

\$PUMP

51/100

Pump.fun (\$PUMP) Tokenomics Audit

pump.fun

Pump.fun is a decentralized platform on the Solana blockchain that lets users create and trade memecoins.

PUMP is the platform's native token with a pronounced deflationary mechanism: 50% of ecosystem fee revenue goes to buybacks, and 60% of the tokens bought back are permanently removed from the network.

FDV

\$1.42b

MC

\$577.4m

TVL

\$220m

FEES PER MONTH

\$63.6m

TOKENS CREATED

18.6m

The token is not required to use the product

Strong buyback mechanism: 50% of ecosystem fee revenue is spent on buying PUMP off the market, and 60% of the bought-back tokens are permanently removed from the network.

No direct functional link between the token and the project: every service is available without the token, and holding it grants no intangible benefits or privileges.

1. Introduction

This audit is not compiled for commercial purposes, and the conclusions contained herein do not constitute investment advice. The audit is intended for a broad audience. It's been carried out with an eye to identifying the vulnerabilities of the \$PUMP token and demonstrating them both for the project itself and those holding \$PUMP. Only publicly available data from the Internet was factored into this audit.

Pump.fun is a decentralized platform on the Solana blockchain offering users the opportunity to create and trade memecoins.

Features and mechanisms include:

- **Fair launch:** the platform employs a "fair launch" model where all the tokens are minted at once, without any presales or allocations going to team members in the process.
- **Fair Burn system:** a small percentage (usually about 1%) of every transaction is withheld and distributed among holders, serving as an extra incentive for early buyers.
- **Automatically created liquidity pool:** when the token's public trading debuts, the platform creates a token/SOL liquidity pool and deploys it to an AMM protocol.

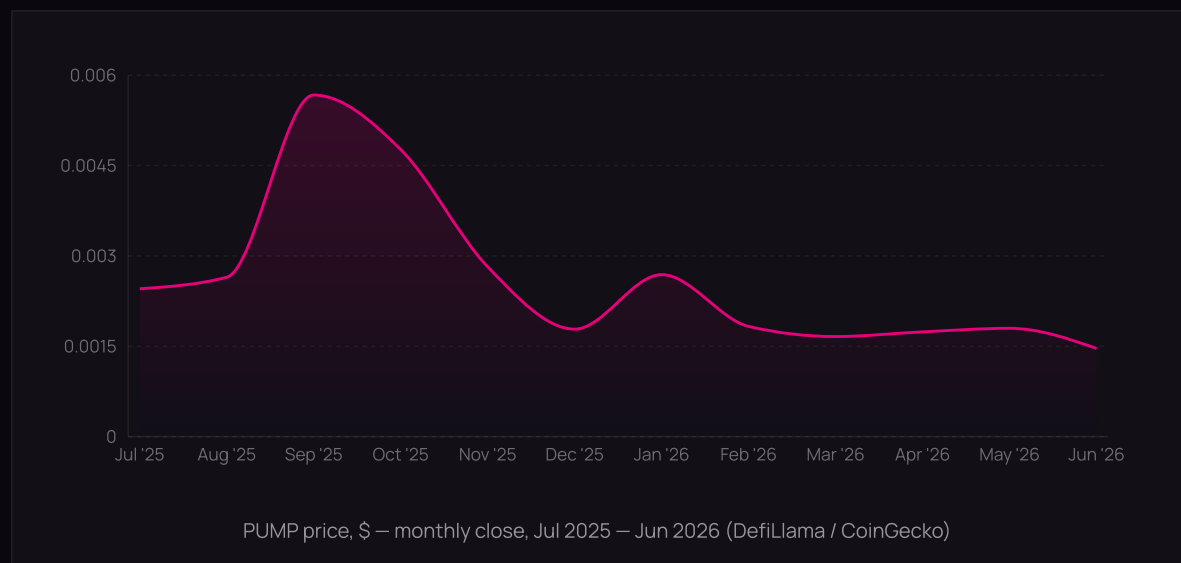
The platform was launched on January 19, 2024 by three entrepreneurs — Noah Tweedale, Alon Cohen, and Dylan Kerler. The platform's native token, PUMP, was launched in July 2025.

According to CoinGecko analysts, 18.6 million tokens were launched on the Pump.fun platform between January 2024 and June 2026.

Website: pump.fun

2. Token price

2.1 Token price analysis



Metric	Value
Starting price and trading launch	\$0.004000
Current price	\$0.001293
All-Time High (ATH)	\$0.008830
All-Time Low (ATL)	\$0.001133

In addition to the profound price drawdown following the ICO, a couple of the major turning points worth breaking down are a token price rally over August–September 2025 and a sharp crash in October 2025.

