



Fundamental Report

Prime Rating Report V2.1

Protocol: Kine
Version:
Date: 05/02/2022
Previous Report: N/A

Author: seanX
Reviewed by: Lavi
Season/competition: Season 2

Instructions

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

Scorecard

1. Value Proposition	Points
a) Novelty of the solution	7 / 15
b) Market fit/demand	4 / 15
c) Target Market Size	10 / 10
d) Competitiveness within market sector(s)	3 / 10
e) Integrations & Partnerships	3 / 15
Total Points - Value Proposition	27 / 65
2. Tokenomics	Points
a) Is the token sufficiently distributed?	4 / 15
b) What is the extent of the token's capabilities?	5 / 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?	7 / 10
e) Is the token sufficiently liquid to enable active use and trade?	2 / 5
f) Are there any extrinsic productivity use cases?	2 / 10
Total Points - Tokenomics	24 / 60
3. Team	Points
a) Is the team credible and public? (No, Partly, Yes & Anon , Yes & Public)	7 / 15
b) Does the team have relevant experience?	7 / 10
c) Does the team participate and help shape the public debate?	0 / 5



d) Is the team able to effectively attract and coordinate resources?	5 / 10
Total Points - Team	19 / 40
4. Governance	Points
a) Admin Keys	2 / 20
b) Extent of Governance capabilities	n/a / 15
c) Active Governance contributors	n/a / 5
d) Governance infrastructure	n/a/10
e) Robustness of Governance process	n/a / 10
Total Points - Governance	2 / 20
5. Regulatory	Points
a) Does the protocol have any legal accountability?	2 / 15
b) What is the quality of the legal jurisdiction?	1 / 10
Total Points - Regulatory	3 / 25
Total	75 / 210

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:

Kine is a decentralized exchange on Ethereum, Binance Smart Chain, Polygon and Avalanche. It differentiates itself from other exchanges with no gas fees and zero slippage for derivative trading. Kine aims to combine the ease of use you would expect from a centralized exchange with a decentralized framework. The peer-to-pool model provides traders with a market that has no limitation on liquidity. Additionally it is unique from a technical perspective by avoiding the typical AMM (Automated Market Maker) method, which doesn't allow for certain features such as derivatives trading.



1. Kine Protocol

Kine is a decentralized protocol which establishes general purpose liquidity pools backed by a customizable portfolio of digital assets. The liquidity pool allows traders to open and close derivatives positions according to trusted price feeds, avoiding the need of counterparties. Kine lifts the restriction on existing peer-to-pool (aka peer-to-contract) trading protocols, by expanding the collateral space to any Ethereum-based assets and allowing third-party liquidation.

Relevant Links:

<https://docs.kine.io/whitepaper/kine-the-liquidity-pool-protocol>

Score: 7

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:

Kine protocol represents only 0.69% of the exchange market. There is more interest surrounding the \$KINE token itself. Their core business as an exchange has not found product/market fit and has not announced a pivot to a different strategy. It seems as though there are already too many similar more established services to compete with. Their 24 hour trading volume has been consistently dropping from a peak of \$43,722,754 on March 28th 2021 to a low of \$280,186 on February 6th 2022.

Relevant Links:

<https://coinmarketcap.com/rankings/exchanges/dex/>

https://www.coingecko.com/en/coins/kine-protocol/historical_data/usd?end_date=2022-02-18&start_date=2022-01-01#panel

Score: 4

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:



Kine protocol aims to provide all the services you'd expect from a typical centralized exchange (spot trading, derivatives, etc.) but as a decentralized exchange. This is an enormous market. Binance for example has around 13 billion in 24 hour trading volume.

Relevant Links:

<https://www.coingecko.com/en/exchanges>

Score: 10

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

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

Answer:

Kine is focused mainly on derivatives trading as opposed to spot trading which has much more volume overall. They are ranked near the bottom of exchanges and have the lowest possible rating on coinmarketcap.com Kine typically is not listed on many websites showing a lack of relevance in the market. 24 hour trading volume has been consistently dropping for the exchange.

