PrimeRating

Fundamental Report

Prime Rating Report V2.1

Protocol: Akropolis
Version: 1
Date: 19/03/2022
Previous Report: N/A

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Season/competition:

Scorecard

1. Value Proposition	Points
a) Novelty of the solution	8 / 15
b) Market fit/demand	7 / 15
c) Target Market Size	10 / 10
d) Competitiveness within market sector(s)	2 / 10
e) Integrations & Partnerships	12 / 15
Total Points - Value Proposition	**39 / 65**
2. Tokeneconomics	**Points**
a) Is the token sufficiently distributed?	5 / 15
b) What is the extent of the token's capabilities?	8 / 10
c) Is the issuance model able to improve the coordination of the protocol?	3 / 10
d) Is the value capture model able to accrue and distribute value?	10 / 10
e) Is the token sufficiently liquid to enable active use and trade?	5 / 5
f) Are there any extrinsic productivity use cases?	3 / 10
Total Points - Tokenomics	**34 / 60**
3. Team	**Points**
a) Is the team credible and public? (No, Partly, Yes & Anon , Yes & Public)	12 / 15
b) Does the team have relevant experience?	8 / 10
c) Does the team participate and help shape the public debate?	1 / 5
d) Is the team able to effectively attract and coordinate resources?	8 / 10
Total Points - Team	**29 / 40**

4. Governance	Points
a) Admin Keys	15 / 20
b) Extent of Governance capabilities	10 / 15
c) Active Governance contributors	2 / 5
d) Governance infrastructure	8 /10
e) Robustness of Governance process	8 / 10
Total Points - Governance	**43 / 60**
5. Regulatory	**Points**
a) Does the protocol have any legal accountability?	15 / 15
b) What is the quality of the legal jurisdiction?	10 / 10
Total Points - Regulatory	**25 / 25**
Total	**170 / 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 users' problems more efficiently? Is the project a fork? To what extent did they copy/fork the original?

Answer:
Akropolis is a DeFi protocol that acts as an "all-in-one" solution for passive investing, by offering a suite of Defi products optimized for under-collateralized borrowing, cash flow financing, yield generation, lending aggregation and portfolio management. The Akropolis team claims that the goal of the protocol is *to enable* the creation of scalable and robust decentralized p2p alternatives to traditional finance products. Akropolis has developed AkropolisOS - a Solidity framework for the building complex DeFi dApps and protocols. On top of AkropolisOS has been developed a "full suite" of innovative Defi products such as Sparta, Delphi, Pensify, Polkahub and CashFlow Relay. Also on AkropolisOS anyone can build DeFi dapps or protocols that act as an Autonomous Financial Organization (AFO) and use Akropolis tools as an extension. Akropolis protocol was built on a Polkadot substrate-based chain and currently is live on EVM compatible chains - Arbitrum and BSC.

On November 30. 2020, the protocol was merged with Yearn Finance in the form of a complementary partnership. Akropolis will help Yearn attract retail and institutional clients and on the other hand, Yearn will help develop products (vaults) for the Akropolis protocol.

Akropolis originally entered the market as a Defi product builder and this segment was definitely a novelty in the sector. The protocol was supposed to be a settlement layer for Defi dapps with AKRO as a governance token for the platform. After the hack exploit and entering the Yearn ecosystem, the protocol is focused on yield aggregation.

Akropolis team and community continued to develop protocol core products but this time they opted for a more cautious approach with proven products.

Although the Akropolis presented certain innovative concepts in the field of decentralized finance like Sparta uncollateralized loans and bonding curve based "Rage Quit" mechanism, their realization did not occur. The protocol changed its strategy by focusing on creating and offering yield aggregation products that did not present any significant novelty in that area. Protocol core business redirection (-5) and the status uncertainty of the original products (-2) is the reason for a significantly lower score (overall -7).

Score: 8

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?

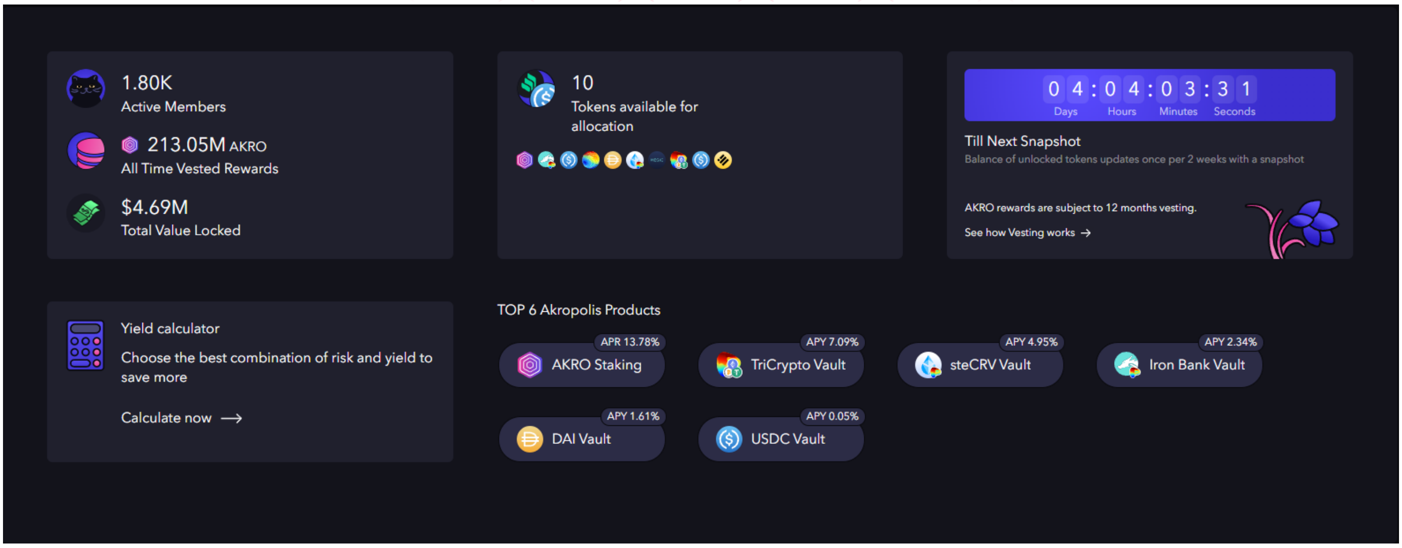
Answer:

Akropolis protocol has a fairly understandable business model that has already been proven in the traditional finance industry. However, in this model, the success on market depends on the quality of the products which will be created on the top of the protocol. Currently Akropolis has two live products:

Vortex - yield aggregator with an on-chain trading strategy for long-term sustainable yield currently support BUSD and USDC vaults

yVault - present access to simplified Yearn Finance vault strategies, with 7 vaults offered on the Akropolis interface (TriCrypto, steCRV, IronBank, DAI, USDC, yeBOOST and Hegic)

Both products are mostly based on stablecoin pools. Vortex is a trading strategy with a mechanism that comes down to long and short Ethereum by exchanging funds from the protocol stablecoin pool and sourced Ethereum from MCDEX with a buffer module that protects funds from liquidations. yVault is an interface for yEarn vaults from which Akropolis earns a referral fee on every use of it through the Akropolis interface.



(source: Akropolis dapp)

Akropolis currently has [~$4.5 million TVL]() and ~1800 active users but a lot of users use the AKRO staking interface, so the number of users is actually much lower. Akropolis dapp UX and interface design are on a high level which is certainly an advantage when it comes to end-users (retail).

USD | Yield Aggregator | Filter

#	Coin		Price	1h	24h	7d	24h Volume	Mkt Cap	Last 7 Days
98	Convex Finance	CVX	$19.25	-0.5%	14.8%	-12.1%	$38,851,445	$1,004,104,857	
110	yearn.finance	YFI	$21,882.10	0.3%	8.4%	10.9%	$155,381,622	$781,884,577	
266	Rari Governance Token	RGT	$18.63	0.6%	8.5%	12.1%	$910,051	$209,083,602	
311	Beefy.Finance	BIFI	$2,097.58	-0.0%	-2.5%	7.3%	$5,025,344	$164,228,815	
324	Alpha Finance	ALPHA	$0.348211	0.0%	8.9%	14.8%	$8,087,692	$155,631,307	
436	Badger DAO	BADGER	$9.01	-0.7%	12.6%	8.1%	$7,464,735	$89,767,021	
448	DFI.money	YFII	$2,133.42	-0.0%	11.1%	20.8%	$17,206,184	$84,765,237	
531	Harvest Finance	FARM	$99.72	2.9%	9.2%	10.0%	$14,033,025	$65,873,439	
542	Alpaca Finance	ALPACA	$0.395450	-0.0%	5.4%	9.8%	$17,469,845	$60,679,487	
580	CateCoin	CATE	$0.00000151	-0.0%	20.8%	9.6%	$389,728	$52,112,193	
631	Bella Protocol	BEL	$0.912747	-0.3%	10.8%	23.3%	$6,538,171	$43,870,044	
652	Akropolis	AKRO	$0.01496236	0.8%	16.1%	34.6%	$3,531,868	$40,536,888	

(source: [CoinGecko]())

With regard to the target market and the offer Akropolis doesn't have a product-market fit. With ~$4.5 million TVL, a product with strong demand and a high-quality interface with user experience in mind Akropolis has potential for growth, but it is not even close to the competitors in the yield maximizing segment (yield aggregators).

The reasons for the lower score (-8) in this section are the lack of consistency and clarity in the market strategy implementation, a very low share of the target market, and a large lag behind competitors.

