



# Fundamental Report

Prime Rating Report V2.1

**Protocol:** Reflect.Finance  
**Version:** V2.1  
**Date:** 03/03/2022  
**Previous Report:** —

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**Reviewed by:** xm3van  
**Season/competition:** Season 2

## Scorecard

1. Value Proposition	Points
a) Novelty of the solution	1 / 15
b) Market fit/demand	1 / 15
c) Target Market Size	10 / 10
d) Competitiveness within market sector(s)	0 / 10
e) Integrations & Partnerships	6 / 15
<b>Total Points - Value Proposition</b>	<b>18 / 65</b>
2. Tokenomics	Points
a) Is the token sufficiently distributed?	2 / 15
b) What is the extent of the token's capabilities?	0 / 10
c) Is the issuance model able to improve the coordination of the protocol?	1 / 10
d) Is the value capture model able to accrue and distribute value?	2 / 10
e) Is the token sufficiently liquid to enable active use and trade?	0 / 5
f) Are there any extrinsic productivity use cases?	0 / 10
<b>Total Points - Tokenomics</b>	<b>5 / 60</b>
3. Team	Points
a) Is the team credible and public? (No, Partly, Yes & Anon , Yes & Public)	0 / 15
b) Does the team have relevant experience?	0 / 10
c) Does the team participate and help shape the public debate?	1 / 5



d) Is the team able to effectively attract and coordinate resources?	0 / 10
<b>Total Points - Team</b>	<b>1 / 40</b>
<b>4. Governance</b>	<b>Points</b>
a) Admin Keys	5 / 20
b) Extent of Governance capabilities	0 / 15
c) Active Governance contributors	0 / 5
d) Governance infrastructure	0 / 10
e) Robustness of Governance process	0 / 10
<b>Total Points - Governance</b>	<b>5 / 60</b>
<b>5. Regulatory</b>	<b>Points</b>
a) Does the protocol have any legal accountability?	N/A
b) What is the quality of the legal jurisdiction?	N/A
<b>Total Points - Regulatory</b>	<b>N/A</b>
<b>Total</b>	<b>29 / 225</b>

## 1. Value Proposition

The Value Proposition section describes the value a protocol delivers to its users. Based on the proportion of the problem the protocol aims to solve and the potential of the protocol to effectively solve the problem - better than other industry solutions - a Value Proposition rating is created.

### a) Novelty of the solution (15 points)

This score evaluates the novelty (uniqueness) of the protocol. Has the protocol introduced any new innovations that help solve user's problems more efficiently? Is the project a fork? To what extent did they copy/fork the original?

**Answer:** Reflect is a global [yield generating protocol](#) that seamlessly compounds RFI tokens in users wallets. Reflect works by applying a 1% fee to each transaction of RFI and instantly splitting that fee among all holders of the RFI token. This simply means if you hold RFI, you will earn more RFI. Holders do not need to stake or wait for fees to be delivered. Fees are awarded by the smart contract and are immediately reflected in the holder's balance.

The value proposition of this protocol is flawed in my opinion because as a yield farming protocol, the only user problem it solves is reward increment. This isn't much of a problem in the DeFi space given all yield farming protocols



such as Compound, Loopring, TrueFi, etc. strive to give their users maximum rewards. The protocol doesn't seem to have anything concrete other than this. Features common to some yield farming protocols (lending options, borrowing options), [limited number](#) of markets and a host of other information not being known about the protocol (legal jurisdiction, founders) don't make it look as legitimate as other protocols in the same category, that is, Aave, Curve, etc.

**Score: 1**

### b) Market fit/demand (15 points)

This score evaluates the degree to which the protocol satisfies a strong market demand. The market fit evaluates if the protocol is able to satisfy the needs of a specific market (can also be measured by user adoption/ #of users). To what extent has the protocol proven to meet the demand of a specific market? Is the timing of the product right for the market? Is the protocol targeting the right market?

**Answer:** The protocol has [10,424](#) users but averages [trading volumes](#) less than \$5000.

Based on this, we can say the protocol might be targeting the right market at the right time, but has no clear strategy to satisfy demand for the yield farming market because other protocols trade tens of millions in a day ([Uniswap](#) > \$140M, [Sushi](#) > \$90M, [Compound](#) > 40M, [Aave](#) > \$180M)

**Score: 1**

### c) Target market size? (10 points)

The target market size evaluates the current and future size of the problem the protocol is aiming to solve. The category of the Open Finance solution can be used as a reference to the target market (for example: Lending). Because Open Finance is by definition global, the global market for a specific problem equals the target market size.

