PrimeRating

Fundamental Report

Prime Rating Report V2.1

Protocol: PeakDeFi
Version: 2.1
Date: 28/02/2022
Previous Report: Link to previous report

Author: Capo67
Reviewed by: 🐸 A Rating Pepe
Season/competition: Season 2

Scorecard

1. Value Proposition	Points
a) Novelty of the solution	5 / 15
b) Market fit/demand	5 / 15
c) Target Market Size	8 / 10
d) Competitiveness within market sector(s)	4 / 10
e) Integrations & Partnerships	0/ 15
Total Points - Value Proposition	**22 / 65**
2. Tokeneconomics	**Points**
a) Is the token sufficiently distributed?	6 / 15
b) What is the extent of the token's capabilities?	4 / 10
c) Is the issuance model able to improve the coordination of the protocol?	4 / 10
d) Is the value capture model able to accrue and distribute value?	2 / 10
e) Is the token sufficiently liquid to enable active use and trade?	1/ 5
f) Are there any extrinsic productivity use cases?	2 / 10
Total Points - Tokenomics	**19 / 60**
3. Team	**Points**
a) Is the team credible and public? (No, Partly, Yes & Anon , Yes & Public)	3 / 15
b) Does the team have relevant experience?	1 / 10
c) Does the team participate and help shape the public debate?	0 / 5
d) Is the team able to effectively attract and coordinate resources?	1 / 10
Total Points - Team	**5 / 40**

4. Governance	Points
a) Admin Keys	2 / 20
b) Extent of Governance capabilities	3 / 15
c) Active Governance contributors	1 / 5
d) Governance infrastructure	3 /10
e) Robustness of Governance process	2 / 10
Total Points - Governance	**12 / 60**
5. Regulatory	**Points**
a) Does the protocol have any legal accountability?	2 / 15
b) What is the quality of the legal jurisdiction?	6 / 10
Total Points - Regulatory	**8 / 25**
Total	**66 / 250**

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: PeakDeFi is a decentralised investment gateway that aims to be easy to use and accessible for lessor educated crypto users, as well as offering rewards to "Asset/Fund managers" on a performance based system which is distributed on chain.

Essentially anyone can invest in the PeakDeFi fund and earn 108.77% APY that is generated by the distribution of your funds being optimised automatically by the "best asset managers" on the platform through smart contract interaction. All photos are from their website front page.

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Optimized Fund Distribution

It is well known that you should always diversify your risk and distribute your investment between different baskets. With PEAKDEFI the distribution of your funds adjusts itself and gets optimized automatically between the best asset managers through smart contracts. You don't have to worry about making the right choices.

One thing I don't like about this, is the 108.77% APY is subject to market volatility, and when tailoring to entry level investors this seems like it could be misleading. Any investment into the fund is locked for 60 days in what they call a "fixed management period".

They then offer the investors to lock their funds up for an even longer period of time in a staking pool, which offers them 80% rewards.

Earn staking rewards up to 83% APY

Besides investing in the PEAKDEFI Global Fund you can grow your Capital by Staking PEAK and receive up to 83% APY. The more, longer and earlier you stake, the greater your staking rewards. The Staking Period can be set individually.

Followed by the option to become a fund manager, which is basically an on-chain, performance based system offering rewards to said asset managers.

Build your reputation and earn a fortune

The shares in the Global fund are distributed autonomously through smart contracts among all Asset Managers. The size of the managed shares depends on the past performance, starting with a fixed reputation score which is measured by a reputation token. All fund managers earn a success fee. The better the performance, the bigger the share, the greater the revenue!

As this idea is relatively innovative, there are similar projects out there offering a type of "mutual crypto fund" like Hex, but PeakDeFi does offer some novel ideas like creating a performance based system offering rewards to the best asset managers on the platform, while still remaining anonymous.

Score: 5

# 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: PeakDeFi is a nice stepping stone for the type of investor who does not trust the automated systems of yield aggregators, but it seems that as education of crypto currency as a whole progresses, users will inevitably learn of higher rewards, through other platforms not requiring a 60 day locking period, which we all know is an eternity in DeFi.

PeakDeFi has a total holder count of 9,602 wallet addresses on the Ethereum network and 19,533 wallet addresses on the Binance Smart Chain accounting for $231,468.85 USD of assets under management within the PeakDeFi fund.
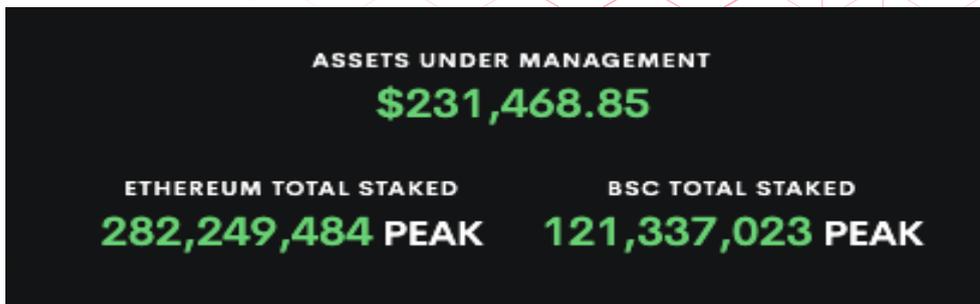
This is not accounting for the PeakDeFi NFT fund that was created in an attempt to add to the total value of assets under management. See photo, from their dAPP portal