#	Name	Exchange Score	Volume(24h)	Avg. Liquidity	Weekly Visits	# Markets	# Coins	Fiat Supported
310	Bitfury	0.1	▼ 11.26%	--	439	31	32	--
311	Kine Protocol (BSC)	0.1	▼ 7.96%	--	--	1	2	--
312	Kine Protocol (Polygon)	0.1	▼ 7.96%	--	--	1	2	--
313	Balancer (V2) (Arbitrum)	0.1	▼ 4.86%	--	--	1	2	--

Relevant Links:

<https://coinmarketcap.com/rankings/exchanges/>

https://www.coingecko.com/en/coins/kine-protocol/historical_data/usd?end_date=2022-02-18&start_date=2021-02-18#panel

Score: 3

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:

Kine has some partnerships with other exchanges, some of which are also investors. They appear to be useful for the



Kine protocol in order to get their \$KINE token listed on other exchanges; however, it is not an interdependent relationship. None of the partnerships have any meaningful dependence, or integration with the Kine protocol.

Relevant Links:

<https://www.okx.com/markets/prices>

Score: 3

2. Tokenomics

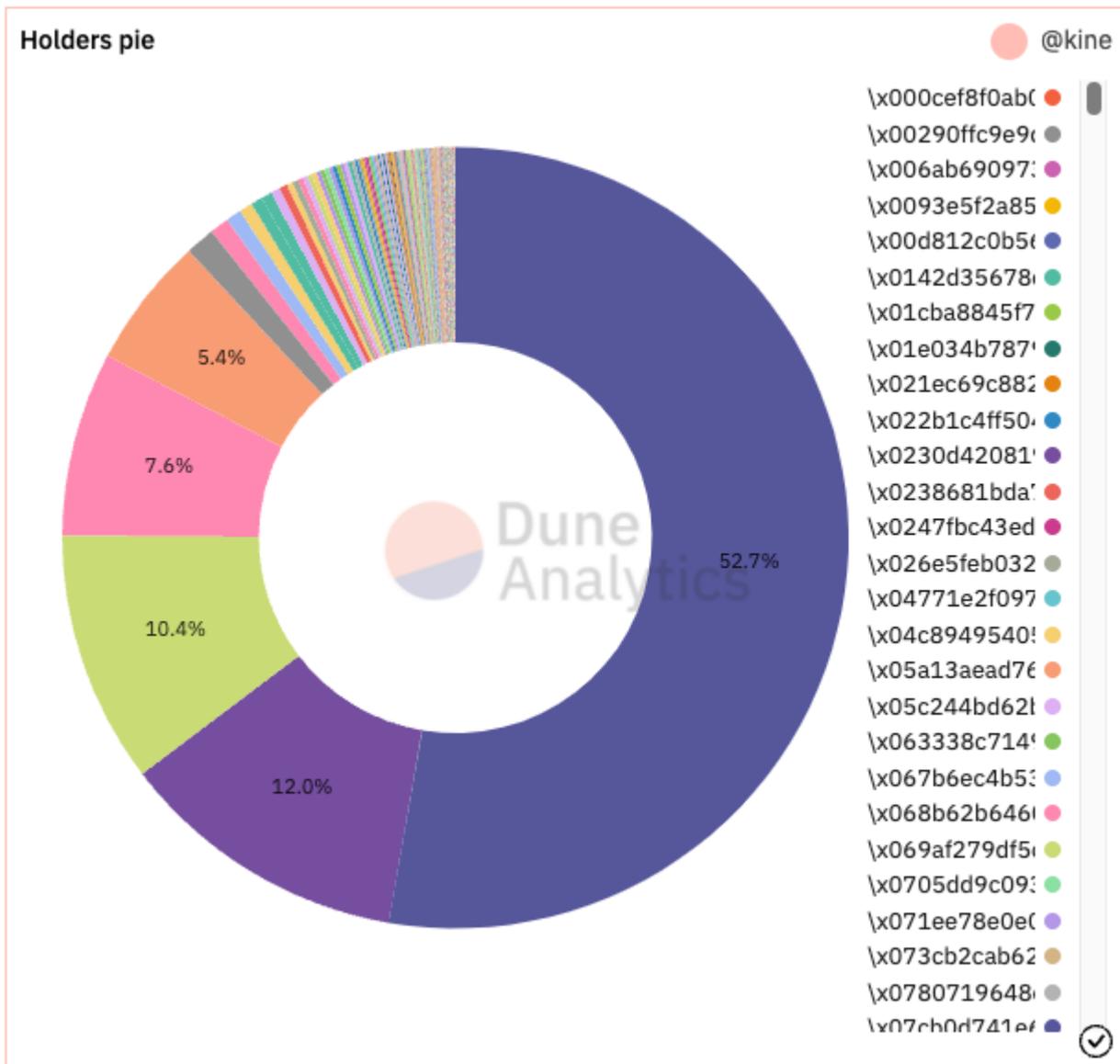
The Tokenomics section assesses the function of a protocol's token. This includes the token distribution, functionalities of the token, the ability of the token to incentivize positive behavior in the protocol, and the ability of the token to capture a portion of the value created.

