



## Fundamental Report - Metaverse

Prime Rating Report V1.2

**Protocol:** BlackPoolHQ  
**Category:** NFT Finance  
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## Scorecard

1. Value Proposition	Points
a) Novelty of the solution	11 / 15
b) Target market size	5 / 15
c) Product-market fit	7 / 15
<b>Total Points - Value Proposition</b>	<b>23 / 45</b>
2. Competitive moat	Points
a) Integrations & partnerships	3 / 10
b) Intellectual property	0 / 10
c) Infrastructure - security	8 / 10
d) Infrastructure - fees and ancillary infrastructure	7 / 10
e) Treasury management	8 / 10
<b>Total Points - Value Proposition</b>	<b>26 / 50</b>
3. Tokenomics	Points
a) Genesis token distribution	8 / 15
b) Purpose of the token	8 / 10
c) Ongoing token issuance / inflation	2 / 10
d) Value capture	7 / 10



e) Token liquidity	2 / 5
f) Extrinsic productivity	1 / 5
<b>Total Points - Tokenomics</b>	<b>28 / 55</b>
<b>4. Team</b>	<b>Points</b>
a) Credibility and reputation	4 / 10
b) Relevant experience	5 / 15
c) Thought leadership and public presence	7 / 10
d) Ability to foster a community and coordinate resources	9 / 15
<b>Total Points - Team</b>	<b>25 / 50</b>
<b>5. Governance</b>	<b>Points</b>
a) Extent of governance capabilities	8 / 10
b) Active governance contributors	2 / 5
c) Governance infrastructure robustness	6 / 10
d) Process and ease of use	5 / 5
<b>Total Points - Governance</b>	<b>21 / 30</b>
<b>Total</b>	<b>123 / 230</b>



# 1. Value Proposition

The "Value Proposition" section assesses the value a protocol delivers to its users. The rating is based on the size of the problem a protocol addresses and the product/market fit of the protocol's solution

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

This score evaluates the novelty (uniqueness) of the protocol. Has the protocol introduced any innovations that help solve users' problems, either technical or organisational? Or has it just forked someone else's code?

### Answer:

BlackPool [1] is the first hedge fund for NFTs. They own and manage a range of digital assets from play-and-earn game items to metaverse plots. They operate as a decentralized autonomous organization (DAO) built solely for NFT gaming and trading.

Before we start with the scoring, it is important to briefly explain a few things about traditional hedge funds and DAOs, and how both concepts can be combined to form a new form of investment vehicle within the crypto space.

Most of us have heard about traditional hedge funds. They have experienced a high growth since the start of the 21<sup>st</sup> century [2]. Hedge fund is just a fancy name for an investment partnership that has freer rein to invest aggressively and in a wider variety of financial products than most usual funds. It's the marriage of a professional fund manager, who is often known as the general partner, and the investors, sometimes known as the limited partners. Together, they pool their money into the fund.

The first hedge fund was founded in 1949 called A.W. Jones & Co. The professional fund manager was Alfred Winslow Jones, and he used a long/short equity strategy to minimize the systematic risk inherent in the equity markets. As the first money manager to combine short selling, the use of leverage and shared risk through a partnership with other investors, and a compensation system based on investment performance, Jones earned his place in investing history as the father of the hedge fund.

Hedge funds took off in the 1990s when high-profile money managers deserted the mutual fund industry for fame and fortune as hedge fund managers. Since then, the industry has grown substantially with total assets under management (AUM) valued at more than \$4.32 trillion as of September 2021, according to the 2022 Preqin Global Hedge Fund Report [3], almost a 10% increase from the previous year.

Hedge funds are normally compensated by a fixed percentage and an incentive fee. The fixed percentage is usually 1%-2% of the AUM, and the incentive fee is usually around 10%-20% of the return achieved. The 2 and 20 compensation structure is the most commonly used by a large majority of hedge funds. The purpose of a hedge fund is to maximize investor returns and eliminate risk, and the strategy can vary highly from one hedge fund to another. Many of them use algorithmic trading and deal with an enormous amount of data to make the best investment decisions. The name hedge fund derives from the use of trading techniques that fund managers are permitted to perform. In keeping with the aim of these vehicles to make money, regardless of whether the stock market climbs higher or declines, managers can hedge themselves by going long (if they foresee a market rise) or shorting stocks (if they anticipate a drop). Even though hedging strategies are employed to reduce risk, most consider these practices to carry increased risks.



Hedge funds are highly based on the trust deposited in the fund manager(s), and ideally, they provide investors with peace of mind, knowing that their money is in the hands of an expert(s) in the field [4]. They can invest in any type of products, varying from individual stock, treasury and corporate bonds, indices, commodities, and derivatives like options and futures. Apart from that, hedge funds differ from mutual funds in that their portfolios require large investment minimums only from accredited investors. That allows them to have little regulation from the Securities Exchange Commission (SEC), compared to other investment vehicles.

The main characteristics of hedge funds, amongst others, are [5]:

1. Highly illiquid
2. Little to no regulatory oversight
3. Aggressive investment strategies
4. Managers receive bonuses for fund performance
5. Possibility of biased performance data: as they only must report their results to their fund investors
6. Secrecy

We have briefly explained traditional hedge funds, which are still on the rise, and the tendency seems to not be stopping any time soon.

In the last few years, decentralised autonomous organisations (DAO's) have been on the rise [6]. These are organisations that are run totally or partially autonomously, creating a revolution from hierarchical/bureaucratic to algorithmic entities based in smart contracts. This is an important revolution in social coordination, by using blockchain technology and associated smart contracts to structure key aspects of group decision-making, capital formation and capital deployment. They have the potential to be the primary organizational structure of the internet age. An ideal DAO is completely governed by the community, using their governance tokens to vote on different proposals.

The main question here lies on the possibility of combining what we know of traditional hedge funds and DAOs. Is it possible to have a hedge fund of crypto assets governed by a DAO? It is possible, although in the regulatory and strict sense of the term hedge fund, not really. As we can see, although hedge funds have a wide range of action in the investment industry, they still have limited but relevant regulation that they must comply with [7], and any entity that does not comply with those requirements cannot be really called a hedge fund.

DAO's with no formal entity behind that invest a pool of crypto funds do not have any oversight currently, and the main difference with the traditional hedge fund is the liquidity, publicity of the decision-making process and publicity of asset and performance data. DAO's are the opposite with this respect. For the community to make qualitative decisions on proposals they need to have as much publicly available information as possible, and that means that ideally every DAO's asset must be listed publicly, and investment decisions must be voted on publicly by the community.

This is a revolutionary idea for the investment industry, and it comes with advantages, and maybe some disadvantages as well. The main advantage is the openness and publicity, the fact that anyone can see how the funds are being deployed, the assets that the DAO owns. Every community member can give opinions and create proposals for the deployment of funds. This is generally good because it promotes a great variety of different ideas, opinions, and know-how on many different specific matters. But this publicity can also be seen as a disadvantage, as it lacks secrecy and proprietary data, that have generally been seen in the financial industry as a competitive advantage over the competition.

This new economy that is emerging is focused more on openness, social coordination, and cooperation than in the term competition. This open-source economy, for many, is something extremely ground-breaking and mind-blowing, and it will certainly make a lot of financial professionals hesitant on the principles they have always believed in.



This is how BlackPool presents itself in the main webpage [8]:

*"BlackPool is a new fund operating within the NFT industry: managing a range of assets from sports cards to game items to digital art.*

*BlackPool is the first decentralised autonomous organisation (DAO) built solely for NFT gaming and trading. Our strategies will be based on our long-term passion for gaming and art, as we combine professional data analytics and machine learning to provide the best returns for our users.*

*We will lead the way in providing financial derivatives to digital marketplaces, by offering services such as asset valuation indices, leasing, insurance mechanisms, and more.*

*BlackPool firmly believes in the long term value of scarce digital assets, and understands that a high level of specialisation in each NFT platform is required to maximise value creation. Therefore, we will always seek to employ expertise to improve our performance on each platform.*

*BlackPool generates cash flows and accrues value for the DAO by:*

- *taking arbitrage opportunities between primary and secondary markets*
- *loaning out assets*
- *buying and selling assets based on news*
- *scouting for assets that will accrue in value and buying early*
- *in-game competition"*

BlackPool is based on the combination of three different ideas: hedge funds, decentralised autonomous organisations (DAO) and pooled ownership of non-fungible tokens (NFT).

Separately, none of these concepts would have meant any novelty, but the combination of them really is a novelty in the space. There is no other project out there that is currently doing the same thing. BlackPool claims to be the first hedge fund for NFTs, actively managed and governed by a DAO. Unlike solutions like Index Coop [9], which create synthetic assets composed of an index of different tokens, this type of investing in the crypto space is highly active, not passive, with a strategy that relies on long-term buy and hold of different NFTs and crypto assets. They are very focused in the art and gaming space, but mainly in gaming projects (Sorare's cards and Axie Infinity NFTs account for around 80% of the estimated AUM) [10].

