Protocol: Yam
Version: V1
Previous Report: None

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Season/competition: Rate 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.
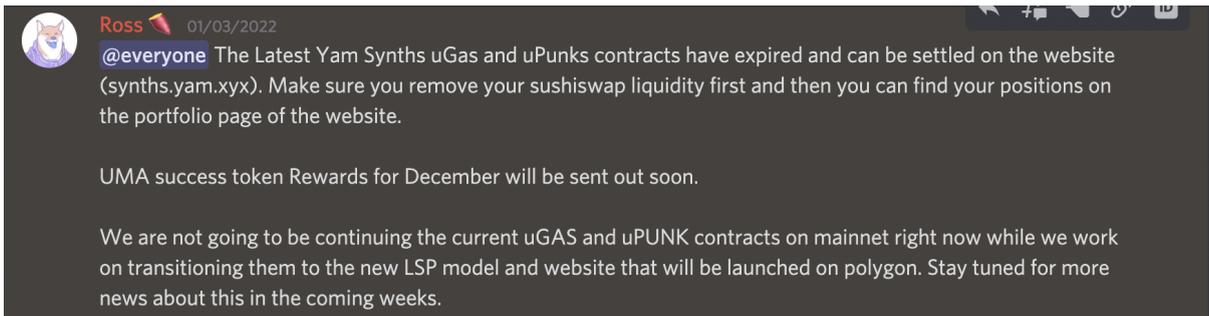
1. Value Proposition

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: The Yam Protocol launched in 2020 with a fair launch, the YAM token could only be earned by staking assets in a contract, no pre-mine, inspired by the previous YFI launch this was the genesis of the YAM DAO. The Yam protocol has since built two products and announced two others, one of whom are currently in development, an indicator on their website suggests it is three-quarters done. As of writing this report there is no live product aside from an [NFT collection](#) displayed under the name [MOFY](#), as also the synth product has been discontinued in 2022 as the protocol is preparing to launch on polygon soon, the product that was live on mainnet was [yam Synths](#) previously named

@everyone The Latest Yam Synths uGas and uPunks contracts have expired and can be settled on the website (synths.yam.xyx). Make sure you remove your sushiswap liquidity first and then you can find your positions on the portfolio page of the website.

UMA success token Rewards for December will be sent out soon.

We are not going to be continuing the current uGAS and uPUNK contracts on mainnet right now while we work on transitioning them to the new LSP model and website that will be launched on polygon. Stay tuned for more news about this in the coming weeks.

degenerative.finance comprising two synthetic assets built on the UMA Protocol platform uGas and uPunks. uGAS was a synthetic asset tracking the median Ethereum gas price, and a possibility to long or short the median ethereum gas price, uPUNKS on the other hand offered the possibility to go long or short on the value development of Cryptopunks. (full description)
The synthetic assets they launched in 2020 uGAS and the other projects they are working on Umbrella (an insurance product against hacks and exploits of smart contracts) are interesting products, but currently not operational.
The Yam DAO currently sits on a treasury worth a little over 7,1 m USD and is trying to follow their mission to build innovative products for DeFi.(according to their documentation and current discord and forum discussions).

Score: 5

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: The protocol has a TVL of roughly 3 m USD, as the DAO dabbles in different product categories without a functional product. There is no market fit, but the DAO is working on products and discontinuing non-functional products. So currently no product-market fit.

Score: 0

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 there is currently no product, there is also no market Yam.finance is serving currently.

Score: 0

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: Currently not competing.

Score: 0

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: Yam Finance has a partnership with UMA as their synthetic product was built on the UMA protocol and also the last periods of their monthly synths were eligible for UMA rewards.
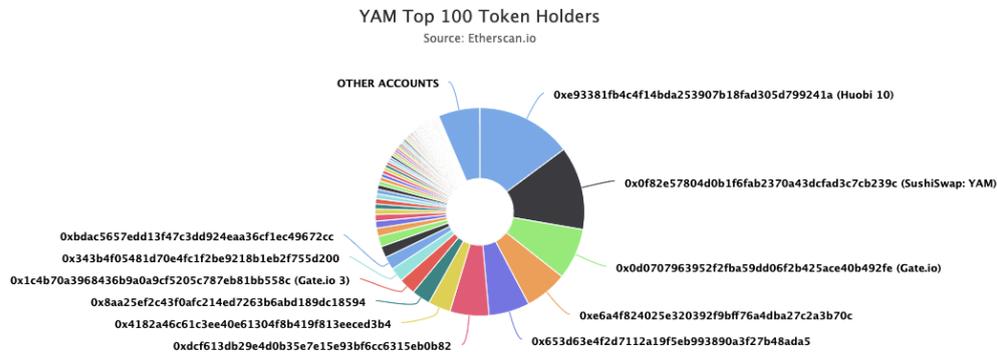
Score: 3

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 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 Yam Token was distributed in a [fair launch](#) manner, no team allocation and no other investor allocation, it could only be earned by staking different assets. Initially it was a rebasing token, but the DAO decided to disable the rebasing mechanism in December of 2020.
Currently, [YAM](#) is held by **8129** addresses, and the top 100 holder addresses control **93%** of the supply.

YAM Top 100 Token Holders
Source: Etherscan.io

The token was distributed in a very decentralized manner and the DAO although currently lacking a real product is functioning well and looking to pivot to develop products for the DeFi community.

Score: 12

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 Yam token is a pure governance token with the option to be [staked](#) on the yam.finance dapp.

