musiic: A Web3 Decentralized Music Industry Protocol

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Abstract

The music industry has always been shaped by intermediaries. From radio Payola to modern playlist manipulation, exposure has been controlled by gatekeepers rather than communities. Artists surrender ownership for visibility, and fans contribute cultural value without recognition or reward.

musiic is a decentralized Web3 protocol that redefines the music industry from the ground up. Anchored at musiic.eth and powered by Payola (PYL), musiic ensures that discovery, ownership, and value flow between fans and artists, not corporations.

The protocol is built in three layers:

- Identity Layer: Every participant begins with KYC verification. Fans may explore freely in Observer Mode, but only verified fans can add artists, vote, and earn rewards. Artists may create and claim profiles, but they only become discoverable once a fan validates them — ensuring discovery is human-first, not algorithmic.
- Contract Layer: Decentralized Music Contracts (DMCs) structure all industry activity — from album funding to live shows, merch, and services — as transparent, self-executing agreements.
- Value Layer: A dual system of Stablecoins (predictable settlement) and Payola (PYL) (cultural contribution token). Payola begins as a social currency for discounts and recognition, and has already been deployed as an ERC-20 on Ethereum. Over time, it evolves into a full utility token for governance, access, and value exchange.

Governance combines token-based voting with attestations of cultural contribution, ensuring that whales cannot dominate and cultural legitimacy remains central. Participants in governance are also incentivized through rewards, aligning decision-making with active engagement.

musiic is human-first by design. While AI may be leveraged for security and backend optimization, the protocol protects music culture from algorithmic homogenization and the flood of AI-generated artists. Discovery remains a human act, grounded in communities and creativity.

The existing music industry can and will participate in this system, but only on transparent, decentralized terms. The open question is whether their Web2 business models can adapt to a fan-and-artist owned economy.

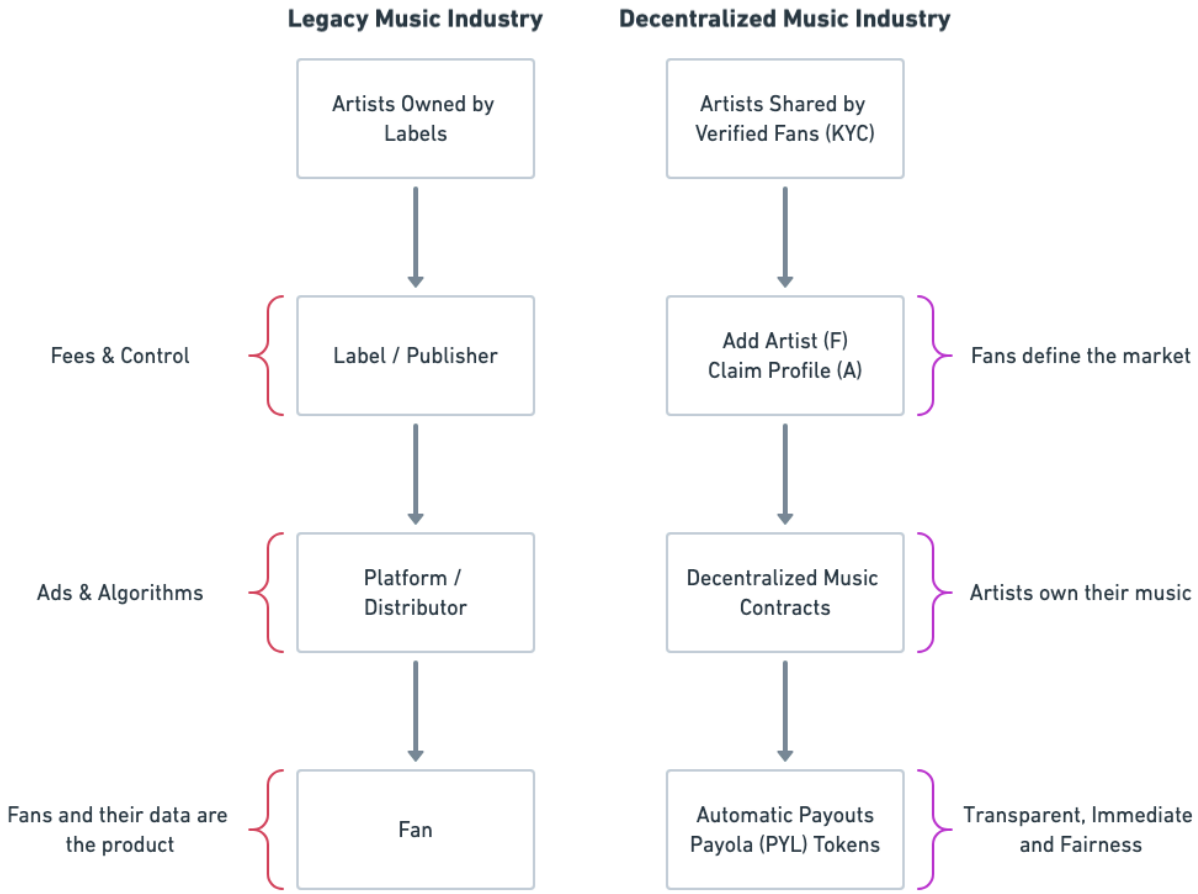
musiic is decentralized music: a protocol where fans and artists no longer rent their place in music's story — they own it.

1. Introduction

musiic is not a platform — it is a protocol, built to decentralize the music industry by flipping control from industry gatekeepers to fans and artists.

For more than a century, the music industry has been designed for control. Contracts, catalogs, and distribution channels have been concentrated in the hands of intermediaries: labels, publishers, streaming platforms, and collection agencies. These entities decide who is discovered, how artists are compensated, and how fans engage.

In this system, artists frequently surrender ownership of their work for visibility, while fans are reduced to anonymous consumers. Discovery is governed by opaque algorithms optimized for advertising revenue, not cultural authenticity. Even as digital platforms promise democratization, the underlying economics remain extractive and asymmetrical.



musiic begins where the old industry ends: with the fans. Every participant must complete a one-time KYC to prove they are a genuine fan — not an industry insider seeking to manipulate the system. Verified fans hold a unique responsibility: they alone can make an artist discoverable by adding them to the

network. Artists may create accounts and claim their profiles, but those profiles remain dormant until at least one fan has added them. In this way, discovery — the spark that drives culture — belongs to communities, not corporations or algorithms.

By anchoring discovery to verified fans, musiic creates cultural legitimacy from the ground up. Fans are permanently credited for their discoveries, rewarded for participation, and aligned with the artists they support. Payola, once a tool of corruption, is redefined as a transparent reward system that recognizes authentic contribution.

From there, the protocol encodes the rest of the industry's functions — funding, royalties, live shows, merchandise — into open, programmable smart contracts. Anchored at musiic.eth and powered by Payola (PYL), musiic transforms every action of fans and artists into part of a transparent, auditable economy.

The objective is simple and radical: to build the first fan-and-artist owned music economy — one where discovery, ownership, and value flow outward from the community rather than downward from the industry.

1.1 The Decentralized Music Industry Vision

The music industry has been defined and controlled by gatekeepers. From radio to video music television to today's streaming platforms, exposure has been controlled by a handful of entities that decide which artists rise and which are silenced. Fans have been treated as passive consumers, and artists as products to be marketed. In essence, demand has been controlled by the suppliers.

This centralized system is not just outdated — it is actively harmful:

- Manipulated Discovery: Hidden payments, playlist influence, and algorithm bias determine what audiences hear.
- Artist Dependency: Musicians remain dependent on labels, platforms, and service providers for exposure and distribution.
- Fan Exclusion: Listeners who truly discover and support artists early have no seat at the table — their voice and value are ignored.

musiic proposes a different model: a decentralized music industry powered by fans and communities instead of corporations.

1.2 Fans as Gatekeepers

On musiic, fans add artists, verify profiles, and surface talent through collective ranking and support. No executive, algorithm, or label decides who is visible. The culture decides.

1.3 Artists as Owners

Artists do not beg for playlist slots or submit to opaque gatekeepers. They claim the profiles that fans create for them, build direct communities, and retain ownership over their story and value.

1.4 Payola Redefined

Instead of bribes flowing secretly to middlemen, Payola is reborn as a transparent fan reward system. When a fan discovers, upvotes, or supports an artist, they earn Payola. Discovery is no longer manipulated — it is earned, rewarded, and recorded forever.

