Fundamental Report

Prime Rating Report V2.1

Protocol: dHEDGE
Version: v1 and v2
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Previous Report: No previous FA reports

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Season/competition: Season 2

Scorecard

1. Value Proposition	Points
a) Novelty of the solution	6 / 15
b) Market fit/demand	10 / 15
c) Target Market Size	10 / 10
d) Competitiveness within market sector(s)	6 / 10
e) Integrations & Partnerships	8 / 15
Total Points - Value Proposition	**40 / 65**
2. Tokeneconomics	**Points**
a) Is the token sufficiently distributed?	5 / 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?	7 / 10
e) Is the token sufficiently liquid to enable active use and trade?	1 / 5
f) Are there any extrinsic productivity use cases?	5 / 10
Total Points - Tokenomics	**32 / 60**
3. Team	**Points**
a) Is the team credible and public? (No, Partly, Yes & Anon , Yes & Public)	15 / 15
b) Does the team have relevant experience?	10 / 10
c) Does the team participate and help shape the public debate?	3 / 5
d) Is the team able to effectively attract and coordinate resources?	8 / 10
Total Points - Team	**36 / 40**
4. Governance	**Points**

a) Admin Keys	**8 / 20**
b) Extent of Governance capabilities	**5 / 15**
c) Active Governance contributors	**2 / 5**
d) Governance infrastructure	**9 /10**
e) Robustness of Governance process	**8 / 10**
Total Points - Governance	**32 / 60**
5. Regulatory	**Points**
a) Does the protocol have any legal accountability?	**3 / 15**
b) What is the quality of the legal jurisdiction?	**8 / 10**
Total Points - Regulatory	**11 / 25**
Total	**151 / 250**

1. Value Proposition

The Value Proposition section describes the value a protocol delivers to its users. Based on the proportion of the problem the protocol aims to solve and the potential of the protocol to effectively solve the problem - better than other industry solutions - a Value Proposition rating is created.

a) Novelty of the solution (15 points)

This score evaluates the novelty (uniqueness) of the protocol. Has the protocol introduced any new innovations that help solve user's problems more efficiently? Is the project a fork? To what extent did they copy/fork the original?

Answer:

''Man is the creature who does not know what to desire, and he turns to others in order to make up his mind. We desire what others desire because we imitate their desires.'' – Rene Girard, Philosopher of Social Science

Volatility is a trader's best friend. What professional traders know that the average person on the street may not is that market volatility provides many great money-making opportunities for the trader. Each trade carries with it the risk of both success and failure. Without volatility, there is a lower risk of either.

Credit

So, what's not to like about a highly volatile crypto asset like Ethereum. It's volatility as tracked by CVI.finance's ETHVI index resembles a rollercoaster ride that requires a strong stomach.
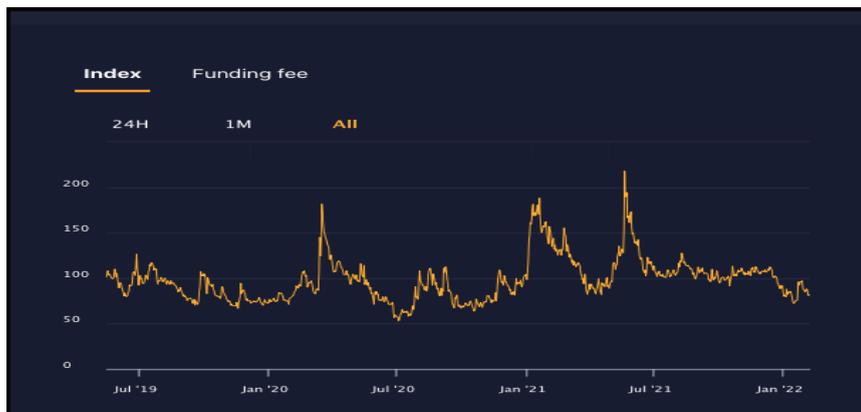
Source: CVI.finance

While it's true that one needs volatility, lots of it, to make serious money in trading, it's an unsettling fact that 95% of [crypto traders lose money.](#)

Many leave the space after a couple tries and hopefully before losing their shirts, and trousers.

In sum, we know that crypto is a highly volatile asset. We know that if we one learns how to surf the big crypto waves, the rich kingdom awaits. We also know that a few at the top are killing it.