**Answer:** The yield farming market is enormous and worth [billions](#). Currently, [Coingecko](#) estimates it to be over 15 billion dollars.

**Score: 10**

### d) Competitiveness within market sector(s) (10 points)

This score evaluates the competitiveness of the protocol within the market sector(s) it operates in. This score offers a relative comparison of the protocol and other protocols operating in the same market sector(s). To evaluate this, metrics to directly compare with the competition can be used (e.g. TVL, trading volume, number of users).

**Answer:** The protocol hasn't been competitive. This is the protocol compared to others in the same category. Values were given as at the time of writing.



Protocol	Trading volume (\$)	TVL (\$)	Number of users
<a href="#">Reflect.Finance</a>	4,205	N/A	<a href="#">10,424</a>
<a href="#">Uniswap</a>	150.3M	7.49B	<a href="#">3,671,366</a>
<a href="#">Aave</a>	188M	11.87B	<a href="#">105,996</a>
<a href="#">Compound</a>	48.39M	6.89B	<a href="#">186,668</a>
<a href="#">Loopring</a>	120.37M	280.8M	<a href="#">121,147</a>

It can be seen from the table that the protocol hasn't done much and its stats pale in comparison to the rest. Its number of holders isn't bad but it is still no reflection of protocol's trading volume.

Score: 0

## e) Integrations & Partnerships (15 points)

Due to crypto's open-source nature, the code of most protocols can easily be forked. This score represents a piece of "unforkable value". Some indicators to look at are the number of applications built on top of the protocol (vertical integration), other entities integrating the protocol's services (horizontal integration) or the number of relevant partnerships (be careful of logo collections/ partnerships without much purpose).

**Answer:**

### Integrations

No integrations were found for the protocol

### Partnerships

- The project has a [partnership](#) with [Holder.finance](#) to power a dApp for gas-less trading on the Ethereum network.
- The protocol also has a partnership with [Assure KYC](#) which allows anonymous project teams to remain publicly anonymous, while still providing investors with an added layer of safety and protection which is typically only afforded to projects with public teams.
- Reflect.Finance also has a partnership with [Nonce Classic](#) to drive growth and facilitate RFI adoption in the Korean market by translating content created by the protocol into Korean.

Score: 6



## 2. Tokenomics

The Tokenomics section assesses the function of a protocol's token. This includes the token distribution, functionalities of the token, the ability of the token to incentivize positive behaviour in the protocol, and the ability of the token to capture a portion of the value created.

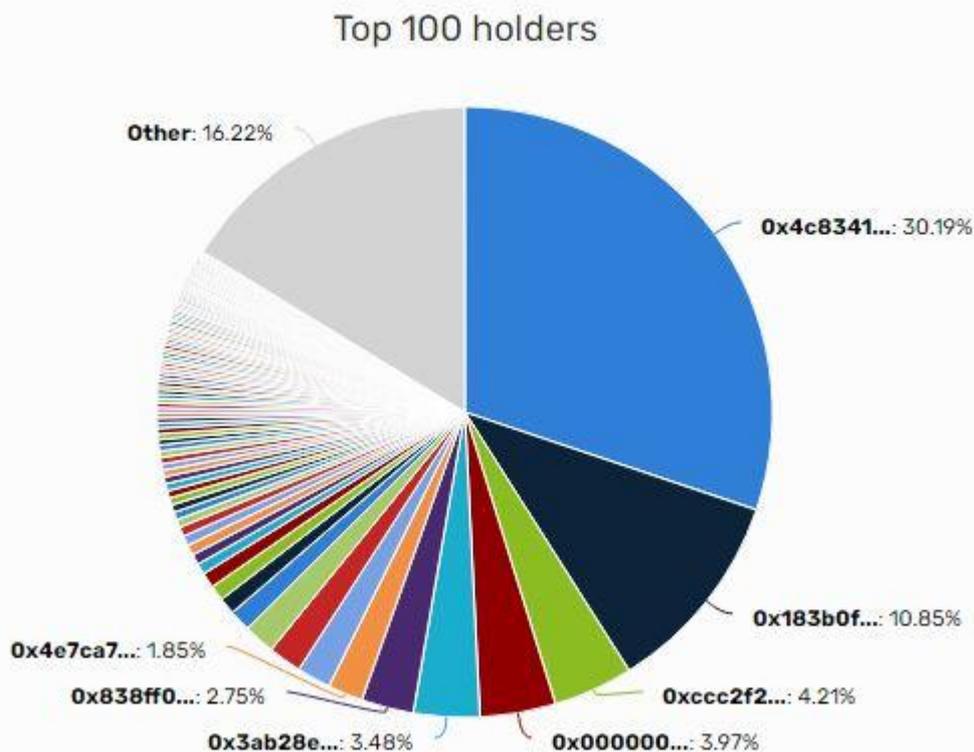
### a) Is the token sufficiently distributed? (15 points)

