Blockworks

Token Transparency Framework

A Score Of 35-40: indicates that the project has fully disclosed its revenue streams, equity to token holder rights, advisory service providers, and executive team personnel. Its token supply and allocation are characterized by transparent, onchain vesting with fair, well-documented distributions that align incentives between insiders and retail investors. Furthermore, the project has possibly shared comprehensive details on prior OTC rounds, committed to disclosing all material related-party transactions, and thoroughly explained its CEX and market-maker agreements. This score reflects a commitment to producing regular quarterly updates for token holders regarding financials, revenue streams, and operational progress.

A Low Score Below 25: A low overall score would indicate significant deficiencies and a lack of transparency across multiple critical areas. This would stem from opaque leadership, uncertain equity and token holder rights, and a heightened risk of a key person event negatively impacting the project. Such a score would suggest issues like undisclosed wallets, unclear vesting schedules, undeclared distributions from the Token Generation Event (TGE), and no clarity surrounding any new token launches. The project may have chosen not to disclose, or partially disclosed, critical information about prior OTC rounds, related-party transactions, and its agreements with centralized exchanges (CEXs) or market makers. Finally, the project possibly demonstrated little to no commitment to providing regular quarterly updates to its token holders concerning its financial health, revenue streams, and operational progress.

Project and Team: (Out Of 10) Reviews the people, governance structure, and conflict-of-interest controls that drive the protocol's day-to-day decisions.

- A max score indicates revenue streams, equity to token holder rights, advisory service providers, and personnel on the executive team are fully disclosed.
- A low score flags opaque leadership, uncertain equity to token holder distinctions, and heightened risk of a key person event.

Token Supply and Allocation: (Out Of 18) Assesses total supply, vesting schedules, and how tokens are distributed among insiders, the community, and the treasury.

- A max score signals transparent, onchain vesting with fair, well-documented allocations that align incentives between insiders and retail.
- A low score points to hidden wallets, unclear schedules, undeclared TGE distribution, and no clear future plans on new token launches.

Transactions & Market Structure: (Out Of 7) Examines trading liquidity, CEX and market-maker agreements, and related-party transactions that could influence price discovery.

- A max score displays that the protocol has shared details on prior OTC rounds, committed to disclosing material related party transactions, and generally explained CEX/MM agreements.
- A low score reveals that the protocol chose not to disclose or partially disclosed OTC rounds, related party transactions, and CEX/MM agreements.

Financial Disclosure: (Out Of 5) Looks at the reporting standards of the project's financials and operations

- A max score reflects a commitment to producing quarterly updates to token holders regarding financials, revenue streams, and operations.
- A low score means little commitment was made to produce quarterly updates on financials and operations.

Token Transparency Framework

Gains Network, August 2025

Blockworks Official Audited Score: 38.5/40
TTF Preparer: Rick (Biz Dev, Partnerships) https://x.com/Rex2049_
Date of Audit: 08/15/25

1. Project and Team

1. A) Description of Project

Definition: A narrative description of the purpose of the project and its operation in layman's terms is provided.

Weighting
- 0: A simple description is not provided.
- 1: A simple description is provided.

Submitted Response: gTrade is a decentralized leveraged trading platform offering crypto, forex, and commodities with up to 500x leverage on crypto, 250x on commodities, and 1000x leverage on forex. It is built on highly capital-efficient synthetic liquidity.

Score Received: 1/1

1. B) Disclosure of Revenue Streams

Definition: A narrative description of the Project's primary sources of revenue is provided, broken out by entity (e.g. Foundation, Labs, DAOs, or other).

Weighting
- 0: A simple description is not provided.
- 2: A simple description is provided.

Submitted Response: Gains Network generates revenue from trading fees on gTrade, its decentralized leveraged trading platform. The fees are distributed as follows:

• Governance (DAO): 22% for protocol operations and incentives,
• Vault (Liquidity Providers): 15% for underwriting trades,
• GNS Burn Mechanism: 54% to support token utility,
• Referrals: 5%, and
• Trigger Keepers: 4%.