Reasons for PUMP's 75% drop immediately following the ICO were:

- **Large-scale sell-offs by “whales”:** major investors who commanded over 60% of the tokens distributed during the presale. In the first week after the launch, 59.6% of those who took part in the ICO withdrew or sold their assets on exchanges.
- **Fundamental platform issues:** Pump.fun trading volumes plummeted from \$11.6 billion in January to \$3.65 billion in June. The fact that the token lacked utility functions (such as staking or governance) intensified investor skepticism.
- **Highly concentrated assets and fraud:** a total of 2,400 fake versions of PUMP and 6,700 scam attacks were recorded.

Here are some of the reasons PUMP managed a rally over August–September 2025:

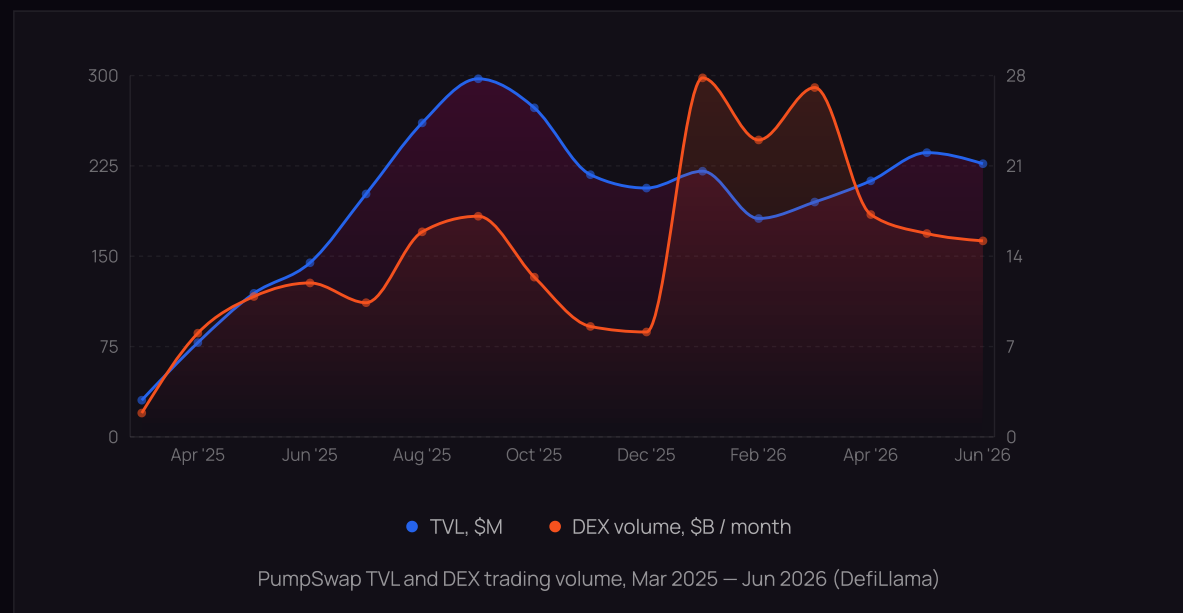
- **The launch of Project Ascend and a new fee mechanism.** Pump.fun accelerated payouts to token creators in light of their growing market cap. That, in turn, stimulated activity and enhanced PUMP demand.
- **Massive token buyback:** between August 28th and September 3rd, the platform bought back \$12.19 million worth of tokens. This accounted for 98% of its weekly revenue and cut the circulating supply by approximately 5.36%. This move boosted investor confidence and drove the price up.
- **Topping the charts in revenue and activity:** Pump.fun emerged as one of the best-performing protocols in the Solana ecosystem in terms of daily fees, its revenue shooting up to as high as \$5.7 million a day.
- **Technical factors:** technical analysis showed the token breaking a markdown trend and creating an ascending channel. The price consolidated above the 20-day EMA, while indicators, such as Bull-Bear Power and MACD, signaled a bullish market sentiment.

