Fundamental Report - Metaverse

Prime Rating Report V1.1

Protocol: Merit Circle
Category: Gaming
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Season/competition: N/A

Scorecard

1. Value Proposition	Points
a) Novelty of the solution	7 / 15
b) Target market size	13 / 15
c) Product-market fit	15 / 15
Total Points - Value Proposition	**35 / 45**
2. Competitive moat	**Points**
a) Integrations & partnerships	2 / 10
b) Intellectual property	2 / 10
c) Infrastructure - security	10 / 10
d) Infrastructure - fees and ancillary infrastructure	3 / 10
e) Treasury management	10 / 10
Total Points - Value Proposition	**27 / 50**
3. Tokeneconomics	**Points**
a) Genesis token distribution	12 / 15
b) Purpose of the token	7 / 10
c) Ongoing token issuance / inflation	8 / 10

d) Value capture	6 / 10
e) Token liquidity	5 / 5
f) Extrinsic productivity	0 / 5
Total Points - Tokenomics	**38 / 55**
4. Team	**Points**
a) Credibility and reputation	8 / 10
b) Relevant experience	10 / 15
c) Thought leadership and public presence	5 / 10
d) Ability to foster a community and coordinate resources	12 / 15
Total Points - Team	**35 / 50**
5. Governance	**Points**
a) Extent of governance capabilities	8 / 10
b) Active governance contributors	3 / 5
c) Governance infrastructure robustness	8 / 10
d) Process and ease of use	5 / 5
Total Points - Governance	**24 / 30**
Total	**149 / 230**

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: Merit Circle grew out of a small Axie Infinite scholarship that Marco van den Heuvel ran. As the broader team came together, they decided to pursue a much larger vision for Merit Circle, raising several rounds to do so.

However, to date, Merit Circle has not innovated significantly on the guild model pioneered by Yield Guild Games. In their docs, the team uses language and terminology first introduced by YGG, like subDAOs and the MC token being "the index of play-to-earn games". Further, while YGG pushes the subDAO model beyond individual games to regional subDAOs, Merit Circle seems to have not engaged much with the subDAO concept. There was a recent proposal to form a subDAO for Seed Words. However, it was decided that creating a subDAO was premature, and the discussion highlighted that the implementation of the subDAO concept hasn't been thought through by the community just yet.

While Merit Circle has moved ahead of YGG on decentralisation, enabling Snapshot governance and seeing meaningful participation in its governance matters, its governance model is similar to other DAOs. In fact, Merit Circle uses OpenZeppelin's Governor contracts, developed in partnership with Compound and used extensively in the industry.

Perhaps the team deserves some novelty points when it comes to their vision, their approach to scaling, and their management of the Treasury and investments. Merit Circle outlines their vision for four verticals for the Merit Circle DAO in a recent blog post. While a gaming marketplace, one of the verticals, itself is not novel, the fact that it's being built by a guild is. The same thing can be said about the Merit Circle Studios vertical, a combination of game publishing and game incubation. Unlike other guilds, Merit Circle also employed an external agency to build its analytics and management platform for the scholarship operations. We haven't seen that approach before from a guild. Most guilds have, in fact, left analytics and scaling solutions for guild management to third-party providers. Lastly, Merit Circle has a hands-on approach to treasury management, primarily due to the VCs on their cap table being actively involved here. Of course, there are some questions about the potential for conflict of interest. However, the treasury management and active investments at Merit Circle are currently best in class.

Score: 7

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: Indeed the gaming industry was worth around $176bn in 2021, according to NewZoo. It's predicted to climb from there to $269bn by 2025. Meanwhile crypto specific gaming continues to make up >50% of all blockchain transactions according to dAPPRadar. Game related interactions overtook DeFi back in August and haven't looked back since, that is with Axie Infinity as pretty much the only blockbuster game, and a handful of rudimentary competitors. Look at any metrics - Discord members, subscribers to NFT game streamers, or even the size of funding rounds - and it's clear this sector is growing extremely quickly.

