Protocol: Stakewise
Version:1
Previous Report: None

Date: 02/02/2022
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Reviewed by: xm3van & Lavi
Season/competition: Season 2

Instructions
Please go to files and make a copy of this template.
Fill in all questions with a written explainer, any relevant links, and score per variable. Insert the scores in the scorecard at the end of the report.
Please include your sources into the text (as a link), so others can follow your trail of thought.

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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:

[Stakewise](#) is an Ethereum 2.0 staking service that strives to achieve the highest possible yield for users. Stakewise enabling yield farming and theoretically also compound staking with [unique tokenomics, and by charging low fees](#). Anyone with at least 0.001 ETH can participate.

StakeWise is a liquid Ethereum staking protocol that tokenizes users' deposits and staking rewards as sETH2 (deposit token) and rETH2 (reward token). All tokens are mapped 1:1 to ETH in the Pool and can be used as a representation of staked Ether in the DeFi ecosystem.

The goal of the StakeWise Pool is to enable holders of ETH to earn maximum staking rewards from participating in the Ethereum 2.0 consensus mechanism and allow them to utilise their stake in various DeFi protocols with help of StakeWise tokens.

Below is the Stakewise Ecosystem key features and lay out vision for a decentralised future

Improved, decentralized architecture

A high-level overview of the ecosystem StakeWise is building.
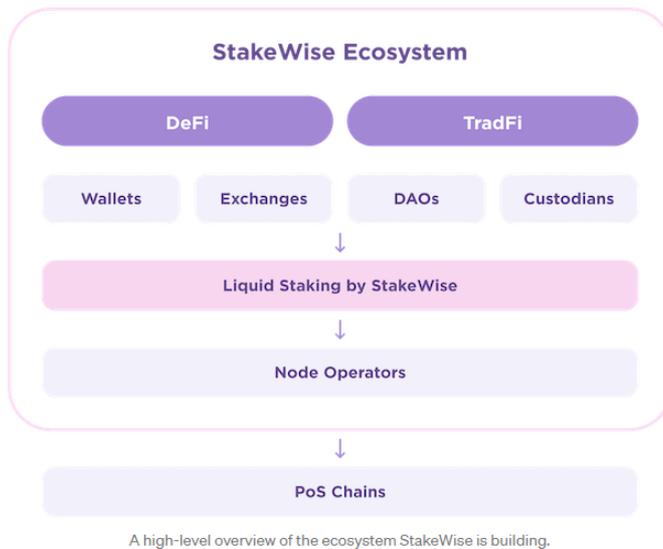
Source: Website , crushbase.com and Medium post

Score: 12

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:

According to DeFi Llama, Stakewise (SWISE) is down at position 144 with a (TVL) Total value locked of $154.41M . There has been multiple increases over the year, since it was launched in January 2021. With its growing rate of it's TVL I can say the protocol has a clear strategy and a market fit.
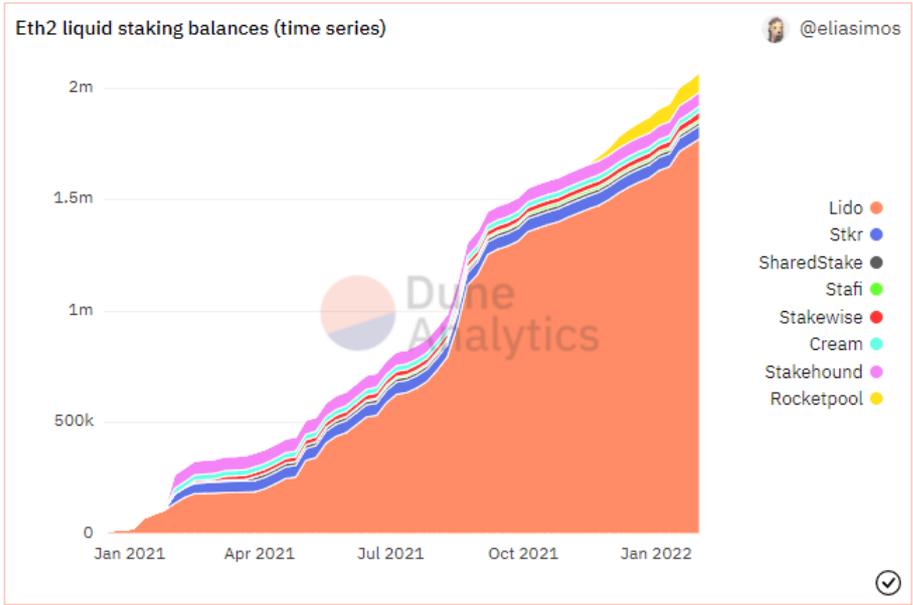
Score:10