This setup ensures fees are shared across core ecosystem participants.

Score Received: 2/2

1. C) Equity-Token Relationship

Definition: The Project must clearly disclose the rights, value accrual mechanisms, and distinctions between token holders and DevCo equity holders. Any value allocated specifically to equity holders (e.g., dividends, profit-sharing) must be communicated separately from value accruing to token holders.

Weighting
- 0: Rights and value mechanisms are unclear or undisclosed, or there is no distinction between token and equity holders.
- 1.5: Rights, value accrual, and differences between token and equity holders are clearly and explicitly defined with the constraints of existing regulations.
- 3: Rights, value accrual, and differences between token and equity holders are clearly and explicitly defined with the constraints of existing regulations. Team makes specific representations like "We do not plan to return cash flow to equity through including through dividends and share repurchases" or identifies that the Development Entity is not for profit.

Submitted Response: Gains Network does not have equity holders. The project is governed by the Gains Network DAO Foundation, a Panama-registered private interest foundation that does not issue shares or distribute dividends.

• All value accrual is centered on the GNS token, which provides:
• Fee sharing for stakers
• Governance rights
• Protocol utility

There are no profit-sharing mechanisms for Foundation Council members or any separate equity structure. All value flows are transparently managed through the token and on-chain governance.

Score Received: 3/3

1. D) Disclosure of Advisory Billings to the Foundation

Definition: If core team members are compensated by any Tokens allocated to the Foundation through advisory services or similar agreements, or by any other payment method (i.e. fiat), these payments must be disclosed. Note, foundation team members known and exclusively compensated by the Foundation are excluded.

Weighting
- 0: No acknowledgment or visibility of advisory payments from Advisory.
- 1.5: Advisory payments are mentioned, but details (amount, recipient, services) are unclear or incomplete.
- 3: All advisory payments to insiders are fully disclosed, including the recipient, scope, and amount.

Submitted Response: No tokens were allocated to the Foundation. However, the Foundation's operational costs, including advisory retainers, service providers, and contributor compensation, are funded through protocol revenue, not token grants. Specifically, 22% of trading fees from gTrade are directed to the DAO Treasury to support protocol operations. Payments may be made in fiat and are governed by the foundation. No additional GNS tokens are issued for these expenses.

• [Tokenomics Update - Buyback & Distribute](): This post introduces Gains Network's Buyback & Distribute (BB&D) system, a major upgrade to tokenomics that uses protocol trading fees to buy back GNS on the open market. Bought-back tokens are then partially burned to reduce supply, while the remainder is distributed to fund contributors, operations, and governance—aligning protocol growth with GNS value accrual.
• [GitBook - Revenue Distribution](): This page outlines the breakdown of trading fees on gTrade, detailing how revenue is split among different stakeholders in the ecosystem. It explains that 22% of all trading fees are allocated to the governance fund (DAO Treasury) to support operations. In contrast, the remaining funds are distributed across GNS burning, vault incentives, referrals, and trigger keepers, ensuring aligned incentives and sustainable protocol growth.

Score Received: 3/3

1. E) Known Project Team

Definition: The identities of key team members (e.g., founders, CEO, CTO, COO of Labs, President of Foundation, etc.) are publicly disclosed.

Weighting
- 0: No method to verify or prove the identities of key team members
- 1: A Method to verify or prove the public identities of key team members is provided.

Submitted Response:
• Seb - Founder (Smart contract dev, Strategy) https://x.com/SebGNS_
• Nathan (Full-stack dev, Management) https://x.com/thebuidler
• Crumbs (Smart contract dev) https://x.com/0xCrumbs
• Atlas (Product Manager) https://x.com/AtlasIsMe
• Dreamersnat (Frontend dev) https://x.com/dreamersnat
• Konrad (Frontend dev)
• Pulkit (Smart contract dev)
• Tony (Frontend dev)
• Sam (Biz Dev, Partnerships)
• Vesnushki (Marketing, Graphics, Creative direction, Community) https://x.com/vesnushkiii
• Rick (Biz Dev, Partnerships) https://x.com/Rex2049_
• Brian (Marketing, Community) https://x.com/Lothaen
• Joseph (Marketing, Project Management) https://x.com/clJoseph_

Score Received: 1/1

2. Token Supply and Allocation

2. A) Governance & Token Documentation Provided

Definition: The Project must provide publicly accessible documentation covering the Token's governance rights, rights to value accrual, any additional utility, and the mechanism by which token governance is implemented (e.g. an insider multi-sig).