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

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

Answer:

The token is not widely distributed. Over 50% of the tokens are still under control of the Kine team. The next largest shareholders are exchanges with the majority of them being centralized entities. According to Kine's own [documentation on token distribution](#), most of the tokens should have been distributed already, as it has been 11 months since the IDO. This evidently has not taken place as scheduled since the majority of tokens are still under the control of the Kine team. Even if the tokens are eventually distributed as the team planned, over 30% going to investors is a very high allocation.



Relevant links:

<https://docs.kine.io/whitepaper/kine-token-model#token-distribution>

<https://dune.xyz/kine/KINE-Token>

Score: 4

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:

At the time of writing the only available use for the token is staking. Providing \$KINE holders with a portion of the revenue accrued by the protocol from trading fees. Kine has plans to use the token for governance at some point in the future.

Relevant Links:



<https://docs.kine.io/whitepaper/kine-token-model#token-utility>

Score: 5

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 behavior? Are all relevant stakeholders benefiting from the issuance model?

Answer:

45% of tokens are allocated to private parties including the team and investors. 15% will go towards liquidity on exchanges and the final 40% will be distributed as rewards for trading activity on the platform. Rewarding traders with \$KINE is a good way to distribute tokens in theory. This overall model would be sufficient if it resulted in the majority of tokens going to the public. It is unclear whether or not that will be the case in the end. At this time the distribution model is not benefiting all stakeholders.

Relevant Links:

<https://etherscan.io/token/0xcbfef8fdd706cde6f208460f2bf39aa9c785f05d#balances>

<https://docs.kine.io/whitepaper/kine-token-model#token-distribution>



Token Distribution

Allocation	Description
Balancer Liquidity Bootstrapping Pool (LBP)	<ul style="list-style-type: none"> • 5,000,000 KINE tokens (5%) • Initial DEX Offering in the form of LBP in March 2021
Seed supporters	<ul style="list-style-type: none"> • 13,000,000 KINE tokens (13%) • Sold at \$0.20 • Tokens are vested; 10% unlocked after IDO; see release schedule below.
Private-sale participants	<ul style="list-style-type: none"> • 12,000,000 KINE tokens (12%) • Sold at \$0.50 - \$1.00 • Tokens are vested; 25% unlocked after IDO; see release schedule below.
Team and advisors	<ul style="list-style-type: none"> • 20,000,000 KINE tokens (20%) • Team helps launch the initial version of Kine Protocol and future upgrades. • Tokens are vested; Unlock begins 6 months after IDO; see release schedule below.
Liquidity partnership	<ul style="list-style-type: none"> • 10,000,000 KINE tokens (10%) • Strategic market liquidity providers with mandates to maintain orderly secondary markets for KINE, kUSD and related underlyings. • Tokens are vested in 12 months; 25% unlocked prior to initial listing; see release schedule below.
Ecosystem Grant	<ul style="list-style-type: none"> • 40,000,000 KINE tokens (40%) • Ecosystem Grant with the mandate to grow and promote Kine Ecosystem. • Tokens are released over a period no less than 48 months; further details to be announced.



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:

40% of the tokens will be given out overtime to traders by means of an "Ecosystem Grant". Traders receive \$KINE in proportion to their trading activity. Then \$KINE can be staked in which case holders would receive payouts based on a portion of the profits made as a result of trading fees. This does in theory provide good incentives. At present, however, not a significant amount of the total supply has been distributed to traders.

Trading Mining

Updated 18th June 2021

KINE Trading Mining is starting from 30th March 2021. Connect to kine.exchange to share the \$10,000 daily rewards. Every single trade counts.

Origination

According to the [Kine Token Model](#), 40% of total KINE supply will be used for ecosystem grant. Trading Mining is our primary program to distribute token rewards to all kine.exchange traders -- one of the most important participants of Kine ecosystem.