Therein lies the promise of dHEDGE.

[dHEDGE protocol](#) aims to democratise asset management. Anyone can set up an investment fund on the Ethereum blockchain or invest in a fund managed by someone else. Users retain custody of their funds while smart contracts put their money to work. The permissionless protocol enables traders or investors to mirror the strategies of other top performers.

We have here a protocol that allows one to take advantage of volatility by finding the best investment managers who are good at this game and copying their trading strategies in Defi.

Lending money to make it work is now routine in the defi space with established solutions such as [Curve](#), [Compound](#) and [Yearn.finance](#). Active asset management on-chain though has far less players that include [Set protocol](#) and [enzyme finance](#).

The USP of dHEDGE protocol is that anyone can create a portfolio, and others can follow, pool in, or copy trade easily. However, one could do the same using Set and enzyme protocol as well. But unlike the other two, the dHEDGE protocol, built on [Synthetix platform](#), allows new ways of using liquidity in the derivatives market that the Synthetix protocol provides. Synthetix assets have the advantage of demonstrating the price of an underlying asset in a chain, which in turn allows investors to create unique portfolios.

So, one could argue that the dHedge protocol in itself may not be unique, but brings together two novel ideas: democratisation of asset management and enabling creation of synthetic assets.

Therefore, the protocol scores 6 on the novelty of the solution.

Score: 6

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:

There is over [$83Billion of value locked](#) in defi protocols. This represents a growth of 93% in the past one year from a TVL of $43 Billion.

In the Asset Management subsector, [Convex Finance](#), the leader has a TVL of $16.4 Billion.

With a [TVL of $ 18.154M](#) as on 8-Feb-2022, dHEDGE is a small fry playing in the niche of mimetic/social trading. Its TVL has gone down from $27.27M in the last year.

The demand for social trading is small currently and hasn't kept pace with overall crypto asset management demand.

Copy trading, however, has grown to be hugely [successful in the legacy finance world](#). Given that more than 1 in 3 claim to know [little to nothing about Crypto](#) and only 1 in 6 claim to [fully understand Crypto](#), we should expect similar or better success to copy trading in the crypto world as large number of users can be better off following the lead from other successful managers / investors.

As dHEDGE is open source, permissionless and global, Copy trading is now way more accessible than it was ever before.

The protocol, therefore, displays product market fit in a niche, promising area.

Score: 10

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:

Global asset management is a [$100 Trillion machine](#). It grew a mouth-watering 11% in 2020. It is expected to reach $145.4 trillion by 2025. Both active and passive asset management are [expected to grow](#) – active management to reach $87.6 trillion by 2025 (60% of global AuM), and passive management to reach $36.6 trillion by 2025 (25% of global AuM).

The target market, therefore, is substantial and shows signs of sustainable growth.

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:

- dHEDGE protocol has a Total Locked Value (TVL) of $ 18.154M as on 8-Feb-2022.

- Enzyme finance's TVL is $ 108.067M and Set Protocol's TVL is $ 275.687M.

- dHEDGE has about 4.5% of combined TVL among its peer group.

TVL market share

■ dHEDGE ■ Enzyme Finance ■ Set Protocol
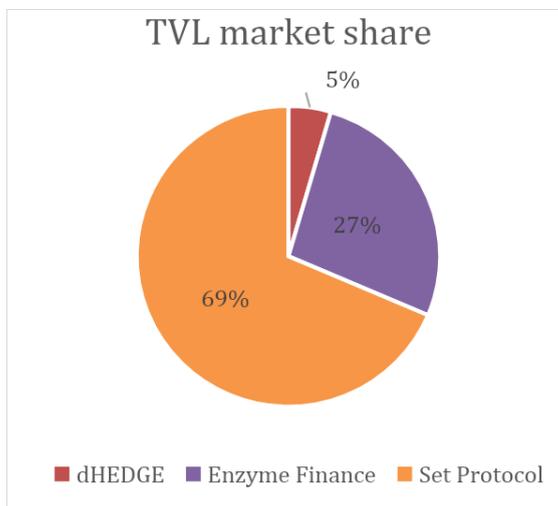
dHEDGE has 865 managers and 1089 pools. Enzyme has 872 Fund Managers and 2545 deposits. Set protocol has 34286 set holders.