1.5 Integrity by Design

The musiic ecosystem is protected against manipulation:

- KYC ensures real fans, not industry pros, are at the foundation.
- Fraud prevention mechanisms stop labels and service providers from infiltrating the fan base.
- Phased Payola model ensures points are revocable until the system is mature, and tokens remain transparent and utility-based.

1.6 The New Industry

What emerges from musiic is not another app layered on top of the old system, but a new industry altogether — one built on transparency, participation, and cultural legitimacy.

- Fans curate culture instead of corporations.
- Artists rise through community energy rather than hidden budgets or industry leverage.
- Value flows to fans and musicians together, instead of being siphoned off by middlemen.

musiic is not designed to erase the existing industry, but to decentralize it. Labels, publishers, venues, and service providers can and will participate in the protocol — but only on new terms: through transparent contracts, fan-driven discovery, and shared ownership.

The open question is whether their Web2 business models can adapt to this reality. Those who evolve and integrate into the musiic protocol will find new opportunities to collaborate with fans and artists in fair, verifiable ways. Those who continue to rely on gatekeeping, hidden influence, or opaque accounting will simply find themselves irrelevant.

musiic does not replace the music industry — it redefines it as a decentralized, community-owned system where every contribution is visible, rewarded, and permanent.

1.7 Human-First by Design

It is ironic that in the era of AI, musiic is not built on artificial intelligence. Where many emerging platforms lean on algorithms and generative models, musiic begins with a simple principle: music is a human-to-human connection.

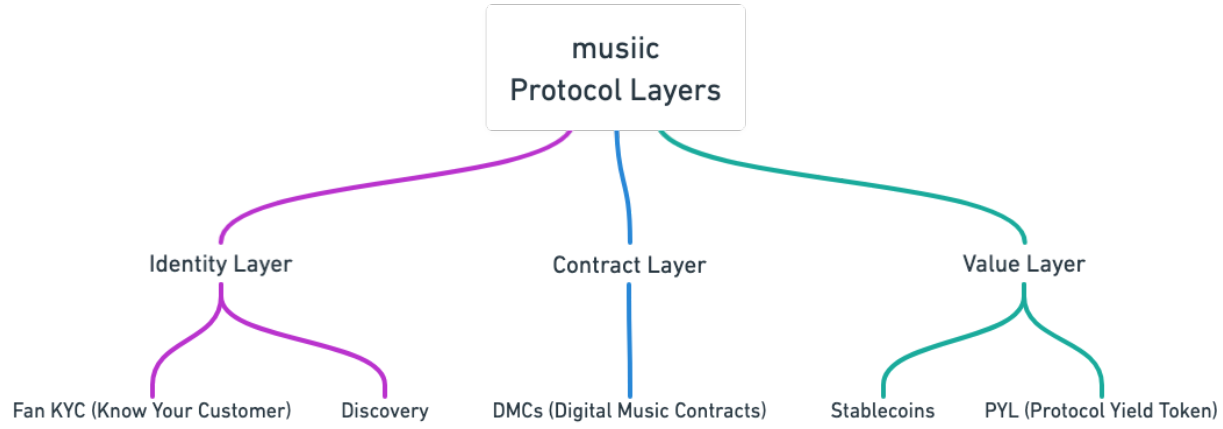
AI will play a role behind the scenes — securing the protocol, detecting fraud, and powering backend optimization — but it is not a core requirement of the musiic experience. Discovery, ranking, and recognition are not outsourced to algorithms. They are determined by verified fans and authentic communities.

This design also addresses one of the most pressing cultural challenges of the future: the rise of AI-generated artists. As synthetic content floods digital platforms, musiic acts as a safeguard against homogenization. By requiring that only verified fans can add artists, musiic ensures that cultural legitimacy remains grounded in human participation. Artists may use tools, but it is fans who determine what belongs to the culture.

In this way, musiic preserves the authenticity of music. It protects the human spark of creativity and anchors discovery in community rather than computation. As the industry races toward automation, musiic reasserts that what makes music meaningful is not that it can be generated, but that it can be shared between people.

2. System Overview

musiic is structured as a layered protocol, but its foundation is not technical alone — it is cultural. Unlike legacy systems where artists must lobby for industry recognition or fight platform algorithms for visibility, in musiic, fans decide who enters the ecosystem.



2.1 Identity Layer

Every participant begins with verification. To participate in musiic, a user must complete a one-time KYC process proving they are a real person — and, critically, that they are joining as a fan within the construct of the music industry, not as a professional insider, label executive, or bot farm attempting to exploit the system. This creates a foundation of trust: the musiic network is built by real fans whose incentives align with authentic discovery.

To ensure broad accessibility, musiic also includes an Observer Mode. Everyday listeners may register and explore the network freely, but until they complete KYC they cannot add artists, vote, or earn rewards. Observer Mode creates a low-friction entry point for casual fans while ensuring that only verified participants shape discovery and culture.

Once verified, fans gain a unique privilege: they alone can make artists discoverable. Artists may create accounts and claim their profiles at any time, but those profiles remain dormant until a fan adds them to musiic. Only then do they become visible to the network. This ensures that discovery — the spark that drives culture — flows upward from the community rather than downward from corporate priority or algorithmic manipulation. Fans who add artists are permanently credited for that act, establishing an immutable record of cultural contribution that cannot be erased.

2.2 Contract Layer

On top of identity sits the Contract Layer, where Decentralized Music Contracts (DMCs) encode the agreements that have historically been hidden in opaque deals. Album funding, live shows, merchandise, collaborations, and service agreements are all expressed as transparent, auditable contracts.

Once deployed, these contracts execute automatically. Funds flow to the correct parties without delay, royalties are distributed exactly as agreed, and every participant — fan, artist, or collaborator — is recognized and rewarded. In this way, the rules of the industry are no longer enforced by lawyers and intermediaries, but by open logic and community trust.

2.3 Value Layer

Finally, the Value Layer coordinates incentives and economic flows across the protocol. It introduces two forms of value:

- Payola (PYL): the cultural contribution token. In its earliest phase, Payola begins as a social currency inside musiic — points earned by fans and artists for verified actions such as adding artists, verifying artists profiles, upvoting artists, attending shows, or curating playlists. These points can initially be used for discounts, recognition, and clout, creating immediate, gamified rewards for cultural participation.

Payola is not just theoretical — it has already been deployed as an ERC-20 token on the Ethereum blockchain and is anchored within the musiic.eth protocol. This ensures that cultural contribution is recorded, verifiable, and permanently tied to the decentralized identity of the project. As the protocol matures, Payola will extend beyond points into programmable governance, access rights, and exchangeable value. It embodies proof-of-participation and becomes the stake through which fans and artists co-own the protocol.

- Stablecoins (e.g., USDC): used for predictable, stable-value payments to artists, venues, and service providers, free from crypto volatility. Stablecoins act as the financial settlement layer of the protocol — ensuring that when an album is funded, a show is booked, or merch is sold, value flows directly and transparently to the right parties.

    - Together with Payola (PYL), stablecoins form a dual system within the musiic.eth protocol:
    - Stablecoins guarantee fair financial settlement.
    - Payola tracks and rewards cultural legitimacy and participation

Together, stablecoins and Payola form a dual system: one ensures predictable financial flows, while the other transforms social contribution into lasting economic recognition.

2.3.1 Tokenomics Overview

Payola (PYL) accrues value through a two-phase model:

1. Base Treasury Formation:

    - Fan KYC Fees: one-time verification payments.
    - Monthly Fan Subscriptions: ongoing membership fees. These create an initial treasury that anchors Payola's economic base before open trading.

2. Utility Expansion:

    - Once regulatory approval is in place, PYL can be purchased and exchanged on open markets.
    - PYL serves governance, cultural rewards, and access rights within the musiic.eth protocol.

Circulation Model:

- Revenue Sources → Treasury → PYL Rewards/Utility → Ecosystem Growth
- Stablecoins (e.g., USDC) continue to handle direct settlements, while PYL grows as the cultural and governance layer of value.

2.4 Transaction Flow

Every action on musiic begins with a Decentralized Music Contract (DMC). Fans initiate culture by adding artists, funding projects, purchasing tickets, or participating in live sessions. Once a DMC is deployed, transactions flow along two rails within the musiic.eth protocol:

- **Stablecoins**: handle predictable payments to artists, venues, service providers, and collaborators, ensuring settlement is transparent and free from volatility.
- **Payola (PYL)**: rewards the cultural contributions of fans and artists — from the first act of discovery, to attending shows, to curating playlists, to funding creative work. PYL records proof-of-participation and distributes cultural legitimacy as value.