The solution that the project introduced is basically giving the ability to users to have a well-balanced and diversified portfolio of NFT assets, professionally analysed, mainly in the gaming space currently, but also with some exposure to digital art. There is no other project doing the same thing, so we can say that BlackPool has brought something new to the crypto space table.

Also, BlackPool has created the "Academy" [11], their scholarship division where their NFTs are utilised by scholars to generate yield. The Academy was established to help more players monetise their time in-game, by investing in specific NFTs that can be leased to gamers via "scholarships". The Academy manages a trove of game-related NFTs, digital assets and virtual land parcels, which can be used by scholars to create earnings in play-to-earn games, for themselves and for BlackPool. Scholars report to managers, who are responsible for their vetting, training, account assignment and earnings distribution. In this way, BlackPool Academy lowers the cost-of-entry barrier to accessing these yield-generating NFTs and helps onboard more people to the play-to-earn revolution. As part of the BlackPool Academy, BlackPool offers a Scholarship Management Service (SMS). The SMS allows individual sponsors to lend assets to Scholars while receiving a fair share of the rewards. Currently the Academy has 1,148 members, and the SMS has 515 members. The revenue share is as follows:



BLACKPOOL ACADEMY	
Members	1,148
Revenue Share	60% Scholar 10% Manager 30% BlackPool
SCHOLARSHIP MANAGEMENT SERVICE	
Members	515
Revenue Share	60% Scholar 10% Manager 15% BlackPool 15% NFT Sponsor

Although it is a minor innovation, it is also an extraordinary idea, as it gives the possibility for BlackPool and other NFT holders to make use of their NFTs more efficiently.

So, we can conclude that the protocol has introduced both technical and organisational innovations, as it has been able to successfully innovate in the space and create a pool composed of mainly NFTs, governed by a DAO. It is a modern-age hedge fund type of organisation. It is open and accessible to anyone that wants to gain exposure to the portfolio of assets owned by the DAO [12].

Although the novelty of the solution is clearly there, we must also say that the level of innovation in the crypto space that BlackPool brought is, although important and necessary, fairly minor in terms of difficulty and creativity. That is why we cannot give the maximum score.

Score: 11

## b) Target market size (15 points)

The target market size evaluates the current and future size of the problem a protocol aims to solve. While the term Metaverse is all-encompassing, what is the target market size for the relevant sector? For example, NFT games are trying to disrupt the traditional gaming industry, which is reported to be worth roughly \$175 billion.

Answer:

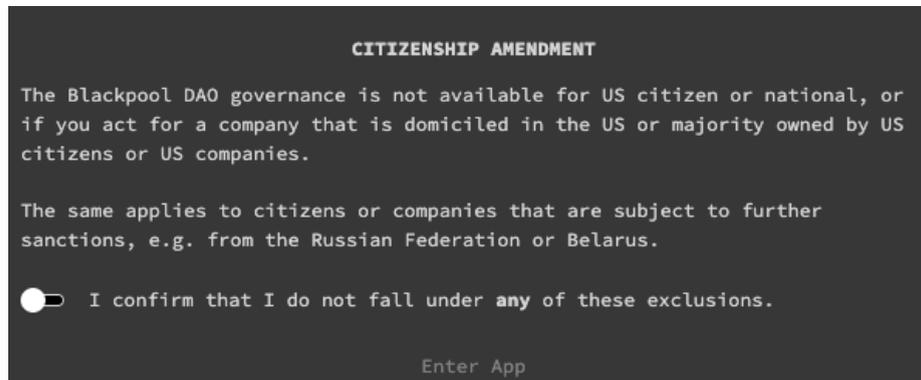
On the one hand, the investment market is huge, especially outside the crypto space, with trillions of dollars of AUM around the globe. In specific, the traditional hedge fund industry, as we have stated before, is currently above \$4 trillion of AUM [13]. But of course, BlackPool is not addressing this type of market directly, and has little to do with what traditional hedge funds are doing. On the other hand, it would be more relevant to compare it and analyse the various specific niches in which BlackPool is.

The first niche is the crypto markets themselves, that are currently at around \$2 trillion of market capitalisation [14]. Inside the crypto markets we have the NFT space, which according to CoinDesk, their market cap is going to grow from 35 billion in 2022 to over 80 billion in 2025 [15]. We can see that the NFT space represents currently around 1-2% of the total crypto markets.

The NFT, and more specifically the gaming NFT space has a big growth potential, but it is still very small compared to other parts of the crypto space.



An important thing to consider here is the inability for BlackPool to address the US (citizens or nationals), Russian or Belarus users due to financial and economic regulations, according to an initial one-time per IP pop-up upon entering the BlackPool website:



Lastly, we must say that although the market size of NFT may be much bigger in the future, the active pooling investment may be just a small fraction of it (as it currently is).

**Score: 5**

## c) Product-market fit (15 points)

Product-market fit evaluates the degree to which a protocol satisfies market demand in their specific sector. How many users does a protocol have? What is the trading or transaction volume on a platform? Is there growth on both the buy and sell side of the market? Is the protocol targeting the right product segment at all?

**Answer:**

BlackPool is an organisation that currently holds an estimated value of around \$15 million in AUM. Their token (BPT) has a market capitalisation of \$10.6 million [16], which is around 0,03% of the total current NFT space (of around \$35 billion in 2022 according to an estimation performed by CoinDesk) [17]. Although we can say BlackPool has innovated in the space and they are the leaders in what they do, they have not managed to achieve a decent % of the NFT space. It seems that, from the numbers that we have analysed, the demand for what they offer up to now has been very reduced.

On the other hand, they have a clear strategy and value-added model. They seemingly have specialised in the NFT gaming industry, according to the assets that they own [18], which will be analysed closely at a later stage in this document. Around 80% of the total assets under management are distributed between two gaming projects: Sorare and Axie Infinity. This shows that they focused and specialised in what they do best. They also state it directly in their website [19]:

*“Just like in the traditional collectibles markets, the highest returns are made by specialists; those with a sophisticated understanding of the nuances of each platform and market sector. These individuals are bound to dominate the NFT market and secure a disproportionate amount of the returns fetched by unique digital assets.*”



*We decided things must be done differently. We have come to your planet to democratise access to the scarcest non-fungible assets. Introducing BlackPool – a first-of-its-kind, actively managed, tokenized NFT fund. BlackPool's ambition is to democratise access to the most sophisticated, highest-yield generating assets and strategies in crypto, giving everyone a chance to reap the rewards.*

*BlackPool is the first on-chain protocol to combine long tail investment analysis, AI and self-organising team guilds to generate passive income. The DAO currently focuses on three components: portfolio investments, competitive gaming, and the incubation of creativity.”*

Although their governance token should also reflect the value of their assets under management, the token market capitalisation is lower than the value of the stated assets [20]:

BPT Price Statistics	
BlackPool Token Price Today	
BlackPool Token Price	\$1.68
Market Cap	\$10,585,204

The token is currently trading very close to historical minimum levels, with a current market cap of \$10,6 million, although the assets held in the balance sheet account for around 15 million. We can say that the token is currently trading at an effective discount of around 30% of their asset base [21]:



**Total AUM in USD** **\$14,969,329.39**

Additionally, the token has underperformed Ethereum, being currently at a historical minimum against Ethereum. In periods of bull markets the BPT token has outperformed Ethereum, and in periods of bear markets it has underperformed it, with a higher volatility due to its small market capitalisation:



As a conclusion for this section, Blackpool is still in its infancy, and has not yet managed to achieve a significant position in the space. What they have is a clear philosophy, strategy, and a lot of motivation to achieve it, and one could argue that the token is currently in levels that could be interesting to invest in.

**Score: 7**

## 2. Competitive Moat

The "Competitiveness" section looks at a protocol's competitive moat in the space and its unforkable assets. This includes integrations and partnerships, intellectual property, the underlying infrastructure being used, and treasury management.

### a) Integrations & partnerships (10 points)

Due to crypto's open-source nature, the code of most protocols can easily be forked. This score represents one piece of unforkable value. Some indicators are the number of applications built on top of the protocol (vertical integration) and other entities integrating the protocol's services (horizontal integration).

**Answer:**

There is little to no vertical or horizontal integration for BlackPool. We must consider that the type of project does not allow for much integration. There is no possibility to build on top of the protocol (vertical integration) and there is not much of an option to add, combine or integrate other products from other protocols that will be closely related with what BlackPool is doing.

