ALPHA PROTOCOL

The Future of the Alpha Protocol

The plan for a decentralized, permissionless prediction protocol on Algorand, governed by eligible stakers.

LIVE FOUNDATION	ROADMAP	NETWORK
Staking, voting and on-chain settlement	Governance handoff through September 2027	Built on Algorand

Public whitepaper
alphaarcade.com/whitepaper

Contents

Read the current protocol plan online at alphaarcade.com/whitepaper.

Overview

Alpha Arcade is a prediction market platform built on Algorand. $alpha is the native protocol token, currently used for staking, governance participation, and fee distribution from platform trading activity.

The future of $alpha and the Alpha Protocol is a fully decentralized, permissionless prediction protocol built on Algorand and governed by eligible stakers.

The foundation is already live: $alpha staking, resolution voting, optimistic resolution, and order-book trading with on-chain settlement.

Over the next 12 months, we plan to expand these foundations with additional staking assets, community-led market creation, community-set rewards, community treasury management, and full protocol governance. The end goal is for all protocol code to be open sourced.

As rollout progresses, eligible stakers will govern the community treasury, permitted protocol decisions, and funding for future development.

The community treasury excludes the company's remaining proceeds from its initial token sales.

$alpha Staking and Voting

Users stake $alpha or other approved assets to participate in protocol governance. Approved staking assets will be defined and managed by $alpha governance.

Eligible stakers are participants who stake $alpha or another asset approved for governance.

Stakers can propose and vote on market templates, eligible staking assets, protocol fees, rewards, treasury management, vesting grants for team members and affiliates, and protocol upgrades.

Initial governance parameters, including proposal requirements, vote weight, approval thresholds, voting periods, and execution delays, will be published by the ALPHA team prior to the governance handoff. These parameters will then be subject to amendment by staker vote.

Approved proposals will execute through smart contracts without requiring the ALPHA team to distribute funds or implement decisions.

Stakers govern community treasury allocations. Staking does not automatically grant personal allocations or withdrawal rights over treasury assets.

$alpha Treasury

The protocol's community allocation will move into an on-chain treasury contract under the control of $alpha governance. This supply will remain out of circulation while held in the treasury.

Stakers can propose and vote on uses of this $alpha, including burns. Possible uses are outlined throughout this whitepaper.

The core principle is that the $alpha protocol, rather than the founding team, will govern and manage $alpha. The transition is being carefully planned and executed. The ALPHA team will remain a participant in the protocol as a staker, under the same rules as all other stakers.

$alpha Allocation

Allocation	Share	Purpose
Initial protocol funding and existing circulation	24.08%	Initial token sales funded company operations, legal work, and platform development. Sale proceeds remain available to the team.
Burned tokens	0.63%	Burns permanently removed these tokens from circulation.
Team and contributors	17.37%	Current and future founders, employees, protocol contributors, advisors, and consultants. Stakers approve individual grants and vesting terms.
US regulatory application	7.50%	Offer 75 million tokens at $0.006, targeting $450,000 for legal, regulatory, and filing costs.
Minimum community allocation	30.42%	Firm commitment to the community treasury. Stakers will govern its use.
Flexibility reserve	20.00%	Preserve flexibility during licensing and future development. Unused tokens may enter the community treasury. The Alpha team will make this decision.
Total	100.00%	Rounded percentages.

Market Creation

All market generation will become on-chain, permissionless, and decentralized.

Stakers can propose markets and vote to approve or reject them. All proposed markets must match an approved template, ensuring a consistent standard of quality in a decentralized context.

Initial proposal thresholds, including the minimum amount of staked $alpha required to submit a market proposal, will be set by the ALPHA team prior to the governance handoff. Stakers can later adjust them by vote.

Templates are created, managed, and retired by staker vote. If a new type of market is desired, stakers can propose and approve a template. Individual markets of that type can then be submitted.