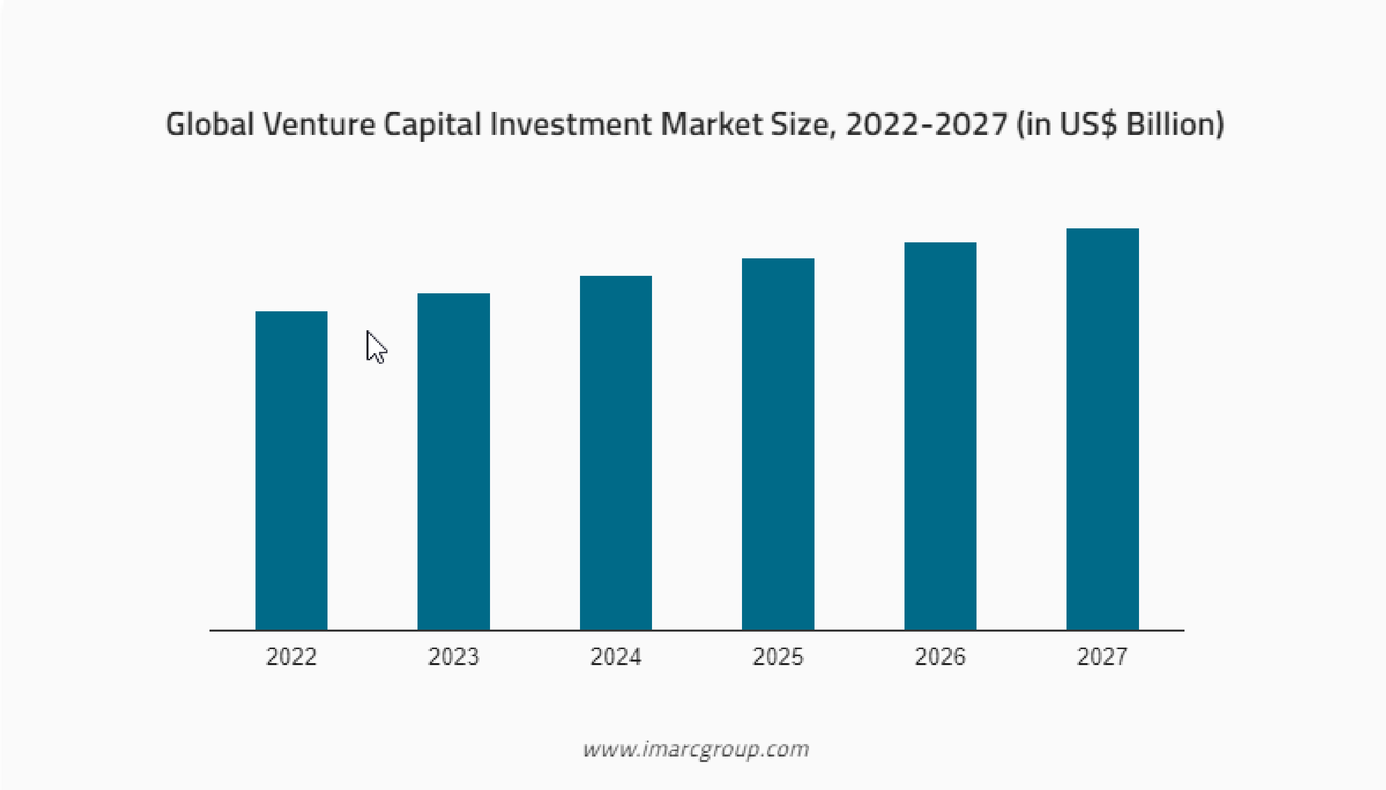
Score: 7

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:
Akropolis as Yield Aggregator in simplest categorization is Defi equivalent to mutual funds in traditional finance which represents the total addressable market of ~[$54.93 trillion]() in 2019. and great potential for growth if we look at the potential impact of blockchain technology on that sector. The Defi market cap is [~$118 billion]() which is still a fraction

of the mutual fund market. Yield aggregators capitalization is~$2,7 billion (~2% of Defi mcap). Akropolis has a ~$32 million market cap (0.011% of yield aggregators mcap), so there is plenty of room to grow.
In the short to medium term, it is difficult to project the success of the Defi sector in relation to traditional finance because it is influenced by a large number of factors at the global level such as: monetary policy, regulation, adoption, etc. However, due to the fact that Defi, as well as the entire blockchain-based industry, falls into the category of high-risk capital in terms of investment, it can be compared to a projection of venture capital market growth. Venture capital global market size is ~$230 billion in 2021 and five-year growth projection by iMarc Group is on the image below:



In the long term, can be expected an increase in the Defi market size because of default global operability, cost efficiency, and low participation requirements (device and internet access) compared to the traditional finance.