The token distribution can be an indicator of a healthy protocol. When the protocol tokens are widely distributed among different stakeholder groups and contributors, this genuinely improves the coordinating capability of the token and strengthens the resiliency of the protocol. Was the initial distribution balanced between relevant stakeholders? Are the tokens distributed over sufficient participants (10, 25, 100 largest addresses)?

**Answer:** The token distribution of the protocol is very unconventional. The protocol states on its [website](#) that, "The RFI smart [contract](#) is complete at launch. There was no ICO, no pre-sale, and no fundraising of any kind. There are no more features to add. There is no individual or team to be relied upon to give RFI any value"

The protocol states in its [tokenomics](#) on its [community dashboard](#) (you need Metamask to log in) that there are 10,000,000 RFI tokens in circulation - the entire supply. It also states that there are no reserved developer funds or anything of that nature and the token is [deflationary](#).

[Cryptorank](#) does show that the top [100 holders](#) collectively own 83.78% tokens of reflect.finance.



[Etherscan](#) also gives an insight into the owners of the tokens, showing exchange addresses and ones belonging to normal users.

- The 30.19% of the tokens belong to an exchange address - [Uniswap](#) (This can be seen in the image below)
- A deployer address accounts for 12.5% of the tokens - [EnreachDAO](#)
- A [null address](#) accounts for 5.6%



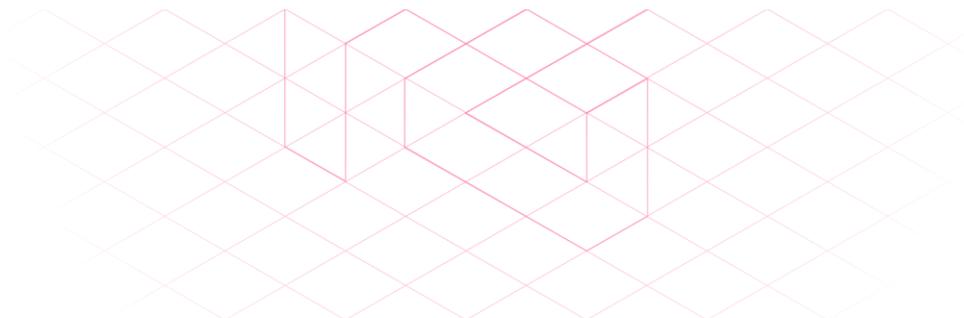
- The remaining 51.7% belong to ordinary addresses/holders

From this distribution, we can at least assume it is similar to the general state of token distributions in crypto.