Template	Example	Resolution
Binary event	"Will BTC be above $150k on Dec 31?"	YES / NO
Threshold	"Will ALGO exceed $1.00 before Dec 31?"	YES if threshold is touched
Point-in-time price	"Will ETH be above $5,000 at 00:00 UTC Dec 31?"	Oracle price at exact timestamp
Range / bucket	"What will BTC be on Dec 31?" - <100k, 100-125k, 125-150k, 150k+	One winning bucket
Multi-outcome	"Who wins the Super Bowl?"	Chiefs / Bills / Eagles / etc.
Head-to-head	"Chiefs or Broncos?"	A / B / Draw
Numeric / scalar	"What will US CPI be in December?"	Continuous numeric result
Deadline event	"Will SpaceX launch Starship again before Nov 1?"	Event occurs before timestamp
First-to-happen	"Which happens first: BTC $200k or ETH $10k?"	A / B
Conditional	"If Candidate X wins, will BTC be above $150k 30 days later?"	Conditional settlement
Governance / on-chain	"Will Algorand Proposal #123 pass?"	Read directly from chain
Protocol metric	"Will Algorand online stake exceed 2B ALGO?"	Deterministic on-chain query
Sports stat	"Will Mahomes throw 3+ TDs?"	Official data feed
Time-window count	"Will OpenAI release at least two new models this quarter?"	Count qualifying events within window
Relative performance	"Will SOL outperform ETH this month?"	Compare oracle returns
Market-cap / ranking	"Will ALGO enter the top 20 by market cap?"	External data oracle

Market proposers and approvers earn a share of the trading fees generated by their markets. Initial fee allocation parameters will be set by the Alpha team prior to the governance handoff. Stakers can later adjust them by vote.

Market Resolutions

Market resolution is built on top of the decentralized optimistic resolution system currently live on mainnet. The system uses a propose-challenge-settle flow. Any participant can propose an outcome, and any participant can dispute it within the challenge window. Finalized outcomes execute on-chain without ALPHA team intervention.

Each market template specifies its permitted resolvers and resolution rules. The default resolver is the $alpha protocol's optimistic resolution system. Templates requiring external data, such as sports results, financial prices, or on-chain metrics, will specify permitted oracle sources at the template level, subject to staker approval.

Proposals, disputes, finalization, and timeouts are designed to function without ALPHA team intervention. Different market types may require different resolver configurations. Stakers must approve each resolver type before it can be used in market templates.

Today, a disputed resolution goes to the Alpha team as arbitrator. In the future, disputes will go to stakers of $alpha and approved liquid staking tokens.

Liquidity Provision and User Rewards

Anyone can create LP rewards for markets by submitting reward terms and depositing USDC or $alpha into a rewards contract. The contract distributes rewards automatically to providers of effective liquidity, meaning liquidity placed within a defined range of the current market price.

LP rewards will expand from USDC-only to a combination of USDC and $alpha. Stakers can propose and vote on allocations of treasury $alpha to liquidity providers on specific markets. They can also direct a portion of protocol trading fees to LP rewards.

Approved LP reward allocations are committed for a minimum period. Once a vote is approved, the allocated rewards move to a smart contract and are distributed over that period. Uncommitted rewards remaining at the end of the period due to insufficient liquidity are returned.

Stakers can also vote on trader incentive programs using a template system similar to market creation. Templates can be proposed, approved, edited, or retired by staker vote. Trader incentives can distribute $alpha or USDC from protocol fees to active traders. Learn how a loyalty program may be set up.

Order Book vs. RFQ

The protocol currently uses a central limit order book (CLOB) model. We are also evaluating a request-for-quote (RFQ) model. In an RFQ model, market makers quote only when a trader requests liquidity, rather than posting resting orders continuously.

Current system: Trader -> public CLOB -> matching engine -> on-chain settlement

New concept: Trader -> RFQ broadcast -> market makers quote -> user accepts best quote -> on-chain Algorand settlement

The choice between these models, or a hybrid approach, will be put to a staker vote prior to implementation. If the RFQ model is adopted, LP reward structures will be adjusted to incentivize RFQ makers. The LP reward framework above reflects the current order-book model and must be read subject to that caveat.

Fees

Trading fees are generated from volume on prediction markets and, once launched, on Alpha Perpetuals. Fee rates are currently set by the ALPHA team. They will become subject to staker governance as part of the protocol rollout.

