as ecosystem participation benefits. NFTs may come from Forge-supported collections, creator incentive programs, community contributions, or dedicated reward inventory. NFT benefits are separate from the FORGE allocation and are not represented as guaranteed financial returns.

7. Forge Points & Weekly Rewards

Forge Points are the marketplace's activity and participation scoring system. Forge Points themselves are intended to function as non-transferable ecosystem points rather than a tradeable asset. Eligible points may be used to determine a user's proportional share of a weekly FORGE reward budget.

Year	Annual FORGE Points Pool	Approx. Weekly Maximum (52 weeks)
1	50,000,000	961,538 FORGE
2	30,000,000	576,923 FORGE
3	20,000,000	384,615 FORGE

A distribution service may automate weekly calculations and transfers. Production implementation should include eligibility controls, anti-manipulation and anti-wash-trading checks, minimum payout thresholds, transaction logs, and publicly verifiable distribution records. The distributor should have limited authority rather than custody or withdrawal authority over the entire full reward allocation.

8. Marketplace Settlement & 1% Fee

Forge is intended to support NFT settlement in XNT and may support FORGE and other approved assets. FORGE is not required for basic marketplace trading. For applicable XNT-denominated NFT sales, Forge charges a 1% marketplace fee in XNT. Creator royalties, where supported, are separate from this marketplace fee.

> *Example: a 1,000 XNT NFT sale produces a 10 XNT Forge marketplace fee, before considering any separate creator royalty.*

9. Monthly FORGE Buy-and-Burn

During the initial Growth Phase, 100% of the designated 1% XNT marketplace fees are accumulated and, approximately once per calendar month, used to acquire FORGE. The acquired FORGE is then permanently removed from circulation. The mechanism is described as a supply-management function tied to marketplace usage; it is not a promise to support token price or produce holder returns.

1. Marketplace trades generate the designated 1% XNT fee.
2. XNT fees accumulate in a publicly identifiable fee account or program-controlled vault.
3. Approximately monthly, accumulated XNT designated for the mechanism is used to acquire FORGE.
4. Acquired FORGE is permanently burned or otherwise irreversibly removed from spendable supply.
5. Forge publishes the relevant on-chain transactions and updated cumulative burn data.

A later Sustainability Phase may be adopted under published parameters. During the Growth Phase, 100% of the designated 1% XNT marketplace fees remain allocated to the monthly FORGE buy-and-burn. After a publicly disclosed Sustainability Phase milestone is reached, at least 50% of designated marketplace fees is intended to continue funding FORGE buy-and-burn. The remaining portion may be directed to marketplace operations and/or paired with FORGE from the Future Liquidity Reserve to deepen ecosystem liquidity. Any such change should be disclosed before implementation and reflected in public ecosystem reporting.

10. Liquidity Architecture

Genesis Liquidity - 40%

400,000,000 FORGE (40% of maximum supply) is allocated to the genesis FORGE/XNT liquidity position on XDEX. The current design contemplates approximately 1,500 XNT on the XNT side. After pool creation, 100% of the LP tokens representing the genesis position are intended to be permanently burned. Burning the LP tokens removes the Forge team's ownership and withdrawal claim over the underlying genesis liquidity; it does not burn the FORGE or XNT held inside the trading pool.

XDEX uses a traditional pool-fee model in which swap fees accrue to the liquidity pool. Accordingly, trading may continue against the genesis pool after the LP tokens are burned, and fees generated by that permanently committed position remain within the pool. Because the LP ownership is destroyed, those accrued pool economics cannot later be withdrawn by the Forge team through the burned genesis LP position.

Future Liquidity Reserve - 10%

100,000,000 FORGE (10% of maximum supply) is reserved exclusively for future liquidity. Reserve FORGE may be paired progressively with XNT or another approved ecosystem asset to establish or deepen FORGE trading pairs. The reserve is not intended for team compensation, community distributions, ordinary operating expenses, or unrelated discretionary token sales.

Unlike the genesis LP position, LP ownership created through the Future Liquidity Reserve may be retained by the Forge ecosystem. This allows Forge to manage or migrate future liquidity as market infrastructure evolves and, where the applicable pool distributes fees to LP ownership, to retain the associated LP economics as ecosystem assets. Such fees may support liquidity, marketplace operations, development, or other disclosed ecosystem purposes. Future-liquidity LP positions are distinct from the permanently burned genesis LP position.

11. Creator, Community, Team & Treasury

Community, Competitions & Airdrops

This 10% allocation supports community participation, competitions, testing programs, ecosystem events, early-user recognition, and airdrops. Distributions should use published eligibility criteria where practicable and should not be marketed as investments or compensation for promoting token price.

Creator & NFT Incentives

This 5% allocation supports creators, collections, NFT reward inventory, launches, integrations, marketplace programs, and other initiatives intended to increase useful activity within Forge.

Team

The team receives 5% of maximum supply under the same published declining annual release pattern used for other 5% buckets: 2.5% in Year 1, 1.5% in Year 2, and 1% in Year 3. Once an annual team allocation is released, it is a team allocation and may be held, used, transferred, or sold, subject to applicable law and any separately published operational policies.