Score: 5

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

To what extent does the issuance of the token support the advancement and function of the protocol? Are the tokens justifiably being issued? Does the issuance model incentivize the right behavior? Are all relevant stakeholders benefiting from the issuance model?

Answer: The current staking rewards provide the stakeholders who believe in the long-term value of the protocol/token with a reward and a higher stake in the protocol.

Score: 6

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: As there is currently no product also the value capture model of the protocol as well as the token is unclear.

Score: 1

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

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

Answer: The Yam token can be [traded](#) on Sushiswap with sufficient liquidity, it is listed on Uniswap but with very limited liquidity and it is listed on Huobi Global, and Mexc Global, both with a 2% depth of only ~1.500,00 USD

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: No there is currently no use case for the token outside of the protocol

Score: 0

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 not listed on their website or documents. In the Github repository there is only one person contributing ethdev who appears to be also working with snapshot labs and UMA Protocol. From this recent snapshot proposal the author could identify the number of core contributors to the protocol, which is 11.

The Protocol was launched by Brock Elmore, Trent Elmore, Clinton Bembry, Dan Elitzer and Will Price, but as there was no pre-mine for the team they at most took an equal share with other farm's in the protocol and currently all work on something else.

While the initial team was public, the current core members of the DAO ar not and the current state of the protocol does not speak for the current team.

Score: 4

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 developer seems to have some experience but unclear on how relevant this is to the protocols needs. Difficult to judge the other team members as they are not public.

Score: 3

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, the team is mostly anonymous and only active in their discord and on the protocols [Twitter](#) handle

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: The Yam token was distributed through a [fairlaunch](#) to be earned by stakers, a mechanism pioneered by YFI. Yam was able to bootstrap a community as well as funding but as of to date there is no product on the market anymore which indicates a lack of coordination, while the team is still working on future products it remains to be seen if they can deliver. Two points from the author for the fairlaunch and the fact the DAO is still working also without a product.

Score: 2

4. Governance

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

a) Admin Keys (20 points)

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

Answer: The Admin Keys are governed by the DAO and govern the token contract as well as the treasury. The [proposal history](#) suggests that every expense is voted on by the DAO and then executed from the multisig, which is controlled by several team members.

Score: 9

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: The DAO has control over the treasury and the token, and currently mostly votes on the compensation of the team members, and updating the signers of the multisig. Which can only be derived from the Snapshot voting history. The documentation outlines a clear process but was not updated for 2 years now.

Score: 4

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 past 14 proposals were written by two addresses (9/5), the forum is not very active and only few (~8) recently participated in discussion of topics. On the discord server there is some active discussion happening on where the protocol should go towards and what steps need to be taken for that to happen.

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 DAO operates with Discord, Forum, Snapshot and Onchain Votes (19 proposals voted on-chain so far), the infrastructure is very robust and decentralized. The process is meticulously described in the documentation, altough the forum is not very active, the discord is pretty active and the Snapshot proposals are also voted on by roughly 400.000 YAM, (200.000,00 is the quorum).

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: As previously mentioned the documentation of the governance process is very detailed and the infrastructure for the process is set up to be very robust and trustless with the on-chain variant, although also the snapshot - multisig combination is used which requires trusting the multisig signers.

The documentation describes the onchain voting mechanism, the requirements for introducing a proposal, the quorum necessary for proposals, the ideal timeline for a proposal from ideation to execution as well as delegation of on-chain voting or off-chain polling on snapshot.

Process

The governance process begins on Yam Discord where ideas are initially discussed. Once discussion has formalized a potential proposal it is submitted to Yam Governance Forum. If the community signals its interest and any necessary modifications to the proposal are made, the proposal is submitted to Snapshot off-chain governance, where tokenholders can vote with their token balances.

If a Snapshot proposal is passed and no code is required to be implemented, the approved action can be taken.

If code deployment is required, the code will go to audit if necessary, and then be proposed via on-chain governance at which point tokenholders will vote on-chain to deploy.

Timeline

Discord Ideation: 1-3 days

Forum Discussion: 3+ days

Snapshot Off-Chain Voting: 3 days

On-chain Voting: 2 days

Execution Timelock: 12 hours

Score: 7

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 governed by an anonymous DAO

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: No jurisdiction

Score: 0

Scorecard

1. Value Proposition	Points
a) Novelty of the solution	5 / 15
b) Market fit/demand	0 / 15
c) Target Market Size	0 / 10
d) Competitiveness within market sector(s)	0 / 10
e) Integrations & Partnerships	3 / 15
Total Points - Value Proposition	**8 / 65**
2. Tokeneconomics	**Points**
a) Is the token sufficiently distributed?	12 / 15
b) What is the extent of the token's capabilities?	5 / 10
c) Is the issuance model able to improve the coordination of the protocol?	6 / 10
d) Is the value capture model able to accrue and distribute value?	1 / 10
e) Is the token sufficiently liquid to enable active use and trade?	2 / 5
f) Are there any extrinsic productivity use cases?	0 / 10
Total Points - Tokenomics	**26 / 60**
3. Team	**Points**
a) Is the team credible and public? (No, Partly, Yes & Anon , Yes & Public)	4 / 15
b) Does the team have relevant experience?	3 / 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?	2 / 10
Total Points - Team	**10 / 40**
4. Governance	**Points**
a) Admin Keys	9 / 20
b) Extent of Governance capabilities	4 / 15
c) Active Governance contributors	2 / 5
d) Governance infrastructure	7 /10
e) Robustness of Governance process	7 / 10
Total Points - Governance	**29 / 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	**73 / 225**

About the Author: Provide your name and (if you like) add some info about your background and add socials (e.g. Twitter handle)