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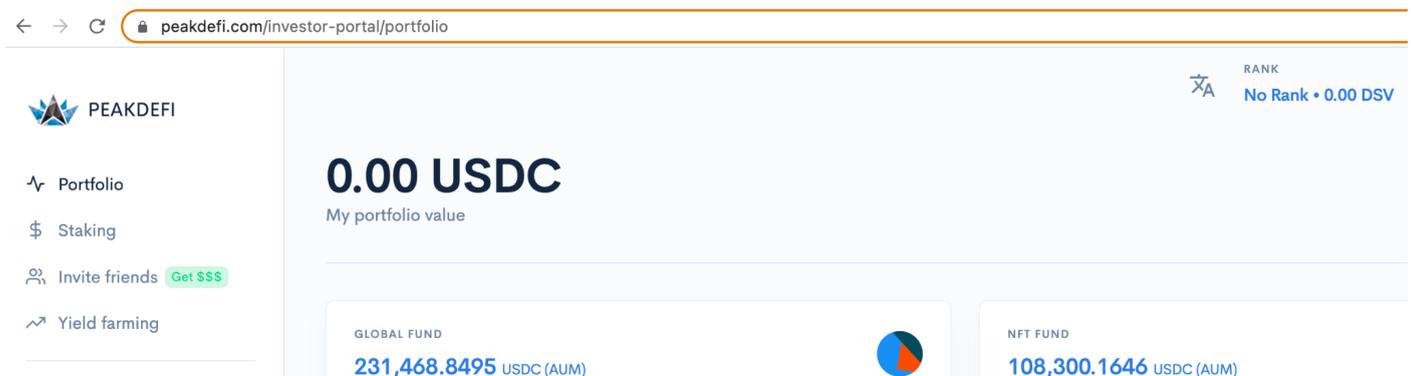
With such a low value of assets in the fund itself, even with the addition of the NFT fund, it's hard to say the demand is high.

Score: 5

c) Target market size? (10 points)

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

Answer: The target market size for asset management protocols is vast, as we can see multiple protocols with high 24h Volume within the sector.

Top Asset Manager Coins by Market Capitalization ⬤ Show Stats

$413,826,198 Market Capitalization	**$9,689,154** 24h Trading Volume	**39.92%** Bitcoin Market Cap Dominance	**12864** # of Coins				

☆ 247	Tenset	10SET	$2.45	0.7%	3.9%	-5.7%	$1,015,466	$214,591,192
☆ 461	Enzyme	MLN	$52.70	0.1%	4.8%	-5.9%	$6,366,558	$76,577,670
☆ 639	NFTX	NFTX	$96.31	-0.2%	8.6%	-7.2%	$126,636	$40,366,289
☆ 770	PowerPool Concentrated Voting Power	CVP	$0.901573	-0.2%	3.1%	-8.0%	$1,594,885	$24,749,023
☆ 889	BlackPool Token	BPT	$3.08	-0.7%	4.1%	-5.3%	$31,416	$17,067,763
☆ 945	Index Cooperative	INDEX	$6.91	-0.5%	4.9%	14.9%	$171,678	$15,059,469
☆ 1112	dHEDGE DAO	DHT	$0.412266	0.9%	5.1%	-2.6%	$144,212	$9,914,173

As an entry level investor into crypto currency, PeakDeFi does sound appealing as you do not need to have extensive knowledge of DeFi to get started. Pair that with the global users of cryptocurrency increasing and the target market is substantial. The difficult thing for PeakDeFi to accomplish will be keeping these users invested in the PeakDeFi fund as they require a "fixed management period" (see photo below) of 60 days and relatively low APYs on volatile assets. Compared to farms or staking pools on other DeFi protocols offering APYs of over 300% with no timelock.

Flexibility through short Cycles

In todays world, flexibility is one of the most valuable treasures. To guarantee the managers as well as the investors more flexibility there is a fixed management period of just 60 days. In this period managers can make proper trading decisions while investors can access their funds again quickly.

Ultimately, I believe that the asset management sector is substantial and shows signs of growth.

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: PeakDeFi falls short in terms of competition against the top tier asset management protocols such as Tenset, Enzyme, or PowerPool in terms of 24h volume. However PeakDeFi does manage to hold up against most other asset management protocols outside of the top 3.

To touch again on the restrictions that PeakDeFi implements to its users like the fixed management periods, I find it hard to fathom how experienced investors will use the PeakDeFi platform when other protocols are offering better returns and no locking periods.

PeakDeFi has a total holder count of 9,602 wallet addresses on the Ethereum network and 19,533 wallet addresses on the Binance Smart Chain accounting for $231,468.85 USD of assets under management not including the NFT fund which accounts for another $108K USD. Whereas the top asset management protocols account for much higher numbers.

If we look at Tenset they have 29,097 holders on Ethereum and 6,276 on the Binance Smart Chain, but when looking at the Tenset fund, the assets total an amount of $89,199,540.