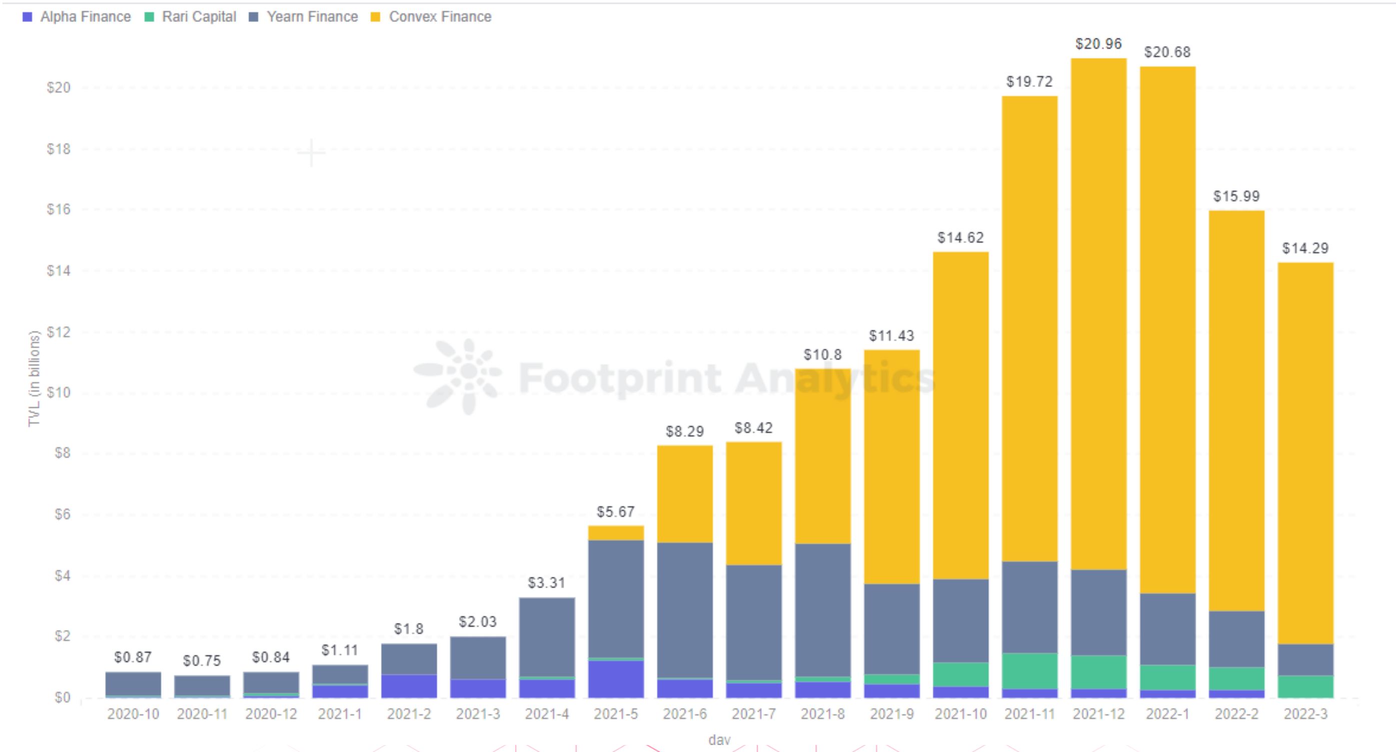
Score: 10

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).
Curve wars
Metrics which best describe yield aggregators

Answer:

As a yield aggregator Akropolis at this moment isn't competitive because the protocol has ~$4.5 million in TVL and captures only around 0.0004% share of the overall yield aggregators market based on TVL. The leaders of the yield aggregator market are Convex Finance with $9.25b, Yearn finance ~2.97b, Rari Capital ~$839m, and Alpha finance ~$765m TVL.



(4 biggest yield aggregators - TVL comparison, source: Footprint Analytics)

The yield aggregators sector is highly competitive with sophisticated yield maximization strategies (yield farming, multi-leverage, staking) and optimization management (minimizing risk, fees and opportunity cost). Yield aggregation protocols also implement yield farming on different Defi segments and protocols with different assets. For example, Convex finance is mostly oriented towards stablecoin farming on Curve finance with additional incentives in the form of CVX tokens. Yearn finance, as the first mover, use a diversification strategy and offers the widest range of services and supports the largest number of assets, while Rari Capital has its own lending platform (Fuse) and p2p risk exchange (Tranches) built in their aggregator business. Judging by Akropolis's new product Vortex it will probably be more focused on trading strategies and for yield strategies probably will use (outsource) Yearn products.

Score: 2

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:
As already mentioned in answer 1b) Akropolis currently has only two products on offer, of which only Vortex vaults can be considered as unforkable value. For Vortex vaults operations Akropolis uses the MCDEX exchange whose team is mentioned as a potential contributor to the Akropolis Protocol.
Akropolis' most significant partnership is with Yearn Finance, one of Defi's largest protocols. With this partnership, Akropolis has practically become part of the Yearn ecosystem, which also includes protocols such as SushiSwap, Pickle finance, Cream finance, Cover network, Keep3rV1, Bounce, PowerPool, and Iron Bank. Currently the Akropolis offers yearn vaults on dapp interface but those vaults can be used also by other service providers through Yearn partnership program.

Akropolis is also a member of the Multichain Asset Managers Association (MAMA) which represents an association for projects from the on-chain asset management space whose members are some of the leading projects from the Defi sector as Aave, Liquidity and Deversifi.
Akropolis has a close relationship with Web3 Foundation (W3F) - an organization that supports Web 3.0 teams and open-source projects through funding, advocacy, research and collaborations (mostly for the Polkadot ecosystem). Akropolis was also got a grant from the W3F foundation for PolkaHub development.
Akropolis also integrated Ramp network which allows users to do an instant fiat-to-crypto purchase and Unstoppable domains as a log-in solution.

Score: 12

2. Tokeneconomics

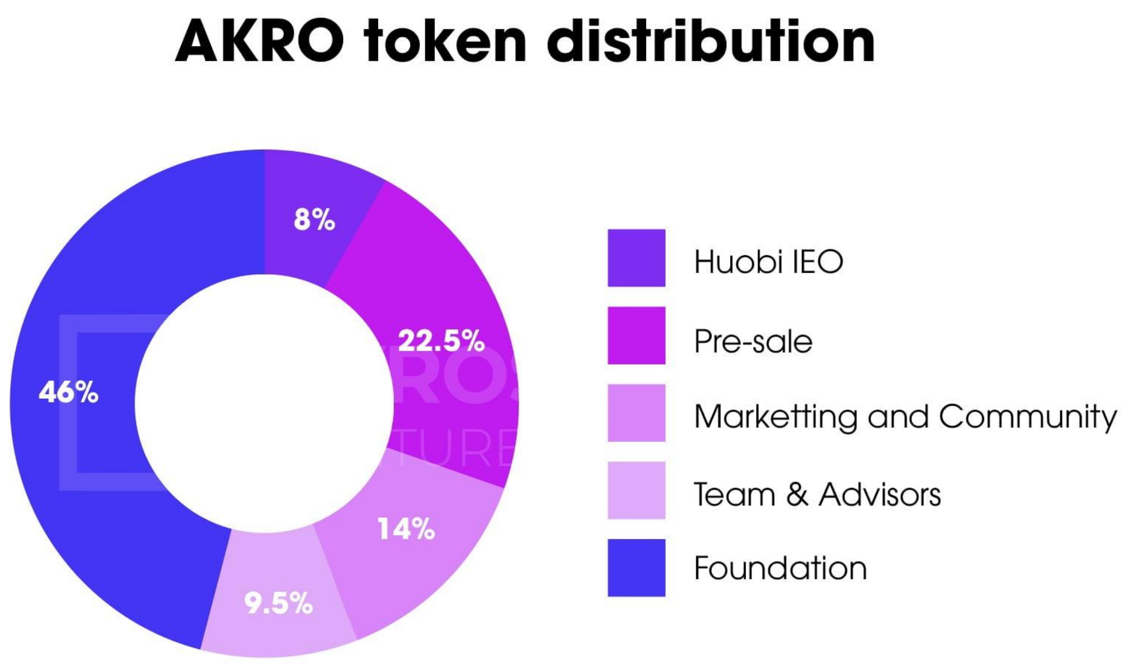
The Tokeneconomics section assesses the function of a protocol's token. This includes the token distribution, functionalities of the token, the ability of the token to incentivize positive behaviour in the protocol and the ability of the token to capture a portion of the value created.