In this model, stablecoins guarantee financial fairness, while Payola ensures cultural recognition. Both flows are auditable on-chain, and both are inseparable from the identity layer that verifies every participant.

By structuring the protocol this way, musiic ensures its foundation — identity and discovery — cannot be captured by corporations, bots, or self-promotion. Fans initiate culture; artists retain ownership; contracts enforce fairness; tokens reward participation. The result is not only a decentralized system but a fan-first economy, where legitimacy begins at the community level and value continuously flows outward.

3. Transaction Model

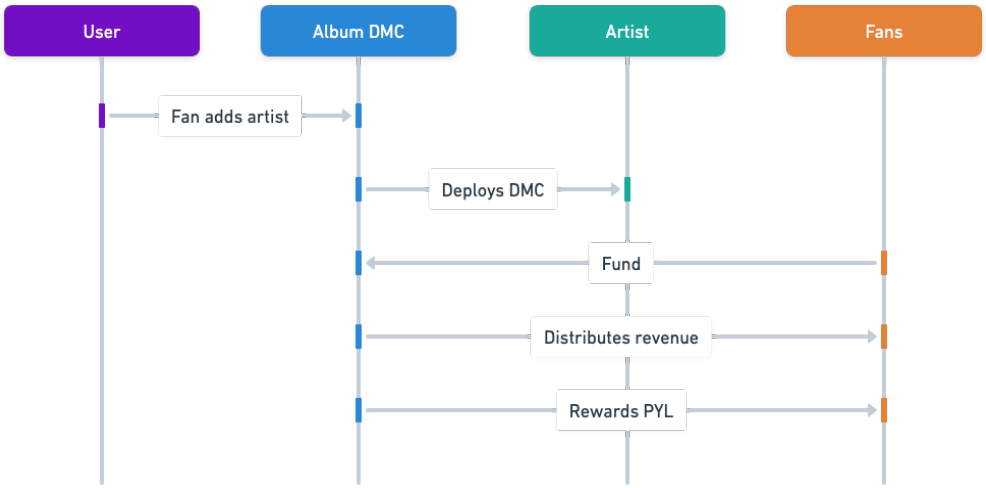
The legacy music industry hides its transactions in contracts drafted by lawyers and enforced by intermediaries. Fans have little visibility into how money flows, and artists are often the last to be paid. Musiic replaces this opacity with Decentralized Music Contracts (DMCs) — transparent, self-executing agreements that begin not with corporations or platforms, but with fans.

The first act in musiic's transaction model is discovery. Only fans can add artists to the protocol, and only verified fans — those who have completed KYC to prove they are not industry professionals — may participate in this role. When a fan adds an artist, they are permanently credited with the act of discovery. The artist may claim their profile, but they cannot publish it themselves. This ensures that entry into musiic is not controlled by marketing budgets or industry leverage, but by authentic communities.

From there, every subsequent action is encoded in a DMC. Whether funding an album, booking a show, or issuing merchandise, contracts are deployed by artists or venues, but rooted in the legitimacy created by fan discovery.

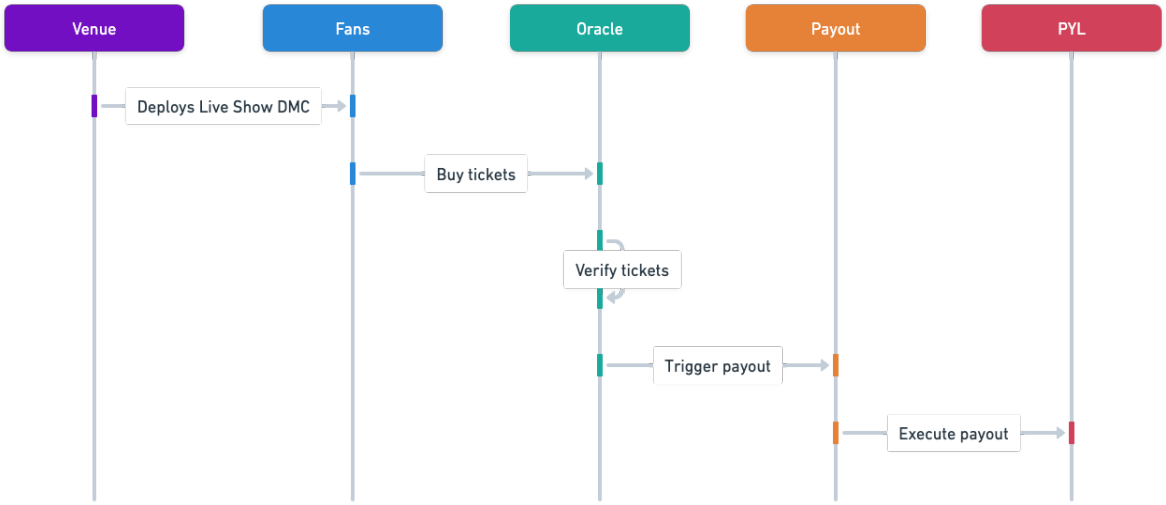
3.1 Album Funding

An artist deploys an Album DMC only after a fan has introduced them into the system. The contract specifies a funding goal and revenue distribution. Fans contribute stablecoins, receive rights tokens, and are rewarded in PYL for supporting culture at its origin. Revenues from streaming or licensing flow directly through the contract to artists, collaborators, and supporters. Unlike label advances, no hidden recoupment clauses or opaque deductions distort the process.



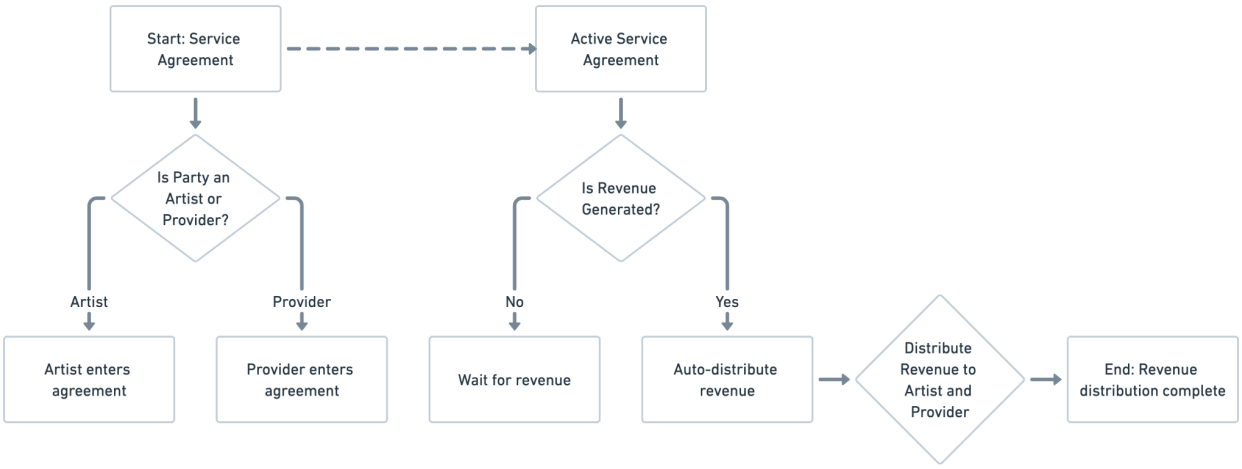
3.2 Live Performances

A venue launches a Live Show DMC, selling tickets directly as digital assets. Fans who attend are verified through check-ins, ensuring their presence is real. The event is confirmed via oracles, payouts are distributed instantly, and attendees are rewarded with PYL. In this model, fans are not just customers but active participants, permanently credited for being part of the cultural moment.