With asset management protocols, total wallet address as a metric is not a great representation of total holders. Due to most users PEAK tokens have been invested into the fund or into the staking pool to generate rewards. Which drains your wallet of PEAK tokens, removing your wallet as a verified holder on blockexplorers like EtherScan
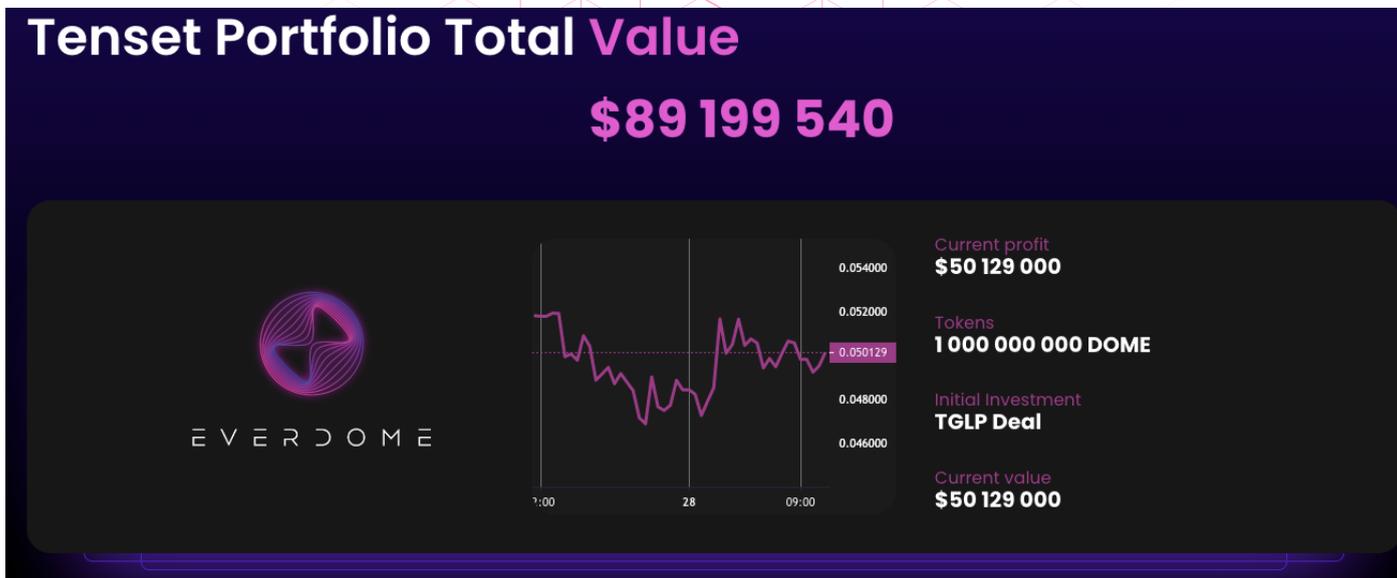
Score: 4

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: From their [introductory Medium article,](#)

Decentralized environment

Like investors, the managers connect their Ethereum-wallet with the platform to interact with the smart contract. Managers can open and close trades, even margin trades, all in a decentralized way. To provide all these solutions the PEAKDEFI platform interacts automatically with different decentralized protocols like 1inch, Kybernetwork, Uniswap and Compound Finance.

As well as from their [website](#)

We can see here that they have announced some really big names as "connected protocols" but no information surrounding actual partnerships between PeakDeFi and these protocols have been reported. To be clear here, this section is in regards to integrations of OTHER projects integrating PeakDeFi into their protocol, not the other way around.

Score: 0

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
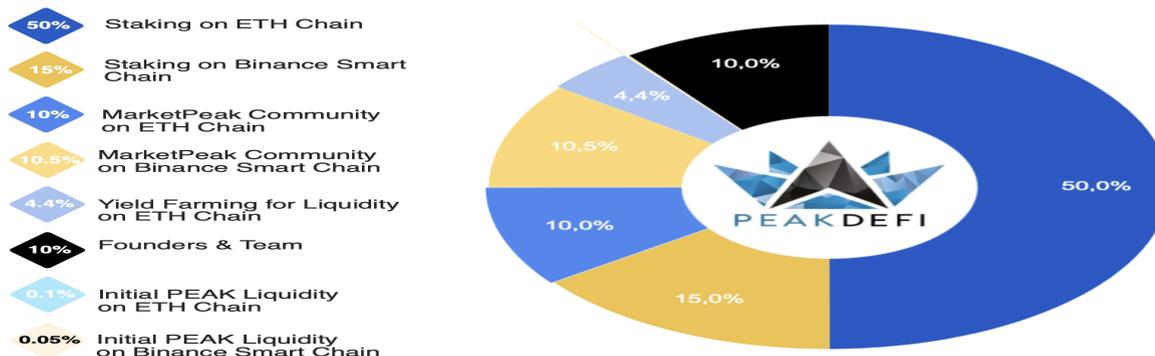
stakeholder groups and contributors, this genuinely improves the coordinating capability of the token and strengthens the resiliency of the protocol. Was the initial distribution balanced between relevant stakeholders? Are the tokens distributed over sufficient participants (10, 25, 100 largest addresses)?

Answer: From their whitepaper page 21, 22.

Characteristics, Tokenomics and Distribution

PEAK is the Token behind PEAKDEFI and fuels the platform. It's an ERC-20 Token built on the Ethereum Blockchain as the platform PEAKDEFI itself. **The Total Supply will be 2.000.000.000 PEAK**. The Distribution of the Token is as follows.

- **50%** Staking on ETH Chain
- **15%** Staking on Binance Smart Chain
- **10%** MarketPeak Community on ETH Chain
- **10.5%** MarketPeak Community on Binance Smart Chain
- **4.4%** Yield Farming for Liquidity on ETH Chain
- **10%** Founders & Team
- **0.1%** Initial PEAK Liquidity on ETH Chain
- **0.05%** Initial PEAK Liquidity on Binance Smart Chain

With a distribution break down explanation also from their whitepaper,

As the PEAK Token has been integrated to the Binance Smartchain for performance reasons the PEAK Token Distribution has to be updated. While the hard cap of PEAK remains at 2 bln. PEAK the Tokenomics have to be splitted between the Ethereum Blockchain and the Binance Smart Chain in the following manner:

50% = 1 bln. PEAK remain reserved for Staking on the Ethereum Blockchain.

10% = 200 mln. PEAK remain reserved and locked for the Team / Founders on the Ethereum Blockchain.

0.1% = 2 mln. PEAK remain reserved for initial Liquidity on the Ethereum Blockchain.