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) an increase to 5,000,000 was voted?

Answer:
The Akropolis total supply was initially set to 4,000,000,000 AKRO, but after AIP-012 DAO members decided to increase total supply to 5,000,000,000 AKRO, with currently circulating supply of ~3.7b AKRO. The initial token distribution is allocated as follows:

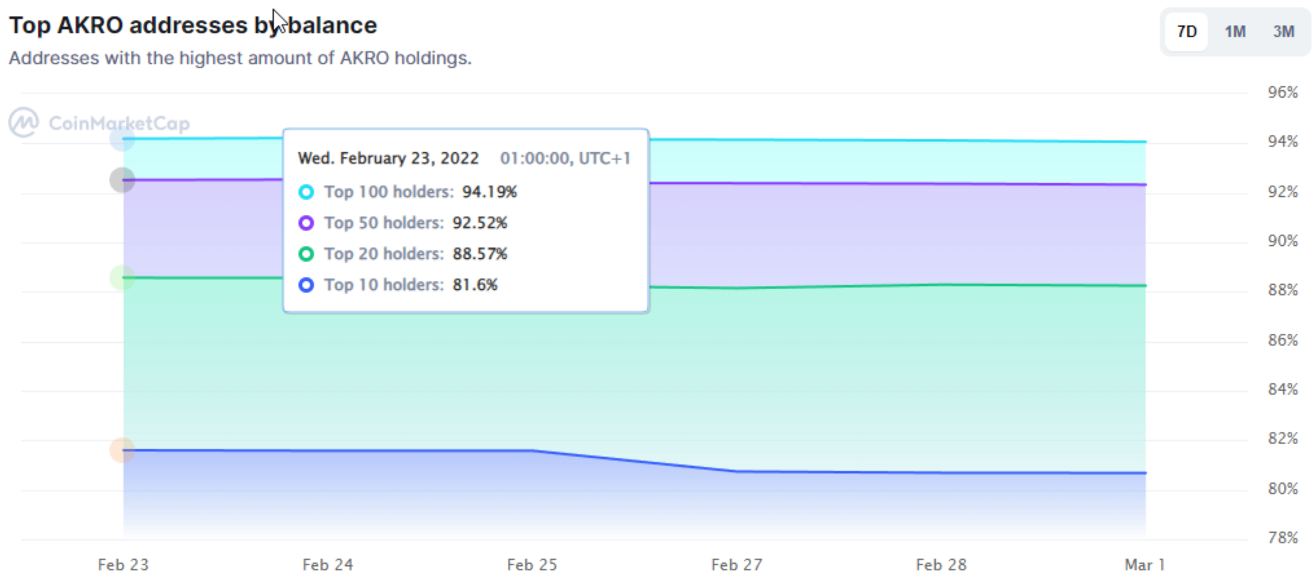
- 11.5% (460,000,000 AKRO) of the total supply is initially released without a lock-up period. 8% was intended for Huobi IEO and 3.5% for the Akropolis foundation
- 22.5% (900,000,000) of AKRO's total supply was sold in two pre-sale rounds. The first round was intended for investors, advisors, strategic partners and the second for active community members with an initial lock period of 2 months and vesting monthly for another 12 months.
- 9.5% was reserved for Team and Advisors with 12 months lock period and vesting monthly next 12 months.
- 14% is intended for marketing and community initiatives with 2 months lock period and vesting the next 6 months with different releases for each month - 2%, 1.5%, 1%, 2.5%, 4% and 3%.
- 42.5% of total supply is intended for the Akropolis Foundation - 40.5% with 12 months lock-up and vesting monthly over 2 years and 2% unlocked in 90, 120, and 180 days from token launch. In this spreadsheet are Etherscan links to vesting smart contracts. (42.5% + 3.5% = 46%)



(source: Kyros Ventures)

The initial distribution of AKRO tokens from today's position seems like a bad move, but the Akropolis team firstly planned (source1, source2) that will Akropolis be an underlying chain with delegated proof-of-stake consensus mechanism (AkroChain) and for decentralized applications built on it to take the role of the validators. It is also planned that the protocols built on AkroChain implement their own token-economics system and independently create an incentive mechanism. A token (ADEL) for Delphi - one of Akropolis products, has even been launched but after a hack exploit it was decided that the protocol will be shut down and users will be able to swap ADEL for AKRO. Akropolis also refunded users affected by the hack with 50% of the amount in the vesting AKRO token. These two events (swap and hack exploit) in combination with excessive pre-sale share and AKRO staking mechanism resulted in high AKRO inflation. Therefore, an increase in the maximum supply was necessary for the further functioning of the protocol. The same supply correction was made by Yearn Finance.

