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Guide

What is AVAX? Everything You Need to Know about Avalanche

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Welcome to this edition of 101 article exploring one of the staking coins on Moonstake. This time, we'll be looking at Avalanche and its native coin AVAX which has grown rapidly since its inception just a few years ago and is in the list of the most popular cryptocurrencies on the market.

What Makes Avalanche Unique?

Launched in September 2020, Avalanche is a Layer-1 blockchain that functions as a platform for dApps and custom blockchain networks. As a rival to Ethereum, Avalanche aims to dethrone it as the best blockchain for smart contracts with its impressive 4,500 TPS (transactions per second) output without compromising on scalability nor security.

Most notably, the EVM (Ethereum Virtual Machine)-compatible Avalanche network boasts a unique architecture consisting of three individual blockchains. All three chains serve a unique role and work together to run the Avalanche network, instead of letting a single chain handle all transaction processing like other blockchains on the market. Specifically:

- X-Chain (exchange chain): Handles transactions. Has a fixed transaction fee of only 0.001 AVAX and utilizes directed acyclic graph (DAG) technology to optimize speed.
- P-Chain (platform chain): Handles staking and validator activities.
- C-Chain (contract chain): Handles smart contracts, DApps, and DeFi.

Users can swap AVAX between these three chains and they are secured and validated by the Primary Network, a special subnet. On Avalanche, users can build their own custom blockchain network that is seamlessly interoperable with the broader Avalanche ecosystem. Custom subnets need to be a member of the Primary Network by staking 2,000 AVAX.

For its consensus algorithm, Avalanche operates its own protocol called Snow that uses Proof-of-Stake (PoS) as the foundation. The Snow consensus protocol aims to balance transaction speed, network capacity, decentralization, energy efficiency, and security. The Avalanche team also claims that its network boasts the “lightest hardware requirements of any blockchain platform” and does not implement slashing, making it a very friendly PoS chain for validators.

How Did Avalanche Become Popular?

Avalanche is one of the most popular blockchains out there for DeFi, with a thriving ecosystem of applications. It is home to market-leading DeFi platforms including the lending protocol AAVE, SushiSwap DEX, and the first regulated stablecoin TrueUSD.

Thanks to its robust technical architecture and DeFi ecosystem, Avalanche has become one of the most popular blockchains for DApp developers. In 2020, Avalanche raised 42 million USD in its ICO in just 24 hours.

Avalanche’s Technical Milestones and Why Moonstake Supports AVAX

At Moonstake, we work to support the most demanded coins on the market. Here are some key milestones of Avalanche so far:

- 800 network validators by January 2021, less than half a year since Mainnet launch.
- TVL increased significantly from early 2021 and peaked at 400 million USD before the market crash in May 2021.
- By Q1 2021, users have moved more than \$100M in assets from Ethereum to Avalanche, including \$8.2M within the first 24 hours.
- By late November 2022, Avalanche network had processed 450 million transactions total, a 1507% increase from one year ago.
- Over 200 dApp projects are currently available on Avalanche, with many projects being cross-chain thanks to the robust bridging ecosystem around Avalanche.
- Avalanche has also secured institutional partnerships with major global companies like accounting firm Deloitte and publicly traded insurance company Lemonade, demonstrating practical use cases of blockchain and crypto for enterprises.
- Avalanche currently has over 1,300 validators securing its highly active network.

We can see that AVAX is a high-demand coin and Avalanche network is an esteemed blockchain project with active, continued growth and development. This makes AVAX a great and strategic addition to the lineup of PoS coins supported by Moonstake and we are working hard to bring AVAX staking to you very soon.

How AVAX Staking Works

You will have to transfer your AVAX onto P-Chain to start staking. When you hold assets in a P address, you make them illiquid. You will not be able to freely move your assets into your X address, and you cannot transfer them to another P address. To move assets from one P address to another, you have to send them back to your X address and then send them to another P address.

Users must have 25 AVAX to delegate/stake in the wallet, the minimum amount of time one can stake funds for validation is 2 weeks for a lock-up period. The delegation fee set by validators is the portion of the rewards that are paid to the validators. The minimum delegation fee is 2%. However, there is no slashing on Avalanche, staked tokens are never at risk of loss due to poor validator performance.

When a validator is done validating the Primary Network, it receives back the AVAX tokens it staked. The validators will also vote on whether the leaving node should receive a staking reward for helping to secure the network.

A validator will only receive a staking reward if they are online and response for more than 80% of their validation period, as measured by a majority of validators, weighted by stake. When a node leaves the validator set, the validators vote on whether the leaving node should receive a staking reward or not.

How To Get Rewards for AVAX Staking and How Unstaking Works

AVAX rewards earned from staking are handled on the protocol level, and rewards will automatically be transferred to you once they are earned. AVAX tokens must be staked for a minimum of 2 weeks and a maximum of 1 year, and the staking rewards (as well as the staked tokens) will be received by the user after the staking period ends.

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About Moonstake

Moonstake is the world's leading staking service provider that develops and operates decentralized wallet services for businesses and individuals.

Since its launch in April 2020, Moonstake has partnered with 27 leading platform providers, including Cardano's constituent Emurgo, developer of the Polkadot-connected blockchain Astar Network Stake Technologies, and the TRON Network with over 50 million users. In May 2021, Moonstake further enhanced its corporate credibility by becoming a wholly owned subsidiary of OIO Holdings Limited, a company listed on the Singapore Stock Exchange.

Using blockchain technology, Moonstake aims to progress toward a world where anyone can easily make use of highly secure and reliable digital asset management tools.

<https://www.moonstake.io/>

About Moonstake's staking business

For the staking industry, which has grown into a 630-billion dollar market as of September 2021, Moonstake provides a decentralized staking service that does not require user deposits, and supports nodes around the world in addition to its own validator nodes. Moonstake currently supports the staking of 18 blockchains. With a total staking assets of 1.8 billion USD and a global user base, the company ranked third out of more than 10,000 providers worldwide in June of the same year.

About Avalanche

Avalanche is the fastest smart contracts platform in the blockchain industry, as measured by time-to-finality, and has the most validators securing its activity of any proof-of-stake protocol. Avalanche is blazingly fast, low cost, and green. Any smart contract-enabled application can outperform its competition on Avalanche.

<https://avax.network> (<https://avax.network>)

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