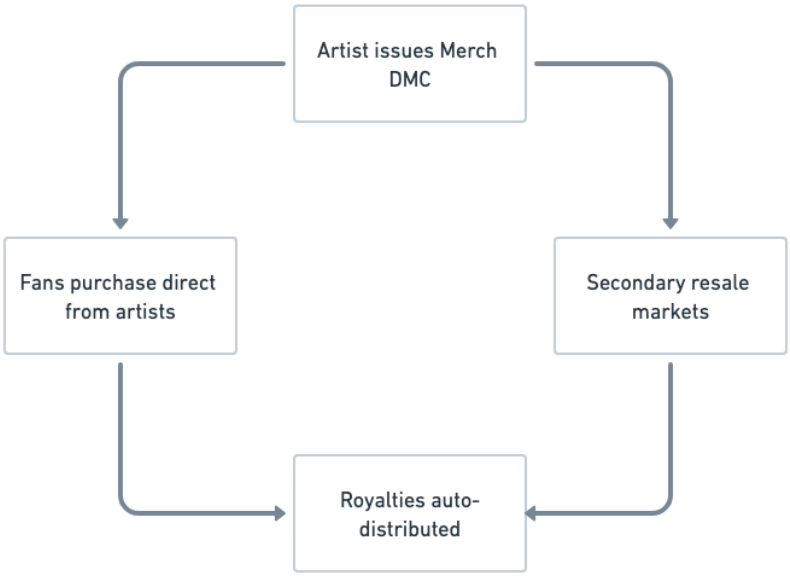
3.3 Service Agreements

Behind every song are service providers — producers, engineers, designers. A Service DMC allows these collaborators to contract transparently with artists. Their compensation is enforced automatically once revenues are generated. For the first time, all contributors can see — and trust — the terms of their work.



3.4 Merchandise and Exclusives

Artists may deploy Merch DMCs to release limited-edition items or digital collectibles (NFTs). Fans who purchase receive verifiable proof of authenticity on-chain, and any resale royalties are enforced automatically and transparently through the contract.

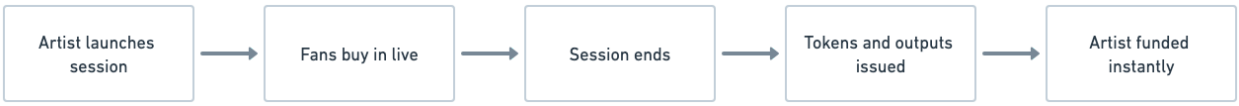


By beginning with fan discovery and verification, the transaction model ensures that all subsequent flows — funding, performances, services, and merchandise — are grounded in cultural legitimacy. The result is a system where fans are recognized as co-creators, artists retain ownership, and every exchange is fair, transparent, and auditable.

4. StreamSale Distribution Model

Traditional music distribution is a linear process. Songs are written, recorded, produced, and only then released to fans through centralized platforms. At each stage, value is delayed and filtered: artists wait months for revenue, fans experience music only after it has been packaged, and intermediaries capture most of the margin.

The StreamSale Distribution Model inverts this sequence. Instead of fans encountering music only after completion, they participate *as it is being created*. An artist can deploy a StreamSale contract that opens a live recording session to their community. Fans contribute directly during the session, purchasing participation tokens that represent both access to the event and proof of their cultural contribution.



These tokens can serve multiple functions:

- Immediate access to the live stream of the session.
- A claim on limited-edition recordings produced from that session.
- A stake in future revenues, where permitted by jurisdiction.

When the session concludes, the contract finalizes contributions, issues associated rights, and distributes stablecoin funding directly to the artist. Fans, in turn, receive PYL rewards that permanently record their role in the song's creation.

4.1 Historical Context

The StreamSale Distribution Model is not new. It was first formally proposed in U.S. Patent Application US20080215451A1, "StreamSale Distribution Model," filed in 2008 by Aaron Michael Abbott. While the application was unsuccessful, the concept laid out a vision for real-time participation in music distribution.

musiic revives this idea not as proprietary intellectual property, but as an open, decentralized standard anchored at musiic.eth. By embedding the StreamSale model into the protocol, it becomes a shared cultural primitive — one that no single entity can own or restrict.

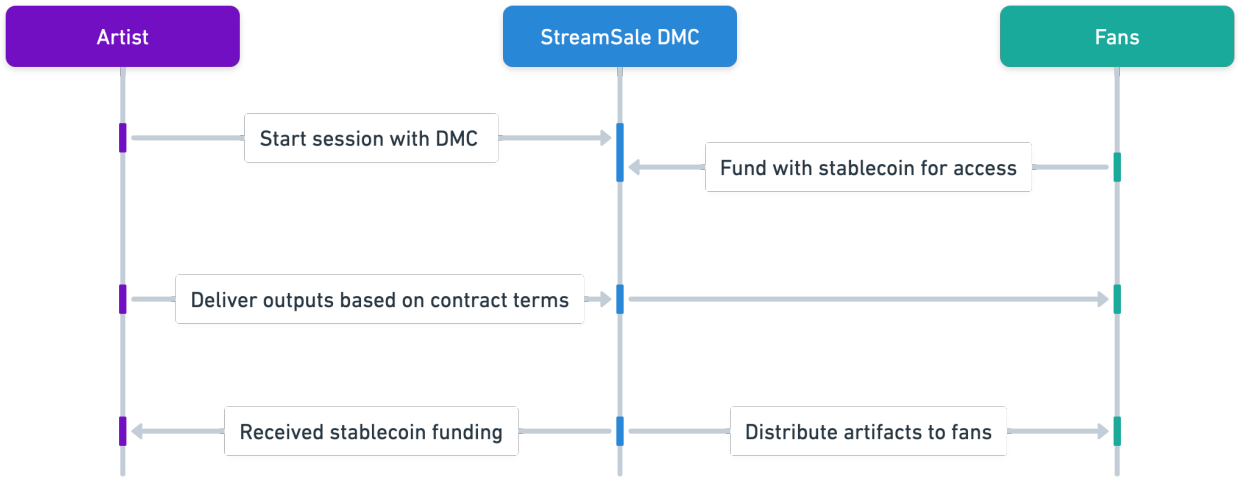
Abbott, Aaron. “StreamSale Distribution Model.” U.S. Patent Application US20080215451A1, filed February 27, 2007, published September 4, 2008.

4.2 Advantages

The StreamSale model offers several advantages over legacy distribution:

- Real-Time Funding: Artists receive capital during creation, not months after release.
- Deeper Fan Connection: Fans are not passive listeners but participants in the act of creation.
- Provable History: Participation is recorded on-chain, creating an immutable record of who was there first.
- Programmable Rewards: Contracts can automatically issue limited editions, royalties, or collectibles tied to the session.

4.3 Example Flow



1. Artist deploys StreamSale DMC, opening access to a live studio session.
2. Fans purchase tokens during the session using stablecoins.
3. Contract grants live access and records each participant.
4. Upon completion, the contract issues:
    - A digital collectible proof of participation.
    - Optional revenue-share tokens (jurisdiction permitting).
    - Rights to claim limited-edition pressings through WaxDrop.
5. Artist receives immediate funding; fans receive cultural and financial recognition.

The StreamSale Distribution Model demonstrates how musiic is not simply a decentralization of existing contracts but a platform for new cultural economies. Where legacy systems enforce distance between creation and consumption, StreamSale collapses the gap, allowing fans and artists to co-own the very moment music is made.

5. WaxDrop Model

Physical music artifacts have always carried cultural weight. Vinyl records, limited pressings, and live bootlegs often become more valuable than their digital counterparts because they embody scarcity, authenticity, and a direct connection to a physical moment in music history. Yet in the legacy system, fans have little assurance of authenticity, artists have little control over resale, and revenue from secondary markets rarely returns to those who created the work.

The WaxDrop Model bridges this gap by combining physical vinyl with digital provenance. After an album release or StreamSale session, an artist may deploy a WaxDrop contract. This contract creates a fixed number of claim tokens, each redeemable for a physical vinyl pressing. The pressing is authenticated on-chain, linking every physical copy to a verifiable digital record.

5.1 How WaxDrop Works

1. Issuance: An artist specifies the number of vinyl copies (e.g., 500) and deploys a WaxDrop DMC.
2. Purchase: Fans buy claim tokens using stablecoins. Each token represents the right to redeem a vinyl pressing.
3. Authentication: Each vinyl is pressed with a unique identifier linked to its corresponding on-chain record.
4. Redemption: Fans redeem their claim tokens for delivery of physical vinyl. The contract verifies redemption and updates the ledger.
5. Secondary Market: If resold, the contract enforces royalties, ensuring the artist continues to earn from secondary sales.

5.2 Advantages

- Scarcity with Proof: Fans know their vinyl is genuine, limited, and verifiable.
- Artist Control: Artists define supply and benefit from every sale and resale.
- Fan Ownership: Collectors hold both the physical artifact and its digital proof of authenticity.
- Cultural Permanence: Each WaxDrop pressing becomes a piece of music history, preserved on-chain.

5.3 Example Integration with StreamSale

The WaxDrop model integrates naturally with the StreamSale Distribution Model. Fans who participated in a live recording session may later gain priority or exclusive access to vinyl pressings of that session. In this way, StreamSale captures the live moment of creation, while WaxDrop preserves it in tangible, scarce form. Together, they form a new cycle of cultural experience: real-time participation followed by lasting ownership.

