

Fundamental

Prime Rating Report V2.0

Protocol: Pickle Finance

Version: V1

Previous Report: [Link to previous report](#)

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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.

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: Pickle Finance is a yield aggregator with two different products, jars and farms, in jars the user can deposit an asset (usually take LP tokens) and generate yield through a strategy developed by Pickle, the yield is auto compounding, the pTokens the user gets in return can be staked in the farms and the user earns PICKLE on top of the yield generated in the jar.

The Jars are very similar to yearn.finance's vaults, the major yield aggregator in DeFi, Pickle [merged](#) with yearn soon after the protocol [launched](#). The fair launch was announced on September 4 2020 and the merger was announced on November 24th 2020. The merger allowed the teams to share resources and expertise as well as focus on more specialized aggregation products.

[The hack](#), on November 22 of 2020 a hacker found an exploit in the code of the pickle jars which was a fork of the yEarn vaults, stealing 19 m USD in cDAI.

Score: 8

b) Market fit/demand (15 points)

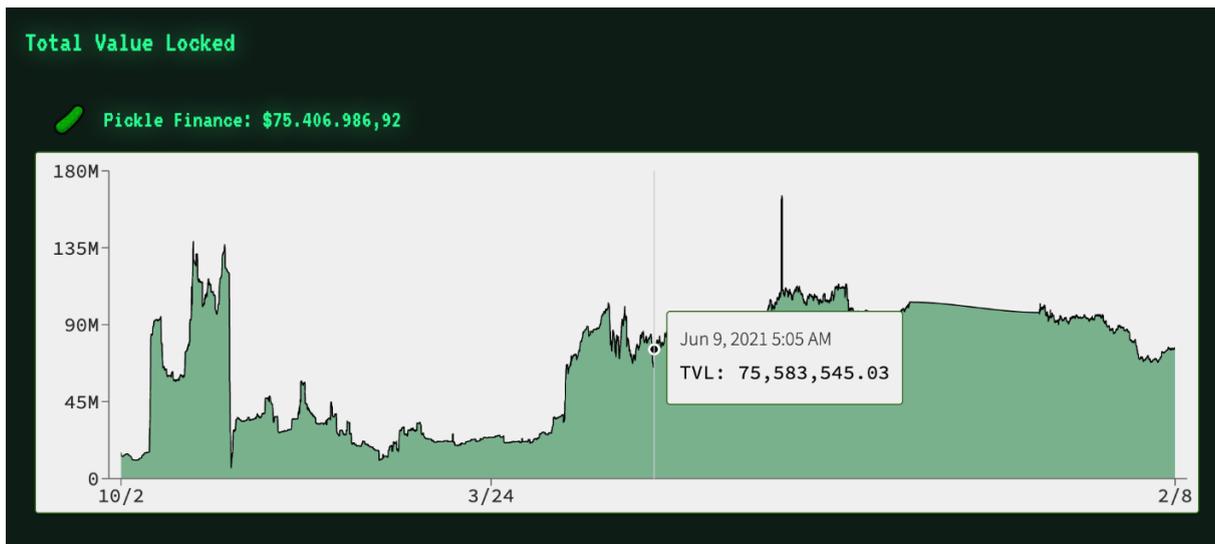
This score evaluates the degree to which the protocol satisfies a strong market demand. The market fit evaluates if the protocol is able to satisfy the needs of a specific market (can also be measured by user adoption/ #of users). To what extent has the protocol proven to meet the demand of a specific market? Is the timing of the product right for the market? Is the protocol targeting the right market?

Answer: [DeFi Pulse](#) puts Pickle at position 17 within the "Asset" category, citing 52 m USD in TVL though on the [Pickle.Finance](#) they mention having 75 m USD in assets under management (AUM) as well as 54 m TVL and 6,266 users maximizing yields with pickle finance.

The screenshot displays a dark-themed interface with green text and icons. At the top, the title "The Future of Finance is Green" is written in a large, green, monospace font. Below the title are four main panels arranged in a 2x2 grid, each with a green border. The top-left panel, titled "Your Balance", shows a balance of 0 PICKLE tokens, which is equivalent to \$0,00. Below this, it indicates a pending balance of 0 PICKLE tokens, also equal to \$0,00. The top-right panel features a "BUY \$PICKLE" button and lists the current prices: PICKLE at \$8,22 and ETH at \$3.096,56. The bottom-left panel, titled "Market Cap", shows a value of \$6.802.715,89 and a total supply of 827.581,01 PICKLE tokens. The bottom-right panel, titled "Total Value Locked", shows a value of \$54.434.179,77 and a pool size of \$534.375,35.

