Delegating on Near: A Comprehensive Guide

Key Features

Blockchain Overview

Launched in April 2020 with NEAR as its native asset, NEAR Protocol serves as a community-run cloud computing platform operating as a layer-one blockchain. It's distinguished by its high transaction speed, impressive throughput, and interoperability. With the capability to process up to 100,000 transactions per second and providing near-instant transaction finality, it offers virtually zero transaction fees, making it user-friendly. Additionally, NEAR adopts human-readable account names, a deviation from the cryptographic wallet addresses predominantly used in Ethereum, enhancing user accessibility and experience.

Block Time and Fee Structure

- An epoch consists of 43,200 blocks (~13-15 hours)
- Block time is variable, approximately 0.6 seconds.
- Transaction fees for smart contract interactions are split 30% to the contract developer and 70% burned.

Delegating Overview

Minimum Stake

- There is no minimum or maximum stake amount

Warm-up/Bonding Periods

- A 2-epoch bonding period is necessary before rewards start to generate, which translates into approximately 7-14 hours, depending on when in the epoch the bonding is initiated.

Cool-down/Unbonding Periods

- After initiating an unbonding transaction, there is a 3 to 4-epoch cool-down period before stake can be withdrawn, which is roughly 21-28 hours, depending on when the unstake was initiated in the epoch.

Twinstake

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Rewards Overview

Reward Structure Highlights

- Rewards are influenced by the inflation rate, block time, and bonded ratio.

Payout Timing

- Rewards are received two epochs later.

Compounding rewards: Yes

Expected APY: ~6%

Slashing Overview

Slashing Possibility: Currently, no slashing is implemented however there are future plans to include this functionality within the protocol.

Penalties

- The only penalties on NEAR are for inactivity, where validators won't receive rewards.
- If a validator is insufficiently active, they may be kicked out and lose at least three epochs of rewards (the time taken to get back into the active set).