<https://etherscan.io/token/0xa1affe3f4d611d252010e3eaf6f4d77088b0cd7#balances>



Rank	Address	Quantity	Percentage	Value
1	Uniswap V2: RFI 3	2,485,536.259125138	24.8554%	\$53,953.77
2	EnreachDAO: Deployer	1,249,728.226644355	12.4973%	\$27,127.97
3	Null Address: 0x00...dEaD	560,071.67211956	5.6007%	\$12,157.53
4	0xccc2f2378a3615f219d8ce8cbc0b71564a08fe93	477,802.420011461	4.7780%	\$10,371.70
5	0x3ab28ecedea6cdb6feed398e93ae8c7b316b1182	388,794.283769029	3.8879%	\$8,439.59
6	0x838ff0ab18846b6385f09e65581e3ba0df6d3b2e	315,182.261739864	3.1518%	\$6,841.69
7	0x4e7ca7cb97c682ceba2353849ab2c01f0f5ac67d	222,981.516488111	2.2298%	\$4,840.28
8	0x3ff6ca61a2fdb49ba124c15e315813c688711a67	201,830.257059434	2.0183%	\$4,381.15
9	Uniswap V2: RFI-YLD	167,844.399553954	1.6784%	\$3,643.41
10	0xb39a1d1f956cc21226d4cc0a373b9a0b798022be	128,471.531210674	1.2847%	\$2,788.74



Score: 2

## b) What is the extent of the token's capabilities? (10 points)

Is the token useful within the protocol? Does the token allow the holders to participate in governance or influence the protocol in any way? Does it serve any other purposes?

**Answer:** With respect to governance, the protocol states [here](#) that RFI token itself doesn't require governance and is better without it, and that the token was complete at launch and is in full circulation.

This actually means other than staking/yield [farming](#), the token has no relevant use.

Score: 0



### c) Is the issuance/distribution model able to improve the coordination of the protocol? (10 points)

To what extent does the issuance of the token support the advancement and function of the protocol? Are the tokens justifiably being issued? Does the issuance model incentivize the right behaviour? Are all relevant stakeholders benefiting from the issuance model?

**Answer:** It's fair to say the tokens haven't been justifiably issued because the protocol doesn't clearly explain its distribution model, only stating that all tokens are in [circulation](#).

Users benefit from the distribution model by earning [100%](#) of the fees generated from transactions. All users have to do is hold tokens in their wallet. Other than just trying to enrich holders, I don't really get the reason why such a distribution model was adopted by the protocol.

Even though this "sounds" like a good form of incentivisation, such a distribution model is flawed and bound to fail in the long run, because it is not based on any concrete structure (for example lending, borrowing, etc) that will keep it running for a long time.

**Score: 1**

### d) Is the value capture model able to accrue and distribute value? (10 points)

A value accrual and distribution mechanism can help improve the utility of a token and its ability to be used as an effective coordination mechanism. Does the protocol have mechanisms to distribute some of the value created to the token holders?

**Answer:** The protocol seems to score some points here. RFI works by applying a 1% fee to each transaction and instantly splitting that fee among all holders of the token. Holders do not need to stake or wait for fees to be delivered. Fees are awarded by the smart contract and are immediately reflected in the holder's balance. 100% of the fees generated go to holders of the token. The percentage of fees you earn is calculated by the percentage of RFI that you own among holders.

Even though rewards are great, a model like this one isn't sustainable in the long run because it isn't built on any other technical innovation.

For example, during a Q/A session in one of the protocol's [weekly reflections](#), a question is asked if the protocol has a solution to slippage problems on Uniswap and the risks of using a DEX. Their answer is that they are working on it.

The solution to this is liquidity and as explained in (2e) the RFI token is still largely illiquid. Established protocols like [Uniswap](#) and [Sushiswap](#) have lots of liquidity and have minimal to no slippage problems. If a simple structure like this one isn't in place, a protocol won't be sustainable in the long run.

**Score: 2**



## e) Is the token sufficiently liquid to enable active use and trade? (5 points)

Is the token widely available and is there sufficient liquidity available to facilitate all protocol functionalities?

**Answer:** The token is not widely available and largely illiquid. According to [Coingecko](#) these are the markets for reflect.finance:

### reflect.finance Markets

 Display Unconverted Data

[Affiliate disclosures](#)

#	Exchange	Pair	Price	Spread	+2% Depth	-2% Depth	24h Volume	Volume %	Last Traded
1	Bilaxy <span style="color: red;">▲</span>	RFI/ETH	\$0.02130767	21.98%	\$0	\$0	\$4,071	100.00%	Recently
2	Uniswap (v2)	RFI/WETH <a href="#">Live Chart</a>	*\$0.02242952	0.61%	\$2,220	\$2,213	\$0.00	-	**18 hours ago
3	Uniswap (v2)	RFI/YLD <a href="#">Live Chart</a>	*\$0.02261640	0.65%	\$162	\$161	\$0.00	-	**4 days ago

Score: 0

## f) Are there any extrinsic productivity use cases for the token? (10 points)

Besides the protocol's value distribution model as described in 2. d), can the token be used productively on other protocols (e.g. as collateral, for lending, LPing, yield farming, etc.)?