The partnerships in which BlackPool has entered are related mainly with about purchase of assets in bulk and the usage of new third-party features within the games in which they have exposure to:

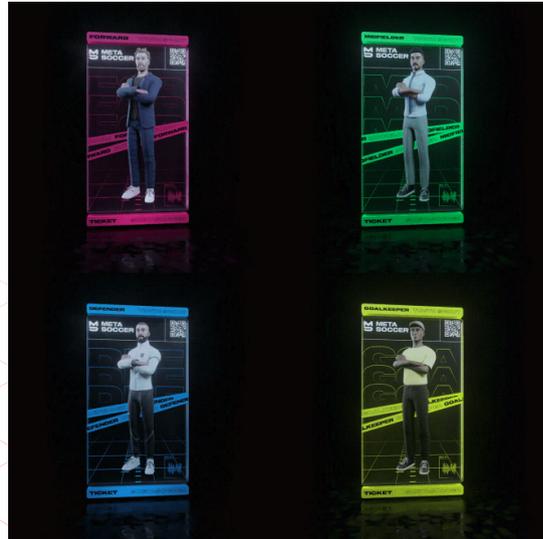
- [StakeDAO \[22\]](#): for the Animal Kingdom Art Contest. An art contest that took place during the second half of July 2021, with total prizes of \$2,750 [\[23\]](#):



*"Our partnership with Stake DAO will allow Blackpool scholars to educate themselves in the world of decentralised finance through the Stake DAO Academy. They will be able to deposit funds into Stake DAO strategies where they can begin to earn passive income through the best yielding strategies in DeFi."*

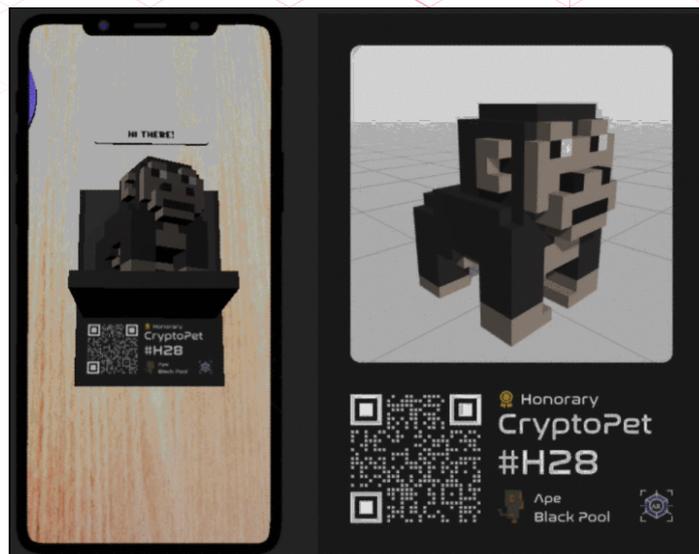
- [MetaSoccer \[24\]](#): is the first soccer metaverse P2E game where you can manage your own club:

*"We are thrilled to share news that we have secured 170 Youth Scouts in the MetaSoccer private pre-sale!"*



- [CryptoPets \[25\]](#): a project that claims to be the world's first augmented reality NFTs on Solana [26]:

*"In a glorious token swap (9,091 BPT for 256 NFTs), BlackPool demonstrated its full support in the team's games and vision and now entrusts them with delivering a ground-breaking metaverse! CryptoPets mixes everything that BlackPool is excited about into one project: Classy NFTs, smart design, AR visuals, P2E gaming mechanics, blockchain interoperability and a vision for a truly open-source NFT gaming metaverse, the Omniverse."*



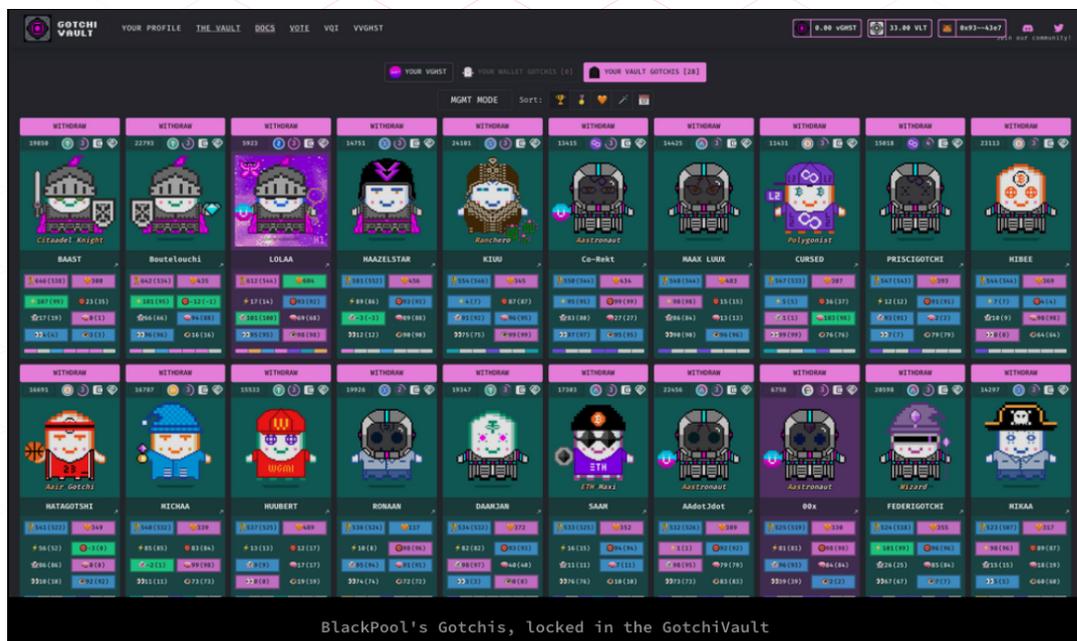


- [GotchiVault \[27\]](#): the first decentralised, on-chain system to securely manage, as well as maximise, earnings of your Aavegotchi assets [28].

*“As a decentralised quantitative hedge fund specialised in yield-generating NFTs investments and [an Aavegotchi Partner](#), Blackpool already invested [nearly 300 ETH](#) in the Aavegotchi ecosystem and is gradually increasing its exposure to GameFi. What could be more natural than a partnership with the GotchiVault?*

*At BlackPool, we’ve been in touch with the GotchiVault since the beginning and they have been great allies during the preparation for the launch of the game. As a growing Guild, it made sense to delegate the lending listings of our assets to the impeccable and automated system provided by the GotchiVault - every few hours, the expired rental is closed, the Alchemicas earned claimed and the Gotchi is re-listed for another adventure.*

*That way we can focus on onboarding, training and coordinating new players every day. With more than 150 players, automating processes as much as possible makes a lot of sense and GotchiVault’s permissionless infrastructure empowers us and our partners to do so.”*



All in all, the partnerships reported have limited relevance (with a use of the GotchiVault, a swap of assets, a participation in a pre-sale and an art contest), mainly due to the core activity that BlackPool does, that does not allow for much more integration.

Score: 3



## b) Intellectual property (10 points)

Intellectual property is and will continue to be a crucial part of the metaverse. This score considers if a project, for example, developed a unique IP that creates a sustainable competitive moat around it or, as an alternative, secured IP through agreements with outside parties.

### Answer:

There is no information available on the website about this topic. Most probably BlackPool does not currently have a unique IP creating a sustainable competitive moat around it, and from the partnerships and relationships that we have seen, there is nothing that can hint us towards a secured IP through agreements with outside parties.

Although intellectual property doesn't directly relate with network effects, we must state that BlackPool is the leader and has the first mover advantage in this niche of the space, hence having the ability to create an important moat due to their know-how, community, or other reasons. For now, in this section we will need to score a 0 for the project.

Score: 0

## c) Infrastructure - security (10 points)

Metaverse projects make all kinds of choices when it comes to infrastructure. Some build their own solutions, whether Ethereum side-chains or a new blockchain entirely, and some deploy to an existing sidechain or a level 1 blockchain. These decisions have significant trade-offs across security, maintenance, ease of use, costs and scalability, etc. This score assesses specifically the security of the chosen infrastructure solution.

### Answer:

BlackPool uses two different networks for transactions: Ethereum and Polygon. Most of the assets they hold are on the Ethereum network, although some of the games in which they have invested use the Solana and Avalanche network too.

As a NFT hedge fund, we must also analyse the security of the underlying assets that BlackPool owns. Sorare (that represent over 66% of the AUM currently) operates on the Ethereum network using the ERC-721 standard [29]; Axie Infinity (representing currently around 13,85% of AUM) also uses the ERC-721 standard for their NFTs, and they also use their own network called Ronin Network for in-game transactions, which suffered a serious hack where over \$600 million in Ethereum and USDC were lost, leaving many users without their assets [30]. According to BlackPool's Q1 report, the hack did not affect any of their funds in any way [31]:

*"Revenues were generally stable in the last quarter for the Sorare vertical but decreased for Axie Infinity due to the consequential impacts of the Ronin Bridge Hack. All BlackPool-owned assets remain safe and in hand."*

We can see that Axie's DAU has decreased sharply in the last days [32] since November 15, 2021, when there were over 2.7 million DAU. The last number reported was 38,000 DAU. Axie holders have also decreased in a similar way, going from almost 3 million in January to 45,256 currently:



	4/24/2021	5/24/2021	5/31/2021	6/7/2021	6/14/2021	6/21/2021
<b>DAU (in-game battlers)</b>	38,000	61,125	80,770	108,297	139,200	187,570
<b>Axie Holders</b>	45,256	62,948	82,779	109,661	142,310	189,831
<b>Monthly Volume</b>	\$8,000,000	\$14,373,391	\$22,801,955	\$45,228,578	\$61,085,784	\$72,834,857

Most of the assets that BlackPool owns in Axie are in Land and in Axies, where the hack did not take place, so it also makes sense what they state in the quarterly report.