We can view Merit Circle and its target market size from different angles. On one side, it's a venture capital business, investing across early-stage gaming and Metaverse projects. As an investor, Merit Circle can get exposure to different gaming segments and genres, from desktop to mobile and from RPGs to MMOs. On the other side, in its attempt to build a gaming-specific marketplace, Merit Circle might be able to capture a share of gaming-related economic activity across many more games, including ones that MC hasn't invested in. Overall, it seems clear that the target market size for MC is substantial and shows signs of sustainable growth.

Score: 13

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: It's somewhat challenging to identify PMF for a gaming guild such as Merit Circle. One could look at the number of scholars or monthly income for a guild, but these numbers don't necessarily indicate PMF. Merit Circle specifically recently pivoted from "scholars" to "gamers". Their new approach is not focusing on mindless scholar growth but aims to build fun and engaging experiences for all.

From the available data and metrics, we think that the initial LBP fundraise, the trading volume of the in-house Edenhorde NFT collection and the ability to deploy capital into seed deals are the best indicators of PMF for Merit Circle.

The LBP, for example, raised over $100m over 72 hours, one of the largest LBP auctions ever. The Edenhorde collection, released in mid-February, has generated 9,000 ETH in trading volume at the time of writing, which is quite meaningful. Further, we have seen Merit Circle participate in most high-profile gaming rounds. Given that VC investments are the guild's primary monetisation mechanism, the ability to get into rounds is a good sign of PMF.

Score: 8

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: Given Merit Circle is not really a protocol but rather a VC investor, it's unclear where the opportunities for integrations might come from. We can see the potential for future integrations stemming from the MC marketplace, integration of Edenhorde NFTs elsewhere in the Metaverse and, maybe, some integrations into MC's scholarship management platform that is currently being developed. For the time being, however, there are no integrations worth mentioning.

On the partnership side, we could consider all MC's investments as partnerships. The team has invested in 30+ games at this stage. However, we don't think these investments represent "unforkable value" as many other guilds are getting into the same rounds.

There are also no integrations of the MC token anywhere across DeFi.

Score: 2

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: As a gaming guild, Merit Circle is not in the business of developing IP. They have brought in an external agency, Dept Agency, to help them build a management platform "to automate and smoothen the current onboarding process, create a clear financial overview with a payout function integrating multiple wallets, open and transparent in-game performance tracking and thereby pin-pointing where to improve." We can see an opportunity to white label this product in the future, but it will take some time, even if the team chooses to explore this avenue.

With Edenhorde, the team is developing new IP. They have partnered up with Emmy-award winning illustrator Andy Ristaino and Celia Blythe, the author and historian of Edenhorde. The idea is to start with writing a series of interactive chapters, with Edenhorde NFTs then used to shape the story. While an exciting development and certainly one worth keeping an eye on, we don't believe this IP is currently creating any competitive moat around MC.

Score: 2

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: As mentioned previously, Merit Circle is not actually operating an on-chain protocol. They use OpenZeppelin's Governor contracts. The staking contracts are on Ethereum and have been audited by Quantstamp, and so were the token deployment contracts. While the token is also available on the Binance Smart Chain, no contracts are actually deployed there.

On the NFT side, Edenhorde NFTs were deployed on Ethereum.

Score: 10

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: While Ethereum transaction fees are high, creating friction for users, it's unlikely that this impacts the adoption and growth potential of Merit Circle at this stage. This is because a minimal number of on-chain interactions are required. There isn't much to do beyond holding and staking the MC token. However, with plans to build a marketplace for gaming assets, being on Ethereum could be an added hurdle to adoption.

Score: 3

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: Merit Circle has the best treasury management process we have seen in the space. The team publishes monthly treasury reports, breaking down its balance sheet across liquid assets, NFTs and tokens it invested in.

After raising $100m in the LBP, the team continues to hold close to $50m idle USDC in reserves. At the same time, they actively utilise Alchemix, Curve, Maple Finance and Anchor to generate yield on their stables. We have also seen active management of governance tokens, like FNC and AXS. AXS was used for farming RON, and the team is staking FNC to generate single-sided staking yield.