# 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:

ETH staking is an important part of the growing crypto technology, It's basically a decentralised system meaning there's no middleman — such as a bank — to validate new activity and make sure it comports with a historic record maintained by computers across the network. Instead, users collate "blocks" of recent transactions and submit them for inclusion into an immutable historic record. Users whose blocks are accepted get a transaction fee paid in ETH.

Staking is a way of preventing fraud and errors in this process compared to the traditional system.

Over the past 3 years the progresive growth rate of the DeFi space has been encouraging and this can be seen in the illustration below. The TVL locked in the Defi space by **Defi Liama** is $202.65Billion
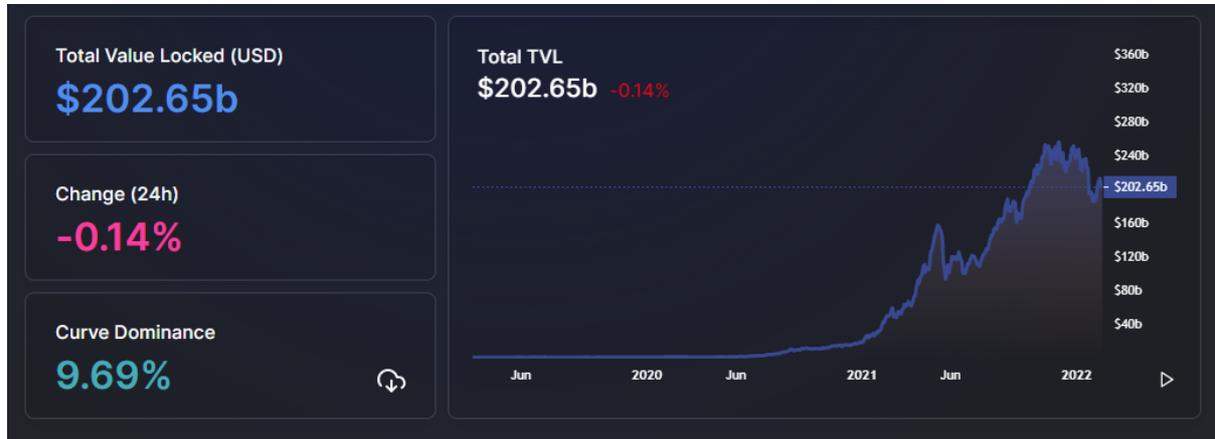
Score: 8

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:

According to Defi Liama Stakewise (SWISE) is ranked 8th position in the Staking TVL ranking with LIDO (LDO) being the the first position with a TVL $9.1Billion and Stakewise (SWISE) TVL is $156.42million. Which is less than 0.01% of the combined top 5 TVL. Therefore I do not regard Swakewise (SWISE) as a market leader or top alternative in the market segment.