The WaxDrop Model demonstrates that decentralization is not limited to the digital realm. By tying physical media to on-chain records, musiic ensures that artists and fans share in the value of music artifacts across both worlds. The record, once a symbol of control by labels and distributors, becomes a medium of freedom and shared ownership.

6. Payola: From Corruption to Cultural Justice

6.1 Historical Context: The Original Payola

In the 1950s, record labels routinely paid radio DJs and stations under the table to give certain records airtime. This practice, known as Payola, distorted music discovery by artificially inflating exposure. Public outcry and federal investigations in 1959–60 revealed the scale of this corruption.

The U.S. government responded by enforcing and amending the Federal Communications Act of 1934 (47 U.S.C. §§ 317, 508), requiring that all sponsored broadcasts disclose payments and making undisclosed Payola a federal crime. Despite legal bans, industry insiders found ways to continue influencing exposure through indirect channels — proving that the underlying incentives never disappeared.

6.2 Streaming Era: The Persistence of Payola

Although the term “Payola” evokes a bygone era of DJs and radio payoffs, the problem is far from dead. In the age of streaming, it has simply evolved into new, more opaque forms of manipulation:

- Playlist Placement as Paid Promotion: Reports confirm that labels and intermediaries have used cash and influence to secure placement on top playlists across Spotify, Deezer, and Apple Music — digital equivalents of radio airplay [1].
- Algorithmic Manipulation: Spotify’s *Discovery Mode* allows artists to accept lower royalties in exchange for algorithmic boosts, a mechanism *The Guardian* described as “likened to the illegal radio payola of the 1950s” [2]. The Recording Academy has likewise called it “reminiscent of past payola practices” [3].
- Cross-Platform Fraud: Fraud is not confined to Spotify. *Music Business Worldwide* documented that at least 1% of plays across Spotify, Apple Music, and Amazon Music are misattributed, siphoning royalties from rightful artists [4]. *The Guardian* also reported AI-generated tracks and bot farms flooding playlists on Spotify, Apple Music, and YouTube, further undermining authenticity [5].
- Academic Consensus: Legal scholars now refer to these practices collectively as “streaming payola”: promotional payments that have shifted from radio to digital platforms like Spotify, Apple Music, YouTube, and TikTok [6].

Taken together, this evidence shows that Payola never truly vanished. It migrated from envelopes slipped to DJs into undisclosed digital payments, algorithmic boosts, and playlist gatekeeping.

6.3 musiic: Flipping the Record

musiic reclaims and redefines Payola. Instead of a tool of corruption, Payola becomes a system of transparent fan rewards that restore authenticity to music discovery.

- Old Payola: Hidden payments to DJs and gatekeepers.
- Streaming Payola: Labels and platforms manipulating exposure through money, royalties, and algorithms.
- musiic Payola: Fans rewarded for discovering, supporting, and amplifying real talent.

This redefinition flips the record: Payola transforms from a symbol of exploitation into a tool of cultural justice.

6.4 The Payola Framework: Rewards, Tokens, and Conversion

To ensure integrity, musiic structures Payola as a phased system:

Reward Payola (Points)

- Earned through fan actions (adding artists, voting, curating, sharing).
- Exists only as in-app points used for rewards and special access, defined as a revocable license with no monetary value.
- May be modified, suspended, or forfeited for fraud or violations.

Purchased Payola (Tokens)

- Introduced later as a blockchain-based digital utility token.
- Tokens are user-owned, transferable, immutable assets.
- Unlock utilities such as governance voting, event access, discounts, and fan-artist interactions.
- Cannot be revoked by musiic, but their in-app utility may be restricted (e.g., wallet blacklisting for banned users).

Conversion from Reward to Purchased

- Reward Payola may be eligible for conversion into tokens when the blockchain system launches.
- Conversion is not guaranteed; musiic determines the rate, caps, method, and eligibility.
- Fans must be in good standing at conversion time.
- Reward Payola held by banned or ineligible users is forfeited prior to conversion.
- Unconverted Reward Payola may expire without compensation.

6.5 Fraud Prevention & Enforcement

musiic protects its fan-first integrity with clear compliance safeguards:

- All users must complete KYC verification and affirm they are not artists, labels, or industry service providers.
- Fraudulent accounts face:
    - Forfeiture of all Reward Payola,
    - Permanent ban from the platform,
    - Loss of in-app utility for any Purchased Payola linked to their wallets.
- musiic reserves the right to pursue further remedies in cases of material misrepresentation.

This dual-layer enforcement — forfeiture before token launch, and utility restriction after — ensures musiic remains fan-driven and fraud-resistant while respecting digital asset ownership.

7. Governance and Incentives

Decentralization requires more than open contracts; it requires governance that ensures the protocol itself cannot be captured by the same intermediaries it was designed to replace. In musiic, governance is achieved through a hybrid system combining Payola (PYL), the ERC-20 cultural contribution token, with attestations — non-transferable proofs of verified actions and roles within the ecosystem.

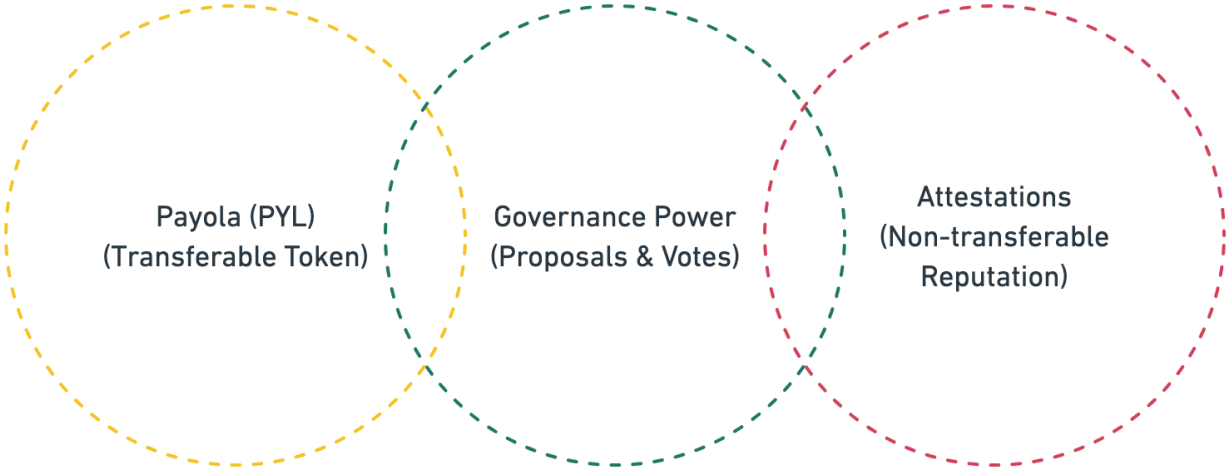
This dual-weighted model balances economic stake with cultural legitimacy. Payola tokens provide voting weight proportional to participation and stake, but decisions are not determined by tokens alone. Attestations of cultural contribution — such as adding artists, attending shows, supporting projects, or curating playlists — enhance governance weight, ensuring that fans and artists who actively shape culture hold influence alongside those who provide financial support.

In practice, governance operates through:

- Token-based voting (PYL): Voting weight reflects participation and economic stake.
- Attestation weighting: Verified cultural contributions strengthen decision-making legitimacy.
- Community proposals: Verified fans, artists, and service providers may submit proposals for upgrades, funding, or new features, which advance to a vote once they meet minimum thresholds of support.

Governance is also tied to incentives. Participants who engage in governance — by voting, proposing, or validating contributions — may be rewarded with additional PYL tokens. This aligns decision-making with participation, ensuring that governance is not a passive privilege but an active, rewarded responsibility. Fans and artists are incentivized to remain involved, reinforcing the legitimacy of outcomes.

By combining stake, contribution, and incentives, musiic governance ensures that decisions reflect the values of the community. Economic security and cultural authenticity are aligned, keeping musiic resilient against manipulation. This approach makes musiic not only decentralized, but fan-first and culture-first — a governance model where legitimacy is measured not by capital alone, but by meaningful participation in the creation and discovery of music itself.



7.1 Payola (PYL)

Payola (PYL) is the tokenized record of cultural contribution — but it is introduced in phases to ensure compliance, stability, and fairness.