Here is what led to the October 2025 token crash and the subsequent prolonged correction:

- **The crypto market cap crash on October 10, 2025:** the token was caught up in the broader trend of cascading sell-offs.
- **Massive fund withdrawals by the developer team:** the transfer of \$436.5 million in USDC stablecoin to Kraken exchange triggered a 24% crash for PUMP.
- **Falling interest in memecoins:** experts attribute this to crypto traders reallocating their capital toward traditional asset trading.
- **Pump.fun's GO platform launch:** on June 5, 2026, the token dipped 14% due to backlash against the platform, which brought on reputational and regulatory risks over controversial phrasing and tasks.
- **Major token unlock:** on June 12, 2026, 10 billion PUMP tokens were released, which poured on selling pressure amid low liquidity for Solana meme tokens.
- **SOL treasury liquidation:** on June 12, 2026, the protocol transferred 67,482 SOL to Kraken exchange. This added to the selling pressure weighing down SOL — the core asset required for platform operations and fee generation.

In 2026, the price has fluctuated within the range of \$0.0011 and \$0.0022.

2.2 TVL chart analysis



Current TVL: \$209.26M (PumpSwap).

Important note

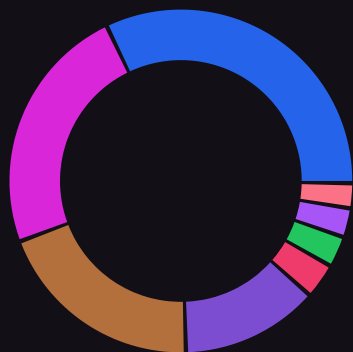
Over the past year, the daily DEX trading volume plummeted 4x, but the number of locked PUMP tokens dipped by less than 2x. Its TVL is not directly correlated with the DEX trading volume.

2.3 Conclusions regarding the token price

In just a year of trading, PUMP's price has hit a series of rough patches and collapsed all the way to its all-time low. Efforts have been made to link the token's price to the platform's success through incentive mechanisms, buybacks, and lockups. Alas, the overall demand for memecoins has plummeted, bringing about a subsequent collapse in PUMP demand.

3. Token allocation

The total supply to be released into circulation: 1,000,000,000,000 PUMP. Currently in circulation: 345,555,318,316 PUMP. Removed from the network: 360,000,000,000 PUMP (36%).



● Initial Coin Offering
 ● Community & Ecosystem ● Team
 ● Existing Investors ● Livestreaming
 ● Liquidity & Exchanges ● Ecosystem Fund
 ● Foundation

Allocation by category, % of 1T PUMP (DefiLlama)

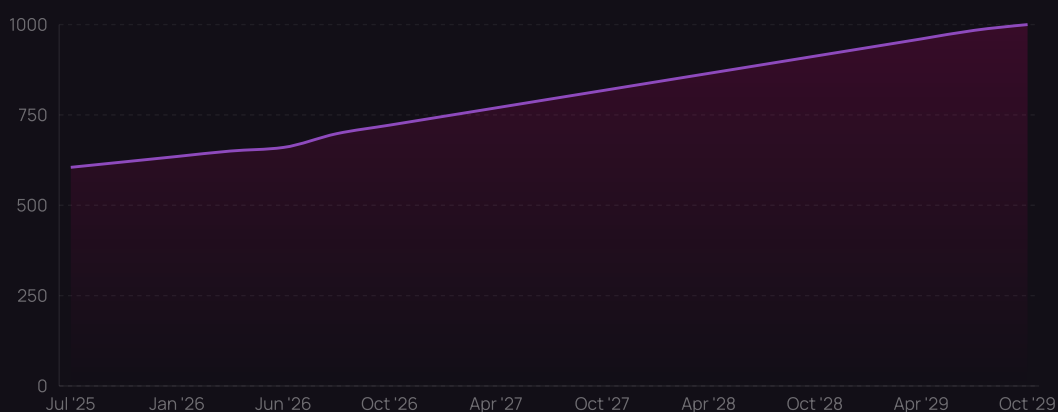


● Unlocked ● Locked
 Unlocked / locked, % of total supply (DefiLlama)

Important note

Starting in July 2026, the tokens of the team (200b PUMP) and key investors (130b PUMP) will start getting unlocked, which may introduce extra pressure on the token's price.