Previously 15% = 300 mln. PEAK were reserved for (institutional) investors. But as PEAKDEFI has grown on it's own immensely institutional investors are not necessary any longer. Therefore these reserved 15% will be provided for the PEAK Staking on the Binance Smart Chain.

Previously 18% = 360 mln. PEAK were reserved for the MarketPeak community on the Ethereum Chain. This will split up into 10% = 200 mln. PEAK for the Ethereum Chain (over 100 mln. were already minted) and 8% = 160 mln. for the Binance Smart Chain, whereas 1 mln. will be used for initial liquidity providing. The liquidity will be provided on PancakeSwap,

Previously 6.9% = 138 mln. PEAK were reserved for Yield farming on the Ethereum Chain. This will be splitted into 4.4% = 88 mln. PEAK for Yield farming on the Ethereum Chain and 2.5% = 50 mln. PEAK for Yield farming on the Binance chain.

All in all 300 mln. + 160 mln. + 50 mln. = 510 mln. PEAK will be reserved for the Binance Chain while 1.49 bln. PEAK will remain on the Ethereum Blockchain.

Different mechanisms are implemented to decrease the circulating supply of the Token and therefore encourage a price increase. For investors and the founding team PEAK will be locked for 2 years. For the MarketPeak Community PEAK will be minted only according to the product sales on the MarketPeak Platform. Furthermore the release of the minted token will take place over a period of 3 years. PEAK Staking Rewards will encourage Users to lockup their PEAK and therefore decrease the circulating supply, too.

What I really like from this excerpt, is the 15% of PEAK token that was reserved for institutional investors, has been reallocated to accommodate the addition of the Binance Smart Chain. It shows that the team had the wherewithal to understand how the BSC would benefit the protocols future. Then deciding to accommodate for that by using the 15% of tokens that didn't affect the initial distribution model, by only adjusting the investor share of tokens rather than the protocol's fundamental token allocation.
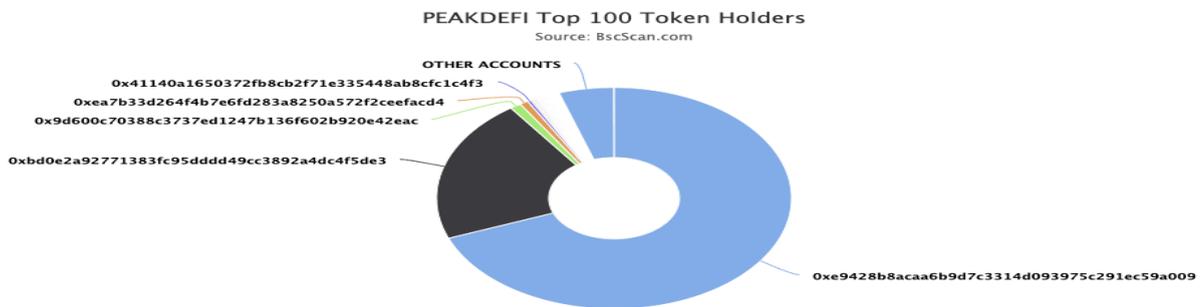
However, when looking at the top 100 holders on etherscan, we can see that over 97% of tokens are held within these

wallets.

PEAKDEFI Top 100 Token Holders
Source: Etherscan.io
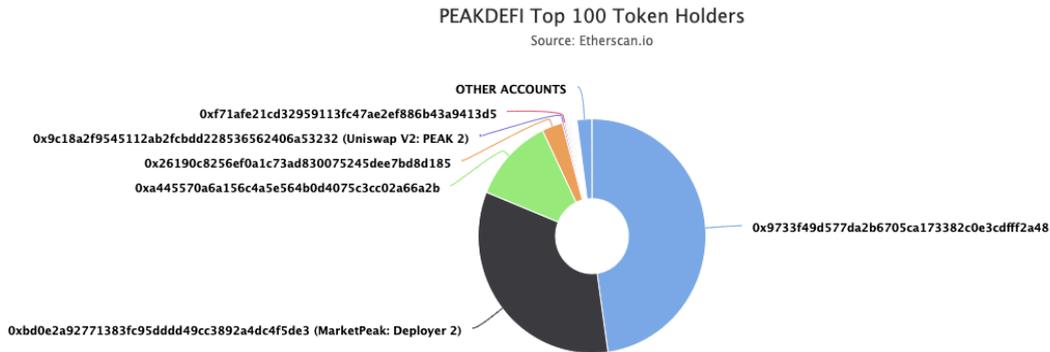
And similar metrics when looking at the top 100 holders on bscscan, accounting for 95% of the token supply.

PEAKDEFI Top 100 Token Holders
Source: BscScan.com

That being said, there are multiple exchange wallets, contract wallets, and of course the 50% Ethereum Staking wallet. When examining these wallets, it seems the first individual wallet I could find, was holding 0.0285% of the total supply of PEAK, indicating an adequate distribution of tokens amongst holders. Also there is the issue with having your PEAK tokens allocated to the fund or staking pools, essentially removing your wallet address as a verified holder, due to the tokens being locked away elsewhere.

Score: 6

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: From their whitepaper, page 21

This token is required for

To manage assets as a Trader	Incentivizing the Community Growth through Rewards System	Rewarding Liquidity Providers
	Stimulating the Fund through Protection Staking	Compensating Development of the platform

The PEAK token seems to have multiple use-cases (page 21) within the protocol; these use-cases create and promote an incentive to hold once they reach the wallets of individual investors. However, using PEAK tokens to pay for the development of the platform would indicate that these tokens would be sold for fiat/stable to be used as payment, or transferred directly to the developers, which are often sold right away.

Not mentioned in the "Token is used for" section in their whitepaper, is the fact that PEAK tokens are also used for voting on polls, surrounding decisions made by the protocol and its users. Any holder of PEAK token can create a poll within the PeakDeFi Governance application.

