

Splitting the coinbase: No longer just a miner's fee

crypto251.0 Cryptocurrency and the Smileycoin

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Alternatives to premines and funds

A premine can be used to fund development or special projects

A better approach is to set up a **formal fund** for the same purpose

A still better approach is to formally program the mining process to donate to the projects

This uses the **coinbase** for more than just the block reward for the miner

Splitting the coinbase: Why?

The **coinbase** is a prespecified number of coins which the miners can generate when they mine a new block

Usually miners can send the coinbase to an address of their own choosing

In this case the **coinbase** is the same as the (miner's) **block reward**

A community can also decide to do something else with the coinbase

If the miner's reward is too high then a large number of miners will start to mine the coin

If a large pool starts to mine a small coin then the difficulty shoots up until the pool stops mining

The SmileyCoin coinbase split

- 10% Miner's reward
- 45% Donations
- 40% Dividends

Effects of the coinbase split

- No large pools
- 1bn SMLY in donations over 1-2 years
- over 250 dividend-seekers

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