Score: 5

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:
The protocol has partnered with leading protocols and apps in DeFi (e.g 1inch network, Gnosis Safe). Stakewise partnership with Gnosis Safe is to help the protocol to manage its digital currency on Ethereum with an option to provide a number of signatures to confirm transactions. Gnosis safe help to have a team confirm every transaction in order to execute it thereby helps to prevent unauthorised access to company crypto.
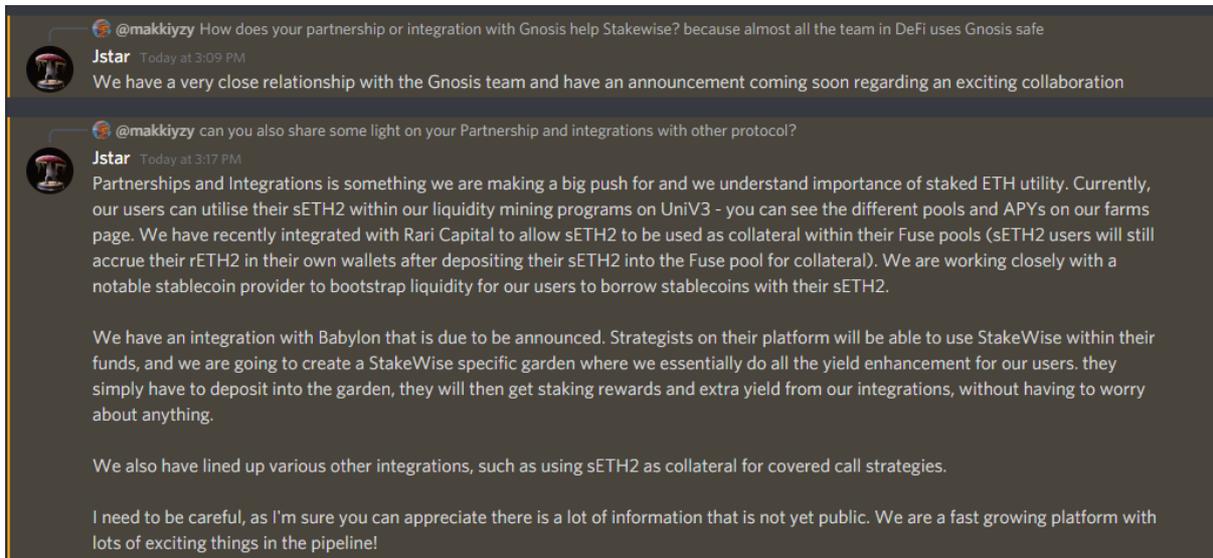
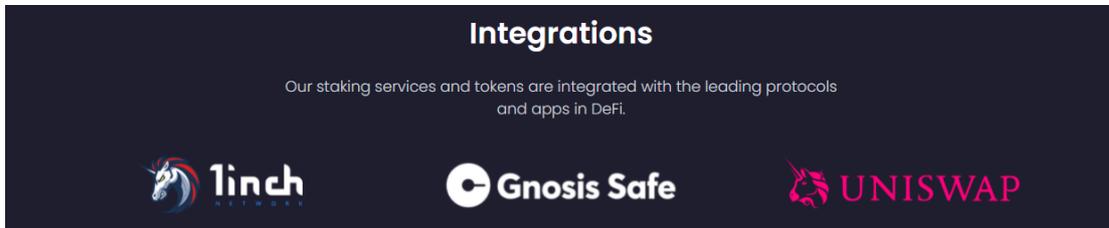*Conversation with one of the core team member Jstar*

The purpose of this partnership with imToken is to build an open environment for users to experience and connect with DApp and wallet. Like Rocket Pool, Eth 2.0 staking, Lido, imToken keeps adding support for reliable Eth 2.0 staking protocols to bring more choices for its stakers.

This integration is visible on stakewise website

Score: 5

2. Tokeneconomics

The Tokeneonomics 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 StakeWise is governed by the StakeWise DAO, which uses SWISE governance token to vote and incentivize the adoption of the protocol. SWISE holders control the protocol parameters (e.g. fees, criteria for placement in the activation queue, choice of node operators, treasury disbursements etc.) via frequent voting based on the StakeWise Improvement Proposals (SWIPs). 51% of the SWISE

supply will be allocated to the community between 2021 and 2025 in order to achieve real community-led governance.

There are currently 1569 SWISE token holders, with a particular address holding 43% of the total SWISE token as a result of this the token is not sufficiently distributed.