Phase 1 — In-App Points (Now)
At launch, Payola functions as social currency. Fans and artists earn points for verifiable actions that grow the ecosystem: adding new artists, curating playlists, attending shows, funding projects, or supporting services. These points can be redeemed for in-app rewards, access, and discounts once the network reaches 10,000 verified fans and artists.

Phase 2 — Treasury-Backed Minting
As onboarding and monthly fees accrue, a portion of this real revenue flows into the treasury. Based on treasury reserves, Payola tokens (PYL) are minted in preparation for conversion to an on-chain utility token. This ensures that PYL is backed by actual activity, not speculation.

Phase 3 — Conversion Framework
When musiic evolves from points to a live ERC-20 utility token, in-app Payola balances will be converted at a ratio determined by treasury reserves and ecosystem growth. This guarantees that early participation is recognized without overpromising speculative value.

Phase 4 — Utility Approval
At 100,000 verified fans and artists, musiic will seek regulatory approval to establish Payola as a full

utility crypto asset. At this point, PYL expands beyond in-app use to governance, staking, and economic exchange.

Utility of PYL (long-term vision):

- **Incentive:** reward for cultural participation with measurable value.
- **Governance stake:** ability to propose and vote on protocol changes.
- **Economic utility:** discounts on protocol fees, staking for discovery boosts, and access to exclusive opportunities.

7.2 Attestations

While PYL is transferable, attestations are not. They are cryptographic proofs tied permanently to an identity — for example, that a given wallet is a verified fan, that it was the first to add a specific artist, or that it represents a venue with a history of hosting events. Attestations ensure that governance power is not determined by wealth alone but by demonstrated cultural contribution.

Together, PYL and attestations form a dual system of governance: token-weighted influence balanced by reputation-based legitimacy. A fan who holds PYL but has also discovered multiple successful artists wields greater authority than a passive token holder. An artist with a verified track record carries more weight than an anonymous speculator.

7.3 Safeguards

The governance system is anchored at gov.v1.musiic.eth and includes safeguards to prevent capture and abuse:

- Time-locked execution ensures that protocol upgrades cannot be rushed through without community oversight.
- Audits and reviews are required before major modules are activated.
- Multi-sig guardians provide emergency response in the event of catastrophic bugs, with the explicit mandate to sunset once the community matures.

Disputes and challenges are resolved through transparent arbitration processes embedded in the protocol. Oracles and attestation systems provide verifiable evidence for cultural actions, while community arbitration panels may be convened for edge cases. This ensures that governance remains legitimate and trustworthy, even in contested decisions.

7.4 Incentive Alignment

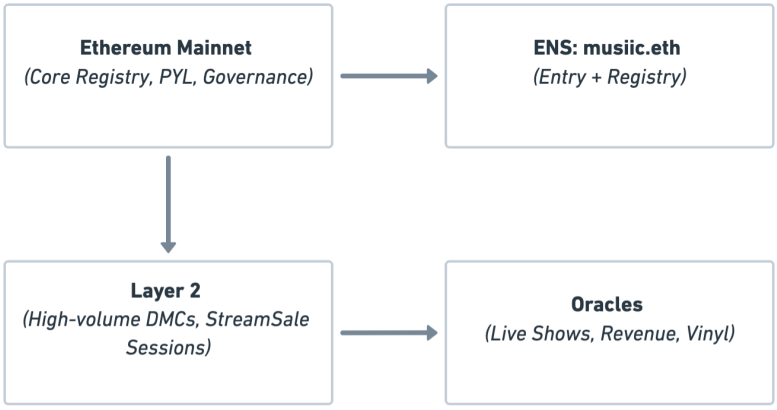
By rewarding fans and artists not only with direct revenue but with PYL and attestations, musiic aligns incentives across the ecosystem. Fans are motivated to discover and support artists early; artists are

motivated to retain ownership and engage directly with their communities; venues and service providers are motivated to participate transparently. The result is an economy where cultural contribution, not gatekeeping, determines value.

With governance distributed across PYL and attestations, musiic ensures that no corporation, label, or platform can re-centralize control. The protocol evolves under the stewardship of the very communities that create the culture it serves.

8. Technical Considerations

While musiic is designed to reimagine the social and economic foundations of the music industry, its success depends on robust technical implementation. The protocol combines Ethereum's security guarantees with decentralized identity, oracle systems, and scalability solutions to ensure that cultural transactions are verifiable, fair, and accessible.



8.1 Ethereum and ENS Anchoring

All core contracts are deployed on Ethereum mainnet for maximum security and transparency. The protocol is anchored at musiic.eth, the canonical ENS name that serves as the public registry of modules and addresses. By resolving musiic.eth, any user or application can discover the verified contracts for DMC creation, governance, and token issuance.

This anchoring achieves two goals:

1. Human readability — fans, artists, and venues can confirm they are interacting with official contracts.
2. Upgradability with transparency — new modules can be introduced under versioned subdomains (e.g., dmc.factory.v1.musiic.eth), while old versions remain accessible as historical records.

8.2 Oracles

Because music exists both on-chain and off-chain, musiic requires oracles to bridge real-world events with smart contract logic. Oracles verify:

- Live shows: confirming that a performance occurred and attendees checked in.
- StreamSale revenue: feeding data from digital service providers to trigger payouts.
- Merchandise and vinyl fulfillment: ensuring physical goods are delivered before funds are released.

Oracles may be provided by decentralized networks or verified community nodes. To maintain integrity, oracle providers must stake collateral that can be slashed for dishonesty, creating strong incentives for accurate reporting.

8.3 Attestation Framework

Identity is critical to musiic. Unlike pseudonymous DeFi systems, musiic requires proof that fans are human, artists are legitimate, and venues are real. Attestations provide this proof. Issued as non-transferable cryptographic certificates, attestations bind roles and actions to wallets.

For example, a fan's attendance at a concert, an artist's verified claim to their profile, or a venue's history of shows can all be issued as attestations. These proofs feed into both governance and cultural reputation, ensuring that participation is real, not manufactured by bots or fake accounts.

8.4 Scalability and Layer 2

Music culture operates at massive scale: millions of fans streaming, thousands of shows, and countless micro-interactions daily. To accommodate this demand, musiic utilizes Layer 2 scaling solutions such as optimistic or zero-knowledge rollups.

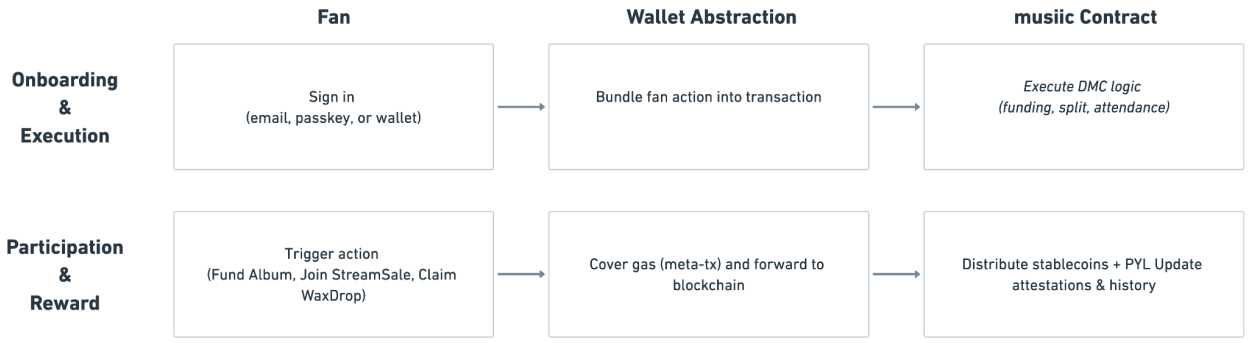
While Ethereum mainnet anchors critical functions — registry, PYL token, governance — high-volume transactions like ticket sales, micro-rewards, and StreamSale interactions can occur on Layer 2. Final states are periodically checkpointed to mainnet, balancing scalability with security.

8.5 Account Abstraction

To onboard non-crypto-native fans, musiic integrates account abstraction. Gasless transactions and meta-transaction relays allow users to interact with contracts without holding ETH. Fans can sign in with familiar methods (email, passkeys, wallets) while the protocol manages underlying blockchain interactions. This ensures that technical barriers never exclude participants.