AKRO distributed through IEO and pre-sale was probably acquired for speculative purposes and we can assume that distribution did not achieve the desired effect if we look at AKRO holders concentration:



(source: [CoinMarketCap])

The token-economics mechanism is quite poorly designed with too short time-period in mind and without a detailed explanation for the initial allocations. The vesting period is too short with a split vesting release schedule on a monthly basis which acts in contradiction with the lock mechanism and its purpose.

Score: 5

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:
AKRO is a governance token that allows holders to participate in decisions around the protocol. Although the Akropolis protocol does not have a complete DAO structure the transition to DAO is one of the milestones in the roadmap and until the milestone is met AKRO holders will decide on the following parameters:

- Product features and integrations
- Fees
- Proposing new vault strategy
- Selection of framework for vault strategy

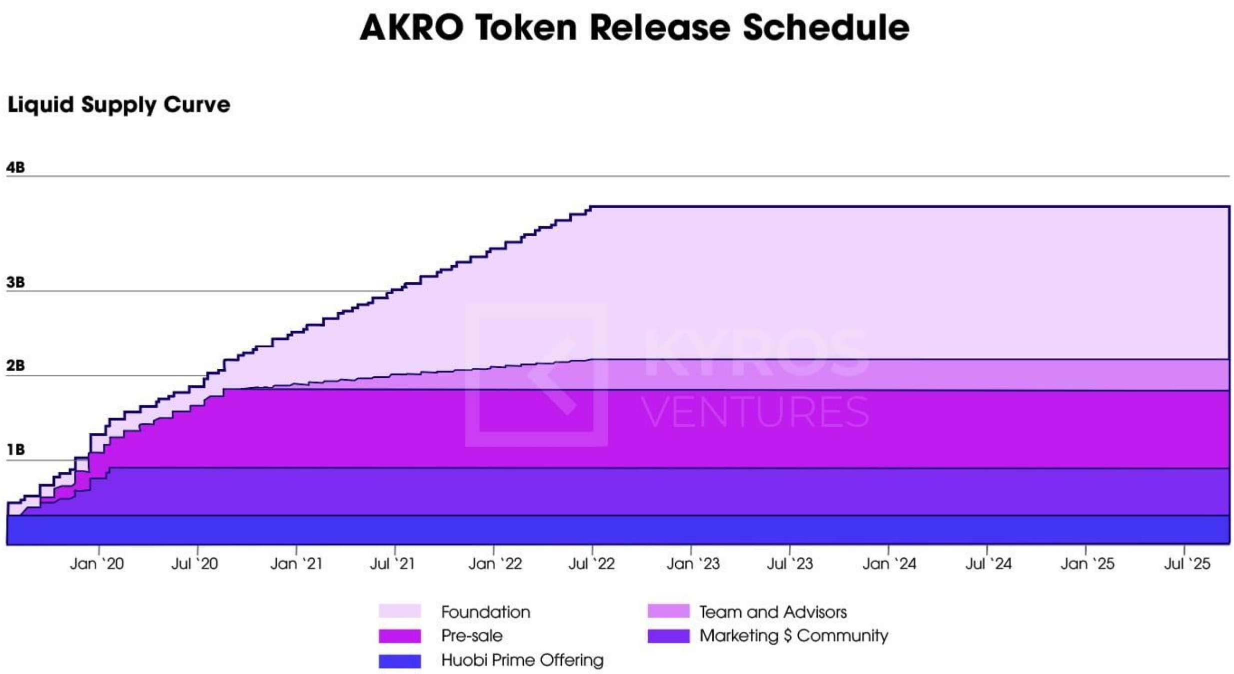
Token is also used as a value capture mechanism from protocol revenue and for additional AKRO emissions through staking. According to the Akropolis team AKRO will also be used for yield farming as a reward for using Akropolis native products.
The reason for the lower score (-2) is limited token utility. AKRO token isn't deeply integrated into the protocol economic system.

Score: 8

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:
Response 2b) described a situation that led to a change in the maximum supply which would mean that the initial set issuance model failed to improve the coordination of the protocol. The planned AKRO issuance model can be seen in the following figure:



(source: Kyros Ventures)

It is difficult to predict whether an increase in total supply will improve the issuance model. That move looks more like a short-term time-buying solution because the original token-economics model was created for the Akropolis as an underlying chain (Layer1) with a multi-token environment. Since the protocol operates on the application layer with a single token it's important to make structural changes in the token-economics model.

Currently, the token issuance model is limited to the inflation of the AKRO token through the staking mechanism and there are no active yield mining programs or similar activities in which AKRO issuance can advance functions of the protocol.

Score: 3

d) Is the value capture model able to accrue and distribute value? (10 points)

A value accrual and distribution mechanism can help improve the utility of a token and its ability to be used as an effective coordination mechanism. Does the protocol have mechanisms to distribute some of the value created to the token holders?

Answer:

The current Akropolis business model is simple. With the implementation of high-level trading techniques and yield maximization strategies will be tried to take advantage of volatile market conditions and generate above-average profits. The protocol plan is to generate revenue by charging performance fees and distributing value to AKRO holders, DAO treasury and contributors. Currently, AKRO accrues value from referral fees when somebody uses Yearn finance vaults and pools through the Akropolis user interface. New product Vortex collects value by charging a 25% performance fee of which 75% is for AKRO stakers and 25% for treasury and product contributors.

Value capture model success directly depends on the effectiveness of implemented strategies. The value generated by the protocol will be distributed through the AKRO token for holders that staked AKRO and directly for contributors and DAO treasury reserves in the parameters determined by DAO.