Compared to Set protocol, the demand from users for dHEDGE protocol is in single digit percentages.

dHEDGE seems to be as popular as enzyme finance in terms of the number of fund managers it has on the protocol. But growth of new users and managers seems to be stalling in the last quarter across the sector.

The protocol is seen as a top alternative to the Set protocol and Enzyme finance in the market segment. But it hasn't been able to establish any significant lead over its peers.

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:

dHEDGE protocol supports assets on Ethereum, Polygon and Optimism networks, more than its peers do at this time.

It also integrates with other protocols such as AAVE, Quickswap, 1inch, Sushi on Polygon, Balancer and Kwenta.

There is very limited horizontal integration for e.g. such as amasa which will allow amasa users to access dHEDGE platform easily and efficiently.

dHEDGE has had a long-standing relationship with Synthetix and provides synth capabilities. Synthetix has supported the hugely popular dHEDGE trading competitions and has even led an investment round.

Therefore, the protocol has some partners or some integrations into other protocols.

**Score: 8**

2. Tokeneconomics

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

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

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

Answer:

There are 100,000,000 DHT tokens with the initial allocation conducted in Sep 2020:
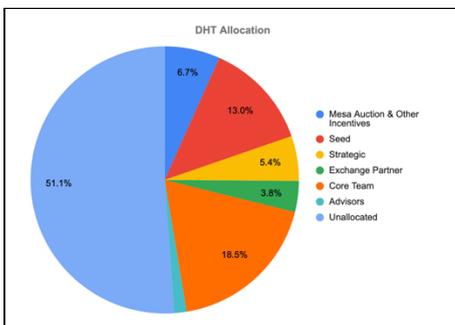
[Source](#)

dHEDGE tokens post ICO are [distributed as below](#):

Through token inflation:
- DHT staking: 25k DHT per week -
- Performance Mining: 35k DHT per week

Through protocol revenues:
- Protocol Treasury: Amount and token decided via vote per quarter

As performance fee is distributed as pool tokens, the protocol seems to align the stakeholders for the betterment of the protocol.
But, the [current distribution of tokens](#) tells a different story.

- Top 100 out 2,692 of hold 99% of the total coins
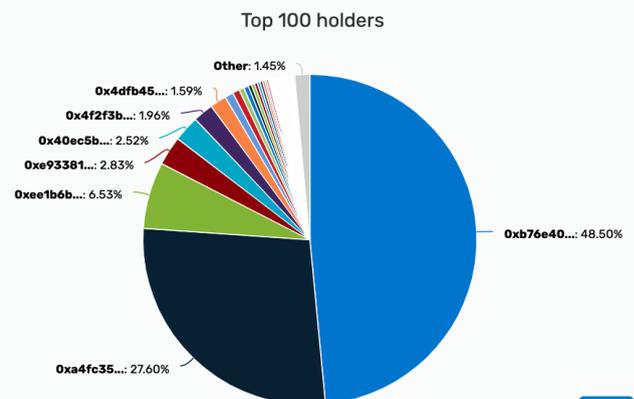
Such an uneven distribution and concentration of tokens with top 5% of holders is not a sign of a healthy protocol.

Score: 5

b) What is the extent of the token's capabilities? (10 points)

Answer:

The DHT token serves multiple functions:
- It incentivises investors to pool assets with top-performing managers
- It incentivises managers to allocate assets prudently for better performance
- It facilitates governance of the protocol

The token, therefore, intends to serve as the lifeblood of the protocol providing effective utility, revenue, and governance rights to the holder.

Given that the incentive model is relatively new and has been only through a couple of cycles, it is unclear at this time whether the incentives are working as intended and are sufficient for the sustenance and growth of the protocol.

Score: 6

c) Is the issuance/distribution model able to improve the coordination of the protocol? (10 points)

Answer:

The below graph illustrates the distribution of DHT over time as envisaged at the time of token generation event. Note that this excludes Performance Mining of DHT and future use of DHT −currently 48.5% of the total− held in the DAO.
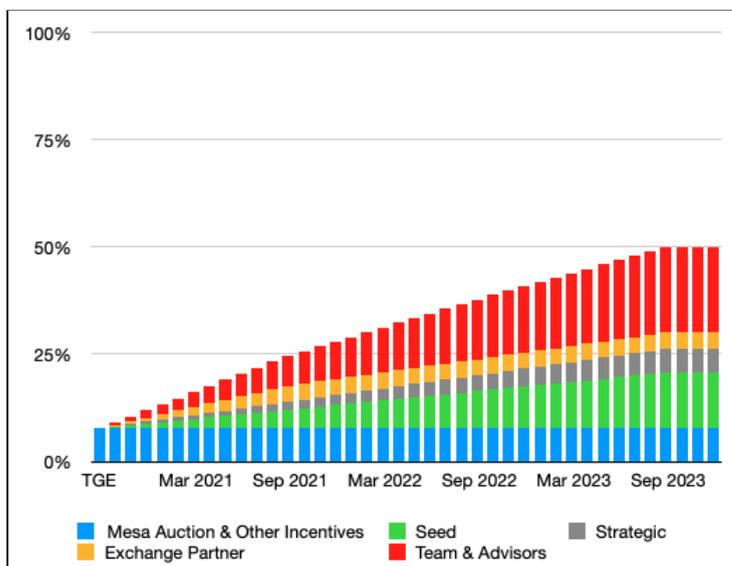
Source

Core team and advisors were issued 20% of the tokens while seed funding got 13%.

Category	Share of Total Supply	Vesting Schedule
Mesa Auction & Other Incentives*	7.72%	No vesting
Seed	13.01%	3 years vesting
Strategic	5.52%	3 years vesting
Exchange Partner	3.75%	1 year vesting
Core Team & Advisors	20.00%	3 years Core Team, 2 years Advisors
Held in DAO	50.00%	

Source

Thus, it seems like a fair distribution was made during token issuance and developers have got a decent amount of token for their efforts.

Also, the ongoing token distribution model addresses one of the common complaints against active asset management that performance fees are very high.

A variety of different performance fee structures are in use in traditional finance, but a common one is the 2% and 20% model. Under that model, the manager is paid a base fee of 2% and a performance fee of 20% of the return. No wonder fund managers are rich!

dHEDGE takes aim at above models by making performance fees transparent and basing them truly on performance. dTOP index for example incentivises investors to follow successful managers. The governance mechanism allows for changes to fees.

The token distribution model incentivises the right behaviour and improves the protocol, albeit some fine tuning that may be required in terms of magnitude of fee structures, and complexity of performance mining fees.

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:

dHEDGE DAO has implemented an admin fee of 10% to performance fees paid as pool tokens. These tokens are collected in the treasury as protocol revenue. So, every successful manager, in turn, contributes 10% of performance fees towards the treasury.

dHEDGE currently has a [total treasury pool of $2.4M](#) (as on 7-Feb-2022).

The only way to get exposure to the Protocol Treasury is through staking DHT. The DHT stakers will be responsible for rebalancing the Pool to ensure its performance.

Every quarter, part of Protocol Treasury growth can be converted to tokens distributed to stakers, similar to dividends payments. The eligible token holders [voted](#) to distribute 5% of the total treasury value for 2021 Q4.

Governance deals with voting towards development and maintenance. But there is [no mention](#) of how developers will be paid, if at all, on an ongoing basis.

The existence of an effective value accrual and distribution mechanism indicates that the protocol can be self-sufficient.

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:

DHT is a highly illiquid token. It is listed in only select exchanges – see below. The liquidity / market cap ratio at the time of writing is 0.016, which is considered poor.

# ▲	Source	Pairs	Price	+2% Depth	-2% Depth	Volume	Volume %	Confidence	Liquidity	Updated
1	Huobi Global	DHT/USDT	$0.5647	$3,899.53	$1,533.98	$4,895	2.20%	High	197	Recently
2	Huobi Global	DHT/ETH	$0.568	$173.85	$309.14	$506.00	0.23%	High	2	Recently
3	OKX	DHT/USDT	$0.5674	$2,515.77	$2,700.54	$49,841	22.37%	Moderate	133	Recently
4	SushiSwap (Polygon)	WETH/DHT	$0.5561	-	-	$8,836	3.97%	N/A	-	Recently
5	Uniswap (V3)	USDC/DHT	$0.5561	-	-	$7,807	3.50%	N/A	-	Recently
6	BKEX	DHT/USDT	$0.5674	$7,327.76	$9,268.11	$98,278	44.11%	Moderate	147	Recently
7	Hotbit	DHT/USDT	$0.5398	-	-	$41,638	18.69%	High	2	Recently
8	Hoo	DHT/USDT	$0.5494	$1,575.98	$802.49	$10,909	4.90%	Moderate	46	Recently
9	Uniswap (V2)	SUSD/DHT	$0.5561	-	-	** $0.00	0.00%	N/A	-	Recently
10	Jubi	DHEDGE/USDT	$0.5551	$1,283.12	$1,034.12	** $2,637	0.00%	Moderate	2	2 hours ago
11	Poloniex	DHT/USDT	$0.2984	-	$7,825.01	*** $41.42	0.00%	High	1	Recently