The Future of Finance is Green

Section	Value
Your Balance	0 PICKLE = \$0,00
Pending	0 PICKLE = \$0,00
BUY \$PICKLE	BUY \$PICKLE
PICKLE Price	\$8,22
ETH Price	\$3.096,56
Market Cap	\$6.802.715,89
Total Supply	827.581,01 PICKLE
Total Value Locked	\$54.434.179,77
Pool size	\$534.375,35



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: As mentioned Pickle is listed in the “assets” category on DeFi Pulse (In the same category there are other yield aggregators such as Yearn or Convex but also other assets such as stablecoin protocols like Fei, mStable). DeFi Pulse puts the category at \$15B which leaves quite some growth potential for Pickle. Considering the TradFi savings market is \$4000B just in the US the potential market for a service such as Pickle is huge, though the competition is strong.

Score: 6

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: Number of users and TVL as well as the place DeFi Pulse list, Pickle is competing in the yield farming market in DeFi, arguably a very tough competition as users follow the best yield from protocol to protocol. Taking the partnership with Yearn into account, and seeing the protocol as a more specialized (different LP tokens stakeable) of Yearn, Pickle is trying to offer strategies that are not available on other platforms for example they are offering a pLooks jar which enables [LOOKS](#) stakers to reinvest the earned wETH in LOOKS, boosting APY as also the wETH rewards are compounding with this system, while the user is not paying the gas fees for themselves as the transactions are pooled.

Score: 6

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: With the merger pickle finance is closely enmeshed with yearn coordinating together as well as sharing resources and vision.

The merger took place shortly after pickle.finance was hacked and 19 m USD in cDAI were stolen, the [partnership included](#):

- Pickle Jars & Yearn's v2 Vaults merge.
- Pickle introduces reward Gauges. Pickle emissions remains, with tokens distributed through reward Gauges.
- Yearn Vault depositors can earn additional rewards by depositing Vault shares in Gauges.
- Pickle Governance participants get voting power by locking Pickle for set maturity dates, and receive DILL.
- Yearn vault depositors can earn additional rewards by locking Pickle for DILL, up to 2.5x, the more DILL they hold the greater the rewards.
- Gauge deposit, withdrawal, performance, and protocol fees go to DILL holders.
- A new token, CORNICHON, tracks losses from the recent Evil Jar exploit, distributed proportionally to victims of the attack.

All this provided a lot of value for both protocols, going from competing to cooperating and profiting of the synergies the two platforms can exploit.

Score: 8

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 PICKLE token was distributed through a fair launch without a pre-mine, initially only emitted to users of the protocol, farming the token in September of 2020. End of November 2020 the protocol introduced a new governance mechanism for vote locking PICKLE in exchange for [DILL](#) (vePICKLE - copying the veCRV model from Curve), which was and is only obtainable by locking your PICKLE for a certain period of time, the longer the PICKLE is locked the more DILL you get for the same amount of PICKLE. This model was first introduced by Curve with veCRV tokens. DILL is a non-transferrable token, only holders of this token are able to vote on governance proposals of the protocol.

Token Symbol	PICKLE
Circulating Supply	827.928
Total Supply	1.898.049
Holders	7.320
% controlled by top 100 addresses	89,79%

[PICKLE](#) is held by 7.320 unique addresses and the top 100 addresses control 89,79%, showing some decentralization but still with limited distribution.

Score: 8

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: The token can be earned by farming p-Tokens in the PICKLE farms and vote locked for DILL (vePICKLE) in order to participate in the governance of pickle finance as well as sharing in the protocol revenue. The locking mechanism works like CRV and veCRV the longer the user locks his PICKLE away the more DILL tokens he gets for the same amount of PICKLE. This is aimed at giving the people who believe in the longevity of the project, and put their funds behind that a bigger say in comparison to people who are not willing to lock up their funds for long. As well as also reward the governance token holders with [part of the fees](#) accrued by the protocol.

Score: 6

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: PICKLE was/is only distributed by farming, which encourages the use of the protocol, paired with DILL the governance token that can only be obtained by staking PICKLE (only while PICKLE is locked the user has DILL) this is a very effective distribution mechanism to incentivize users of the protocol that believe in the project to coordinate around it. The distribution mechanism, as well as the voting mechanism, encourage usage of the protocol as well as ensure long-term commitment of people participating in governance of the protocol.