Score: 10

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:

AKRO token has a high level of liquidity considering token market cap, especially on centralized exchanges such as MEXC Global, Binance, Huobi Global, KuCoin and Binance. On decentralized exchanges the highest liquidity is on Uniswap with ~$15,500 liquidity depth and ~$26,000 in trading volume. The largest trading volume of AKRO tokens was recorded on Binance, ~$1,929,000. Listing on the Binance exchange as a crypto exchange with most users and the largest volume means a lot for accessibility for the AKRO token since Akropolis is deployed on the Binance Smart Chain.

1	Binance	AKRO/USDT	$0.01252454	0.08%	$58,966	$62,282	$1,929,677	68.85%	Recently	
2	MEXC Global	AKRO/USDT	$0.01254455	0.24%	$65,344	$53,200	$27,192	0.97%	Recently	
3	Bitvavo	AKRO/EUR	$0.01252670	0.17%	$46,456	$61,234	$263,102	9.39%	Recently	
4	Huobi Global	AKRO/USDT	$0.01255455	0.16%	$10,780	$20,959	$103,555	3.69%	Recently	
5	KuCoin	AKRO/USDT	$0.01255455	0.16%	$11,261	$18,033	$56,707	2.02%	Recently	
6	Uniswap (v2)	AKRO/USDC Live Chart	$0.01254671	0.6%	$15,326	$15,280	$24,251	0.87%	Recently	

(source: CoinGecko)

Score: 5

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:

AKRO token can be borrowed on Binance exchange in their "Crypto loans" section, but can't be used as collateral. On Gate.io exchange is possible to lend and borrow AKRO but only for short time periods (10 days). AKRO is also listed on Cream finance lending protocol but lending and borrowing are currently disabled.

Score: 3

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:
The Akropolis team has shown credibility in its operations so far and the identity of the team members is publicly available. Akropolis was founded in 2017 by Ana Adrianova and Kate Kurbanova. Information about Akropolis team members can be found on LinkedIn.

Team members:

(Source: Messari)

In September 2021., Akropolis hired new team members:

- Samuel Dare - new CTO, LinkedIn
- Alexander Butler - Head of Product, LinkedIn
- Coco Ong (alias) - Growth Strategist, LinkedIn

Score: 12

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:
Acropolis founders have economic and financial backgrounds while the rest of the team consists of solidity developers, UX / UI designers and community management.

Ana Andrianova is an experienced private equity manager specializing in acquisitions and co-founder of Apiro Capital. She also has worked as a fund manager for the Lehman Brothers, emerging markets hedge fund analyst for Emergent Asset Management and advisor in Web3 Foundation.

Kate Kurbanova has extensive work experience as a financial analyst and product manager at crypto-asset intelligence company Cindicator (Head of Analytics) where she was participated in developing CDN token model. She also served as an advisor for The Bee Token, the Web3 Foundation, Tenzorum and OpenMaker.

The rest of the team is also made up of professionals in their professions, so UX/UI designer Marina Cherniaskaia worked as Head of Design in Gaika Group and Cindicator while Akropolis Community Lead manager Yana Marakhonova has experience of doing that job at Cindicator and Latium. Alex Maz, is a blockchain engineer, educator and co-founder of the St.Petersburg Ethereum meetup. He has over 10 years of experience as a software developer. Coco Ong is a professional marketer. He runs omnichannel marketing and brand strategy consultancy Upture.Digital. Samuel Dare, new CTO (ex-CTO Alex Maz), blockchain architect, an ex-Brave engineer involved in crypto space for a long time. Alexander Butler is a blockchain expert that contributed to blockchain space in the corporate and startup environment.

The profile of the members of the Akropolis team shows that the team lacks more members from technical backgrounds and that the biggest strength of the team is business management and finance. The Defi sector is still in an early period of development (underdeveloped infrastructure) and therefore it is very important to have members with strong technical knowledge. New team members definitely have high knowledge of blockchain technology and experience working on projects in space.

Score: 8

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:

Akropolis team members aren't active in public debates about decentralized finance. Akropolis team communicates with the public only via AMA sessions, Twitter and Substack, where is communication mostly focused on protocol announcements and promotion.

Score: 1

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:

Akropolis team has raised $11.8 million through an initial offering and pre-sale in which, according to paranchain.info, participated 9 VC funds. It is difficult to find how the team managed and allocated the collected funds because the protocol at this moment doesn't have DAO governance structure. The results of voting on AIP-014 indicate that Akropolis collective work on the transition to a decentralized governance structure. The mentioned proposal expanded the number of multi-sig signatures from 3 from 5 to 5 out of 7, with 4 community members included in the multi-sig. From the substack newsletter, it's evident that protocol wants to attract full-time contributors, probably in order to stabilize core workflows. Akropolis team showed high-level skills in concluding B2B (protocol-to-protocol) deals and making connections through Web3 space (Yearn ecosystem, MAMA, W3F).

Due to the lack of structure for open contributions and the lack of transparency in the allocation of funds raised in presale this section score get -2.

Score: 8

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:

According to Akropolis blog, all protocol contracts have 5 of the 7 multi-signature implementations, but user can't check status (according to Defi Safety).

To avoid the Compound case, Akropolis multi-signature signers will have access without a lock period. From AIP-014 on governance forum:

"Approve multisig to retain the ability to perform actions that require immediate response without a governance vote. While we remain committed to transparency and decentralised processes, we find it necessary to exercise caution in time-sensitive scenarios. For example, the multisig members will immediately implement a contingency plan to protect the platform and its users if a security breach is detected."

With the AIP-014 proposal, 4 members of the Akropolis community get a signer's role.

Because the solution isn't in 100% control of DAO and lacks public information about DAO access control, the score will get -3 points and -2 points for the exclusion of the lock-up period.