*** Price/Volume Excluded - Outlier Detected

[Source](#)

Score: 1

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

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

Answer:

dHEDGE V1 had no extrinsic productivity use cases of any significance. V1's pools centred around Synthetix's U.S. dollar synth, sUSD.

There are more options with dHEDGE V2 which was launched in December 2021.

At the heart of the V2 protocol is dHEDGE's new Guarded Open Access Transactions, or GOAT, framework. A Gnosis Safe-like system, GOAT gives the dHEDGE community the ability to easily integrate protocols, and thus new tokens and yield farms, without having to create additional bespoke user interfaces from scratch. This mechanism paves the way for dHEDGE V2 supporting futures, options, yield tokens, and other DeFi assets that V1 didn't.

Another thing to look out for is the user adoption of V2 on Polygon Network. The Polygon network has attracted high quality DeFi projects and demonstrated an impressive growth in transaction volume in recent months.

Any increase in dHEDGE adoption although may not have an immediate direct impact on the value of DHT but will consequently increase the value of the token in the medium to long term.

Score: 5

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 team behind dHEDGE is made up of three key members: Henrik Andersson, Radek Ostrowski, and Ermin Nurovic.

Andersson has a distinguished track record as an asset manager in the world of traditional finance. At present, he is the CIO of Apollo Capital. The Apollo Capital Fund was #1 in the Australian Morningstar database of funds for FY21 with a return of 392% as of 30 June 2021. The Fund outperformed more than 9,000 other managed Australian funds.

To boost the technical side of the dHEDGE team, Ostrowski brings a rich history of data engineering and blockchain development. He has also founded several crypto-related firms, including Startonchain.com and RelayPay.

Nurovic who co-founded upstreet, doubles up as a systems engineer and full stack developer.

This is a highly credible and public team based out of Australia.

Score: 15

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

Answer:

As noted above, the dHEDGE core team has strong and relevant skills both in the financial and technology space.

Score: 10

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:

The core team is occasionally active on social media such as Twitter and Linkedin.

Henrik regularly participates in podcasts that have a wide following:

- https://www.radixdlt.com/podcast/dHEDGE-advanced-defi-trading-made-easy
- https://medium.com/bitfwd/bitfwd-podcast-with-henrik-andersson-93e50c5a7d8d
- https://podcasts.nu/avsnitt/the-defi-download/dHEDGE-advanced-defi-trading-made-easy-_Y1wQ6ZiP3

Score: 3

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:

The dHEDGE project was launched in stealth initially and the team worked closely with the Synthetix team to build the initial beta. Since then, the project has attracted several investors that include Framework ventures and IOSG ventures.

The project has 25 investors on its list and the last funding round was a Stage 2 Early Stage VC round with a deal amount of $1.2M. It is not clear what legal structure, if any, has been used to receive the funding.

The project has 48.5% of 100M DHT tokens in the DAO treasury.

Given that the protocol has now traded more than $1B without being capital hungry, shows that the team can coordinate efficiently.

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:

[dHEDGE smart contracts](#) are non-custodial. This means that the users retain custody of their funds when invested. When an investor buys a stake in a trader's pool, the investor is issued a pool token, representing their share in the pool. An investor is able to redeem funds from the smart contracts using their pool tokens when they withdraw. Only the pool token holder has access to the funds in the smart contract associated with that user's share.

dHEDGE protocol uses [openzeppelin](#) plugins to modify its code while preserving their address, state and balance.

The project contains [a number of privileged functions](#) that are restricted by modifiers such as onlyOwner, Only Manager and OnlyTrader. This implies a centralisation risk that has been acknowledged by the project.

The project seems to [tacitly accept](#) that it is not decentralised as follows:

As the protocol matures, it will become prudent to decentralise more and more parts of the protocol. The goal of this progressive decentralisation is to create products and experiences users love first before achieving the more lofty ideal of decentralising every aspect of the protocol.