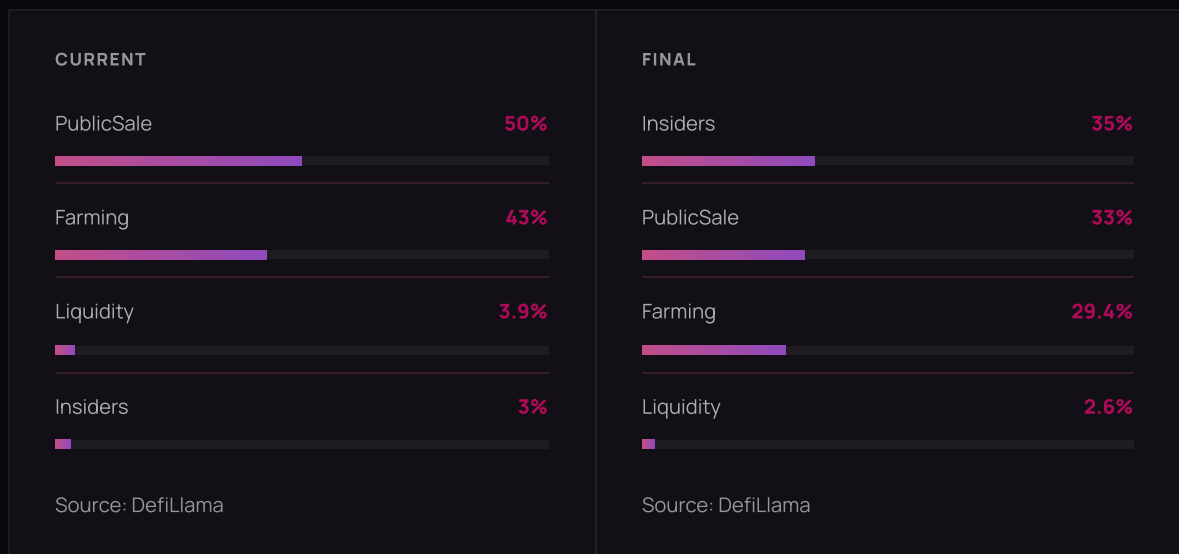
3.1 How tokens, cliffs, and unlocks are distributed



Unlock schedule: unlocked supply, b PUMP out of 1T (based on DefiLlama Unlocks)

Allocation list:

Allocation	Share of total supply	PUMP	Status
Initial Coin Offering (ICO)	33%	330b	Unlocked
Community & Ecosystem	24%	240b	Vesting
Team	20%	200b	Still locked
Existing Investors	13%	130b	Still locked
Livestreaming	3%	30b	Unlocked
Liquidity & Exchanges	2.6%	26b	Unlocked
Ecosystem Fund	2.4%	24b	Unlocked
Foundation	2%	20b	Unlocked



Important note

The tokens have been spread out widely across allocations, but this didn't suffice to hold the price above or at the level of the ICO price.

3.2 Conclusions regarding the token allocation

POSITIVE AND RISK FACTORS

- ✓ A broad token distribution across allocations
- ✓ Tokens in circulation were burned
- ✓ Team and investor tokens were locked for 12 months
- ⚠ Burning 36% of the tokens brought about no uptick in price. Users don't believe it's going to grow and aren't hesitating to offload coins
- ⚠ Mined tokens have been sold
- ⚠ The impending unlock of team tokens (31% of current circulating supply)
- ⚠ The impending unlock of investor tokens (20% of current circulating supply)

Final conclusion regarding the token allocation:

The token allocation was well thought-out and based on long-term memecoin demand. If demand for memecoins had carried on growing, all early tokens would be in active circulation, and the platform would continue to buy back tokens and continue to burn them. But in light of dampened demand for memecoins, interest in PUMP and Pump.fun has cratered.

Consequently, the token's price sits near its all-time low. Meanwhile, the unlocking of team and investor tokens is soon on the horizon, which will contribute further pressure on the token's price.

4. Staking and farming

Pump.fun offers staking for PUMP, whereas the yields depend on how long the stake will be. Staking rewards are distributed in PUMP, which the platform buys back from the market using a share of its fee revenue.

4.1 Tool analysis

1. Liquid Staking on PumpSwap

Rewards for providing liquidity to the pool:

- **0.20%** goes to liquidity providers (LP)
- **0.05%** remains with the protocol

2. Classic Staking

At different times, the token may be locked both on the Pump.fun platform itself and on partner platforms:

- **Up to 32% APR**
- **Up to 36% APY**

Important note

Rewards are paid in PUMP, but these tokens are not stored in a special fund and are not additionally minted; they are bought back from the market out of the total fees generated.

4.2 Formula analysis

There is no documentation on Pump.fun describing the staking mechanics in detail, but the following information has been provided for now:

- **Since April 2026, 50%** of revenue generated from Bonding Curve, PumpSwap, and Terminal is spent on PUMP token buybacks
- **Of the bought-back tokens, 60% are burned**, and 40% go to rewards and grants.

Important note

Information regarding staking, farming, and buybacks is frequently updated, and there is no centralized repository, so the section may become irrelevant at any time.