Score: 4

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: Again from the whitepaper, on what the token is used for.

This token is required for

| To manage assets as a Trader | Incentivizing the Community Growth through Rewards System | Rewarding Liquidity Providers |

| Stimulating the Fund through Protection Staking | Compensating Development of the platform |

When it is laid out like this, you get the impression that the issuance of PEAK tokens is beneficial for the growth of the protocol, however when looking deeper into the issuance model we can see a few red flags.

For instance, from page 20 of their whitepaper.

If you refer a new Member you'll get 10% rewards on his / her Profits. If this Member refers a new User you will get 4% rewards on his / her Profits etc.

Distribution Level	% Reward	PEAK Staking required for get more rewards
1	10%	0 PEAK
2	4%	2000 PEAK
3	2%	4000 PEAK
4	1%	6000 PEAK
5	1%	7000 PEAK
6	1%	8000 PEAK
7	0.5%	9000 PEAK
8	0.5%	10000 PEAK

A very good diagram to describe the issuance model of a referral based system such as the PeakDeFi global fund is seen below.
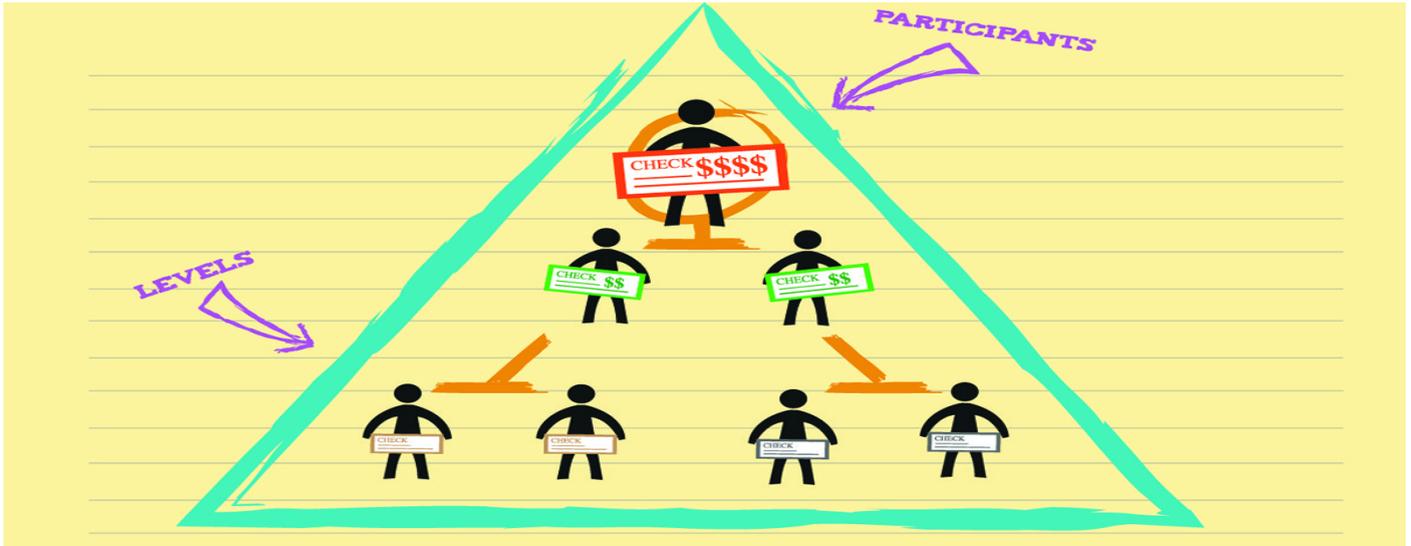
Outside of the referral system, the issuance of the PEAK token to the stakers and asset managers is actually relatively adequate for incentivizing behaviour to benefit the protocol, as we can see from their whitepaper, page 19

> Positive Trades create Profits for the Fund and contribute to a positive cycle, which results in a commission of up to 15% for you (Depending on your Risk Threshold in this Cycle). In addition good Trades increase the Total Amount of Reputation Token and therefore the total share of the PEAKDEFI Fund you manage which affects the Total Commission you get.

The reputation token mentioned above directly affects your PEAK token reward amount, incentivizing asset managers to make the most amount of profitable trades with minimal risk in order to generate higher rewards.

PEAK tokens are also used for voting on polls surrounding decisions made by the protocol and its users. Any holder of PEAK token can create a poll within the PeakDeFi Governance application.

Score: 4

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: When users interact with the protocol's features, they are rewarded in PEAK token. Staking rewards, asset managing rewards, as well as referral rewards. The issue here is that there doesn't seem to be any incentive to hold PEAK tokens, which usually suggests that upon receiving the rewards, they are often sold quickly.

PEAK tokens have minimal utility, however when it comes to asset managers or affiliates, a specific amount of PEAK is needed to be staked to receive your rewards, or to receive a higher commission. See photo, from their whitepaper, page 22.

> While Asset Managers have to stake a specific amount of PEAK it is an optional opportunity for Investors. Affiliates on the other hand need to stake PEAK in order to receive more Referral Commission.

That being said, all of these rewards seem to benefit the other parties within the protocol rather than the token holders themselves, outside of those who stake their PEAK tokens.

Score: 2

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

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

Answer: PEAK tokens are available on the mainstay decentralised exchanges like UniSwap and SushiSwap as well as PancakeSwap for the PEAK, bep-20 token. But looking for CEX options, we can see that there is minimal selection of major CEX's offering PEAK.

PEAKDEFI Markets

Affiliate disclosures

☐ Display Unconverted Data Search...