Rank	Address	Quantity	Percentage	Value	Analytics
1	0xf0d99d5d1d5e06cdad4766503cb82213b5e1d1be	434,500,000	43.4500%	$41,908,394.00	
2	0x0457c6b71debf9b281be41bf5f2efeb3598f7d97	50,000,000	5.0000%	$4,822,600.00	
3	0x8c3463d3cfd159ef960c09c7e19c1981be4df60d	43,000,000	4.3000%	$4,147,436.00	
4	0x6522107178fdf02a37c3b3a86e2029a625d3e875	40,000,000	4.0000%	$3,858,080.00	
5	0xcd93777a9582ab4b3af91c453b0998441ae2d952	40,000,000	4.0000%	$3,858,080.00	

Score: 7

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:

SWISE holders control the protocol parameters (e.g. fees, criteria for placement in the activation queue, choice of node operators, Treasury disbursements etc.) via frequent voting based on the StakeWise Improvement Proposals (SWIPs).

Stakewise token SWISE also allows holders to boost their staking yield and also create opportunity by:
- taking advantage of compound interest
- earning additional fees from becoming a liquidity provider in protocols like Uniswap, Sushi or Curve and also to provide liquidity on 1inch
- using your stake as collateral for borrowing in protocols like Aave.

Score: 7

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:

Stakewise token (SWISE) distribution can be found [here](#). It is very important to the protocol that the community holds the majority share in the protocol. Stakewise token (SWISE) distribution is something that is highly sought after by the community through the [forum post](#). They are expecting a DAO vote in the very near future for protocol fee distribution. Whether it is all revenues, only those from ETH staking and not other chains, etc.. is not clear yet - that is for the DAO to decide!

Currently there are 2 ways to get the token
- Buy it via Uni
- participate in liquidity mining programs.

Stakewise recently launched a program called [SWAT](#) where community members will be rewarded in SWISE for helping the DAO complete set tasks.

Stakers do not currently receive any SWISE token for simply staking. The team is subject to a vesting schedule, all details are within the [docs](#).

Score: 6

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 applies a [10% commission on rewards](#) that the Pool generates to compensate for the costs of developing, running, and maintaining the infrastructure and smart contracts that underpin the StakeWise platform.

There is currently no distribution mechanism of the value created to the token holders. Information regarding distribution of the StakeWise Protocol Fees to Holders of $SWISE can be found [here](#)
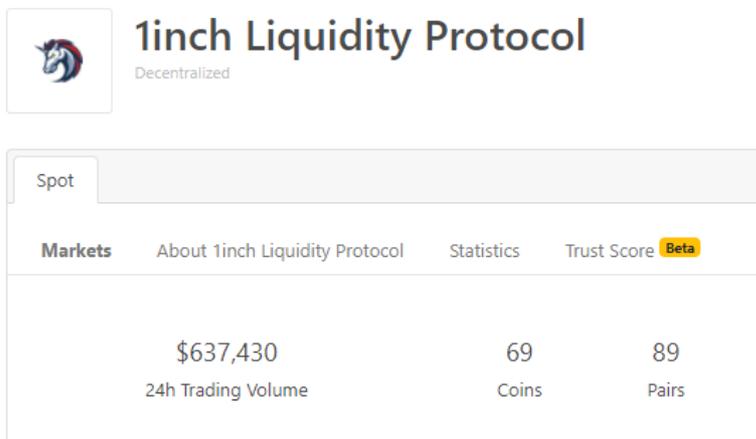
Score: 7

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 SWISE token is highly Illiquid on [1inch Liquidity Protocol](#) which is currently the most active exchange. However, trading volume is relatively low compared to other governance tokens and it is not listed on centralised exchanges. A change to both these areas could significantly improve trading opportunities and metrics. Due to the limited availability and it's Illiquidity of the token a score of 1 will be allocated.