4.3 Cash flow analysis

Inbound flows:

PumpSwap fee • Per swap	Pump.fun transaction fee • Per transaction	Token issuance fee • Per launch
0.05%	1%	1% + 6 SOL

Important note

As of the time of this audit, Pump.fun has earned \$1.126 billion in fees, while PumpSwap has generated \$652.6 million.

4.4 Conclusions

The locking of PUMP tokens is designed to create scarcity and relies on market mechanisms to issue rewards. Half of the ecosystem's revenue is directed toward buying back tokens from the market, which should generate \$1.7 million in daily demand (as of the date of this audit). However, the daily trading volume of the tokens stands at \$112.2 million; thus, the buyback strategy falls short. That leads to the following conclusion: the token locking mechanism is well-designed, but its implementation will not yield results without a compelling market incentive to purchase memecoins.

5. Token utility

PUMP is the native token of the Pump.fun platform. For that reason, it possesses a certain set of loyalty functions and access to the project's internal services.

5.1 Use cases

List of utilities:

- **Platform governance:** PUMP holders can vote on key issues, such as how to develop the platform, changing the fees structure, and implementing new functions.
- **Access to privileges and incentives:** PUMP holders can participate in special promotions and giveaways hosted by the ecosystem. Furthermore, the token unlocks access to particular social features on the platform. That includes, for instance, leaving "tips" for token creators or getting prizes during live streams.
- **Fee discounts:** in certain platform use cases, PUMP holders can receive discounts on fees for token creation or trading.

Important note

PUMP is not required for the platform's core functionality (memecoin launch).

5.2 Tools and services

PUMP is used on third-party exchanges and payment systems.

- **Earn programs on exchanges:** Kraken, Binance, BingX, KuCoin, Gate.io, among others.
- **As a payment method:** PUMP is accepted but only in rare cases.

Important note

The token is primarily used for marketing purposes and is not utilized, but rather is temporarily locked to receive PUMP token rewards.

5.3 Conclusions

- PUMP does not serve a core function in the project
- PUMP is an extra but not an enhancement
- The list of token functions is too narrow

The PUMP token calls for expanded functionality within the Pump.fun ecosystem. At present, the token lacks any clear non-financial value.

6. Token circulation

Out of the 1 trillion PUMP tokens, 660 billion have been unlocked (including those removed from the network). Around 155 billion are locked in TVL, and the daily trading volume stands at 80 billion PUMP.

6.1 Token flow dynamics

1. Entering circulation:

- Tokens from the vesting protocol (another 340 billion coins)
- Reward tokens

2. Exiting circulation:

- Buyback (50% of ecosystem revenue or 1.2 billion PUMP/day)
- Staking and liquidity protocols
- Permanent removal of tokens from the network (around 36% of the maximum supply has already been removed)

Important note

Tokens are not withdrawn through utility functions but solely through speculative tools.

6.2 Risks

- ⚠ The buyback does not deliver the effect that was anticipated. It currently only covers 2% of the token's market turnover
- ⚠ The lack of utility-driven demand has left the token 100% dependent on market trends. If demand for memecoins does not recover, PUMP will remain without fundamental support
- ⚠ Removing tokens from the network may not pay off, since it is impossible to achieve scarcity through burning if the token lacks any baseline demand

7. Critical notes

- The token is missing a core function
- The token is linked to the business through a buyback mechanism, but that mechanism does not achieve results
- Soon, tokens allocated to the team and key investors will start getting unlocked as well, which may intensify price pressure on the token
- There is no documentation describing the tokenomics
- Demand for the token does not depend on the importance of its functions and is therefore driven solely by the speculation factor
- Pump.fun ecosystem fees depend entirely on the demand for memecoins and lack diversification

Without an outlined tokenomics framework detailing clear utility functions for the token, no activities carried out by the management team will achieve the expected results. The token requires a function, the demand for which will generate demand for the token itself. In its current form, the PUMP token is a speculative instrument with all the associated risks.

8. Final conclusion

The Pump.fun ecosystem operates a strong buyback mechanism. However, the PUMP token itself lacks a core utility function. Therefore, as of this moment, demand for PUMP is driven solely by speculative interest and does not present long-term investment potential.

The project team is trying to develop the project and is making adjustments to the tokenomics, but as long as PUMP remains unused in the ecosystem's core services, demand for it will remain sporadic, and price pressure will continue to weigh it down.