Ecosystem Treasury

The 5% treasury supports development, hosting, RPC/indexing, security work, audits, integrations, operations, creator programs, and other ecosystem needs. Annual release limits provide predictability while allowing the marketplace to fund practical operations.

12. Utility Roadmap

FORGE utility may include, subject to implementation and community needs:

- Forge Participation and associated ecosystem reward eligibility.
- NFT participation benefits and periodic collectible drops.
- Marketplace listings denominated in FORGE alongside XNT settlement.
- Creator and collection programs.
- Community competitions and airdrops.
- Special marketplace features, access, badges, cosmetics, events, or promotions.
- Potential FORGE-denominated fees or direct burn mechanics for selected optional features.
- Future liquidity and ecosystem integrations.

13. Security & Transparency

- Publish token mint, vault, fee account, burn, and relevant program addresses.
- Verify the 5% genesis token burn and the permanent burn of genesis XDEX LP ownership on-chain.
- Publish annual allocation availability and cumulative distributions.
- Publish monthly buy-and-burn transaction records.
- Publish Forge Points reward methodology and weekly distribution records.
- Use least-privilege keys/authorities and avoid giving an automated payout service access to unrelated treasury funds.
- Audit or independently review material token, vault, marketplace-fee, and participation-program code before substantial value is placed at risk.
- Document upgrade authorities, emergency controls, and any ability to pause or modify programs.

14. Regulatory Design Considerations

FORGE is designed around marketplace functionality, participation, digital collectibles, predetermined reward allocations, and transparent supply rules. Official materials should accurately describe these functions and avoid representations that purchasers should expect profits from the team's future managerial efforts.

- Do not promise or advertise guaranteed returns, fixed APY, passive income, price appreciation, or investment profit.
- Do not describe the monthly burn as a mechanism that guarantees or targets a higher FORGE price.
- Do not represent FORGE holders as owners of Forge or as entitled to marketplace revenue, dividends, or profits.
- Use 'Forge Participation', 'participation rewards', 'commitment period', and 'participation weight' for the proposed ecosystem program rather than presenting it as X1 protocol staking.
- Make utility available and understandable independently of speculative secondary-market activity.
- Clearly disclose team, treasury, liquidity, reward, and administrative authorities.

- Review airdrop, reward, liquidity, and marketing practices under the law applicable at the time they are implemented.

The SEC's March 17, 2026 interpretation recognizes categories including digital tools and addresses investment-contract analysis, airdrops, protocol mining, protocol staking, and wrapping. It also emphasizes that a non-security crypto asset can be offered or sold subject to an investment contract. The Howey test remains binding precedent. Accordingly, this paper adopts conservative terminology and mechanics but does not state that FORGE is categorically outside securities laws.

15. Risks

- Liquidity risk: the proposed genesis XNT contribution is relatively small and market prices may move sharply.
- Smart-contract/program risk: marketplace, vault, participation, distribution, swap, or burn code may contain defects.
- DEX/AMM risk: fee treatment, LP mechanics, routing, slippage, and pool behavior depend on the selected implementation.
- Market risk: FORGE may lose value, experience extreme volatility, or have limited liquidity.
- Reward dilution and sell pressure: ecosystem distributions increase circulating supply even while other tokens may be burned.
- Manipulation risk: marketplace reward systems can attract wash trading, Sybil behavior, or other gaming.
- Regulatory risk: laws, agency interpretations, court decisions, and compliance obligations may change.
- Operational risk: keys, infrastructure, bots, RPCs, indexers, and external services may fail or be compromised.
- NFT risk: NFTs may have no market value and NFT participation benefits are not guaranteed to be financially valuable.

16. Proposed Launch Sequence

1. Finalize and publish token specification, program authorities, and allocation addresses.
2. Create the 1,000,000,000 FORGE maximum supply under the selected token standard.
3. Permanently remove 50,000,000 FORGE as the 5% Genesis Burn.
4. Fund the scheduled ecosystem and liquidity vaults/accounts.
5. Create the genesis FORGE/XNT pool using 400,000,000 FORGE and the final approved XNT contribution.
6. Verify pool behavior and permanently dispose of genesis LP ownership as disclosed.
7. Activate Forge Points weekly reward automation with limited authority.
8. Activate Forge Participation after program testing and security review.
9. Activate the 1% marketplace fee and fee-collection account.
10. Perform and publish the first monthly FORGE buy-and-burn.
11. Publish ongoing distribution, liquidity, fee, and burn transparency reports.

17. Reference Notes

- U.S. Securities and Exchange Commission, Application of the Federal Securities Laws to Certain Types of Crypto Assets and Certain Transactions Involving Crypto Assets, Release Nos. 33-11412 / 34-105020 (Mar. 17, 2026).
- U.S. Securities and Exchange Commission, Transactions Involving Crypto Assets (Apr. 22, 2026).

- U.S. Securities and Exchange Commission, Crypto Assets and the Federal Securities Laws (updated May 15, 2026).
- Solana Program Library documentation, Token - Token Vesting (describing time-based SPL token vesting designs).

Status: Design draft for technical, economic, and legal review. Parameters may be revised before deployment. Nothing in this document guarantees token value, liquidity, rewards, marketplace volume, or regulatory treatment.