Stakers vote on the distribution of protocol fees across these recipients:

- Market creation voters: Stakers who proposed and approved the market generating the fees.
- Market resolver voters: Stakers who participated in resolving the market outcome.
- $alpha stakers and approved LSTs: Direct fee distribution to protocol participants. Approved liquid staking tokens whitelisted by staker governance may also be eligible.
- LP rewards: Allocated to liquidity providers on designated markets, as described in the Liquidity Provision section.
- Buyback and burn: Protocol fees directed by staker vote to purchase $alpha from the open market and permanently remove it from circulation.
- Trader incentives: Allocated to traders and platform users.

Initial fee distribution parameters will be set by the ALPHA team prior to the governance handoff. Stakers can later adjust them by vote.

Fee structures for Alpha Perpetuals, including funding rates, liquidation fees, and maker/taker spreads, are described in the Alpha Perpetuals section. They will follow the same governance-controlled distribution framework.

Protocol Upgrades

Stakers vote on and approve updates to protocol smart contracts. This process keeps the protocol flexible and improvable while it remains decentralized and permissionless.

The end goal is for all protocol contracts, including escrow, market, and governance contracts, to be open sourced. All contracts will be thoroughly audited before open sourcing. Audit reports will be published.

Certain core protocol properties will be protected from upgrade or amendment by governance vote.

Upgrade proposals will be subject to a mandatory timelock period between approval and execution. This gives participants time to review and, if necessary, exit before implementation. The ALPHA team will set the initial timelock duration before the governance handoff. Stakers can later adjust it by vote.

The complete governance ruleset will cover what can and cannot be changed, proposal requirements, and upgrade procedures. It will be published before the first governance handoff and will be subject to community feedback before finalization.

Alpha Perpetuals

Alpha Perpetuals is a perpetual futures product currently in beta for $alpha holders. The production version is under active development, with a target launch of Q4 2026. Launch remains subject to testing and technical review.

Alpha Perpetuals combines off-chain order matching with Algorand-based custody and settlement. This design provides near-instant, industrial-grade trade execution while keeping settlement and asset movements verifiable on-chain. Signed checkpoints connect the trading engine with the on-chain vault at regular intervals. Users can independently verify their balances at any time.

Traders deposit USDC collateral into smart contract vaults. An independent signer group validates withdrawals, settlements, deposits, and system state before funds move on-chain.

The product supports transparent liquidations, configurable market exposure limits, withdrawal limits, and an insurance fund.

The platform will initially support cross-margin and isolated-margin positions. Order types will include market, limit, stop-loss, take-profit, reduce-only, IOC, and FOK. Initial leverage will be up to 20x. Initial tradeable pairs will be ALGO/USD and BTC/USD.

Net trading and liquidation fee revenue will be distributed to $alpha stakers or other approved destinations, such as LP rewards. Distribution remains subject to the governance framework in the Fees section.

Future versions will move additional trading functions on-chain and reduce reliance on Alpha Arcade infrastructure, increasing signer independence over time.

Novel Perp Markets

Beyond traditional financial pairs, we are exploring perpetual markets tied to real-world data, such as streaming numbers, search trends, or social engagement. For example, users could go long on Justin Bieber and short on Lady Gaga, using Spotify streams as the oracle.

These markets would use the same governance-controlled template system as prediction markets. Stakers propose and approve templates, after which individual markets can be proposed and approved. Proposers earn a share of fees. Example templates include Spotify Streams or Google Trends. Individual markets could cover Justin Bieber streams or Google searches for Coachella.

Novel market types are exploratory. They require governance approval, regulatory review, and suitable oracle availability before launch.

Geographic Access

Alpha Perpetuals will be available to eligible users globally. Access for US persons will be subject to applicable regulatory approvals and may remain restricted during the licensing process. Users must determine whether participation complies with the laws of their jurisdiction.

Vesting Grants

Any future $alpha allocations from the community treasury to strategic partners, promoters, affiliates, key opinion leaders, developers, or advisors will be subject to staker governance. Any eligible proposer can submit a vesting proposal. Stakers must approve it before tokens are issued or committed.

Vesting proposals must specify the recipient, amount, vesting schedule, any cliff period, and the rationale for the grant. Stakers vote to approve or reject each proposal on its merits.

The ALPHA team and other developers may request treasury grants for additional work, subject to staker approval.