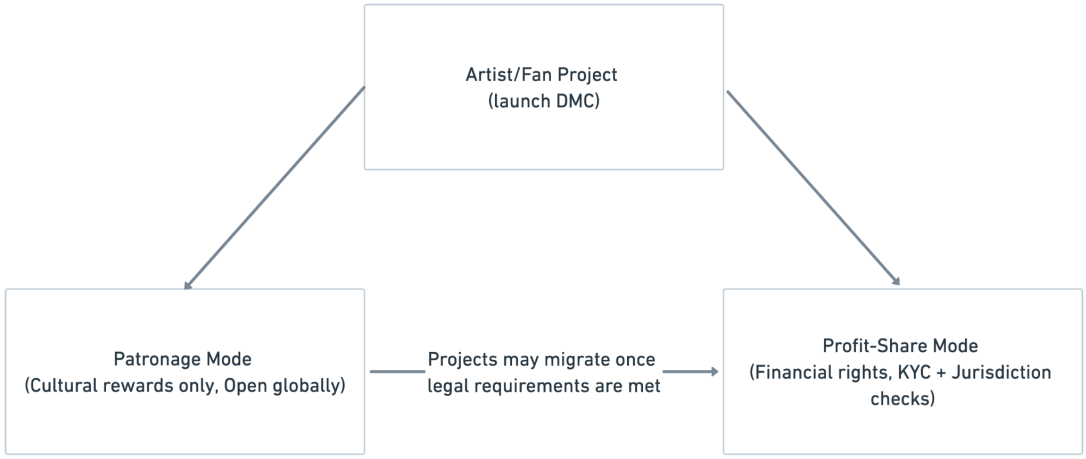
Through these mechanisms, musiic translates the abstract ideals of decentralization into a practical, scalable system. Ethereum provides the foundation; ENS anchors trust; oracles and attestations connect

digital and physical worlds; Layer 2 ensures global reach. The result is a protocol capable of supporting an entire music economy, end to end.



9. Compliance and Modes

Music is both universal and regulated. While decentralization enables global participation, different jurisdictions impose different rules on how individuals can invest in or profit from cultural assets. A protocol that ignores these realities risks exclusion or legal capture. Musiic addresses this challenge by supporting two distinct operating modes for Decentralized Music Contracts (DMCs): Patronage Mode and Profit-Share Mode.



9.1 Patronage Mode

In Patronage Mode, fans support artists without an expectation of financial return. Their contributions are rewarded with cultural artifacts such as collectibles, NFTs, or exclusive access rights, but not with transferable revenue entitlements. The value of participation is symbolic, reputational, and cultural.

This mode reflects the historical reality of fandom: fans have always bought records, tickets, and merchandise without demanding equity in the artist's future. The difference is that in musiic, these

actions are recorded on-chain, rewarded with PYL, and permanently credited to the fan's cultural reputation. Patronage Mode is open globally, unrestricted by jurisdiction.

9.2 Profit-Share Mode

Profit-Share Mode introduces financial rights. Here, fans may receive transferable tokens representing revenue entitlements: fractional shares of album income, percentages of live show sales, or rights to secondary royalties. To prevent regulatory violations, Profit-Share Mode requires compliance measures such as:

- Further KYC/KYB verification of participants.
- Residency checks to enforce jurisdictional restrictions.
- Contribution limits to protect non-accredited participants where required.
- Restricted secondary trading to ensure tokens circulate only within eligible markets.

This mode transforms fandom into a form of direct cultural investment, aligning artist and fan incentives at the financial level. These models remain compliant by being structured transparently, with revenue flowing through stablecoins and rights tokens recorded on-chain.

9.3 Migration and Choice

Projects may begin in Patronage Mode and migrate to Profit-Share Mode once legal requirements are met. An emerging artist, for example, could crowdfund an album under Patronage Mode to reward early fans with collectibles and reputation. Once established, they could reissue the contract under Profit-Share Mode, enabling those same fans to hold economic rights as well.

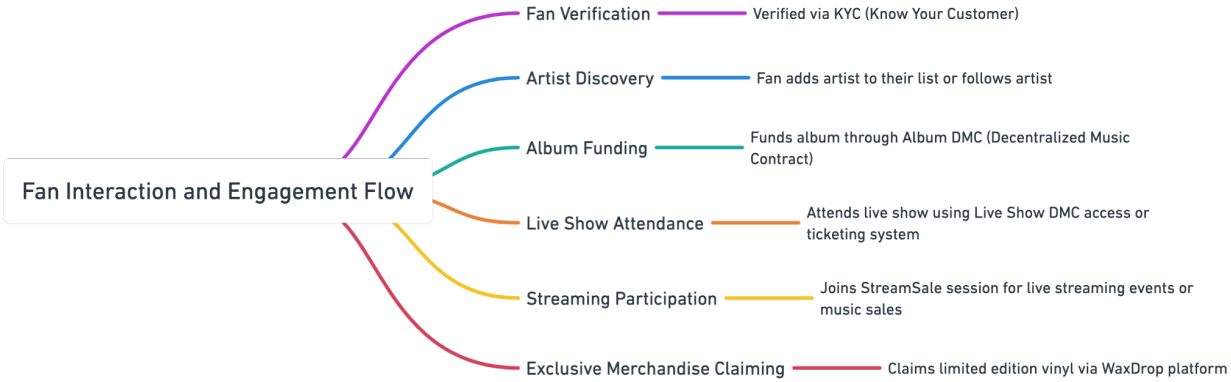
9.4 Why Modes Matter

By supporting both modes, musiic achieves inclusivity and resilience. Fans worldwide can always participate at some level, while jurisdictions that permit revenue sharing can unlock deeper financial engagement. Artists and venues choose the mode that aligns with their legal context and community goals.

Compliance in musiic is not an afterthought but a structural feature. By embedding it into contract design, the protocol ensures that decentralization remains sustainable — open where possible, regulated where necessary, and transparent always.

10. Use Cases and Applications

To understand musiic in practice, it is useful to examine concrete scenarios where Decentralized Music Contracts (DMCs) replace or improve upon legacy industry processes. These use cases demonstrate how the protocol turns abstract principles into lived cultural and economic experiences.



10.1 Album Funding

In the traditional system, albums are financed through advances from labels, which are later recouped against the artist's royalties — often leaving artists indebted rather than empowered. With musiic, an artist deploys an Album DMC specifying a funding goal, revenue splits, and optional perks for contributors. Fans fund the project directly in stablecoins, receiving rights tokens that entitle them to collectibles, access privileges, or — in Profit-Share Mode — fractional claims on revenue.

As the album generates income, funds flow automatically through the contract to artists, collaborators, and fans. The need for labels, recoupment clauses, and opaque accounting disappears. The fan who discovered the artist early is no longer just a supporter but a recorded stakeholder in their success.

10.2 Live Performances

Concerts and tours are the lifeblood of music culture but are plagued by scalping, fraudulent tickets, and delayed payments. In musiic, a venue creates a Live Show DMC defining ticket supply, pricing, and revenue splits. Fans purchase tickets directly from the contract, which issues unique digital assets tied to their wallets.

On the day of the show, oracles verify the event and attendee check-ins. The contract releases stablecoin payouts instantly: to the artist, to the venue, and to fans in the form of PYL rewards. Every ticket is authentic, every payment is fair, and every attendee is permanently credited for their participation.

10.3 StreamSale Distribution

In the legacy model, fans have no access to the creative process. With musiic's StreamSale Distribution Model, they join in real time. An artist opens a recording session on-chain; fans buy in as the music is being made. Their contributions provide immediate funding, while tokens record their cultural role.

After the session, these tokens may grant rights to limited recordings, exclusive editions, or collectibles tied to that specific moment. Participation is no longer delayed or invisible — it is provable, valuable, and permanent.

10.4 WaxDrop

Vinyl remains a symbol of authenticity, but its production and resale are controlled by intermediaries. Through WaxDrop DMCs, artists mint a fixed number of claim tokens tied to signed vinyl pressings. Fans purchase these tokens, redeem them for authenticated vinyl, and can resell them in secondary markets with royalties flowing back to the artist.

Combined with StreamSale, WaxDrop preserves a session as a tangible artifact. Fans who were present in the moment can later hold, trade, or treasure a limited-edition record whose authenticity is guaranteed forever on-chain.