Weighting
- 0: None of the three areas are documented.
- 0.5: Not all three areas are documented.
- 1: All three areas are clearly documented.

Submitted Response: Governance rights:
Protocol Governance and Snapshot Voting

Value accrual:
How Buyback & Burn (BB&B) Works
Dune Dashboard: GNS Burn

Implementation:
[Contract Addresses](#)

Score Received: 0.5/1

2. B) Initial Allocation

Definition: Disclosed information explaining the launch and initial supply that includes: the total number of tokens issued, the category of the recipient (team, investor, foundation, community), the total supply of the token and if it is capped, and the initial vesting schedule.

Weighting
- 0: No initial allocation schedule is provided.
- 1: An initial allocation schedule is provided, but some information is absent.
- 2: A complete initial allocation schedule is provided.

Submitted Response: GNS was farmed into existence with no traditional token sale. The initial supply was distributed across two main pools:

One pool rewarded LP token staking.

The other rewarded ETH staking.

There was also a small allocation (approximately 5%) set aside for development or governance purposes, though this requires confirmation.

The total token supply is capped, and emissions followed a fair-launch model. More context and details can be found in the original launch post:
[Gains Farm v2 Ecosystem Launch](#)

Score Received: 2/2

2. C) Vesting Insider Tokens

Definition: All Insider Token allocations (team, investor, foundation) must be transparent, per the disclosed Initial Allocation. If vesting occurs at a custodian, clearly disclose the employee categories and associated vesting schedules clearly in your documentation.

Weighting
- 0: None of the these areas are clearly documented.
- 1: Some of these areas are clearly documented.

- 2: Most of these areas are clearly documented.
- 3: All areas are clearly documented.

Submitted Response: There are no current post-TGE insider token allocations or token-based compensation plans in place for team members, advisors, or Foundation employees. All GNS tokens were initially distributed via a fair farming mechanism, with:

• 90% farmed through staking (ETH or LP tokens)
• 5% allocated to a governance fund
• 5% allocated to a development fund

The total farmed supply was 38,892 GFARM2, equivalent to 38.892M GNS. No ongoing insider vesting schedules or token grants exist at this time.

In the past, small GNS allocations were distributed to contributors via vesting schedules funded through protocol revenue (i.e., tokens bought back on the open market). While no such programs are currently active, the Foundation reserves the right to implement similar contributor compensation plans in the future, subject to DAO oversight and available revenue.

Initial distribution details can be found here:
DYOR: Gains.Farm v2 ecosystem

Score Received: 3/3

2. D) Labelled Unissued Token Wallets

Definition: Addresses that hold any Unissued Tokens (e.g. foundation, future contributors, treasury) must be publicly labelled (address listed in docs) and be held in distinct wallets. This includes the foundation allocation. The party (e.g. team, foundation, DAO) that controls the funds must also be disclosed.

Weighting
- 0: No wallets labeled. No ownership disclosure.
- 1.5: Some wallets are labeled, but the info is partial, unclear, or outdated. Categories may overlap.
- 3: 100% of relevant wallets are labeled and verifiable, with wallet ownership disclosed.

Submitted Response: Not applicable - 100% of GNS tokens are already issued. There are no unissued or reserved token allocations held in treasury, foundation, or contributor wallets.

Score Received: 3/3

2. E) Airdrop Process

Definition: The project must disclose all airdrop eligibility criteria clearly and provide a full CSV list of recipients, including addresses and amount received.