Score: 15

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:

Akropolis governance mechanism is still influenced by team members and core contributors. Of the last 4 proposals (AIP011, AIP012, AIP013, and AIP014), 3 have been realized (AIP012, AIP013, AIP014) and all 3 were created by

Akropolis core team member, while a proposal (AIP011) created by a community member was stuck in governance discussion. In protocol documentation is stated that AKRO holders can vote on product features and integrations, product fees, and strategy proposals. With AIP-012 AKRO holders “grant the Team the power to manage the Treasury as they see fit during the transition to a DAO”.

Governance voting event triggers the majority of smart contracts operations.

Score: 10

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:

Governance discussions are maintained on the governance forum and on Discord under the governance-discussion channel. Participation in discussions on the governance forum is very low:

Site Statistics

	Last 24 hours	Last 7 days	Last 30 days	All Time
Topics	0	0	0	80
Posts	0	1	1	1.2k
Users	0	0	0	330
Active Users	1	3	6	—
Likes	0	0	0	956

(source: Akropolis Governance Forum)

On Snapshot DAO profiles can be found some basic data about a voting activity and votes allocation. Since Snapshot implementation on Akropolis governance system 4 proposals were put to the vote and in the table below are displayed data for each proposal:

Proposal	Number of voters	Total votes in AKRO	FOR in AKRO	AGAINST in AKRO
AIP-010*	87	70.1m	66m	4.1m

AIP-012	62	138.1m	130m	8.1m
AIP- 013	60	130.1m	130m	39k
AIP-014	30	133m	133m	0

* in AIP-010 choice wasn't yes/no but for reducing swap rate implementation period - part/all

From table

AIP-010 is taken as a base value for comparison because it is first (oldest) proposal and has the highest number of voters participated which can serve as a guide on how many community members could participate in DAO governance. Over time, it is evident that fewer members are participating in voting events, but with an increasing number of AKRO tokens in the voting process. The negative correlation between the number of voters and the number of voting tokens indicates an increasing concentration of voting power in governance.

As mentioned in 4b) answer, governance is still heavily influenced by the Akropolis team which has a negative impact on community participation. The problem with the poor participation rate in voting events is probably the concentration of a large amount of AKRO tokens on a small number of wallets which is mentioned in answer 2a).

Score: 2

d) Governance technology/infrastructure (10 points)

The Governance infrastructure relates to the technology, software, and models used by the protocol's governance. Does the protocol have a reliable and usable voting mechanism? Are there channels for governance debate? Is there sufficient documentation available?

Answer:

Akropolis uses Snapshot platform for gasless voting, Discord as a chat channel, Discourse as a governance forum for detailed discussions and debate around proposals and features. The protocol also has a dynamic roadmap - live document created on Notion with high-level task priorities and statuses updated every 2 weeks. Given that it is a smaller community, currently in transition to a decentralized governance model (DAO) and with 4 proposals for voting in the last year, the existing infrastructure is more than sufficient.

The lack of documentation on the governance forum and using only a few governance tools are the big drawbacks. Documentation, constitution, and other content created by DAO it is a very important factor in building culture in the governance system and onboarding new community members. On the other hand, the use of DAO-specific tools can significantly accelerate the Akropolis process of transition to a decentralized governance model.

Score: 8

e) Robustness of Governance process (10 points)

This score requires documentation specifically on the governance process that sets the basic framework in terms of agreements, norms and language for governing the protocol and to create social consensus. Does the protocol have a formal governance process? How robust is the governance process and does it promote good governance?

Answer:

The entire governance process is described in the protocol documentation. The basic structure of the process is the same as with most DAOs with communication platforms as spaces for proposing and discussion (Discord, Telegram, and Discourse governance forum) and platform (Snapshot) for gasless voting execution. Community members can make proposals (AIP) and request features (AFR). Akropolis also has a dynamic protocol roadmap built on Notion. DAO don't have their own guides and templates for creating proposals and requests(mentioned in 4d) answer).

Governance Workflow:

- All proposals should first be discussed over the governance forum and in Discord. That would give all governance participants an ability to understand all pros & cons before voting.
- The team will assign time values (i.e. urgent vs non-urgent, pending, etc) to titles based on our discretion.
- For feature requests please name your proposal AFR+n (i.e. third proposal is named AFR-003).
- For governance proposals AIP+n (i.e. third proposal is named AIP-003).
- After the initial discussion is completed & community (including team) agree that it should be officially voted on — team or community members can post it on Snapshot page for voting. And as it's off-chain voting, it does not require any gas fees.
- After voting is completed & proposal reaches 10% quorum, we will add it to our development pipeline.

> If quorum is not reached, the proposal might be resubmitted for voting after 7 days cooldown.

(source: Akropolis documentation - governance workflow section)

Who can create or vote on proposals?

- Only AKRO stakers can create or vote for proposals. This way we ensure that only active users have a say in Akropolis governance.
- 1 vote equals 1 AKRO staked.
- There is a minimum of 25M AKRO to create a proposal on Snapshot.
- There is no minimum for voting.

(source: Akropolis documentation - create or vote on proposal section)

Score: 8

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:

Protocol is provided by a for-profit organization registered as “A Labs LTD” in Gibraltar, company number 116430. Information about Akropolis's legal status can be found on their website under terms of condition and company profile on Crunchbase.

Score: 15

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:

Akropolis is provided by A Labs Limited, a company incorporated under the laws of Gibraltar. In Gibraltar, cryptocurrencies are not considered legal tender, which makes this Gibraltar one of the most crypto-friendly countries.

Score: 10

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