PICKLE x LOCKED DURATION	NUMBER OF DILL
1 PICKLE x 1 week	0.0048 DILL (approx.)
1 PICKLE x 1 year	0.25 DILL
1 PICKLE x 2 years	0.50 DILL
1 PICKLE x 3 years	0.75 DILL
1 PICKLE x 4 years	1.00 DILL

Score: 8

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: Pickle.finance charges [fees](#) on their yield aggregating Pickle Jars, they differ slightly from jar to jar but generally they take 20% of the profits, in some cases also a management fee on the AUM. This revenue is accrued by the treasury and in part distributed to the DILL holders, rewarding the people who locked their PICKLE tokens.

Revenue Share

Forty-five (45) percent of weekly revenue is shared, every single week. But only DILL holders are entitled to a share of weekly revenue.

A user's share is equal to how many DILL they control as compared to how many DILL are locked at the beginning of the week. If a user has 1000 DILL, and there are 500,000 DILL locked, the user is entitled to 1/500 (or 0.2%) of the weekly revenue share.

If weekly revenue is \$400,000, about \$180,000 of that is shared with DILL holders. A user (as above) that is entitled to 0.2% of this should receive \$360 each and every week.

The revenue share is distributed in the form of PICKLE tokens. These tokens do not come from emissions, but rather from market purchases by the Treasury at several times in a week. Because the token is volatile, and buy-backs are executed randomly, the actual value of this revenue share may be better or worse than the revenues would dictate.

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Lock here							Share of revenues							\$																			
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Score: 8

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: PICKLE is [listed](#) on multiple DEXs and CEXs with the biggest market being on Sushiswap with a 27k USD 2% depth.

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: Aside from LPing on Uniswap or Sushiswap, only within the protocol, it was accepted as collateral on cream.finance on the Ethereum mainnet, but since the [exploit](#) in late 2021 this is no longer available.

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: The team is anonymous but as part of the yEarn ecosystem, which lends credibility. Although protocols of the yEarn ecosystem have been hacked [multiple times](#) (Pickle, Cream twice) they still account for a lot of the innovations and usage across different areas of DeFi. Following are the Pickle Team members as listed on discord, from [snapshot](#) proposals we know that "Larry the Cucumber" is the CEO of the protocol. [Their Github](#) lists 10 contributors with [Anonimis](#) and [Larry the Cucumber](#) as two active devs (most commits over time)



Score: 8

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 success and market position of the yEarn ecosystem which pickle is a part of for over a year as of this writing (01/2022) this puts the pickle team in a position with access to a lot of experience. The active devs on their github have little to no other active repositories, not pointing at outside experience, could also be that their username was only used for this particular project.

Score: 6

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: No they are fully anonymous.

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: As the initial launch was a fair launch and already after a couple of months the protocol merged with yEarn, this is a was a successful outcome for the team, being acknowledged by the original creators of the original codebase and taken under their wing to have this new spin of the yEarn vaults live under the same umbrella.

Score: 6

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: During the [hack in November 2020](#) while countering the attack there was one person with the power to overrule the 12 hour timelock in the multisig, and 3 signatures (3/6) were enough to okay a transaction with the 12 hour delay. After the yEarn Pickle merger the multisig signers rotate within the yEarn team. It is unknown who exactly the signers of the multisig are. A request for comment in the protocols discord was unfortunately unanswered.