#	Exchange	Pair	Price	Spread	+2% Depth	-2% Depth	24h Volume	Volume %	Last Traded	Trust Score
*	eToroX [Sponsored]									✕
*	Crypto.com [Sponsored]									✕
1	Uniswap (v2)	PEAK/WETH Live Chart	$0.076654	0.6%	$13,253	$13,213	$22,469	35.05%	Recently	🟢
2	Bibox	PEAK/USDT	$0.080773	7.61%	$0	$0	$32,574	50.81%	Recently	🟡
3	ProBit Global	PEAK/USDT	$0.073121	4.07%	$0	$0	$9,069	14.15%	Recently	🟡
4	Sushiswap	PEAK/WETH Live Chart	$0.075983	0.61%	$2,128	$2,122	$8,171	–	**9 hours ago	🟡
5	Uniswap (v2)	PEAK/USDC Live Chart	$0.073715	0.61%	$785	$782	$521	–	**10 hours ago	🟡
6	HitBTC	PEAK/BTC	$0.078213	11.31%	$0	$0	$9,633	–	**2 days ago	🔴
7	Uniswap (v2)	WBTC/PEAK Live Chart	*$0.076453	0.61%	$3,317	$3,307	$0.00	–	**1 day ago	–

In terms of sufficient liquidity PEAK token has a 24 hour trading volume of ~$73K USD, indicating that any substantial buy would impact the market price of the token greatly. Moreover, looking at the CEX's trading volume of PEAK, would further indicate insufficient liquidity for the PEAK token.

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: Outside of LPing on DEX's such as UniSwap and SushiSwap, there are no extrinsic sources of value for the PEAK token.

Score: 2

3. Team

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

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

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

Answer: Upon first glance of the Team section from their [whitepaper](#), page 33.

Team

_____

Each member of the PEAKDEFI team has ample experience in the blockchain technology sectors. Our vision and objectives are based on the foundation of having already collaborated with numerous investors seeking to participate in lucrative projects in the crypto space, and the desire to facilitate access to the digital asset ecosystem.

As blockchain technology continues to change the way we do business across many industries, we believe that basic business principles should be applied when developing applications in the blockchain space.

Although PEAKDEFI is a decentralized project without any entity behind it the Team which realized the idea will continuously develop the project to create the best decentralized investment solution.

Ararat Tonoyan - Solidity Engineer

Ararat is a web and blockchain specialist who worked on many projects in the DeFi space. He has a great understanding for architectural solutions and microservices for blockchain

Oksana Pylypenko - iOS Developer

Oksana has worked in the IT industry since 2013 and developed in this time many mobile business applications mainly on iOS platforms. She has experience in OOP, design patterns, RESTful web services, pixel perfect UI design and other practices for high quality and production ready software.

Denys Roman R. - Android Developer

Denys is a DeFi enthusiast with a great experience in mobile development for Android by working on many dApps in the past.

It looks like they are fully transparent. However upon closer inspection, you can see that there is not a single name of any previous company experience, previous projects proof of work, or social media pages for the team members (LinkedIn, Twitter, etc) provided on their [website](#). This is often a red flag, as most teams who are public, usually take every opportunity to reference their previous achievements in the relative sector.

If we look deeper into the team members names provided, we can find from their [LinkedIn](#), previously under the company name "MarketPeak", we can look closer into the experience of the team members shown on their website and whitepaper.

 [Sergej Heck](#) is the co-founder and CEO of PeakDeFi as the founder of [Coin Concepts](#), which seems to be a domain name owned, however not hosted as the company website never loads. As well as some very lacklustre experience in questionable projects, see photo.

Owner
Coinkurier
Jan 2019 – Present · 3 yrs 3 mos
Zürich und Umgebung, Schweiz

Coinkurier ist eine der größten deutschsprachigen News-Platformen für Krypto- und Blockchain Themen.

Coin Kurier
Nachrichten rund um Kryptowährungen, Blockchain und Dezentralisierung

Gründer & Geschäftsführer
Blockchain Hero
Jan 2017 – Present · 5 yrs 3 mos

Seit der Gründung Anfang 2017 haben wir es mit nur einem kleinen Team geschafft eine der größten deutschsprachigen Krypto News Plattformen zu schaffen, die nun immer mehr durch zusätzli ...see more

Blockchain Hero
Seit der Gründung Anfang 2017 haben wir es mit nur einem kleinen Team geschafft eine der größten deutschsprachigen Krypto News Plattformen zu schaffen, die nun...

Business & Krypto Influencer
Sergej Heck
Jun 2017 – Present · 4 yrs 10 mos
Zürich und Umgebung, Schweiz

Own Followers besides Blockchain Hero Community:

To conclude, the lack of information surrounding the team's experience is never a good sign and leads me to believe this could be a collection of crypto enthusiasts' first major venture into the creation of a protocol.

Score: 3

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: According to the team section again, PeakDeFi claims to have a well educated and experienced team. However as we mentioned in section 3a, without the ability to verify these claims, we can not conclude the legitimacy of the claims.