1inch Liquidity Protocol
Decentralized

Spot		

Markets About 1inch Liquidity Protocol   Statistics   Trust Score **Beta**

$637,430	69	89
24h Trading Volume	Coins	Pairs

Score: 1

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 SWISE token is primarily used for governance and for rewarding stakers on the protocol. SWISE token can also be use to provide liquidity on various protocols like Uniswap, Sushi or Curve and also to provide liquidity on [1inch](#)

Score: 3

3. Team

The Team section describes the quality of the team behind the protocol. The current version of Prime Rating favors 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:

Stakewise is currently led by

- Dmitri Tsumak: Twitter, LinkedIn, Crunchbase
- Kirill Kutakov: LinkedIn, Crunchbase

StakeWise Executive Team (2)

Name	Title
Dmitri Tsumak	Co-Founder
Kirill Kutakov	Co-Founder

Dmitri Tsumak is a founder at Stakewise and worked with a team of leading IT experts from around the world. Performed tasks as a front end and a back end developer. Contributed to the creation of a NodeConductor project, an open-source RESTful server for multi-tenant resource management.

Kirill Kutakov, co-founder of Stakewise left his career in traditional finance to work with co-founder Dimitri to make staking easy for all ethereum holders.
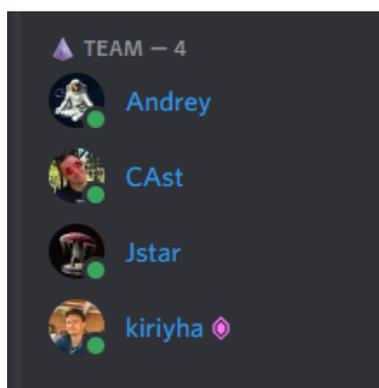
Upon checking out stakewise discord server I noticed there are more than two (2) core members and their information is not accessible on a [forum post](#) which made mention about its leadership pipeline and other information about other core members is not provided in their [website](#).

Score: 7

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:
Yes, The team has relevant experience in the crypto space and the ecosystem at large. Dmitri Tsumak the founder of stakewise has helped [discover a vulnerable bug](#) in it's rival staking protocols [Lido Finance](#) and @Rocket_Pool that helped save millions of dollars worth in ETH.
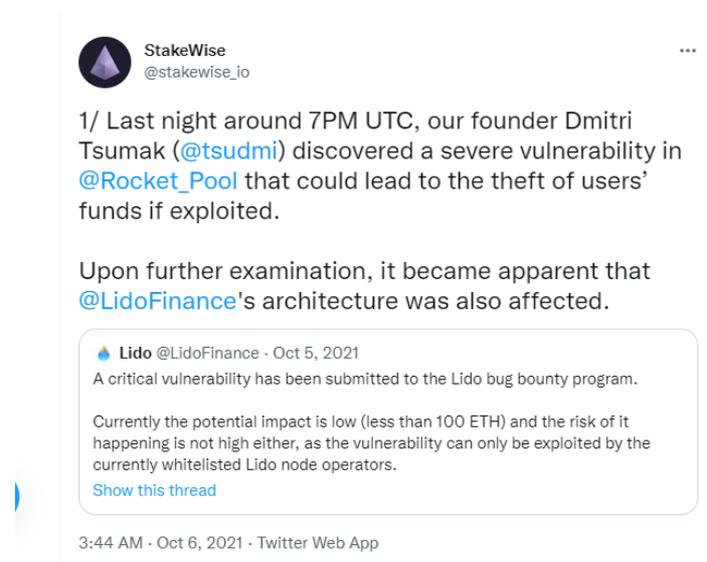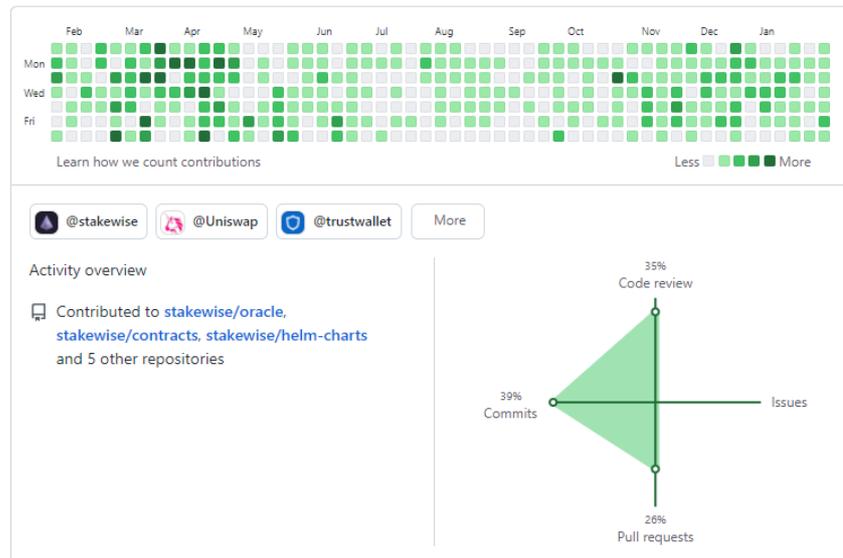
Other information about other core members in regards to their functions is not available and therefore, I can't ascertain the total experience of the team, but the information accessible on their website and forum post shows they have some credible team members.