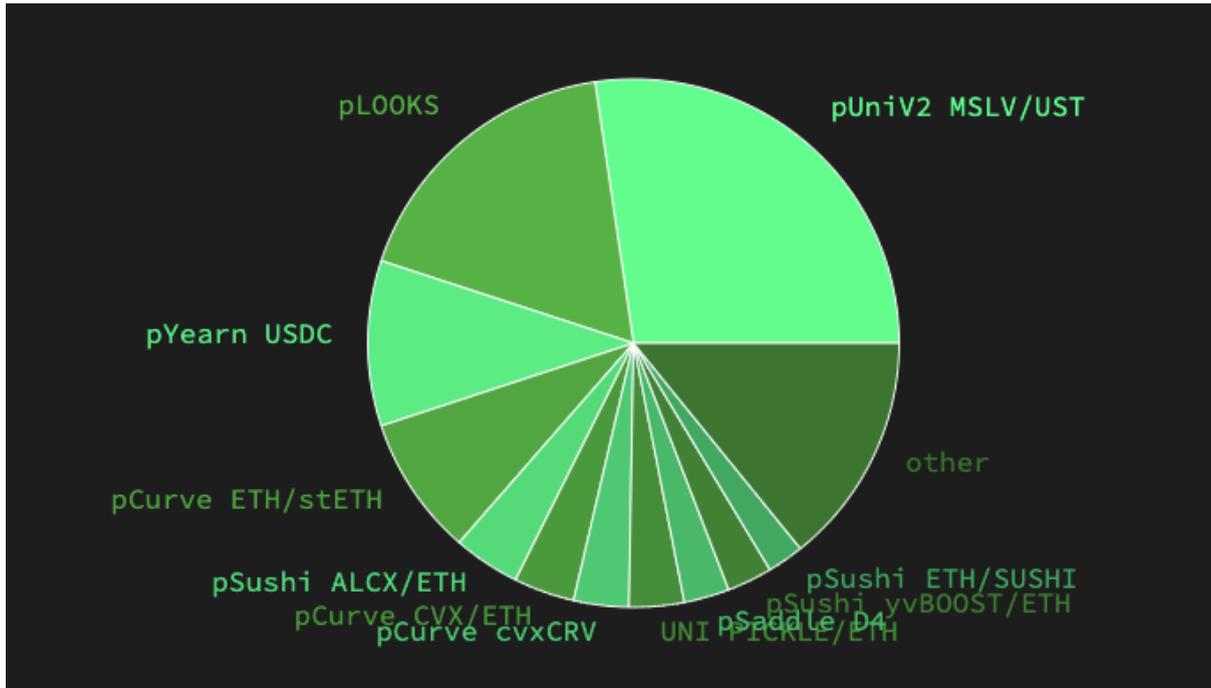
Score: 15

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: According to the [Pickle docs](#) DILL holders decide which Pickle Jars get what share of Pickle

emissions (liquidity incentives) currently they are split as follows:



But when scrolling through their [snapshot page](#) the topics which are voted on are much broader, i.e. if contributors become [core team](#) members, or [deciding emission](#) schedule for PICKLE and over all how the PickleDAO works, while this is not specified in the documentation the DAO seems to work decentralized.

Score: 12

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: The forum is fairly active, with 5 average responses in the threads of the last 4 months. 325 people follow pickle finance on snapshot, in the last 5 months there have been 8 proposals with 8 different people involved in writing the proposals and on average 300.000 DILL participated in the voting which is roughly 40% of the existing DILL ([-> total supply, read contract etherscan](#)).

Score: 4

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: Pickle finance has a [discord server](#), [discourse forum](#), as well as the [snapshot](#) voting platform. Furthermore, to be able to participate in the governance process at pickle.finance PICKLE holders need to stake their PICKLE for [DILL](#) (vePICKLE).

Score: 7

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 governance process is not documented on the protocols website or in their documents, aside from the [PICKLE locking mechanism](#).

The proposals last voted on on the snapshot platform suggest, they have an unwritten(or at least not available to the public) structure for such proposals that is followed.

Score: 4

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 entity

Score: 0

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: /

Score: /

Scorecard

1. Value Proposition	Points
a) Novelty of the solution	8 / 15
b) Market fit/demand	7 / 15
c) Target Market Size	6 / 10
d) Competitiveness within market sector(s)	6 / 10
e) Integrations & Partnerships	8 / 15
Total Points - Value Proposition	35 / 65
2. Tokenomics	Points
a) Is the token sufficiently distributed?	8 / 15
b) What is the extent of the token's capabilities?	6 / 10
c) Is the issuance model able to improve the coordination of the protocol?	8 / 10
d) Is the value capture model able to accrue and distribute value?	8 / 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	34 / 60
3. Team	Points
a) Is the team credible and public? (No, Partly, Yes & Anon , Yes & Public)	8 / 15
b) Does the team have relevant experience?	6 / 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?	6 / 10
Total Points - Team	20 / 40
4. Governance	Points
a) Admin Keys	15 / 20
b) Extent of Governance capabilities	12 / 15
c) Active Governance contributors	4 / 5
d) Governance infrastructure	7 / 10
e) Robustness of Governance process	4 / 10
Total Points - Governance	42 / 60

5. Regulatory	Points
a) Does the protocol have any legal accountability?	/ 15
b) What is the quality of the legal jurisdiction?	/ 10
Total Points - Regulatory	/ 25
Total	131 / 225

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