At the same time, as a financial instrument, the PUMP token offers promising potential because, despite the all-time low price and the drop in demand for memecoins, \$220 million worth of tokens are locked in the protocols.

The project has a large user base ready to provide support in the event demand for memecoins rebounds, or its tokenomics improve.

8.1 Recommendations for the project

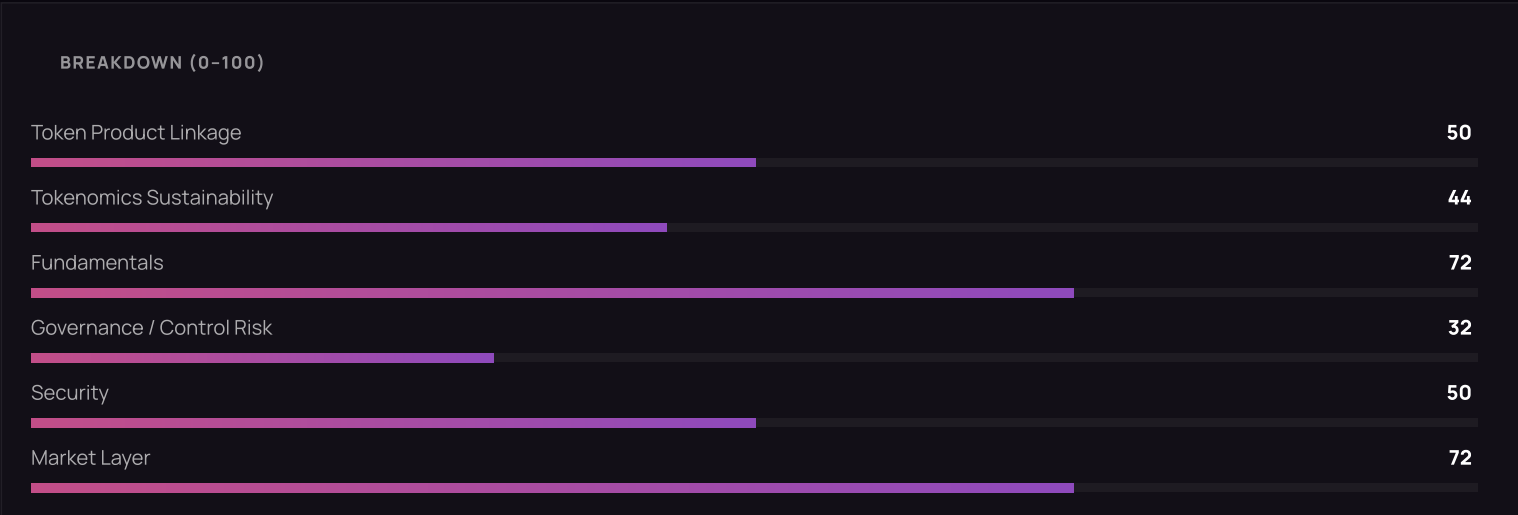
- Introduce the token into Pump.fun's services, for instance by making it required for access to the creative studio.
- Integrate the token into new services within the Pump.fun ecosystem.
- Publish the tokenomics (the description section) to bolster trust in the project.
- Focus the tokenomics on the token's utility functions rather than the buyback.

Conclusion

PUMP gets a score of 51/100. This is a token with a strong buyback mechanism, a large Pump.fun product base, and high revenue streams, but with weak direct utility within the platform's core scenarios. The main problem with the model is that a user can launch and trade memecoins without needing to buy or hold PUMP. Therefore, platform growth does not always directly translate into sustainable demand for the token.

Why a buyback from reserves and a buyback on the open market produce different outcomes — across six exchange tokens in our research ["How to Launch an Exchange Token That Doesn't End Up Worthless"](#).

Final rating



SUMMARY

Pump.fun buys back 50% of its fee revenue and has burned 36% of PUMP supply – yet the price sits at an all-time low, because nothing on the platform requires the token. 8Blocks unpacks the model in a BB-rated tokenomics audit.

This audit is not investment advice. Use it as part of your own analysis.

FINAL RATING

51 /100

RATING BB



Lead expert

Toni Efren in

Co-founder, 8Blocks

Block	Weight	Score (0-5)	Score (0-100)	Contribution
Token Product Linkage	40%	2.5	50	20
Tokenomics Sustainability	20%	2.2	44	8.8
Fundamentals	15%	3.6	72	10.8
Governance / Control Risk	10%	1.6	32	3.2
Security	10%	2.5	50	5
Market Layer	5%	3.6	72	3.6
Total	100%	2.6	51	51.4