Score: 7

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:
Stakewise team Dmitri Tsumak founder and Kirill Kutakov, co-founder of Stakewise has participated in a lot of podcast, youtube interviews, and they have participated occasionally in interview regarding ETH Staking, Compounding Ethereum 2.0 Gains
A score of 3 will therefore be awarded to stakewise team as a result of not actively participation but occasionally to public debates

Score: 3

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:

Yes, the Stakewise team has been able to attract and receive resources. StakeWise has raised a total of $2M in funding over 1 round. This was a Seed round raised in Mar 8, 2021. The fund was raised ahead of its mainnet launch towards the protocol project "staking pool" after several months of beta testing. StakeWise is funded by 3 investors. Gumi Cryptos Capital (gCC) and Collider Ventures are the most recent investors.

In early March 2021, the protocol raised $2 million in a private fundraising event to release its governance token SWISE. In the private sale, Greenfield was one of the main investors, alongside Collider Ventures, Gumi Cryptos, and Lionchain Capital. The launch of the token now brings an entirely new DAO Governance protocol to the entire platform, putting the direction of StakeWise into the hands of the users.

According to stakewise total TVL in ETH is shows that 3979 stakers has effectively stake on the platform, This is also a mechanism in which stakeswise use to attract funds

Total TVL in ETH   Total TVL query   @jgf1

51,845ETH
Total TVL

Score: 5

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:

Skakewise does have administrative keys and they are managed by 7 committee members. DAO Treasury (**0x144a98cb1CdBb23610501fE6108858D9B7D24934**) is a [Gnosis Safe](#) with a committee of 7 persons and a [DAO Module](#) that allows the submission of transactions on behalf of the governance token holders.

The goal of the DAO committee is to monitor and reject the transactions that are not supposed to be executed on behalf of the DAO Treasury, since such malicious transactions can be submitted by an arbitrary account. In order to reject the transaction, a threshold of **4 out of 7** committee members must sign the rejection.

Information regarding the committee members can be found [here](#)

Score: 12

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:

Stakewise Governance is done through [governance forums](#) and [Snapshot voting](#).

The sole purpose of StakeWise's existence is to make staking as seamless and profitable as possible.

And therefore, StakeWise aims to create a cohesive community of stakers by putting the governance of the protocol in their hands, 51% of the overall governance token is allocated to the community.

According to voting on Snapshot, a particular token holder [powerfulfund.eth](#) currently has the majority say in all the votes, therefore a score of 2 will be given as the protocol. Governance only functions as a signal and has no actual impact on the protocol since it is majorly determined by an individual.

Score: 2

c) Active Governance contributors (5 points)

Governance is a process that can be rather resource-intensive if executed well. To ensure good governance is practised 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:

There are about 83 active members on stakewise [Snapshot](#) voting portal. There are 20 closed voting [proposals](#) and currently there is no action proposal.