**Answer:** The token can only be used to LP on Uniswap.

Score: 0

## 3. Team

The Team section describes the quality of the team behind the protocol. The current version of Prime Rating favours teams that are publicly identifiable. In the case of an anon team, the track record of the specific anons involved can be taken into account

### a) Is the team credible and public? (15 points)



Are the identities of the core contributors and team publicly identified? In the case of anon team members, is there any way to track their background/record?

**Answer:** The exact identities of the team members remains anonymous. The only information on the team are their twitter handles:

- [@RFIJesus](#)
- [@CryptoDamo](#)
- [@EL\\_Crypto\\_Chapo](#)
- [@stevenakatomi](#)

The team is not credible because no information whatsoever was found on [@CryptoDamo](#) and [@stevenakatomi](#). The last tweet from [@RFIJesus](#) on the protocol came in April 2021. [@EL\\_Crypto\\_Chapo](#) is the most active but doesn't have a recent tweet about the protocol either.

**Score: 0**

## b) Does the team have relevant experience? (10 points)

Are there any documents or trails available to showcase the track record of the team? Do the team members have relevant backgrounds and skill sets?

**Answer:** From what has been gathered the team doesn't have relevant experience. No information whatsoever was found on [@CryptoDamo](#) and [@stevenakatomi](#). The last tweet from [@RFIJesus](#) on the protocol came in April 2021. [@EL\\_Crypto\\_Chapo](#) talks a lot about crypto in general and even identifies as the founder of [Assure Defi](#), but doesn't have a recent tweet about the protocol either.

A search on github doesn't reveal much about these profiles either.

**Score: 0**

## c) Does the team participate and help shape the public debate? (5 points)

To what extent do the protocol contributors participate in the public debate around open finance? Are the team members giving presentations, sharing their thoughts and opinions, and do they help raise the collective intelligence of the industry?

**Answer:** Other than a few AMAs [listed here](#) where the team speaks generally about how RFI contributes to yield farming, there's nothing more.

**Score: 1**



## d) Is the team able to effectively attract and coordinate resources? (10 points)

How effective is the team at attracting and coordinating resources for the benefit of the protocol? Has the team raised sufficient funding or are there mechanisms in place to attract resources when needed?

**Answer:** With no ICO, no pre-sale, no fundraising of any kind, no more features to add and no individual or team to be relied upon to give RFI any value, I don't think the team has been able to effectively attract and coordinate resources.

**Score: 0**

## 4. Governance

The Governance section evaluates how the protocol is governed and who the governors are. The different governance functionalities and processes are evaluated to determine to what extent the Protocol will be able to self-govern in a way that ensures the development of the protocols while respecting the needs of all current and future stakeholders.

### a) Admin Keys (20 points)

Admin Keys allow some critical functionalities of a protocol to be controlled by an admin. This allows the developers to react to potential bugs, but also creates a risk as the developers could potentially misuse the admin keys to exploit the protocol. Does the protocol have admin keys and how are they managed?

**Answer:** The community voted 8 dedicated members to be part of a multisig account with all funds secured in a treasury multisig account [linked here](#). The funds are from a [fundraiser](#) as the protocol categorically [states](#) that RFI doesn't require governance, is better without it and the token was complete at launch.

However, with all members anonymous with no credibility whatsoever, no voting mechanism available and with a model like this there is a high probability that the people in charge could misuse the admin keys.

**Score: 5**

### b) Extent of Governance capabilities (15 points)

Distributed governance allows the token holders to participate in the governance of open finance protocols. How much influence does the governance mechanism have? Are the votes affecting on-chain changes or do they function solely as signals to the team?

**Answer:** The protocol categorically [states](#) that RFI doesn't require governance, is better without it and the token was complete at launch

**Score: 0**



### c) Active Governance contributors (5 points)

Governance is a process that can be rather resource-intensive if executed well. To ensure good governance is practiced by the protocol, it's important to have a sufficient number of governors allocate resources to the governance process of the protocol. How many individuals participate in the debate around the protocol? How active are voters?