Roadmap

The Alpha Protocol will expand in stages over approximately twelve months. These milestones represent the team's current targets. All dates are estimates and can change due to technical, regulatory, and governance factors outside the team's control. Nothing in this timeline guarantees that a milestone will be achieved on the stated date.

Rollout Timeline

Live now

$alpha staking and resolution voting, optimistic resolution, and order-book trading with on-chain settlement are live on mainnet.

October 2026 - Additional staking assets

Expand eligible staking assets and define their governance voting weights.

December 2026 - Community market creation

Launch market templates, proposals, and staker voting to approve markets. Allocate fees to market proposers and approving voters.

January 2027 - Fee distribution

Expand protocol fee sharing across eligible stakers, LP rewards, and buyback and burn.

March 2027 - LP and trader rewards

Launch $alpha/USDC LP rewards, public LP funding, committed reward periods, and trader incentive templates.

June 2027 - Treasury and vesting governance

Launch community funding proposals, reward budgets, governance-controlled vesting grants, and treasury burns.

September 2027 - Full protocol governance

Extend governance to all protocol settings and permitted upgrades. Complete automatic proposal execution and transfer remaining team administrative controls to the protocol. This milestone represents completion of the planned decentralization roadmap.

Product and Licensing Targets

- Q4 2026: Alpha Perpetuals production launch, subject to testing and technical review.
- 2027: US regulatory approvals and iOS app launch, subject to regulatory timelines outside the team's control.
- Mid-2027: Staker voting on novel perp market templates, subject to governance approval and regulatory review.

Important Notice

Forward-Looking Statements

This whitepaper contains forward-looking statements, including statements regarding the development and launch of the Alpha Protocol, Alpha Perpetuals, and related products; the decentralization roadmap and governance transition; the licensing process and regulatory approvals; protocol milestones and timelines; fee distribution mechanics; and the future utility and role of $alpha. Forward-looking statements can be identified by words such as "plan," "intend," "expect," "explore," "target," "will," "may," and similar expressions. These statements reflect the team's current intentions and expectations. They involve known and unknown risks, uncertainties, and other factors that may cause actual results, timelines, or outcomes to differ materially from those described. Nothing in this whitepaper guarantees, represents, or warrants that any described feature, product, approval, or milestone will be achieved on the stated timeline or at all.

Not a Securities Offering

This whitepaper does not constitute an offer to sell or a solicitation of an offer to buy any security in any jurisdiction. $alpha tokens have not been registered under the United States Securities Act of 1933, as amended, or the securities laws of any other jurisdiction. Any offer or sale of $alpha tokens will be made only pursuant to a separate offering document and only in compliance with applicable law.

US Participants

Participation in any $alpha token offering by US persons is limited to accredited investors as defined under Rule 501 of Regulation D under the Securities Act. US persons must not participate in any offering of $alpha tokens unless they meet the applicable eligibility requirements.

Geographic Restrictions

Certain products and features described in this whitepaper, including Alpha Perpetuals, may not be available in all jurisdictions. Access for US persons to certain products may be restricted pending completion of the regulatory licensing process described here. Readers must determine whether access to or use of an Alpha product complies with the laws of their jurisdiction.

No Investment Advice

Nothing in this whitepaper constitutes investment, legal, financial, or tax advice. Crypto assets are speculative and involve significant risk, including the risk of total loss. Readers must conduct their own due diligence and consult independent professional advisors before making an investment decision.

Regulatory Risk

The regulatory environment for crypto assets, prediction markets, and decentralized finance products is evolving rapidly. Changes in law, regulation, or regulatory interpretation may materially affect the Alpha Protocol, $alpha, and the products described here. Regulatory approvals are not guaranteed and remain subject to timelines and conditions outside the team's control.

Technical Risk

Smart contracts and blockchain-based systems involve technical risks, including software vulnerabilities, oracle failures, network congestion, and other factors that may result in loss of funds. Protocol audits do not guarantee the absence of vulnerabilities.

Whitepaper Status

This whitepaper reflects the team's current plans and intentions as of publication. It may be updated over time. The most current online version will be available at alphaarcade.com/whitepaper. If this whitepaper conflicts with a separate offering document, the offering document controls.