

PROJECT RESEARCH DOSSIER

FLOP NETWORK (\$FLOP) — PRE-TGE / PRE-RAISE RESEARCH

Research status: 1 October 2026. Primary-source set: FLOP's official teaser, draft Yellow Paper, official project pages, and the official Flop Labs GitHub organization. The project documents are explicitly draft/iterative, so contradictions are treated as risks rather than silently reconciled.

1. WHAT THE PROJECT ACTUALLY BUILDS

FLOP is designing an account-based blockchain around **Proof of Useful Inference (PoUI)**: AI agents submit compute requests with model, latency, compute and fee information; miners execute inference; validators verify work and maintain the chain. The stated economic purpose is to make verified AI inference a native on-chain service, with \$FLOP used for inference payments, staking and network security. The official teaser says the testnet is planned for Q4 2026 and mainnet for Q1 2027, placing the project before TGE as of this report.

2. ELIGIBILITY SCREEN — PRE-TGE / NO PUBLIC RAISE

The official teaser states: **“There is no token sale and no investor allocation.”** It describes the genesis distribution as a testnet-earned pool and says nothing is pre-sold. The official Yellow Paper describes genesis as work-first with no VC pre-mint, no auction and no team allocation. The same sources place the network before mainnet/TGE. Therefore this dossier treats FLOP as satisfying the mission's **no public raise / no active ICO-TGE** constraint at the research date. This is not a claim that no corporate financing has ever existed; it is a statement about the token sale/investor-allocation structure documented by the project.

3. TOKENOMICS — SUPPLY, FLOAT & FDV

ITEM	PRIMARY SOURCE FACT	RESEARCH INTERPRETATION
Pre-TGE circulating	No live \$FLOP market; genesis distribution is planned for the future testnet/mainnet sequence.	Circulating supply is effectively 0 before token launch; a market-cap figure is not observable.
Genesis supply	Latest draft Yellow Paper: 4.4B FLOP; 1.2B miner + 1.2B validator + 1.2B agent + 0.8B reserve.	24.3% of the draft year-10 supply shown in the teaser is the genesis pool.
Era-0 block reward	96 FLOP/block; one-second average block target.	Initial emission is 96 FLOP per block before the stated halving schedule.
Block reward split	75% miners / 10% validators / 10% agents / 5% stakers.	Era-0 gross amounts: 72 / 9.6 / 9.6 / 4.8 FLOP per block.
Team/Foundation subsidy	8 FLOP/block to Flop Labs + 8 FLOP/block to Flop Foundation, separate from block reward; halves over five eras and then ends.	Adds 16 FLOP/block at era 0; it is a separate issuance stream and therefore belongs in dilution analysis.
FDV	No token price is established in the primary documents before TGE.	FDV cannot be responsibly stated as a current number. At any hypothetical price P, $FDV = P \times$ the relevant fully diluted supply; P must be supplied by an actual market.

4. UNLOCK + DILUTION RISK

Genesis airdrop is not equivalent to instant free float. The teaser gives different release mechanics by cohort: miner allocations include a liquid-at-genesis portion with the remainder tied to future mainnet inference earnings; validator grants are bonded at launch and release after the first halving over 1,000 days; agent allocations are locked and the final liquidity schedule is explicitly not yet set. This creates a major diligence dependency: the economic float cannot be inferred from the headline genesis allocation alone.

Emission is long-duration. The latest Yellow Paper specifies 96 FLOP/block initially, halving every 730 days for five halvings, then a 3 FLOP/block perpetual floor. It also specifies a separate Labs/Foundation subsidy. The project therefore has both an initial bootstrap pool and continuing issuance; demand growth must be measured against that supply path.

Cliff/linear distinction. Some genesis cohorts have explicit cliffs/bonding conditions, while the protocol's ongoing block emission is continuous and halving-based. The distinction matters because a large discrete unlock can create a different market-supply event from ordinary block-by-block inflation.