Rules

On daily basis, certain amount of KINE will be rewarded to traders with executed trades in the previous day base on his/her contribution to the overall platform volume.

Over \$35,000 worth of KINE will be distributed every week , i.e. \$5,000 worth of KINE per day. The reward amount will be reviewed on weekly basis.

Relevant Links

<https://docs.kine.io/tutorials/trading-mining>

<https://etherscan.io/token/0xcbfef8fdd706cde6f208460f2bf39aa9c785f05d#balances>

Score: 7



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

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

Answer:

The 5 top exchanges in terms of volume are centralized entities. 2 of the exchanges have inactive markers according to Coingecko. Trading volume is not very high. Liquidity is sufficient relative to the overall demand of the token.

Kine Protocol Markets

Display Unconverted Data

Search...

[Affiliate disclosures](#)

#	Exchange	Pair	Price	Spread	+2% Depth	-2% Depth	24h Volume	Volume % -	Last Traded	Trust Score
*	eToroX Sponsored									x
9	LBank	KINE/USDT	*\$0.411238	4.17%	\$0	\$0	\$1,255,024	698.08%	Recently	-
8	OKX	KINE/USDT	*\$0.409728	0.24%	\$19	\$1,384	\$482,228	268.23%	Recently	-
7	Bibox	KINE/USDT	\$0.370759	0.27%	\$7	\$8	\$100,654	55.99%	Recently	●
2	MEXC Global	KINE/USDT	\$0.368752	1.0%	\$423	\$223	\$52,356	29.12%	Recently	●
1	Gate.io	KINE/USDT	\$0.369825	0.27%	\$368	\$108	\$46,125	25.66%	Recently	●
10	Hotbit	KINE/USDT	*\$0.390393	1.99%	\$13	\$16	\$27,336	15.20%	Recently	-
5	Hoo.com	KINE/USDT	\$0.369002	0.99%	\$72	\$2	\$19,166	10.66%	**2 hours ago	●
6	Gate.io	KINE/ETH	\$0.369323	3.23%	\$10	\$12	\$17,125	9.53%	Recently	●
3	LATOKEN	KINE/USDT	\$0.369825	1.07%	\$503	\$498	\$13,193	7.34%	Recently	●
4	XT.COM	KINE/USDT	\$0.368776	1.89%	\$762	\$776	\$2,691	1.50%	Recently	●
11	Uniswap (v2)	WETH/KINE Live Chart	\$0.370679	0.6%	\$18,825	\$18,768	\$107,814	-	**9 hours ago	●

* Anomaly - Trading price is an outlier against the average

** Inactive - No trades in the last 3 hours

Score: 2

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

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

Answer:

The token is not listed on any of the major exchanges for LPing, or on any lending protocol for borrowing/lending, etc. It is worth noting that it did show up on the “OKX” exchange for staking but was sold out.



All products

Token ↕	Est. rate (APY) ↕	Term	Action
KINE Kine Protocol	5.00%	Fixed	Select
Staking Low risk	5.00%	60 Days	Sold out
Staking Low risk	3.00%	30 Days	Sold out

Relevant Links:

<https://www.okx.com/earn/home>

Score: 2

3. Team

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

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

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

Answer:

3 Public Team members

[Lewei \(Jerry\) Li](#) is a Co-founder of Kine Protocol. There is relevant work experience on his LinkedIn page, however, he is not currently active on the platform. The last activity on his account is 3 years old.

Lei Wang is the CEO and Co-Founder of Kine Protocol. There isn't much information that can speak to his background or credibility except for an interview on [Youtube](#). It is conducted by one of their investors and partners at [Okex](#). The interview does prove credibility with respect to his knowledge of the product.

The last public team member associated with the protocol according to LinkedIn is [Julian Rachman](#) who is the head of growth. Julian is by far the most public and easily traceable member of the organization. His handle on Discord, Telegram, and Twitter are easily recognizable. [Twitter account](#) is active with just under 2K followers. There is clear evidence of other admins by viewing Kine's Discord and Telegram activity; however they are all anonymous.