Sorare and Axie add up to over 80% of the AUM of BlackPool, so their infrastructure must also be analysed to thoroughly understand the security of BlackPool itself as a protocol.

Due to the nature of the organisation, there is no need to create their own layer 2 solution or a new blockchain. Their infrastructure is on Ethereum, which is arguably the most secure blockchains to build applications on top. There is also a lengthy history of operations and no security incidents that have become public.

Their governance token BPT is an ERC-20 token, which provides more security than other types of token standards, as it resides in the Ethereum network.

**Score: 8**

## d) Infrastructure - fees and ancillary infrastructure (10 points)

The section above assessed specifically the security of the chosen infrastructure solution. This score, however, looks at the other side of the scalability trilemma - fees and the ancillary infrastructure like bridges, wallets, etc.

**Answer:**

As we have stated previously, the nature of the organisations does not require the development of new and internal infrastructure. The BlackPool token (BPT) is an ERC-20 token on the Ethereum Blockchain [33], and the liquidity of it is available and found in Sushiswap [34] and Comethswap [35] [36], using the Ethereum and Polygon network respectively. The transactions on BlackPool are performed mostly in those two networks, also using the Ronin Network for Axie Infinity and the Avalanche and Solana networks for other games. We will analyse the governance token more thoroughly in the following chapter.

Apart from these considerations, they have not developed bridges or wallets, or any other type of ancillary infrastructure themselves. On the other hand, on the fees of the transactions, we can see that they use different networks with different fee structures and different security too. Users have the option to get BPT through different networks. For the use case that the token has we can conclude that the infrastructures chosen (and the flexibility inherent to it for using also Polygon) are appropriate.

All in all, transaction fees are low, and ancillary infrastructure has correctly been chosen for the nature of the project and it is easy to use.

**Score: 7**



## e) Treasury management (10 points)

Treasury management refers to the project's management of its assets and balance sheet. How diversified is its treasury? If diversified, are the assets productive? For example, does the project own its liquidity? Are there procedures and plans in place for managing the treasury?

### Answer:

For a project like BlackPool the treasury management is especially a very important thing to consider. They are reportedly an NFT hedge fund, specialised in gaming NFTs, so the treasury management is more important than in other Metaverse projects, as it is the core function of the project.

Let's look at the main assets that BlackPool DAO currently owns [37]:

1. Treasury: where the most liquid assets are:

TREASURY	
SAND	173,200 SAND
Sushi BPT/ETH Pool	411 SLP
USD Coin	970,546.34 USDC
Wrapped Ether	3 WETH
Ethereum	55.07 ETH
Aavegotchi GHST Token <small>matic</small>	177,307.85 GHST
<b>Total Value</b>	<b>702.2 €</b>

2. Sorare [38]: where players collect and trade digital trading cards that depict real footballers. The cards are NFTs on the blockchain. With the help of these cards, they put together individual teams. The performance of the cards corresponds to the performance of the real players playing their games at the same time. NFT integration ensures that cards are limited to certain quantities and ownership rights are clearly established [39]:

SORARE	
Sorare Subdomain	
Rare Cards	1,434
SuperRare Cards	680
Unique Cards	286
Manager 1 AuM	1,168.974 €
Manager 2 AuM	767.434 €
Manager 3 AuM	1,658.807 €
<b>Total Sorare AUM</b>	<b>3,595.21 €</b>

3. Axie Infinity [40]: Axie Infinity is an online game universe revolving around Pokémon-esque creatures known as Axies. Players can collect Axies as virtual pets with aspirations to battle, breed, collect, raise, and build kingdoms for their Axies [41].



AXIE	
SchUM (Scholars Under Management)	1,148 Scholars
AUM (Axies Under Management)	4,547 Axies
Total Axies Value	160.4 ₿
SLP Rev Share	30%
Staked AXS	28.91 AXS
Staked AXS Value	0.42 ₿
RON	215.96 RON
RON value	0.09 ₿
Axie Land Plots	... Plots
Total Land Value	591 ₿
SMS (Scholarship Management Service)	515 Scholars
<b>Total Estimated Value</b>	<b>751.9 ₿</b>
BlackPool Land	
No Assets	

- 4. [Cometh \[42\]](#): a blockchain game that lets users own yield generating NFTs, integrating both DeFi and NFT features into a single, fun gaming experience:

COMETH	
Cometh Subdomain	
Spaceships Under Manegement (SuM)	42 Spaceships
DUST Rewards	15,131 DUST
MUST in Tube	19 MUST
MUST in Wallet	0 MUST
<b>Total Estimated Value</b>	<b>63.39 ₿</b>

- 5. [Aavegotchi \[43\]](#): an open-source, community-owned NFT gaming protocol that enables true asset ownership for gamers:

AAVEGOTCHI	
Aavegotchi Subdomain	
Aavegotchis	28
Portals	10
Parcels	88
<b>Minimum Total Value</b>	<b>108.57 ₿</b>

- 6. [Other games](#): Guild of Guardians [44], OVR [45] and Tinybones [46]:



GUILD_OF_GUARDIANS	
Guild NFTs	1 Mythic Guild
Minimum Total Value	34.044
OVR	
OVR Land	1 OVR Land
Total Value	38.616

TINYBONES	
Total Owned	1390
Floor Price	1.5 ▲
Minimum AuM	2,085 ▲
Minimum AuM in ETH	50.214

7. Art-focused NFTs: Hashmasks [47], Curiocards [48], and other collectibles [49]:

HASHMASKS	
Total Owned	20 Hashmasks
Floor Hashmask Value	0.44
Name Changing Token (NCT)	79,750 NCT
Minimum Total Value	8.95
CURIOCARDS	
Total Owned	10 Curiocards
Minimum Total Value	10.44
COLLECTIBLES	
Ultraviolet Vinyl Collection by 3LAU	4 NFTs
DEAL WITH IT	1 NFT
STONED FOX	1 NFT
Total Estimated Value	68.55

		ESTIMATED VALUE (ETH)	% OF TOTAL	% OF TOTAL
LIQUID ASSETS	Treasury	700,13	12,90%	12,90%
GAMING	Sorare	3.595,21	66,22%	85,49%
	Axie Infinity	751,91	13,85%	
	Cometh	63,39	1,17%	
	Aavegotchi	107,90	1,99%	
	Guild of Guardians	34,04	0,63%	
	OVR	38,62	0,71%	
	Tinybones	50,21	0,92%	
ART	Hashmasks	8,95	0,16%	1,62%
	Curiocards	10,44	0,19%	
	Other Collectibles	68,55	1,26%	
<b>TOTAL</b>		<b>5.429,35</b>	<b>100%</b>	<b>100%</b>



From this manually crafted table we can see that, as of April 25, 2022, they have a strong focus on gaming projects, with 85,49% of the assets in gaming NFTs. The art is only 1,62% of the total AUM, and the liquid assets, which include SAND, liquidity in Sushi BPT/ETH pool, USDC, wETH, ETH and Aavegotchi GHST Token account to 12,90% of the total AUM. These values are constantly changing, but this gives us a rough picture of how the assets are distributed.

In this type of project diversification is usually an important consideration and way to go. As we can see the portfolio is highly concentrated in the gaming sector of NFTs. Within the gaming part, Sorare cards NFTs and Axie Infinity NFTs are basically the two projects that compose the bulk of BlackPool's AUM. Both add up to over 80% of the total AUM, and if we take the liquid assets out of the equation, we get around 90% of the exposure in these two projects. But Sorare is by far the project in which BlackPool has most of its assets currently, accounting for 66,22% of the total amount.

On the one hand we can see that they are starting off by focusing on what they can do best, and lately they have been opening the gates for more diversification as well, but on the other hand the effective diversification is very limited. Also, we must consider that, although every asset has its own behaviour, they are highly correlated due to them belonging to the same class.

Another important thing to consider is that most of the AUM are productive, yield-generating. We previously saw the example of the Aavegotchis in the vault, but that also applies to the main two projects in which BlackPool is invested: Sorare and Axie Infinity.

Also, they own their own liquidity in the Sushi BPT/Pool [50]:

Sushi BPT/ETH Pool	411 SLP
--------------------	---------

All in all, although arguably not ideal from a financial theory perspective, the project has considered how to manage their treasure, holding a somewhat diversified set of assets representative of their chosen risk profile. Most assets are used productively to generate yield or benefit the protocol in other ways. Also, a dedicated team [51] is in place to oversee treasury management internally (we will talk more about the team in section 4) [52].