On the liquidity side, MC is LPing close to $8.5m in its Uniswap v2 pool and under $1m in its BNB-MC pool on PancakeSwap.

The team has also passed several Merit Circle Improvement Proposals (MIPs) related to treasury management. MIP-2, for example, placed the Treasury at the discretion of several prominent investors and the core team. It also sets the guidelines for allocating capital from the Treasury per below.

- For SAFT or NFT investments, there is no need for an additional proposal if the individual deal amount is below 1% of the total treasury value. In case the investment exceeds this, a governance proposal is required.
- A maximum of 20% of treasury value can be put in Crypto assets (this only applies to the initial amount, not to an amount after potential price appreciation)
- A maximum of 20% of treasury value can be put in, crypto or stablecoin yield farms (this only applies to the initial amount, not to an amount after potential price appreciation)
- A maximum of 5% of treasury value can be put in a single position (this only applies to the initial amount, not to an amount after potential price appreciation)

MIP-6 established parameters and procedures for taking profits on seed and NFT investments, while MIP-7 put forward reinvesting guidelines for those profits and a significant burn of the community portion of the tokens quarterly.

Score: 10

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 initial distribution of MC can be found here and is quite reasonable. Team and advisors have a 20% allocation, with early investors getting 14.06%. Another 7.5% was initially allocated for the public sale through an LBP. During the LBP, about 4.1% of the 7.5% initial allocation was sold, with the remainder of tokens going to the DAO Treasury.

Community incentives and the DAO Treasury make up 45% of the MC token distribution, with another 10% allocated to Treasury rewards. The team runs a liquidity incentive program, with 10% of tokens allocated to this. The DAO Treasury tokens and the DAO's liquidity position (LP tokens) are not eligible / participating in the program.

Lockups and vesting schedules are long-term aligned with the success of the project. Investors have a 6-month cliff (which is relatively short), followed by 36 months of vesting. The team and advisors have a 12-month cliff period followed by 42 months of vesting. The cliff was initially set to be 6 months but was extended after feedback from the community and consulting with others in the space.

Overall, the genesis token distribution is balanced and effectively aligns stakeholders for the betterment of the protocol.

Score: 12

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: At this moment, MC is primarily a governance token with limited utility and claim on revenues. Unlike YGG, however, Merit Circle has a fully functioning DAO with a transparent and active governance process. Tokenholders can vote on proposals via Snapshot, while implementation rests in the hands of the 4 out of 7 multi-sig.

Despite no immediate claim on revenue, there's a clear intent from the DAO to drive revenue capture to the token. In the recently passed MIP-10, which outlines a rough framework for future game development by MC, a portion of the revenue derived from games is shown to accrue to MC stakers. For now, though, stakers are compensated strictly through token inflation.

When it comes to utility, the team states that they will "have the ability to offer exclusive in-game rewards and early access to these games among other exciting structures. Besides that, we aim to provide our token holders with early access to NFT drops from our partners, but also from Merit Circle itself." While the opportunity here is clear, we await examples of it being implemented.

Score: 7

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: There are three primary sources of ongoing token issuance / inflation. First is the liquidity rewards, with 10% of tokens allocated to this program. However, the rewards earned through staking, whether single-side or liquidity, are subject to a 12-month cliff. Therefore, these tokens won't enter the market until November 7, 2022. Nevertheless, this type of token inflation is generally acceptable in the space.

The other two sources of inflation are the Community Incentives and the DAO Treasury allocations. Any allocation of funds from these wallets is subject to the governance process. It's reasonable to expect that the DAO will not allocate funds to initiatives that are not beneficial to most or all stakeholders, including the DAO itself.

Furthermore, per MIP-7, 75% of the unused tokens that vest monthly to the Community Incentives wallet are burned. This is meant to reduce the FDV of MC. The percentage is to be reviewed quarterly. The transactions sending MC to another address where it's burned can be seen here, while the burn transactions themselves are here.