Score: 1

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: When looking through PeakDeFis socials such as Discord, well.. See photo.
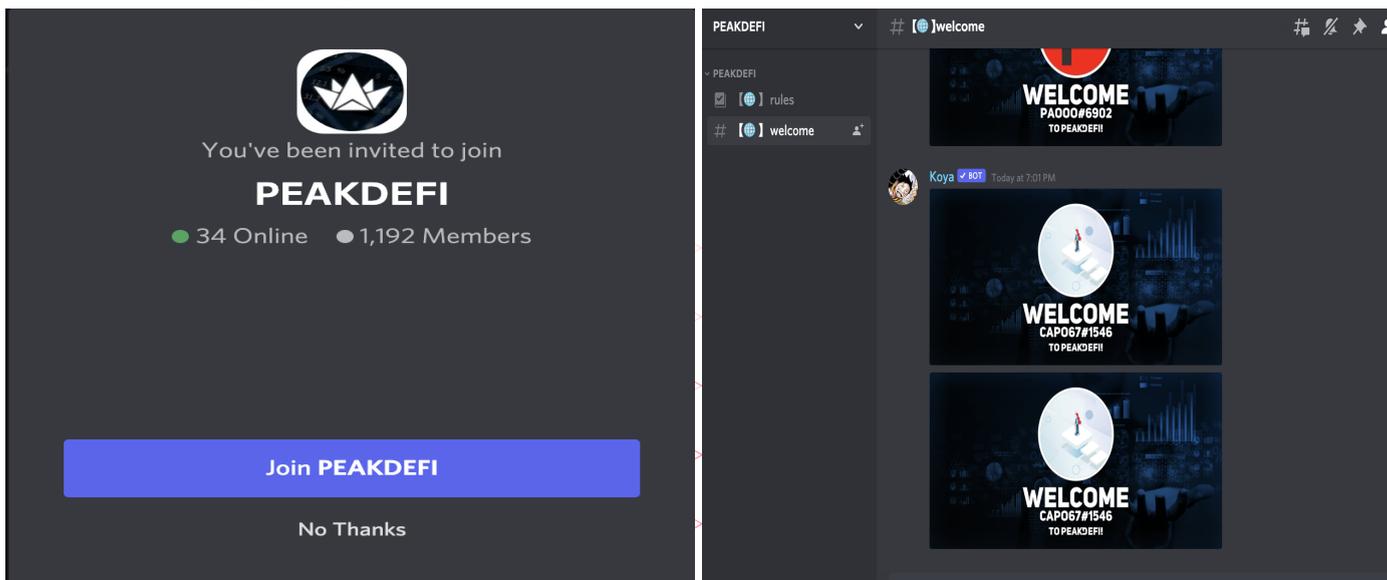
We can see the Discord side of things is struggling with just under 1200 members and 34 Online. A rule of thumb for me when I am looking into a project's socials, is a minimum of 10% of online users/total members. PEAKDeFi Discord is drastically under that ratio.

Upon inspection of their Telegram, they have a total member count of 15,286 with 702 online, also falling short of the 10% online/total member ratio.

Upon scouring through months of telegram messages, it seems heavily botted, with lots of messages from users simply saying "Hi" or "Hello" back and forth for hours at a time before any admin, moderator, team member, or legitimate user discussing anything DeFi related.

Score: 0

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: In terms of fundraising I was unable to find anything of the sort. However, they do have a community based service that offers education on blockchain and DeFi trading opportunities, MarketPeak. But after attempting to sign up to find out pricing for these services, I was unable to continue confidently due to the prompts popping up in Russian mixed with English. A tad confusing.

Score: 1

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: From looking through the PeakDeFi GitBook, there is no documentation surrounding admin key control, this is further backed up from the PeakDeFi dyor-crypto.fandom page, see photo

From the PeakDeFi security audit completed by Quantstamp, section QSP-18 Privileged Roles and Ownership,

Although this risk level is "informational" according to Quantstamp, it still does not clarify the control of admin keys surrounding the protocol.

Score: 2

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: There has only been one poll submitted in the PeakDeFi governance application since the introduction of governance capabilities on February, 24th, 2022.This obviously is not a high number but due to the short amount of time since the governance capabilities were introduced, this is to be expected. More on the specifics of PEAK token holders governance capabilities, from their Medium,

"What does it take to submit a proposal?

To submit a proposal you need to have at least 10,000,000 PEAK token votes delegated to your wallet. Every PEAK token holder can delegate his voting power to another address and 10 million votes are needed to submit a proposal. Fixed descriptions and goals must be set for the proposal so that the community can really understand exactly what will happen once it gets confirmed.

Who can vote?

Any wallet that holds PEAK tokens is eligible to participate in a vote. A wallet must be validated before the proposal starts and the votes must be delegated. Either to your own wallet or to another wallet and then you can vote as soon as the proposal is live.

To successfully confirm a proposal ,the amount of "in favor" votes of 40 million PEAK tokens are required. Any wallet that has delegated votes before the proposal is submitted can vote "For" or "Against". To validate the proposal, at least 40 million more "For" votes than "Against" votes must be cast at the end."

Overall, with the addition of governance rights to the PeakDeFi protocol being so new, it is difficult to say how much influence these polls will yield.

Score: 3

c) Active Governance contributors (5 points)

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

Answer: Seeing as there has only been 1 poll submitted, and how new the addition to governance is to the protocol; it is difficult to determine an accurate number of active contributors. However after reading this 40 Million PEAK tokens to render a poll to pass,

From their [medium](#) article,

Who can vote?

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See photo from the [governance app](#)

← All Proposals

EXECUTED

PEAK Bonus distribution for new MarketPeak members

Voting ended January 27, 2022, 5:28 AM GMT+7

| For | 42,416,174 | Against | 0 |

Details

1: 0x630d98424eFe0Ea27fB1b3Ab7741907DFFEaAd78.mint(0xbD0e2a92771 383FC95ddDd49cC3892a4dc4f5DE3, 50000000000000000)

Description

PEAK Bonus distribution for new MarketPeak members

With only 1 proposal created, and none upcoming, it is safe to say the active governance contributors is low,

PEAKDEFI Governance

PEAK tokens represent voting shares in PEAKDEFI governance. You can vote on each proposal yourself or delegate your votes to a third party.