Score: 2

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:

Stakewise has a well documented governance process. Through a combination of Discord channel, Governance Forum post and Snapshot voting, Stakewise makes decisions based on result of the governance post. There is valid documentation outlining [closed votes, open proposals](#) and [comments/discussion](#) points being made by the community.

Score: 7

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 StakeWise DAO is an ever-evolving entity governed by its community members. Governance of the protocol is done through

- The submission of SWIPs to modify the protocol's parameters and propose new features
- Voting on SWIPs through the Snapshot instance

Stakewise Governance process can be found [here](#).

Governance Process

Phase		Content	Duration	Passing requirements
Phase Ideation	1	Post created in the Ideas category	Open-ended	There is no formal requirement for the idea to pass to Phase 2 (become a proposal), but the motion must garner notable community support.
Phase Specification	2	StakeWise Improvement Proposal (SWIP) created	5 days	To move to Phase 3, the proposal must garner a relative majority of votes in the forum poll. If the relative majority of votes is in favour of No change, the proposal will not pass to Phase 3.
Phase Snapshot	3	StakeWise Improvement Proposal (SWIP) refined * StakeWise DAO Snapshot vote	7 days	The proposal vote must obtain a relative majority of the Snapshot vote in order to be implemented. Proposals that fail to meet these criteria will be dismissed and closed.

Score: 7

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:
No legal entity or mechanism for accountability was easily found. StakeWise is a decentralised protocol. [Stakewise Services](#) are provided on an "as is" and "as available" basis, without any warranty or representation expressed or implied. StakeWise does not make any representations or give

warranties that the access to the Platform or use of the Services will be continuous, uninterrupted, timely or error-free.

StakeWise is an open-source protocol for capital-efficient staking on Ethereum 2.0. The protocol abstracts away the technical complexity of running staking infrastructure and removes entry barriers for the users, allowing to generate yield from Eth2 staking with just a couple of clicks. All Ether staked through the protocol is tokenized, enabling users to apply their staked capital across other Decentralised Finance Applications and making their stake liquid.

StakeWise was founded in 2018.

Score: 6

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 legal jurisdiction of Stakewise is United States, the United Kingdom and the European Union

Score:10

Scorecard

1. Value Proposition	Points
a) Novelty of the solution	12 / 15
b) Market fit/demand	10 / 15
c) Target Market Size	8 / 10
d) Competitiveness within market sector(s)	5 / 10
e) Integrations & Partnerships	5 / 15
Total Points - Value Proposition	**40 / 65**

2. Tokeneconomics	Points
a) Is the token sufficiently distributed?	7 / 15
b) What is the extent of the token's capabilities?	7 / 10
c) Is the issuance model able to improve the coordination of the protocol?	6 / 10
d) Is the value capture model able to accrue and distribute value?	7 / 10
e) Is the token sufficiently liquid to enable active use and trade?	1 / 5
f) Are there any extrinsic productivity use cases?	3 / 10
Total Points - Tokenomics	**31 / 60**

3. Team	Points
a) Is the team credible and public? (No, Partly, Yes & Anon , Yes & Public)	7 / 15
b) Does the team have relevant experience?	7 / 10
c) Does the team participate and help shape the public debate?	3 / 5
d) Is the team able to effectively attract and coordinate resources?	5 / 10
Total Points - Team	**22 / 40**

4. Governance	Points
a) Admin Keys	12 / 20
b) Extent of Governance capabilities	2 / 15
c) Active Governance contributors	2 / 5
d) Governance infrastructure	7 /10
e) Robustness of Governance process	7 / 10
Total Points - Governance	**30 / 60**

5. Regulatory	Points
a) Does the protocol have any legal accountability?	6/ 15
b) What is the quality of the legal jurisdiction?	10 / 10
Total Points - Regulatory	**16 / 25**
Total	**139 / 250**

About the Author: makkiyzy#9575

a) Does the protocol have any legal accountability?	6/ 15
b) What is the quality of the legal jurisdiction?	10 / 10