5. TEAM VERIFICATION SIGNALS

Primary-source evidence is strongest at the **project/entity/code level**: the official documents identify Flop Labs LLC and the Flop Foundation as development/maintenance entities, and the official GitHub organization publishes the Yellow Paper, decision records and implementation code. The documents provide a substantial technical audit trail of design decisions and code status. By contrast, individual biographies and marketing claims should not be treated as independently verified merely because they appear in community mirrors. This dossier therefore marks **entity/code transparency as verifiable** and **individual-team claims as requiring separate corroboration**.

6. KEY RISKS / PRESSURE TEST

RISK	WHY IT MATTERS	WHAT WOULD REDUCE UNCERTAINTY
Technical verification	PoUI must detect incorrect inference without making verification as expensive as inference itself.	Public testnet results, adversarial challenge data, audits, reproducible code and measured verification costs.
Execution	The architecture is complex: miners, validators, DA, challenges, staking and agent demand all have to work together.	A functioning public testnet with stable metrics and published incident history.
Token dilution	Genesis + ongoing block rewards + separate developer subsidy create a long supply runway.	A final supply schedule, exact release contracts and live circulating-supply accounting.

RISK	WHY IT MATTERS	WHAT WOULD REDUCE UNCERTAINTY
Demand / incentives	Subsidized inference can create activity that does not prove independent customer demand.	Revenue from independent users, repeat paid workloads and evidence that compute fees cover meaningful costs.
Governance	The Yellow Paper contains open items and records active design changes.	Finalized parameters, clear upgrade authority, and an auditable change log before mainnet.
Legal / regulatory	The token is intended to function as network money and staking/incentive infrastructure; jurisdictional treatment can vary.	Published legal analysis and jurisdiction-specific compliance disclosures before launch.

7. PRIMARY-SOURCE RECONCILIATION NOTES

The most important diligence finding is not a number but a **version-control issue**. The official teaser is explicitly provisional and shows an illustrative year-10 supply around 18.1B, while the newer draft Yellow Paper pins 4.4B genesis supply and a 96 FLOP/block schedule with a 3 FLOP perpetual floor plus a 10-year developer/foundation subsidy. Earlier official decision records also show that genesis pools and halving parameters have been revised. A defensible researcher should not blend those versions into one “final” tokenomics table. This dossier uses the latest Yellow Paper for protocol parameters and the teaser for launch-stage disclosure, while flagging the mismatch for reviewer verification.

Unlock model (latest Yellow Paper)

SUPPLY LAYER	MECHANISM	DILUTION IMPLICATION
Genesis	4.4B work-first pool; $3 \times 1.2B$ cohort allocations + 0.8B reserve.	Potential TGE supply is cohort-dependent; not all genesis tokens are necessarily freely transferable.
Block emission	96 FLOP/block $\rightarrow 48 \rightarrow 24 \rightarrow 12 \rightarrow 6 \rightarrow 3$; 3 FLOP/block thereafter.	Continuous inflation persists after the halving phase; no hard terminal cap is established by the current draft.
Developer/Foundation	8 + 8 FLOP/block, halving across five eras; terminates after ~10 years.	Separate issuance stream increases cumulative supply during the first decade.

8. DISCLOSURE

Position: I hold no \$FLOP and have no disclosed financial position in the project. **Incentives:** This dossier is prepared for the Legion Republic research mission; it is not paid promotional research. **Purpose:** due diligence and pressure-testing, not a recommendation to buy, sell or participate.

9. PRIMARY SOURCES

FLOP Network — Teaser v0.1, updated 30 Sep 2026 — <https://flop.finance/teaser/>

FLOP Network — Yellow Paper v0.5.0 draft — <https://flop.finance/intro/yellowpaper/>

FLOP Labs GitHub — Yellow Paper decision records — <https://github.com/flop-labs/yellowpaper>

FLOP Network — Miner / economics overview — <https://flop.finance/intro/miner/>

Reviewer challenge points: (1) Which supply version is the final pre-mainnet parameter set? (2) What exact portion of each genesis cohort is liquid at TGE? (3) What is the finalized agent unlock schedule? (4) What measured independent demand will distinguish genuine inference demand from protocol-subsidized activity? (5) What final legal/compliance analysis will accompany launch?