**Score: 8**

## 3. Token Economics

The "Token Economics" section assesses the function of a protocol's token. This includes the token distribution, its functionality, the ability of the token to incentivise desired behaviours and value capture potential.

### a) Genesis token distribution (15 points)

Token distribution can be an indicator of a healthy protocol and, if done well, can improve coordination and alignment among different stakeholders. Was the initial distribution fair and balanced? Are the tokens distributed widely or is the ownership concentrated?

**Answer:**

The token distribution is published as the following [53]:



There is a fixed cap of 100M BPT.

- BlackPool DAO is allocated **50%** of the total 100M BPT:
  - of which **40%** go to contributors.
  - and **10%** to the DAO treasury.

This amount is vested linearly across **5 years**.

- The other **50%** will be allocated as follows:
  - **48%** Liquidity Mining & other growth initiatives
  - **1.5%** Merkle Airdrop distributed on May 28th 2021 (ended June 6th 2021)
  - **0.50%** reserved to seed early liquidity on:
    - \* Sushiswap on Ethereum (BPT/ETH)
    - \* ComethSwap on Polygon (BPT/MUST and BPT/ETH)

As we can see, 40% is given to contributors. This is seemingly a high amount, compared to other projects, but accounts jointly to what other call team and also advisors, although in this particular case we can also say that the contributors are the core (and somewhat small) community of this project [54]:

```
CONTRIBUTORS
We would like to thank our awesome group of contribute, allowing us to make
BlackPool DAO what it is today.

0xempire
AJ (BlackPool)
Anon (rekt.news)
Ben (BlackPool)
Charlie (Stake DAO)
Doo (Stable Node)
Gregoire le Jeune (Oiler)
Hatashi (Stake Capital)
JE (Stake DAO)
Jesus Perez (Crypto Plaza)
JordanFish (UpOnlyTV)
Julien Thevenard (Fabric Ventures)
Kimio (Stake DAO)
Louis Guthmann (Starkware)
Max Mersch (Fabric Ventures)
Mikaël Dusenne (BlackPool)
Peter Costi
Q (Stake Capital)
SamGab_G (BlackPool)
saul | lxhr.eth (Stake Capital)
Tonberry (BlackPool)
YNWA (BlackPool)

0xMaki (SushiSwap)
Andrea Zuccarini (BlackPool)
Arth (Stake Capital)
Camembert
Davo (Stake Capital)
Florent Moulin (Messari)
Gustav Arentoft (Stable Node & MakerDAO)
Hubert Mahiu (BlackPool)
Jerome de Tychey (Ledger / Cometh)
Jiho (Axie Infinity)
Julien Bouteloup (Stake Capital)
Khang Lê (Stake DAO)
Lola (BlackPool)
Marc (AAVE)
Michael Arnold (MyCryptoHeroes)
Nicolas Ninin (BlackPool)
Pierre Badin
Rinzler (BlackPool)
Sarutobi (BlackPool)
Theophile
Vasa (Stake Capital)
```

In Discord there are more participants due to their scholarships (we explain this in another section).

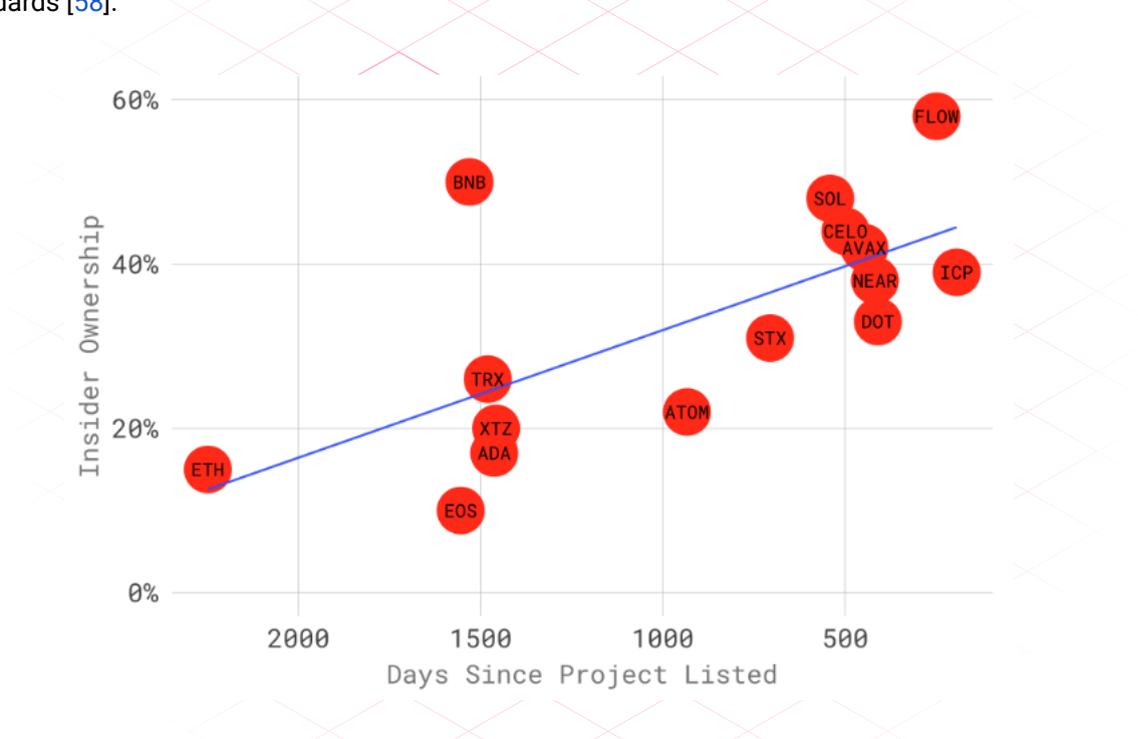


Then we have a 10% for the Treasury, that has been used already, as it does not appear in the list of treasury assets:

TREASURY	
SAND	173,200 SAND
Sushi BPT/ETH Pool	411 SLP
USD Coin	970,546.34 USDC
Wrapped Ether	3 WETH
Ethereum	55.07 ETH
Aavegotchi GHST Token <small>matic</small>	177,307.85 GHST
<b>Total Value</b>	<b>702.2 €</b>

The other 50% is basically used for liquidity mining in Sushiswap [55] and Comethswap [56] [57].

The initial distribution to contributors (insider ownership) is on the high side of the spectrum/range seen in the industry standards [58].



We also must consider that, although 40% seems a bit high, this is not a layer 1 native token of a blockchain, and the size of the project is not big enough to highly penalize it based on that percentage. Also, the vesting schedule is 50% of total supply for contributors and is linear for 5 years, which seems like a reasonable period to create long-term incentives.

The current ownership in Etherscan seems very concentrated. According to the blockchain explorer, the Max Total Supply is 52,000,000 tokens, with 3,512 different holders [59]:



**Overview** [ERC-20] Chart

---

PRICE

**\$1.98** @ 0.000669 Eth (+3.13%)

FULLY DILUTED MARKET CAP ?

**\$102,890,557.68**

---

Max Total Supply:

52,000,000 BPT i

---

Holders:

3,512

---

Transfers:

48,385

Rank	Address	Quantity	Percentage	Value	Analytics
1	<a href="#">0x849eab964b112f8a7f79ba1301cac53910f2bb2e</a>	37,506,598.549820854013783613	72.1281%	\$74,212,977.72	
2	<a href="#">0x319967488d62424b86f35359f07977c0de9cf3d7</a>	8,221,705.401276859210539671	15.8110%	\$16,267,997.19	

The first address that we see owns 72.13% of the total maximum supply, and it is probably the genesis or the treasury address, as it received a 40 million token transaction 333 days ago, its first transaction [60]:

	<a href="#">0x354c2d53a88e354aa...</a>	Add_tokens	333 days 16 hrs ago	BlackPool: Deployer	IN	<a href="#">0x849eab964b112f8a7f7...</a>	40,000,000
--	--	------------	---------------------	---------------------	----	--	------------

After that, most transactions have been sending those tokens out to different addresses [61].

To sum up, the small community that Blackpool has is basically formed by their contributors, with the gates open (in Sushiswap and Comethswap) for others to participate if they wish so, so we can conclude that the token distribution is somewhat reasonable and does a decent job at aligning stakeholders for the betterment of the protocol. The vesting schedule is fair, and the community allocation is in line with industry standards and is distributed over time to incentivise positive behaviours.

**Score: 8**

## b) Purpose of the token (10 points)

This score evaluates the purpose of a token in the project's ecosystem. For example, does it provide utility? Does it have governance rights attached to it or a built-in value capture mechanism?

**Answer:**

From what we have previously seen, the token has two very clear purposes:

1. Let the community gain direct exposure to the yield-generating assets that BlackPool owns in their portfolio.
2. Give the community decentralised governance capabilities based on ownership to decide over how the funds are deployed/spent/invested.



