

Project Research Dossier

Kerne Protocol (KERNE) - Pre-TGE Diligence
Primary-source review | 28 September 2026

Question: Does Kerne's published tokenomics meaningfully constrain dilution and insider supply, or are the schedules still mostly policy promises?

1. What the project actually builds

Kerne is a Base-native synthetic-dollar protocol. USDC mints **kUSD** 1:1 through an on-chain Peg Stability Module (PSM); users can stake kUSD into **skUSD**, an ERC-4626 wrapper intended to receive delta-neutral yield. The stated strategy combines Ethereum staking carry with a short perpetual-futures hedge. Kerne explicitly says the hedge leg and realized yield have different verification limits, and its public GitHub provides contract addresses and verification scripts. [Whitepaper](#) | [GitHub](#)

Why it matters: the product attempts to offer a dollar-denominated DeFi asset whose backing can be recomputed on-chain, while the higher-yield strategy adds venue, smart-contract and operational risk. This is a real live product surface; KERNE itself is not yet publicly circulating.

2. Tokenomics: what is published vs. what is enforced

Allocation	Share	Intended schedule / current reality
Team	20%	4-year linear, 1-year cliff - policy only; no vesting contract
Investors	15%	2-year linear, 6-month cliff - policy only; no vesting contract
Ecosystem / LM	25%	Planned esKERNE emissions + grants; allocation not funded
Treasury	15%	Planned DAO-governed unlock; no DAO exists yet
Community / Opal	5%	50% liquid at TGE, 50% over 6 months; no claim contract
Protocol-owned liquidity	5%	Intended locked at TGE; nothing locked today
Public sale / TGE	5%	Planned liquid at TGE; no TGE scheduled
Catalyst / liquidity reserve	10%	Safe-controlled today

Supply is fixed at **1,000,000,000 KERNE**, with no minter or inflation mechanism. However, the critical caveat is implementation: Kerne says **100% of supply is still held as one undivided balance in a 2-of-3 governance Safe**. No vesting contract or segregated allocation wallets enforce the table today. The esKERNE contract exists, but the stated ecosystem allocation has not been funded into it. [Token economics](#)

FDV vs. circulating: there is no defensible FDV today because KERNE has no public market price, pool or listing. Public circulating supply is effectively zero pre-TGE. Any FDV claim before a price is established would be hypothetical: $FDV = TGE / \text{market price} \times 1B$ supply. This is better treated as an unknown, not filled with an assumed valuation.

3. Unlock and dilution model

The planned schedules look conservative for insiders on paper: the team has a 12-month cliff and investors a 6-month cliff. But the principal dilution risk is not only *when* tokens are scheduled to unlock - it is that those schedules are not yet enforceable on-chain. Before TGE, the key diligence checkpoint is whether vesting/claim contracts are deployed, funded, and independently verifiable before any distribution.

Window	Planned supply pressure	Risk interpretation
TGE	5% public sale liquid + 2.5% community liquid; POL intended to be locked	At least 7.5% planned liquid before considering any reserve/MM use; exact circulating supply remains unannounced
0-6 months	Community remainder vests; investor cliff ends at month 6	Potential step-up once investor vesting begins; enforceability must be checked
12+ months	Team cliff ends; team linear vesting begins	Insider supply starts only if the published schedule is actually implemented
Long term	25% ecosystem + 15% treasury + 10% catalyst/reserve	Large discretionary pools mean governance controls and funding mechanics matter as much as headline vesting

4. Team and verification signals

Kerne says it is built by **three co-founders**. Liam Lakevold is publicly named; the other two founders are not publicly named. The project also states there is **no incorporated company, no advisory board, and no institutional backers**. That is unusually explicit disclosure, but it creates counterparty and governance risk: users rely on a 2-of-3 Safe whose full signer identities are not all public. [Team disclosure](#) | [Data room](#)

Positive verification signals include public contract addresses, explorer/source verification status, a public GitHub mirror, reproducible backing checks, and a published external audit. These are stronger evidence than marketing biographies, but they do not replace legal accountability or a fully public team.

5. Security and technical risk

Hexens reviewed five contracts in July 2026. Kerne reports **10 findings: 0 critical, 2 high, 2 medium, 4 low, 2 informational; 8 fixed and 2 acknowledged**. A material nuance is that the live KerneVault bytecode predates the reviewed commit, so Kerne says all ten findings remain present in that deployed vault; deposits are closed and the vault has no user share supply. The live mint PSM is described as matching the audited source and had zero findings. [Audit page](#) | [Public contracts repo](#)

Technical risk is broader than the audit: the strategy depends on a hedge venue, oracle/data integrity, USDC reserves, negative-funding management, admin-key security, and operational execution. Kerne itself lists smart-contract, hedge-venue, oracle, funding, stablecoin-depeg and hedging-engine failure as material risks.

6. Key risks and decision-useful conclusion

Risk	Assessment
Tokenomics enforceability	High relevance: 100% of KERNE remains in one Safe; planned vesting is not deployed.
Dilution / discretionary supply	High relevance: 50% of supply sits in ecosystem, treasury and catalyst/reserve buckets with future governance/distribution decisions.
Security / code drift	Meaningful: external audit exists, but deployed KerneVault differs from audited source; deposits are currently closed.
Team / legal	Meaningful: 2 of 3 founders unnamed publicly; no incorporated entity or governing law.
Market / execution	Early-stage: small live usage, hedge/venue concentration and negative funding can impair the strategy.
Regulatory	Synthetic-dollar and yield products can face changing jurisdictional restrictions; Kerne already restricts some jurisdictions.

Conclusion: Kerne has a stronger-than-average verification surface for a small pre-TGE protocol: live contracts, public source, a reproducible reserve check, and a fully published audit. The biggest token-specific weakness is the gap between **published allocation policy** and **enforced vesting infrastructure**. I would not treat the stated team/investor cliffs as hard dilution protection until the relevant vesting and claim contracts are deployed, funded, and independently verifiable. The project is research-worthy, but TGE readiness should be judged by implementation rather than the table alone.

Disclosure

Position: Not provided by the submitter at drafting time. Replace this sentence before submission with one of: “No position,” “Personal hold,” or “Planning to buy/sell.” **Incentives:** This dossier was prepared for a Legion research quest; no compensation from Kerne is represented here.

Primary sources

- [Kerne Whitepaper v3.0 \(June 2026\)](https://kerne.fi/whitepaper) - <https://kerne.fi/whitepaper>
- [Who runs Kerne / team disclosure](https://kerne.fi/team) - <https://kerne.fi/team>
- [Kerne Data Room](https://kerne.fi/dataroom) - <https://kerne.fi/dataroom>
- [Security / Hexens audit summary](https://kerne.fi/security/audits) - <https://kerne.fi/security/audits>
- [Kerne public GitHub organization](https://github.com/kerne-protocol) - <https://github.com/kerne-protocol>
- [contracts-public repository](https://github.com/kerne-protocol/contracts-public) - <https://github.com/kerne-protocol/contracts-public>
- [KERNE token terms / canonical address](https://kerne.fi/terms) - <https://kerne.fi/terms>
- [Opal pre-TGE program](https://kerne.fi/opal) - <https://kerne.fi/opal>