Overall, the issuance model of the token incentivises positive-sum behaviour, improves coordination and benefits all relevant stakeholders.

Score: 8

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: Before considering value capture, it's essential to revisit the main activity of Merit Circle and where the underlying value comes from. To that extent, Merit Circle can be described as a crypto gaming VC, with most of its underlying value coming from investments in the space. While it has an active scholarship business, its revenue is unpredictable and, frankly, insignificant at this time.

Fundamentally, the MC token should capture value if the tokens of protocols and games the DAO invested in appreciate. To some extent, the sum of all underlying investments represents the enterprise value / net asset value of Merit Circle. But is there a direct link, or is this value capture at the discretion of the market?

MIP-6 and MIP-7 are two primary proposals that intend to address value capture. MIP-6 outlines some procedures for taking profits in early-stage and seed investments, both NFTs and tokens. MIP-7 proposes the use of these proceeds. Per MIP-7, 60% of sale proceeds "will be used to put a strong support on 10%-35% below the market value". This essentially means that investment profits will be used to support the price of MC, which can be tracked at this address. In addition, 15% of sale proceeds will be used to buy back and burn MC, indirectly accruing value to the token through market purchases.

As mentioned above, per MIP-10, which outlines a rough framework for future game development by MC, a portion of the revenue derived from games is shown to accrue to MC stakers. As MC builds out its gaming marketplace, it is feasible that a share of the income will accrue to the token through buybacks or direct distribution to stakers. Part of MIP-7 referred to using the MC bought back through price support to reward stakers once the existing program expires.

Score: 6

e) Token liquidity (5 points)

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

Answer: MC token has deep liquidity on Uniswap v2, with a $55m pool at the time of writing. The token is also listed on Binance, Kraken, Gemini, Huobi and other centralised exchanges. Overall, it is straightforward to get hold of MC in a centralised or decentralised manner.

Score: 5

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: There are currently no extrinsic use cases for MC. All staking and LP'ing is done in-house for MC rewards.

Score: 0

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: Merit Circle was initially known as Axie420 Scholarship, founded by Marco van den Heuvel. Marco seems to have limited professional experience before launching Axie420 Scholarship and eventually becoming the CEO of Merit Circle LTD (not the MC DAO). He was later joined by Mark Borsten (co-founder and COO) and Tommy Quite (co-founder and CFO), co-founders of Flow Ventures. Flow Ventures has made various crypto investments, including BZX, Illuvium, Merit Circle and Fancy Birds, among others. All three founders have limited social reach with a relatively small following on Twitter. Merit Circle LTD has 18 contributors listed on its gitbook, including the founders, while the LinkedIn page shows 19 employees.

Score: 8

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: While the team is undoubtedly public and credible, they have limited operational and business experience. Given that Merit Circle aims to deliver a technology platform to scale its scholarship business and a functional marketplace for game items, a lack of operational expertise might limit its ability to execute. Furthermore, we haven't seen any high-profile hires that might bring in the necessary operational experience. Although it's worth noting that Omar Ramirez was brought in to lead the platform development in collaboration with Dept Agency and seems to have the necessary expertise on the product side.

On the other hand, the team has a solid financial background which is evident in how the finances and the Treasury are handled. This bodes well for the investment vertical and the studios vertical, which is more like a game incubator / accelerator. By now, the team is rather crypto native and has spent a considerable amount of time evaluating gaming projects. As such, we are much more comfortable with their ability to execute the investment and studios verticals.

Score: 10

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 seems to be somewhat absent from the public debate and conversation. There are limited, if any, podcast appearances or conference appearances. None of the founders have any significant social following, perhaps limiting the team's ability to share their thoughts and opinions and help raise the industry's collective intelligence.

Score: 5

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: Merit Circle's Twitter currently has about 100k followers, lagging behind other guilds like Yield Guild Games (178k) and GuildFi (115k). Discord has 23k members, and the Telegram channel is at 8.8k. In our observation, the community is quite active, and the discourse is professional, knowledgeable and focused on matters at hand instead of things like token price.