The token very clearly achieves these two purposes reasonably well (we will talk more about the governance later), so the community is able to capture value by just holding it and ideally wait until BlackPool's assets are worth more in the future.

The token itself does not have staking capabilities, but you can lock BPT tokens to get veBPT, with different locking periods [62]:

```
VEBPT LOCKER
Lock your BPT and get voting rights:

1 BPT locked for 4 years = 1 veBPT
1 BPT locked for 3 years = 0.75 veBPT
1 BPT locked for 2 years = 0.5 veBPT
1 BPT locked for 1 years = 0.25 veBPT
```

This is a very common model in the crypto industry popularized by curve.finance. The longer you lock your BPT the more governance power you have.

The DAO reportedly gives functions and rewards to veBPT holders, not explaining further about it. In the last quarterly report they reportedly mentioned the amount

We can see that the token serves the purpose somewhat well. It provides utility, different sources of revenue, and governance rights to the holder (we will dive deep into the governance at a later stage in this document).

**Score: 8**

### c) Ongoing token issuance / inflation (10 points)

Most tokens have built-in inflation. This section evaluates the purpose of that inflation. Is it justifiable? Does it help improve the coordination and alignment of incentives for the protocol? Does it incentivise positive-sum behaviour? Are the benefits flowing to all relevant stakeholders or just select groups?

**Answer:**

This token does not have a built-in inflation (apart from the effective inflation in the circulating supply resulting from the reported linear vesting schedule that the contributors over the next 5 years), as we have previously seen in section 3.a. The distribution mechanism is based on rewards [63]:



BlackPool		Tokenomics	
<b>BlackPool DAO</b>	Advisor Contributors Treasury	50.00% 0.00% 40.00% 10.00%	vesting: yes 5 years 5 years
<b>Non BlackPool DAO</b>	Liquidity Mining Merkle Airdrop Early Liquidity	50.00% 48.00% 1.50% 0.50%	>1 BPT/block no vesting Sushi, Polygon, Uni etc
<b>Total</b>		<b>100.00%</b>	
<b>BPT Token Overview</b>	Total Supply Inflation rate Distribution Mechanism	100,000,000.00 None Rewards	
<b>Vesting (years)</b>	5y lockup, linear vesting	5.00	

We have seen that, although there is no inflation rate, the issuance/deployment of the 100 million hard cap depends on the decisions that the DAO takes. Most of the circulating supply (around 88%) is held by two different addresses [64]. The issuance model is far from ideal, as it is not rules-based, and it does not necessarily go directly to the community, although it is intended to benefit relevant stakeholders. That is why we must say that it has limited incentives in place, and it disproportionately directly benefits select stakeholders (the treasury address mainly).

Score: 2

### d) Value capture (10 points)

The ability to accrue value and consequently distribute it to stakeholders can be an effective coordination mechanism and deliver long-term benefits to a project.

Answer:

As we have seen in the previous sections, the token has an effective value capture and distribution mechanism that supports protocol coordination. The token, apart from its governance capabilities, is a shared ownership of the assets that BlackPool has in its portfolio, which are yield-generating most of them.

In the BlackPool’s quarterly report [65] we can see that the results have been steady in Q1 for Sorare, and declined for Axie Infinity, especially at the end of the quarter:

- BlackPool revenues remained constant during the last quarter, allowing for reward distribution to veBPT holders (until new tokenomics launch, 16 WETH have been sent to users),
- BlackPool made 8 investments (\$965k) in new projects and doubled down on key players who empower the gaming economy, such as Guild of Guardians.
- As of March 2022, Assets Under Management amount to 6,198 ETH, distributed across the main verticals and other investments,
- At the time of writing BlackPool’s Treasury is valued at over \$7.7M.



- *BlackPool kicked off two new revenue generating verticals - Aavegotchi and CyBall, empowering more than 300 gamers to join the troop.*

*The roadmap ahead can be summarised as such:*

- *BlackPool continues to support blockchain native innovation - for the previous Quarter BlackPool Labs incubated and sponsored 9 early-stage protocols injecting over \$250k and 371 ETH into the ecosystem. We see further growth in this direction for Q2.*
- *Expanding further into the web3 game economy by partnering with Web3 e-sports teams and players.*
- *Enhancing our meta-verse verticals such as Aavegotchi and public release of other metaverse verticals currently in development and testing.*
- *Exploration of vertical-specific access to yield as well as the launch of in-house NFT projects.*

### **Financial Results**

#### **Profit & Loss**

*Revenues were generally stable in the last quarter for the Sorare vertical but decreased for Axie Infinity due to the consequential impacts of the Ronin Bridge Hack. All BlackPool-owned assets remain safe and in hand.*

*Even if the majority of revenues come from the Sorare vertical momentarily, we are seeing the birth of new verticals (Aavegotchi and CyBall), launched in the last weeks of March which are already generating yield by employing 300+ scholars. We anticipate increased inflows to BlackPool as these verticals evolve and scale.*

*The main cost items are:*

- **Core Team Rewards:** *rewards for the team of 20 to 30 contributors. These costs have been increasing due to the onboarding of new team members in March. Moreover for on-chain accountability purposes, some contributors' costs for April have been taken into consideration for March, leading to an overall increase in March contributor expenses.*
- **Infrastructure:** *costs linked to running and maintaining validators and servers, and other infrastructure expenses.*
- **Liquidity Incentives:** *Liquidity-related expenses to build out liquidity for the BPT/wETH pair on Comethswap.*

*"The overall AuM (in Eth) increased by more than 16% in the last quarter, driven by an increase of 6.2% in Sorare Assets and an increase of more than 100% in the "Other Investments" category."*

We have also seen that there are possibilities to gain yield from the token itself, by:

1. Locking it in a period between 3 months and 4 years [66].
2. Adding liquidity to the Sushiswap BPT/ETH pool or Comethswap's BPT/wETH or BPT/MUST pool [67].
3. Stake the LP tokens, with annualized yields that currently range between 13% and 59% APY.

So, we can conclude that the token has some good value accrual possibilities and a distribution functionality built-in that somewhat supports long-term protocol coordination. The downside here is that, according to what has been stated in the quarterly reports, if someone wants to receive dividends they have to lock their BPT for up to 4 years. The community should have more flexibility to participate in governance and rewards.

**Score: 7**



## e) Token liquidity (5 points)

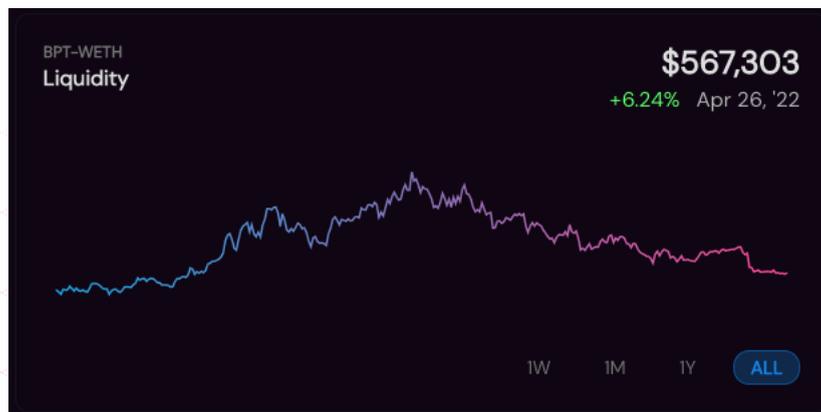
Is the token widely available and is there sufficient liquidity to facilitate all protocol functionalities?

### Answer:

They reportedly have in their plans to destine 48% of the total maximum supply to liquidity mining, which should be more than enough to cover any transaction. But let's see what the current liquidity situation is in the two DEXs that they are using for transactions:

#### Sushiswap [68]

The current liquidity is around \$567,000 worth, from the maximum of over \$2 million in November.



The assets on the pool are distributed in the next way:



There are in total 141,766 BPT (283,532 BPT worth in total in the pool), which corresponds to 0,27% (0,55%) of the total circulating supply according to Etherscan (52 million) [69]. This number does not correspond to what they report about the distribution of the BPT, where they were going to put a significant amount for liquidity. We can see that the current liquidity is not high.

#### ComethSwap [70]

- The BPT-MUST pair has \$245,360 of liquidity [71].
- The BPT-WETH pair has \$101,793 of liquidity [72].

We can safely say that the token is available on a few exchanges and has sufficient liquidity, but not deep liquidity at all. For some reason Uniswap was not selected as the main exchange for transactions on the Ethereum blockchain. And also, the liquidity that was promised to add to the pool has not been added, at least for now. As we can see, that is all the marketplaces where they are [73].

**Score: 2**



## f) Extrinsic productivity (5 points)

Can the token be used outside of the project's ecosystem? For example, can it be used as collateral elsewhere, be staked for yield or rewards, etc.