Weighting
- 0: Airdrop process is opaque or arbitrary.
- 1: Some criteria are disclosed, but details are incomplete, unclear, or hard to access. The recipient list may be provided, but not in an auditable format.
- 2: All criteria are fully disclosed, and the recipient list is clear, accessible, and auditable.

Submitted Response: Not applicable - Gains Network has never conducted an airdrop. No tokens have been distributed via an airdrop mechanism.

Score Received: 2/2

2. F) Locked Staking Reward to Insiders

Definition: Disclose information on insiders (Team, Investors, Foundation, Advisors) tokens that are locked and can earn rewards.

Weighting
- 0: None of these areas are clearly documented.
- 1.5: Some of these areas are clearly documented.
- 3: All areas are clearly documented.

Submitted Response: Not applicable - there are no locked tokens earning staking rewards for insiders (Team, Investors, Foundation, or Advisors) on Gains Network.

Score Received: 3/3

2. G) Future Token Issuance

Definition: The project commits that any future token issuance (e.g., minting or emissions outside scheduled vesting) will be publicly disclosed and justified on an official platform (e.g., governance forum, blog, or docs).

Weighting
- 0: No public disclosure of token issuance.
- 1: Issuance is announced but lacks detail, is disclosed late, or is not in a permanent, verifiable location.

- 2: All token issuances are disclosed before or at issuance with full details (amount, reason, recipient, context) in an official, permanent public channel.

Submitted Response: Not applicable - all future token issuance is transparently handled through the on-chain mint and burn system, as detailed in the official documentation: [Mint & Burn System – Gains Docs](). No additional token emissions outside this mechanism are planned or possible without governance.

Mint & Burn Mechanism:
Within Gains Network's gToken Vaults (e.g., gDAI vault), token supply is dynamically managed via an on-chain mint and burn system tied to vault collateralization:

• Over-collateralized Vaults (>100%): A portion of trading losses is used to buy back GNS OTC at a 1-hour TWAP price and then burned, creating deflationary pressure and limiting supply.
• Under-collateralized Vaults (<100%): GNS is minted and sold OTC to raise capital for the vault, capped at 0.05% of total supply per day (~18.25% annually), preventing uncontrolled inflation.
• All mint/burn events are triggered only by user interactions with the vault, ensuring decentralization (no fixed schedule or automated bot).

Score Received: 2/2

2. H) Future & Related Token Launches

Definition: The team discloses all tokens launched by its key team members in the past and explicitly lays out its philosophy around launching new tokens, related to the project or otherwise. (e.g. "We do not plan to launch additional tokens" or "Any additional tokens will be given 1:1 to existing token holders who can then vote on proposals submitted by the management team.")

Weighting
- 0: Language around new tokens is vague, non-committal, or missing entirely.
- 1: Plans around additional tokens are defined clearly. The team explains its past reasoning around token transactions and bridges from these transactions to its existing policy.
- 2: The Team represents that it will not launch additional tokens.

Submitted Response: The team has publicly stated that GNS is the only token and that there are no plans to launch additional tokens. Gains Network follows a single-token model where GNS captures all value and governance rights within the protocol.

Relevant statements have been shared on the official X account:
• [What is $GNS?]()

- [Tokenomics v9.1: 'Buyback & Distribute' (BB&D) Upgrade](#)

Score Received: 2/2

3. Transactions & Market Structure

3. A) Insider & Related Person Transactions

Definition: The project commits to disclosing any material Related Party & Insider Transaction within 30 days and includes: The nature of the transaction, the Related Person, the basis on which the person is a Related Person, and the number of tokens involved in the transaction. This includes tokens issued by the foundation.

Weighting
- 0: The project does not commit to disclosing related party transactions within 30 days.
- 3: The project commits to disclosing related party transactions within 30 days.

Submitted Response: Gains Network commits to disclosing any material related party or insider transactions within 30 days.