There are no timelocks for awareness on privileged operations. Project has not implemented the assignment of privileged roles to multi-signature wallets to prevent a single point of failure due to any private key hacks.

The project documentation is very light on admin control exerted by the project. The governance section of the website [lists 4 addresses](#) as admins. Therefore, it can be inferred that Admin keys are operated by a team with sufficient time available to react in case of an adverse event.

The DAO has an active [DISCORD](#), [Telegram](#) and [Twitter](#) account to co-ordinate activities as required.

Score: 8

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:

dHEDGE is governed by a [DAO](#) and issues DHT as its native governance token. Active users [are rewarded tokens](#) for providing liquidity to the platform. Additionally, the project hosts trading competitions regularly to attract fund managers. DHT holders regularly vote on proposals to adjust staking rewards and token issuance.

Various matters have been voted up on by DAO members. For e.g., support for integrations, staking rewards changes and more UX options for users.

Most of the operational aspects of the protocol are decentralised from a voting perspective. As noted previously, the admin keys are operated by a small team who have the ultimate power to implement things. Therefore, any decentralisation that exists at the moment functions solely as a signal to the admin team

Score: 5

c) Active Governance contributors (5 points)

Governance is a process that can be rather resource-intensive if executed well. To ensure good governance is practised by the protocol, it's important to have enough 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:

There were about [50 proposals](#) in the last 1 year. These proposals are discussed in a linked [forum](#) that describes the proposal in detail.

There aren't enough conversations about the proposals although most DAO members seem to view them.

An [example](#) is the (DCP-7) 2021 Q4 Distribution from the Protocol Treasury. Given that this is the main event to share the spoils, one would expect a reasonable amount of conversation. But just 1 comment. About 221 views. 4 likes.

Numbers are similar across other proposals.

Voting participation also reflects the same pattern with several proposals attracting just 100k+ vDHTs (less than 5%) out of a total circulating supply of [3.2M vDHTs](#).

There seems to be a small group of active governors (in low single digits) with limited debate.

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:

The protocol has a reliable and usable voting mechanism. Its easy to create proposals. The proposal creator can specify the voting system: Single Choice Voting, Approval Voting, Quadratic Voting, Ranked Choice Voting, Weighted Voting and Basic Voting. One can also specify a period for the Voting.

Results of the voting are clear and intuitive. Documentation can be improved.

Proposals link to a forum where they can be debated, liked and shared further, if necessary.

Score: 9

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:

dHEDGE governance proposals framework has been in play since Aug 21. The formal governance process is barebones and is documented in three genesis proposals: Meta Proposals, Feature Proposals, Capital Proposals

The process is fairly robust and there is adherence to the process by DAO members. Given that proposals are voted using vDHT tokens, it promotes involvement and better governance.

It is hard to find out about the process unless one trudges through the forum discussions.

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:

There is no business entity behind dHEDGE. It is an open-source initiative.

The source code on github is licensed as an [ISC License](#).

This implies:
"Permission to use, copy, modify, and/or distribute this software for any purpose with or without fee is hereby granted, provided that the above copyright notice and this permission notice appear in all copies.

THE SOFTWARE IS PROVIDED "AS IS" AND THE AUTHOR DISCLAIMS ALL WARRANTIES WITH REGARD TO THIS SOFTWARE INCLUDING ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS. IN NO EVENT SHALL THE AUTHOR BE LIABLE FOR ANY SPECIAL, DIRECT, INDIRECT, OR CONSEQUENTIAL DAMAGES OR ANY DAMAGES WHATSOEVER RESULTING FROM LOSS OF USE, DATA OR PROFITS, WHETHER IN AN ACTION OF CONTRACT, NEGLIGENCE OR OTHER TORTIOUS ACTION, ARISING OUT OF OR IN CONNECTION WITH THE USE OR PERFORMANCE OF THIS SOFTWARE."

Source: https://opensource.org/licenses/ISC

Although there is a DAO behind dHEDGE, it probably has no or limited legal standing.

Score: 3

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:

As dHEDGE is privately held, its legal set up is unclear.

dHEDGE [offices](#) are in New South Wales Australia. It is a top-tier jurisdiction with applicable laws.

Score: 8

About the Author: CrypticAndy