**Answer:**

As we have seen in the previous sections, the token (apart from being able to exchange it in two DEXs) does not have extrinsic productivity apart from it being possible to add liquidity to the different pools available in Sushiswap [74] and Comethswap [75], Additionally, anyone can stake the LP tokens to farm in Comethswap [76] with interesting APYs [77] [78]:

The image shows two screenshots of liquidity pool pages on ComethSwap. The top screenshot is for the BPT-MUST pool, showing a total deposited amount of \$125,806, a pool rate of 20.0 MUST / week and 365.0 BPT / week, and an APY of 59%. The bottom screenshot is for the BPT-WETH pool, showing a total deposited amount of \$51,308, a pool rate of 5.0 MUST / week and 85.0 BPT / week, and an APY of 35%.

The image shows a screenshot of the ComethSwap LP farms page. It features a warning message: "Attention: The Cometh farms have changed. Unstake from the archived farms and restake to the new Cometh farms below." Below the warning, there is a table of active farms:

Pool	Rewards	Total Staked	Annualized Yield
BPT-ETH (SushiSwap)	7.4 SUSHI / day	\$63,146	13.4%
BPT-ETH (ComethSwap)	5 MUST + 85 BPT / week	\$51,847	34.66%
BPT-MUST (ComethSwap)	20 MUST + 365 BPT / week	\$125,949	59.08%

The BPT is currently the number 1047 in Coingecko [79], so it is understandable that it cannot be used in other places like Aave, Compound, etc.

The image shows a Coingecko listing for BlackPool Token (BPT) with the ID #1047.

It cannot be used as collateral elsewhere; it cannot be staked in different places for rewards either.

**Score: 1**



## 4. 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) Credibility and reputation (10 points)

Are the identities of the core team public? In the case of anon team members, do they have a track record or reputation in the crypto space?

#### Answer:

There is very limited information available about the team involved in BlackPool. Just a few pseudonymous names in the blog [78], but no explanation whatsoever about their role or contribution to the team. We also saw some real names related to BlackPool contributors [79] with not many names with surnames on them (which makes it difficult to search them in any platform).

```

CONTRIBUTORS
We would like to thank our awesome group of contribute, allowing us to make
BlackPool DAO what it is today.

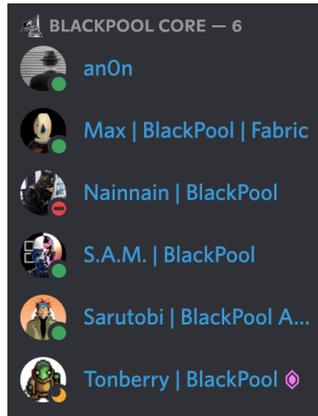
0xempire
AJ (BlackPool)
Anon (rekt.news)
Ben (BlackPool)
Charlie (Stake DAO)
Doo (Stable Node)
Gregoire le Jeune (Oiler)
Hatashi (Stake Capital)
JE (Stake DAO)
Jesus Perez (Crypto Plaza)
JordanFish (UpOnlyTV)
Julien Thevenard (Fabric Ventures)
Kimio (Stake DAO)
Louis Guthmann (Starkware)
Max Mersch (Fabric Ventures)
Mikaël Dusenne (BlackPool)
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Tonberry (BlackPool)
YNWA (BlackPool)

0xMaki (SushiSwap)
Andrea Zuccarini (BlackPool)
Arth (Stake Capital)
Camembert
Davo (Stake Capital)
Florent Moulin (Messari)
Gustav Arentoft (Stable Node & MakerDAO)
Hubert Mahiu (BlackPool)
Jerome de Tychey (Ledger / Cometh)
Jiho (Axie Infinity)
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Michael Arnold (MyCryptoHeroes)
Nicolas Ninin (BlackPool)
Pierre Badin
Rinzler (BlackPool)
Sarutobi (BlackPool)
Theophile
Vasa (Stake Capital)

```

From the contributors from BlackPool we have AJ, Ben, Mikaël Dusenne, SamGab\_G, TonBerry, YNWA, Andrea Zuccarini, Hubert Mahiu, Lola, Nicolas Ninin, Rinzler and Sarutobi. Only the ones with a name and surname can be checked online in some other platforms, because no links are provided in the BlackPool website.

In Discord there are currently 6 BlackPool core individuals:



From every source used, these are the people that have provided a full name and we have been able to check in social media:

## Mikaël Dusenne

LinkedIn: <https://www.linkedin.com/in/mikael-dusenne/>

Personal page: <https://www.mikaeldusenne.com/blog>

HackerRank: <https://www.hackerrank.com/mikaeldusenne>

## Ton Berry

LinkedIn: <https://www.linkedin.com/in/ton-berry-a9876222a/>

## Andrea Zuccarini

LinkedIn: <https://www.linkedin.com/in/andrea-zuccarini-16b07387/>

## Hubert Mahiu

LinkedIn: <https://www.linkedin.com/in/hubert-mahiu-520a44a8/>

## Nicolas Ninin

LinkedIn: <https://www.linkedin.com/in/nicolas-ninin-88725364/>

We have to conclude that from what we have seen the team has seemingly limited prior experience and there is no way to analyze their credibility. The information is almost non-existent. The names above are probably not in the current team in BlackPool, as most of them do not say anything in their LinkedIn about it. The people analyzed and also the pseudonyms do not appear to be known in the crypto community. However, the only channel where we have been able to see more publicity has been YouTube, with an active channel. They are somewhat involved in the public debate (more about this later) and organize conferences and different kinds of events for publicity and create BlackPool's brand.

**Score: 4**



## b) Relevant experience? (15 points)

Does the team have a track record of execution? Have individual team members built a product or a business before? Does the team have the necessary skills? For example, if a project is making a game, do they have a game developer?

### Answer:

Again, it is very difficult to address this question, as no information/evidence is public about the team. For what we have been able to see in the previous section, there is no directly relevant experience from any member of the contributors that we have been able to track. What we can see is what they have been able to do with BlackPool, which is a somewhat qualitative and innovative work in the industry, so we can assume that they have the necessary skills needed to manage BlackPool's operations. We can see that from their YouTube channels and their blog [80], where they explain how operations are done, deals or partnerships in which they have entered, and much other information for the community to see. It seems that they have that specialised knowledge required to perform the daily operations of the project.

Score: 5

## c) Thought leadership and public presence (10 points)

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

### Answer:

The team does participate actively in the public debate. They have an active YouTube channel [81] where they post podcast-like videos about different topics and news posted in the BlackPool's blog [82]. They have budget [83] constantly funds in order to create events and conferences, where they talk about the metaverse, artists, NFTs, etc.

This is the part of the budget where that information is. They budget for events and marketing:

```

Events:
As the DAO competes against other significant players, events are
needed to raise awareness and improve our market presence. For the
events, the budget estimate is 58,500 USDC/quarter.

Events estimated cost : 19,500 USDC/ month
Reserve (10%): 1950 USDC/ month
Total events Q2 budget: 64,350 USDC

Marketing:
In order to improve the marketing around BackPool, the marketing
and communication budget is increased to 15,000/Quarter.

Marketing estimated cost: 2,400 USDC/month
Communication estimated cost (audio/video/PR): 2600 UDC/month
Reserve (10%) : 500 USDC/month
Total marketing and communication Q2 budget: 16,500 USDC

```

Score: 7



## d) Ability to foster a community and coordinate resources (15 points)

How effective is the team at attracting and coordinating resources for the benefit of the protocol? Do they manage the community well, fostering a welcoming and positive environment? Does the community represent the project well externally?

### Answer:

As we have previously seen, the core community is still very small, and it seems that the growth has been limited. In the human resources part, we have seen that they have been able to attract them and are still doing so in job platforms [84]. It seems that many of the people involved from the beginning are still involved, but most not full-time. They have also managed to develop a community of scholars that take advantage of the NFTs that BlackPool owns, participating in different in-game economies without having to invest any initial amount [85]. There are reportedly 1,148 members in the BlackPool Academy and 515 members in the Scholarship Management Service. These are already significant numbers.

Also, they are dedicating part of the budget to get human capital for their operations, which is a good sign:

**BlackPoolHQ**  
BlackPool is an hedge fund specialised in the NFT industry, at the cross road of DeFi and Gaming

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**BlackPool is an hedge fund specialised in the NFT industry, at the cross road of DeFi and Gaming**

We will lead the way in providing financial derivatives to digital marketplaces, by offering services such as asset valuation indices, leasing, insurance mechanisms, and more.

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<b>Head of Finance &amp; Investor Relations</b> Europe • Remote • \$70k – \$100k • No equity	1 month ago	Save	Apply
<b>Investment Analyst</b> Europe • Remote • \$65k – \$95k • No equity	1 month ago	Save	✓ Applied
<b>Operations Manager</b> Europe • Remote • \$55k – \$85k • No equity	1 month ago	Save	Apply

All in all, we can say that they have fostered a seemingly small but dedicated core community, with a bigger community of people involved in the academy/scholarships, being able to reasonably well coordinate the resources necessary to manage the operational side of BlackPool.