Score Received: 3/3

3. B) Prior Token Sales & Fundraising

Definition: Disclosed information of previous fundraising rounds, material OTC rounds to investors, or discounted market maker sales involving the Project and its Token that includes: the date of sale, number of tokens sold, and the vesting schedule of these tokens. The Project commits to disclosing any material OTC deal involving token sales and purchases by the foundation within 30 days.

Weighting
- 0: No prior sales are disclosed.
- 1: All prior sales are disclosed, but terms are absent.
- 2: All prior sales are disclosed with terms provided.

Submitted Response: Gains Network has not conducted any prior fundraising rounds, OTC token sales, or discounted token allocations to investors or market makers. No tokens have been sold by the team or the Foundation.

Score Received: 2/2

3. C) Transparent Market Maker Deals & Exchange Listings

Definition: Projects must disclose key details of market making and centralized exchange agreements affecting token liquidity, including: names of all market makers & centralized exchanges involved, the token allocation for each (as % of total supply), and the duration of each agreement.

Weighting
- 0: No public information on market makers (MM) or centralized exchanges (CEX)
- 1: Some MM or/and CEX details are disclosed, but not all three elements are provided.
- 2: All three key elements are fully disclosed for MM & CEX.

Submitted Response: Gains Network has a retainer agreement with Reform DAO, under which Reform provides market-making services for a fee of $4,000 per month. Gains Network DAO Foundation supplies the trading inventory. No token incentives or allocations were granted as part of this agreement. The duration of the agreement is for 1 year and is cancellable by either party. No CEX agreements are made.

Score Received: 2/2

4. Financial Disclosure

4. A) Disclosure of Assets and Cash Flow

Definition: The Project commits to providing updates to token holders on a quarterly basis via forum posts, live dashboards, or reports that cover core project KPIs, changes to Token supply or allocations, and disclosure of top line revenue and expenses. The Project may engage third-party contractors to prepare and deliver these updates.

Weighting
- 0: The project does not commit to disclosing Token Holder Relations Reports.
- 3: The project commits to disclosing Token Holder Relations Reports.

Submitted Response: [Dune Dashboard](#)

[DeFiLlama](#)

Quarterly Report:
[Q1 2024](#)
[Q4 2023](#)

Bi-Weekly Updates: ***
[#40](#) (July 27,2025)
[#39](#) (July 13, 2025)
[#38](#) (June 29, 2025)
[#37](#) (June 16, 2025)

Gains commits to disclosing token holder relations reports every quarter, including updates on key protocol metrics, token supply and allocation changes, and top-line revenue and expenses. These updates are shared through live dashboards, governance discussions, and public posts - we'll work with our accounting partners to share relevant information.

Score Received: 3/3

4. B) Public Token Holder Relations Reports

Definition: The foundation's assets or working capital are held onchain and publicly labelled, providing the ability to track asset holdings, revenue, and expenses. Or, the foundation publishes a quarterly, publicly available financial report of its assets, working capital, revenue and expenses.

Weighting
- 0: Foundation wallets are not publicly labeled.
- 1: Treasury wallets are tagged, but revenue and expense flows are incomplete or fragmented.

- 2: Wallets that touch any assets and revenue streams are labelled onchain, with clear, traceable expenses. Quarterly reports detailing assets, revenue, and expenses are provided.

Submitted Response: Gains Network's assets and working capital are held onchain and publicly labeled.

DAO Treasury: https://debank.com/official/Gains_Network

Vault Revenue Flows: https://gains.trade/vaults

Buybacks & GNS Burn Mechanism:
https://gains-network.gitbook.io/docs-home/tokenomics/tokenomics-v9.1-buyback-and-distribute

Protocol Fee Distribution:
https://gains-network.gitbook.io/docs-home/tokenomics/fees-distribution

GNS Token Mint & Burn System:
https://gains-network.gitbook.io/docs-home/liquidity-farming-pools/gtoken-vaults

While Gains Network does not currently publish formal quarterly financial reports, core protocol revenue and treasury movements are transparently viewable on-chain.

Score Received: 1/2