**Answer:** The protocol [states](#) that RFI doesn't require governance and is better without it. There are no records of voting taking place. The debate around the protocol takes place in [telegram](#) and [discord](#) but both platforms seem dead at the moment.

**Score: 0**

### d) Governance technology/infrastructure (10 points)

The Governance infrastructure relates to the technology, software, and models used by the protocol's governance. Does the protocol have a reliable and usable voting mechanism? Are there channels for governance debate? Is there sufficient documentation available?

**Answer:** There are channels for debate, [telegram](#) and [discord](#), but they seem dead at the moment.

**Score: 0**

### e) Robustness of Governance process (10 points)

This score requires documentation specifically on the governance process that sets the basic framework in terms of agreements, norms, and language for governing the protocol and to create social consensus. Does the protocol have a formal governance process? How robust is the governance process and does it promote good governance?

**Answer:** The protocol does not have a formal governance process nor good governance process.

**Score: 0**

## 5. Regulatory

The Regulatory section describes the extent and quality of the regulatory environment that affects the Protocol. To be able to guarantee functionality, security, and legality the protocol should comply with regulatory requirements, or limit itself to facilitating services to users who are willing to operate outside of the traditional regulatory environment.

### a) Does the protocol have any legal accountability? (15 points)

Does the protocol have any form of legal accountability? Can users and partners hold the protocol accountable in case of a breach of the agreement?



**Answer:** The protocol is decentralised and has no legal jurisdiction.

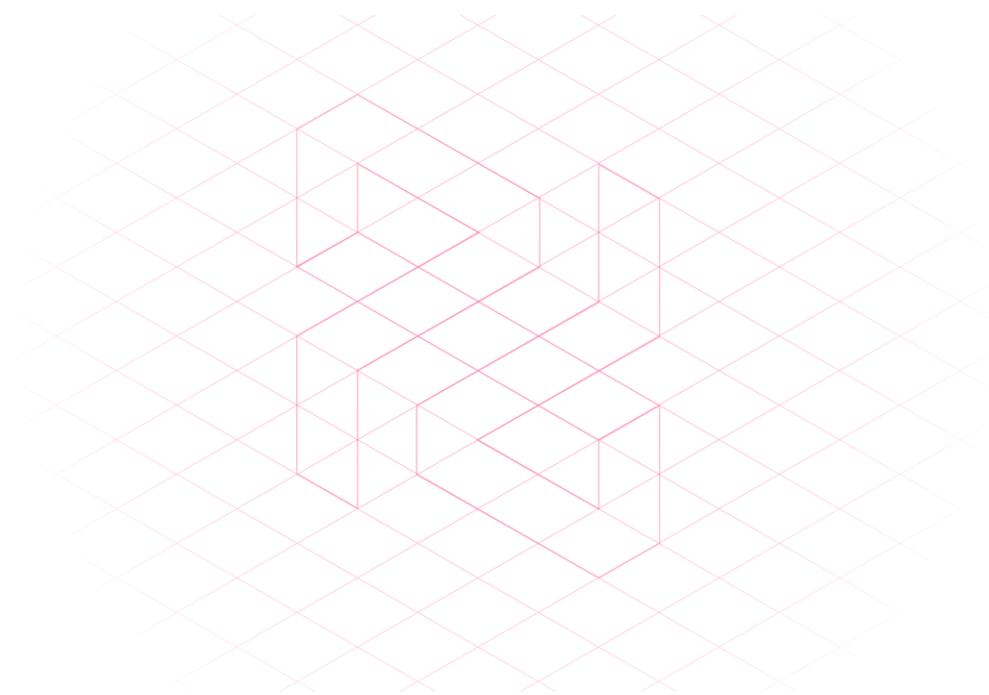
**Score:** N/A

## **b) What is the quality of the legal jurisdiction? (10 points)**

If the protocol has a legal entity, what is the quality of the jurisdiction the entity is established in? Will the jurisdiction be able to facilitate the legal framework for the protocol to expand while remaining accountable.

**Answer:** The protocol has no jurisdiction.

**Score:** N/A



**About the Author:** [Degem2priceless](#). I am a crypto and web 3 researcher and enthusiast looking forward to gaining experience as a rater with DAOs and making a full time living off cryptocurrencies.