**Score: 9**



## 5. Governance

The "Governance" section evaluates all aspects of the protocol's governance, from infrastructure to processes and distribution of governance power.

### a) Extent of governance capabilities (10 points)

Distributed governance should allow token holders to participate in the governance process. How much influence does the current governance process have when everything works as intended? What parts of the protocol does governance touch? Who can put forward a vote, and are there any limits or requirements (number of tokens, only the team can queue votes up, etc.)?

#### Answer:

BPT is essentially a governance token, although it has ways to accrue value as well (as we have previously seen in the token economics section). The influence that the token holders have on the protocol is significant, the token holders determine major parameters and determine protocol direction. Also, the hurdle rate for proposals is minimal.

The extent of the governance capabilities is broad and comprehensive [86].

At the end of March a new governance framework was approved by the 100% of votes [87]. It defines several types of proposals depending on the subject discussed, votes on DAO rules, and creates templates that should be helpful for everyone trying to participate. Prior to any vote, a proposal has to be discussed on the governance forum and on Discord first to get a sentiment check and some valuable feedback about the community ideas.

The information required for every proposal is:

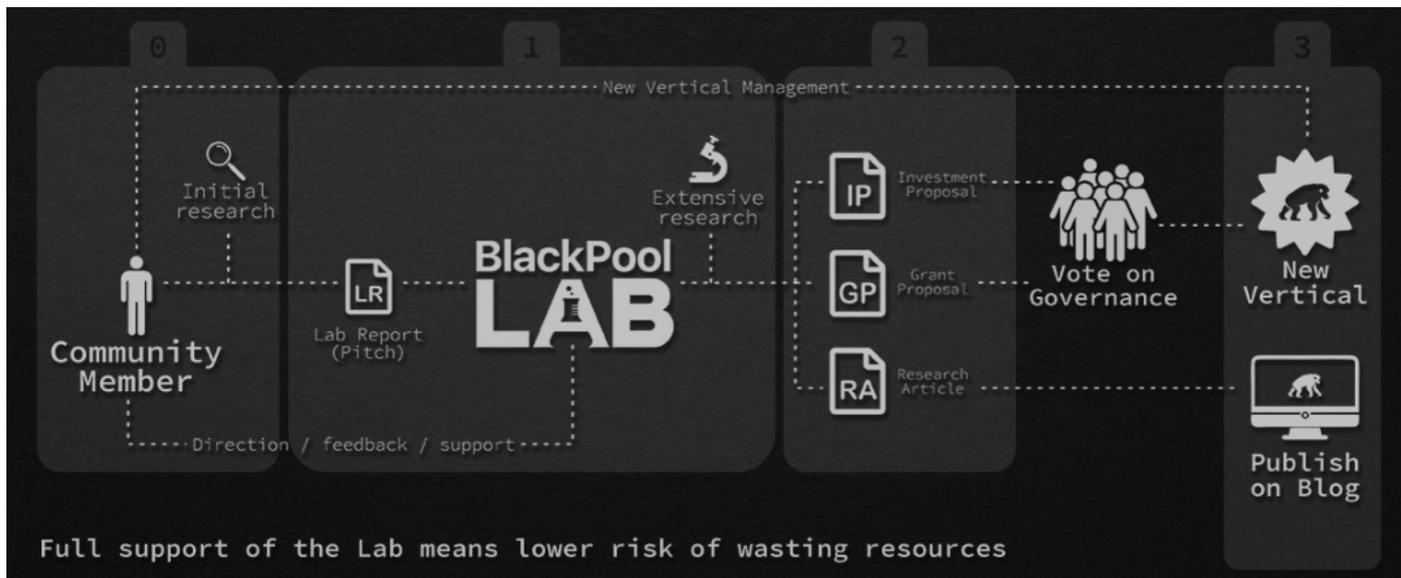
- Governance forum post [88]: each proposal should be posted on the Governance forum for at least 48 hours before posting the snapshot, which allows the community to give some feedback, propose changes, and vote on a community sentiment poll.
- Proposal type, number, and name: each proposal must be easily identifiable and correctly classified.
- Summary: short description of the proposal.
- Rationale: detailed explanation of the proposal and milestones for its execution.
- Means: resources needed for the proposal (human resources and treasury resources).
- Technical Implementation: highlight of the technical implementation of the proposal, if any.
- Timeline and Roadmap: include a suggested roadmap and immediate next steps required for a minimum viable project.
- Voting options: options that will be included in the snapshot vote, including the "abstain" one.

There are different proposals categories, depending on which the person proposing will have to add more specific information:

- BlackPool Integration Request (BPIR): focus on public information and new verticals of investments. Voting period is 3 days.
- BlackPool Governance Proposal (BPGP): proposals related to common governance proposals, related to the treasury and the DAO organization and expenses. Voting period is 5 days.
- BlackPool Improvement Protocol (BPIP): modifications on the protocol directly or on the governance framework. This category concerns every major change in the code, a token migration, or the creation of new features, etc. Voting period is 8 days.



For BPIR, for instance, the process is outlined here [89]:



The BlackPool Lab is the group of people performing extensive research on projects and new investment verticals [90]. More information on the lab in this blog post [91].

So, we can basically see that the extent of the governance capabilities is very broad and comprehensive. It touches basically every major area of importance, leaving some nitty gritty details of implementation to the team. The only thing of concern is that only 6 proposals have been submitted. The need to submit more proposals about more matters because it seems that many decisions have been taken without the approval of the community.

Score: 8

## b) Active governance contributors (5 points)

Governance is time-consuming, and governance apathy is a common problem in most democratic systems, including crypto. Therefore, it's essential to have a sufficient number of community members allocate resources to the governance process of the protocol. How many individuals participate in the debate around the protocol? How active are voters? Is delegation enabled?

Answer:

From the proposals seen in Snapshot there have been 6 votes since august 2021 (when the first one happened) we can see that the number of voters ranges from 11 to 63 different addresses, with an average of less than 20 addresses per proposal [92]. This is not a big number, so we have to say that BlackPool has a small group of active governors but has considerable debate, as we saw in the previous section. Every proposal must be submitted for feedback in the governance forum post at least 48 hours before a post in Snapshot. Also a discussion is possible. This allows other members to provide feedback and maybe vote on a sentiment poll. Also, there are two members that have many votes compared to the rest of voters. `mojod.eth` has 31K of votes the last time he voted, and `moonbagcapital.eth` has 6.1K of votes. These two holders have overwhelmingly most of the votes normally required to



approve a proposal, especially [mojud.eth](#). There were 4 different addresses that submitted these 6 proposals, so there is some variety in this aspect.

To sum up, we can say that there are a few active members, but the number of them all in all is very limited. Debate on proposals, on the other hand, is a requirement before it is submitted for approval. Lastly, there is nothing about delegation of votes on the main framework approved [\[93\]](#).

**Score: 2**

### c) Governance infrastructure robustness (10 points)

Robust infrastructure relates to how well the technology, software, and models used by the protocol's governance withstand actual use cases. Does the protocol have a reliable voting mechanism? How robust is the governance process, and does it facilitate good governance? Are the votes binding, or do they function solely as signals to the team?

**Answer:**

The framework established at the end of March 2022 is decisive to answer this question [\[94\]](#). We saw in section 5.a that it is very comprehensive and outlines every aspect and rule that involves creating a successful proposal. It allows for anyone to participate in the project as a community member with relative ease. The infrastructure used is Discord to debate on the pre-proposals. Once 48 have passed, with or without feedback, the proposal in Snapshot can be created for the community to vote on it. Then, there is a period of 3 to 8 days (depending on the category of the proposal).

All in all, the infrastructure has proven to be reliable and helps facilitate governance. Trust is very much still needed to execute vote outcomes, showing that they currently function as just signals/mandates to the team, who could use the funds in a very different way if the admins decided to. For now, it seems that the team has performed the mandates, without disassociating from them.

**Score: 6**

### d) Process and ease of use (5 points)

This score is based on the documentation and process for governance. More specifically, how easy it is to participate in governance. Does the protocol have a formal governance process? Is sufficient documentation available? Is there a basic framework to establish social consensus? Are there channels dedicated to governance debate?

**Answer:**

From what we have explained in the previous sections we can see that the process is simple and easy to use, quite standard one within the crypto community's governance processes. There is a debate that happens in their Discord channel or the community forum [\[95\]](#), and the proposal is submitted to Snapshot to fetch the votes of the community participants. The protocol has a very recent and clear governance process.



So, we can basically see that there are channels for the governance process and the protocol has been formalised in a well-documented governance process, with low barriers to participation even for newcomers.

**Score: 5**

## About the Author:

Carlos Koljonen is a financial professional that has previously worked for Stoxx limited as an Index Analyst (Corporate Actions Department). He also led the Investment Analysis department for an investment company in the cryptocurrency markets, performing fundamental research over various projects, technical analysis, and deciding over the company's exposure to crypto at any given time.

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