Browsing through the MC forum, reviewing various proposals and interacting with community members, we came away with a feeling that Merit Circle is more about investing and building than gaming. In that way, it almost doesn't make sense to compare it to other gaming projects. As mentioned previously, we find that the community, especially the actively involved members, skew more to the financial side. For example, the MC forum is full of thoughtful posts on various investment opportunities and capital deployment frameworks. However, there's very little gaming content between the forum, Medium and Substack. There's no Youtube channel, no twitch, no research on some of the games the DAO invested in and so on. All this is to say that the team seemed to foster an active and engaged community focused on the financial and investment aspects of gaming.

Given that financials are the strength of the team and the community, it's no surprise that the team is effective at coordinating resources for the benefit of the protocol. The only question mark for us is the burning of tokens in the Community Incentives wallet. The burn of these tokens sends a clear message that there are no better ways to deploy this capital, which is somewhat strange given the white space in the industry and the early stage of the project. This could mean a lack of ambition or ideas. However, we are more inclined to attribute this to the strong financial discipline of the team.

Score: 12

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: Merit Circle uses a fairly standard governance model prevalent across DeFi, but not so much in the gaming space.

Anyone can put forward a proposal on the governance forum. "Whenever a discussion receives enough traction and receives the support of core contributors, the proposal can move on to the next phase. This could be measured by the number of comments on a proposal, or a vote included within the topic to receive a first impression of the community's opinion."

Technically, a proposal has to be discussed for at least 2 days before it can be put up for formal voting via Snapshot. While there are no token holding requirements to put forward a proposal, only a handful of addresses have admin permissions for Snapshot and, therefore, are gatekeepers for a proposal to actually be put in front of token holders for a vote.

If a proposal passes, it then moves into the implementation stage. This could mean different things depending on the nature of the proposal, but "in the majority of cases, the proposal will not be possible to implement without the 4 out of 7 multi-sig signing."

Please see this article for a more thorough overview of the governance process.

There have been 12 MIPs that proceeded to a snapshot vote, ranging from hiring decisions to capital deployment to processes and procedures for managing MC's investments. This can serve as evidence that token holders can influence various parts of MC through the governance process.

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: Most public conversation related to governance proposals happens on the Discourse forum. While the forum is not set up to show how many times each post has been viewed, we can see that most proposals tend to get between 20 and 30 comments. While that is pretty low compared to other protocols or DAOs, the quality of engagement is arguably more important. The majority of comments and engagement comes from several VCs and investors and a few community members.

When it comes to snapshot voting, MIP-7 had about 200 addresses voting on it, while your average proposal is closer to 100-120 addresses. Etherscan shows 6,669 holders of the MC token at the time of writing. That means that less than 2% of token holders actually participate in governance.

Overall, it seems that the governance process, while open to anyone, is mostly captured by a few entities and individuals, with a tiny share of tokens actually participating. This resonates with our experience of a strong core team, investors and a dedicated but small group of community members being the driving force behind MC.

Score: 3

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 current setup is robust, using standard and reliable infrastructure and tooling like Discourse and Snapshot. The process itself is clear and well structured. A potential vulnerability could be the apparent capture of the governance by a few participants, although we don't know the cause of this development.

Another question mark is the low quorum requirement for Snapshot votes. Quorum is currently set at 2m tokens, which is less than 2% of the circulating supply (although the circulating supply might be wrong as CoinGecko doesn't seem to be capturing the burns well).

While Snapshot votes are binding, most proposals still have to be executed by either team, multi-sig or other entities, like the investment committee. Further, as mentioned above, only a few addresses can put a proposal up for a vote on Snapshot.

Overall, while some vulnerabilities exist, there's no evidence that any of them have been exploited or led to issues, which is reflected in the score.

Score: 8

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: The proposal process is very clear and has been outlined in the Medium article on the topic. In our experience, governance at MC is well-functioning, with low barriers to participation even for newcomers.

Score: 5

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