Proposals

Create Proposal

| 1.2 | PEAK Bonus distribution for new MarketPeak members | EXECUTED |

A minimum threshold of 0.5% of the total PEAK supply is required to submit proposals

Score: 1

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: Outside of their own governance application, there doesn't seem to be any technology or infrastructure surrounding the PeakDeFi governance. Without adequate information on the governance infrastructure, I am unable to determine whether or not this governance platform is what it claims to be by the PeakDeFi team. However with the actual governance option available to holders, it is bare, but at least existent.

Score: 3

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: Again, to touch on the fact that the governance of PeakDeFi proposals was only introduced on February 24th, 2022, it is difficult to use such little data to determine the robustness of the governance process, however from their PEAKDEFI Governance Medium article, it does detail the process of voting on, or submitting proposals.

What does it take to submit a proposal?

To submit a proposal you need to have at least 10,000,000 PEAK token votes delegated to your wallet. Every PEAK token holder can delegate his voting power to another address and 10 million votes are needed to submit a proposal. Fixed descriptions and goals must be set for the proposal so that the community can really understand exactly what will happen once it gets confirmed.

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To successfully confirm a proposal ,the amount of "in favor" votes of 40 million PEAK tokens are required. Any wallet that has delegated votes before the proposal is submitted can vote "For" or "Against". To validate the proposal, at least 40 million more "For" votes than "Against" votes must be cast at the end.

Score: 2

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: According to @JonasPEAKDEFI on their Telegram, who has the admin badge titled "Owner", the team is based out of "Different European countries as well as UAE."
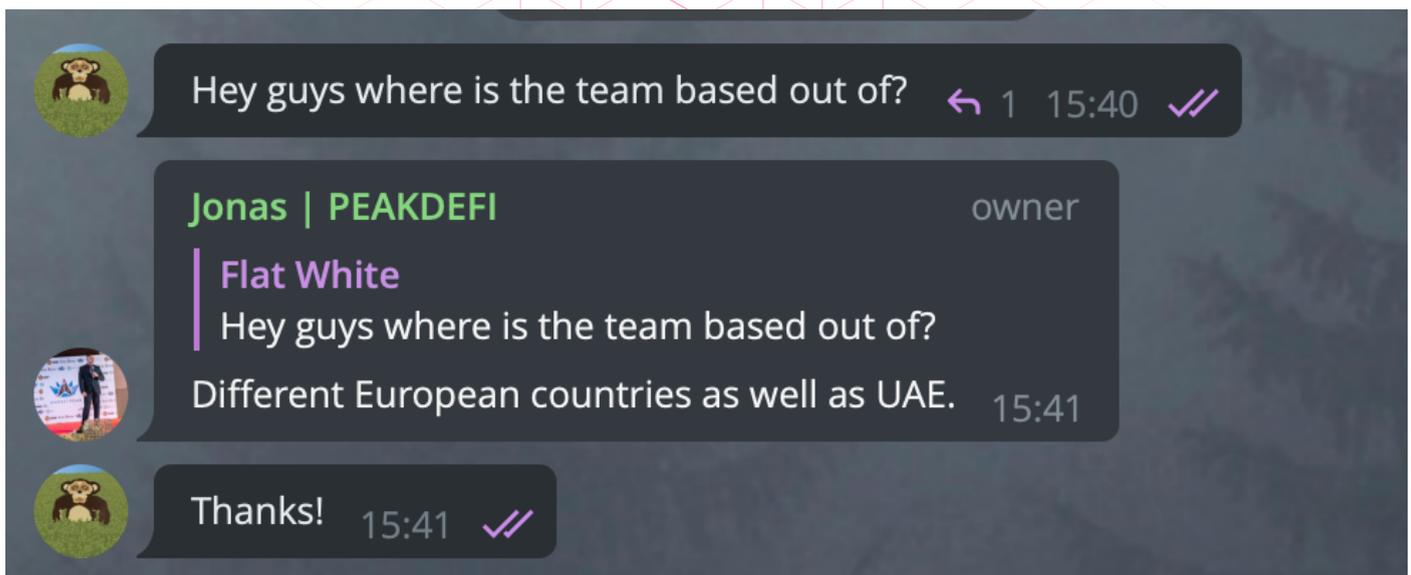
In terms of legal accountability, from their disclaimer at the very bottom of the homepage of their website,

Thus essentially, distancing themselves from any losses within the protocol.

Moreover by their "Regulatory and Operational Risks" section from their white paper, page 30,

Regulatory

There are some potential regulation challenges for PEAKDEFI. Traditional Hedge Funds have to overcome a lot of bureaucratic hurdles to finally start. This does not apply for decentralized solutions, yet. It is questionable how decentralized solutions with no entity behind could be ever regulated, but this could somehow change in the future.

Decentralized solutions are disruptive in all manners. Therefore there are no regulatory frameworks for decentralized solutions yet. It could be that in the future PEAKDEFI will need an approval or kind of licensing from national regulators.

Another issue could be the KYC/AML problem, which decentralized solutions face. Centralized margin exchanges start having issues with regulators as the bitmex case in October 2020 shows. According to Cointelegraph the crypto industry still has a lot of work ahead to meet KYC/AML standards.

Operational risks

Errors in the smart contracts or reference data could affect a lot of participants and could put big amounts of capital in danger. To minimize the risk of flaws in the code base PEAKDEFI is audited by one of the best auditors in the crypto space, Quantstamp.

This sounds like they are using their audit as a means of trust, whilst not taking accountability in the event of a breach of agreement, or exploitation of the protocol itself.

Score: 2

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 team seems to be based in the United Arab Emirates from their [Impressum,](#) in which case we can assume that the quality of legal jurisdiction is of adequate value.

Score: 6

About the Author: Capo67