Kine Protocol

[Analytics](#) [Users](#) [Leaderboard](#)

2022-01-05 to 2022-02-04 Export

Name	ACT	MSG	AD	DSJ	REP	Joined	Last message
John Joseph ★	38.71%	218	30	35	1	2021-12-31	2022-02-03
Julian R ★	4.94%	93	21	34	0	2021-12-31	2022-02-03
The Harlem - NEVER DM FIRST ★	4.21%	104	28	34	0	2022-01-01	2022-02-04
James Tash Mooore ★	2.01%	51	24	33	1	2022-01-01	2022-02-03
Mark Hill [MARK NEVER DMs FIRST] ★	1.84%	65	27	34	0	2022-01-01	2022-02-04
Madge	1.77%	25	4	21	0	2022-01-02	2022-01-23
Crypto Knight	1.24%	18	12	33	0	2022-01-01	2022-02-03
ABU NAZZ TIK	1.23%	5	1	0	0	2022-01-09	2022-01-09
Parniya Mokhtari	1.18%	2	1	0	0	2022-01-19	2022-01-19
huruhara	1.11%	1	1	0	0	2022-01-31	2022-01-31

Show 10

1 2 3 4 5 ... 35

[v21.5.7] [1.672 sec.] [\[cookie policy\]](#) [\[privacy policy\]](#) [\[GDPR notice\]](#) [\[terms of service\]](#) [\[combot chat\]](#) [\[official channel\]](#) [\[en\]](#)

Relevant Links

- <https://docs.kine.io/library/team>
- <https://www.linkedin.com/in/julian-rachman/>
- <https://www.linkedin.com/in/lewei-li/>

Score: 7

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

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

Answer:

The CEO shows some technical expertise in a [20 minute interview](#), however, this is not enough to prove his complete track record. The complete technical team is not public. Some credibility to the skill of the team is proven by a [technical analysis](#) provided by DeFi Safety, which gave the code a 95% score (overall score 61%). While this score is very high, the team is anonymous, so it is unclear who actually put this together and if they are still with the team.

Relevant Links:

- <https://docs.defisafety.com/master/kine-protocol-process-quality-review#scoring-appendix>
- <https://www.youtube.com/watch?v=yGX3EnAeSoU>

Score: 7



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

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

Answer:

None of the team members offer any public contributions to the industry as a whole.

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:

There are a number of logos listed on their site with the most notable investor being the former CEO of AngelList Naval Ravikant. 7 Million was raised in a seed round, according to [crunchbase](https://www.crunchbase.com/organization/kine-9856/company_financials).

It is not clear that the team and or community is growing in any meaningful way. There are no job postings on LinkedIn and discord servers don't show any signs of community interests in contributing to the project. Most of the activity in discord revolves around support tickets.

Relevant Links:

https://www.crunchbase.com/organization/kine-9856/company_financials



Early Supporters

Alex Pack	Naval Ravikant	Block Dream Fund	CMS
BLOCKCHAIN CAPITAL	SPARTAN	NGC ventures	DIVERGENCE
BIXIN Ventures	defi alliance	ASCENSIVE ASSET MANAGEMENT	ORIGIN CAPITAL
SEVENX VENTURES	HYPERSPHERE	mgnr	KRYPTAL GROUP
Moonrock Capital	Blocksync Ventures	WATERDRIP WATERDRIP CAPITAL	DAO VENTURES

Score: 5

4. Governance

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

a) Admin Keys (20 points)

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

Answer:

The team plans on operating as a DAO in the future. There is currently no information on admin keys. They do have a multi-sig wallet. There is no public indication that it is used for governance.



KineMultiSigWallet

0xa6e17aE4b683Ed2Ee7cB7414A92bD8316f3
30191

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 is currently no governance

Score: N/A

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:

No public contribution to governance.

Score: N/A

d) Governance technology/infrastructure (10 points)

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:

The Discord server is mostly used for support tickets. Community makes no effort to offer ideas for improvement.

Score: N/A

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:



Kine plans to operate as a DAO in the future. There is no current governance process.

Score: N/A

5. Regulatory

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

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

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

Answer:

No public legal entity is established. They do have their investors listed which can be used to pursue some legal recourse if needed. Otherwise a weak public identity for the protocol.

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:

According to Crunchbase the protocol is headquartered in Singapore. There is no other information on a verifiable legal entity. It is unclear if the protocol adheres to any specific jurisdiction.

Score: 1

About the Author:

Seanx#7926 Real Estate professional by day Web3 enthusiast by night!