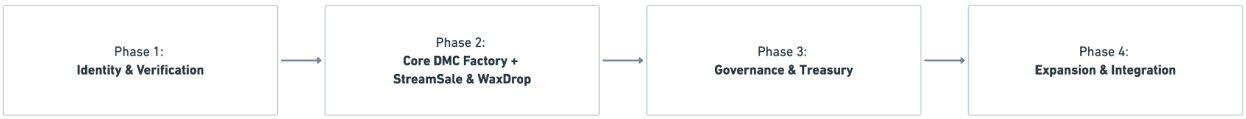
10.5 Service Provider Agreements

Behind every song are producers, engineers, designers, and promoters who often struggle to receive fair compensation. In musiic, Service DMCs allow them to contract directly with artists, either for fixed fees or for percentages of revenue. Payments are released automatically as income is generated, eliminating disputes and delays. Transparency replaces negotiation leverage, giving every contributor clarity and fairness.

These use cases illustrate a simple principle: musiic transforms cultural actions into programmable transactions. What was once invisible labor — a fan's discovery, an engineer's mix, a show's attendance — becomes recorded, rewarded, and owned. Music shifts from a product consumed to an economy co-created. Everyone gets credited.

11. Roadmap and Development Path

Building a protocol to replace entrenched industry structures requires staged development. musiic is not a single application but an ecosystem that will evolve in phases, each unlocking new forms of cultural and economic participation.



11.1 Phase One: Identity and Verification

The first requirement is trust in roles. Fans, artists, venues, and service providers must be distinguished from bots, impostors, and bad actors. In Phase One, musiic deploys its identity layer: verification processes anchored by attestations that bind roles to wallets. Fans confirm their humanity; artists claim their profiles; venues and providers establish legitimacy. This phase ensures that all subsequent transactions rest on a foundation of authentic participants.

11.2 Phase Two: Core DMC Factory

With identity established, musiic introduces the factory for Decentralized Music Contracts. Standard templates for Album Funding, Live Shows, Service Agreements, and Merchandise are deployed. These contracts provide the building blocks for the new music economy, replacing legacy agreements with programmable, transparent logic.

It is during this phase that the StreamSale Distribution Model and WaxDrop contracts are introduced. These extensions demonstrate musiic's power not only to replicate old industry structures but to invent new cultural primitives that could not exist before decentralization.

11.3 Phase Three: Governance and Treasury

Once core transactions are live, governance must transition from founders to community. Phase Three introduces on-chain voting, where proposals are evaluated by both PYL holders and attested contributors. A treasury is established, funded by protocol fees, and deployed through governance to support audits, grants, and community initiatives. The protocol begins to govern itself, embodying its ethos of decentralization.

11.4 Phase Four: Expansion and Integration

The final phase extends musiic into a global ecosystem. Secondary markets emerge for rights tokens, enabling liquidity and discovery. Partnerships with venues and distributors expand adoption. Integration with DeFi protocols and NFT platforms creates new layers of utility and composability. Scalability is enhanced through Layer 2 deployment, enabling mass participation without sacrificing security.

The roadmap is not a rigid prescription but a path of unfolding capabilities. Each phase builds on the last: from verified identities, to programmable contracts, to community governance, to global integration. The end state is a protocol capable of sustaining an entire music economy, owned and operated by the fans and artists who bring it to life.

12. Security Considerations

For musiic to serve as the foundation of a new music economy, its contracts and governance must be secure against manipulation, exploitation, and failure. While decentralization distributes power, it also introduces new vectors of risk. The protocol addresses these through layered safeguards.

12.1 Smart Contract Audits

Every Decentralized Music Contract (DMC) template, as well as the Payola (PYL) token and governance modules, undergo independent third-party audits before deployment. Templates are standardized so that vulnerabilities need not be rediscovered with each new instance. By ensuring security at the moment of deployment, artists and fans can trust that the contracts they use are battle-tested and reliable.

12.2 Oracles and Truth Verification

Because musiic connects on-chain agreements with off-chain events, it depends on oracles. Oracles verify whether a live show occurred, whether streaming revenue was earned, or whether vinyl was

delivered. To secure this bridge, oracle providers must stake collateral that can be slashed for dishonesty. Dispute resolution mechanisms allow communities to challenge false reports, ensuring that no single provider can unilaterally distort outcomes.

12.3 Governance Safeguards

musiic's governance is powerful — it can upgrade modules, alter emission schedules, and direct treasury funds. To prevent capture, proposals are subject to time-locked execution, giving the community space to review and respond. Critical upgrades require multi-sig approval from a rotating set of guardians, whose role is to act only in emergencies and who are explicitly mandated to sunset as the community matures.

12.4 Emergency Controls and Insurance

Despite best efforts, vulnerabilities may emerge. In the event of a discovered exploit, emergency pause functions allow contracts to halt new actions while preserving existing balances. A treasury-backed insurance fund provides coverage for losses caused by oracle faults or critical failures. This fund is governed transparently, ensuring claims are assessed fairly and without favoritism.

Security in musiic is not an afterthought but a precondition. By combining audits, oracle incentives, governance safeguards, and contingency mechanisms, the protocol aims to minimize risk while preserving the openness and composability that make decentralization powerful.

13. Versioning and Transparency

Decentralization is not only about who holds power in the present, but also about how the past is preserved. In legacy industries, contracts and terms can be quietly rewritten; history is obscured by closed archives and selective disclosures. musiic takes the opposite approach: every change, every update, every version is visible and permanent.

13.1 Immutable Records

Whitepapers, manifests, and contract templates are uploaded to decentralized storage systems such as IPFS or Arweave. Each file is identified by a unique content hash. Once published, the record cannot be altered without generating a new hash. This ensures that the original vision, agreements, and design choices of the protocol remain permanently accessible, immune to revisionism.

13.2 Version Control

While records are immutable, the protocol itself must evolve. Improvements to contract templates, refinements to governance, and adjustments to tokenomics are expected over time. Each update is

published as a new version — v1.1, v2.0, and so on — and linked from the canonical ENS registry at musiic.eth. Historical versions remain available, providing a transparent lineage of development.

13.3 Community Oversight

Versioning is not the decision of founders alone. Upgrades are proposed, debated, and approved through governance. By requiring both PYL stake and cultural attestations, the protocol ensures that those with influence over its evolution are those most invested in its success. In this way, musiic balances the permanence of history with the adaptability of living systems.

Through immutable archives, explicit versioning, and collective governance, musiic commits not only to decentralization of power but to decentralization of memory. The community can always see where it has been, understand how it has changed, and decide where it is going.

14. Conclusion

Music has always been more than entertainment. It is culture, identity, and community — yet the systems that govern it have reduced it to a product controlled by intermediaries. For decades, artists have surrendered ownership for visibility, and fans have contributed without recognition. The result is an industry optimized for control, not creativity.

musiic offers an alternative. By encoding the contracts of the music industry into open, programmable smart contracts, the protocol restores ownership to artists and acknowledges the indispensable role of fans. Through Decentralized Music Contracts, the funding of albums, the booking of shows, the sale of merchandise, and the payment of collaborators become transparent, automatic, and fair.

But musiic does not stop at replication. With the StreamSale Distribution Model, fans participate in music as it is created, collapsing the distance between artist and audience. With WaxDrop, physical artifacts like vinyl are authenticated on-chain, tying tangible culture to digital permanence. These models demonstrate that decentralization is not only a corrective to the past but a foundation for entirely new cultural experiences.

At its core, musiic is built by fans themselves. Every participant begins by completing a KYC process to verify they are a genuine fan, not a professional industry insider seeking to exploit the system. Verified fans hold a unique privilege: they alone can make artists discoverable in the network. Artists may create accounts and claim their profiles at any time, but those profiles remain dormant until a fan adds them to musiic. This design ensures that musiic grows from the ground up, with cultural legitimacy established by communities, not gatekeepers.

The system is secured by governance that balances token-based incentives with attestations of cultural contribution. It scales through Layer 2 solutions, connects to the physical world through oracles, and

preserves its history through immutable records. Every action — discovery, attendance, collaboration, support — becomes part of a permanent, auditable ledger of culture.

musiic is not a platform or a company. It is a protocol, anchored at musiic.eth, powered by Payola (PYL), and governed by the community it serves. Its purpose is simple and radical: to build the first fan-and-artist owned music economy. The existing industry can and will participate in this system — but only on transparent, decentralized terms. The open question is whether their Web2 business models can adapt to a fan-and-artist owned economy. Those who evolve will find new opportunities; those who rely on gatekeeping and opacity will fade into irrelevance.

In this future, fans and artists no longer rent their place in music's story — they own it. And unlike the algorithm-driven platforms of today, musiic is human-first by design: it protects culture from the homogenization of AI-generated artists and ensures that music remains what it has always been — a connection between people.

musiic is decentralized music.

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