



# Fundamental Report

Prime Rating Report V2.1

**Protocol:** Saffron.Finance  
**Version:** v2.1  
**Date:** 27/02/2021  
**Previous Report:** [by Valp](#)

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**Reviewed by:** xm3van  
**Season/competition:** Season 2

## Scorecard

1. Value Proposition	Points
a) Novelty of the solution	2 / 15
b) Market fit/demand	2 / 15
c) Target Market Size	10 / 10
d) Competitiveness within market sector(s)	2 / 10
e) Integrations & Partnerships	0 / 15
<b>Total Points - Value Proposition</b>	<b>16 / 65</b>
2. Tokenomics	Points
a) Is the token sufficiently distributed?	11 / 15
b) What is the extent of the token's capabilities?	2 / 10
c) Is the issuance model able to improve the coordination of the protocol?	4 / 10
d) Is the value capture model able to accrue and distribute value?	0 / 10
e) Is the token sufficiently liquid to enable active use and trade?	1 / 5
f) Are there any extrinsic productivity use cases?	1 / 10
<b>Total Points - Tokenomics</b>	<b>19 / 60</b>
3. Team	Points
a) Is the team credible and public? (No, Partly, Yes & Anon , Yes & Public)	2 / 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?	5 / 10
<b>Total Points - Team</b>	<b>11 / 40</b>
<b>4. Governance</b>	<b>Points</b>
a) Admin Keys	7 / 20
b) Extent of Governance capabilities	2 / 15
c) Active Governance contributors	1 / 5
d) Governance infrastructure	1 / 10
e) Robustness of Governance process	1 / 10
<b>Total Points - Governance</b>	<b>12 / 60</b>
<b>5. Regulatory</b>	<b>Points</b>
a) Does the protocol have any legal accountability?	N / A
b) What is the quality of the legal jurisdiction?	N / A
<b>Total Points - Regulatory</b>	<b>N / A</b>
<b>Total</b>	<b>58 / 225</b>



# 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:** Saffron finance is a protocol that [defines itself](#) as a peer to peer risk exchange and decentralized risk arbitrage marketplace.

With that said, the protocol doesn't really go into details about its value proposition, but remains mostly anonymous with very little documentation. It doesn't offer much to make up for the way it defines itself. It only offers staking of its token SFI on its platform and a few liquidity provision pairs on Uniswap and Sushiswap, making its value proposition really flawed.

It is difficult to categorise the protocol because it is nowhere near an exchange or an arbitrage marketplace like it describes itself. Furthermore, it isn't even in tandem with what it claims it set out to [originally accomplish](#), that is, offering lower risk exposure to DeFi for users, trying to bridge the gap to the mainstream consumer thought to be more risk-averse than the early adopters. At best it comes close to a yield farming platform because of its staking and LP features only. Also [Coingecko](#) and [Etherscan](#) do put it in the yield farming category.

It's worth mentioning that staking in itself isn't unique as most DeFi platforms come with it. It is a bit weird that a protocol offering only staking still has very little to offer and hasn't even carved a niche for itself in that sector.

**Score: 2**

## 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 hasn't been able to meet the demand of the market it is targeting, that is, yield farming. Aside staking of only SFI tokens and LPing on Uniswap/Sushiswap, there isn't any real product. Again, with the way the protocol defines itself and how different its products are from its value proposition, the protocol clearly isn't targeting the right market.

The exact number of users for Saffron Finance isn't known, but for want of a better comparison take a look at the performances of yield farming protocols from [Coingecko](#) below in terms of trading volume and you can see that the



protocol hasn't quite met demand

## Top Yield Farming Coins by Market Capitalization Show Stats

The Yield Farming market cap today is \$15.7 Billion, a -5.3% change in the last 24 hours. [Read More about Yield Farming](#)

USD Yield Farming Filter

#	Coin	Price	1h	24h	7d	24h Volume	Mkt Cap	Last 7 Days
☆ 34	Uniswap UNI <span>Buy</span>	\$8.84	-0.1%	-5.3%	-11.9%	\$127,034,031	\$4,033,500,531	
☆ 61	Aave AAVE <span>Buy</span>	\$130.55	-0.7%	-7.9%	-10.8%	\$135,297,847	\$1,781,383,528	
☆ 64	PancakeSwap CAKE	\$6.36	-0.2%	-4.3%	-18.1%	\$55,434,598	\$1,733,419,276	
☆ 99	Curve DAO Token CRV <span>Buy</span>	\$2.29	-0.4%	-3.9%	-18.2%	\$141,397,474	\$900,662,069	
☆ 103	Synthetix Network Token SNX <span>Buy</span>	\$3.74	0.2%	-7.7%	-14.4%	\$35,788,475	\$794,834,539	
☆ 109	yearn.finance YFI	\$20,252.04	-0.5%	-1.5%	-6.2%	\$87,529,191	\$727,410,708	
☆ 110	Compound COMP <span>Buy</span>	\$108.61	-0.3%	-5.4%	-11.1%	\$37,111,494	\$719,715,595	
☆ 121	Sushi SUSHI <span>Buy</span>	\$3.11	-0.4%	-7.2%	-19.6%	\$96,037,225	\$599,884,580	
☆ 1012	Kuma Inu KUMA	\$0.000000107714	0.4%	-8.0%	-13.7%	\$349,528	\$12,783,855	
☆ 1017	88mph MPH	\$27.62	0.7%	1.1%	-32.2%	\$197,364	\$12,512,968	
☆ 1037	saffron.finance SFI	\$148.81	1.2%	-9.5%	-14.4%	\$74,693	\$11,860,147	
☆ 1075	Unicy UNIC	\$30.91	0.0%	10.9%	10.9%	\$729,345	\$10,683,454	
☆ 1084	Bao Finance BAO	\$0.00014225	0.4%	-3.8%	-8.9%	\$112,550	\$10,440,596	

Score: 2

### 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.

## 2PrimeRating



**Answer:** Though Saffron Finance [defines itself](#) as a peer-to-peer risk exchange and decentralized risk arbitrage marketplace, here I'm looking at it from the yield farming perspective as that is the target market the protocol's product is currently aiming at, at the moment.

The yield farming market is worth some [15 billion](#) dollars at the time of writing

**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:** When compared to other yield farming platforms, Saffron Finance hasn't been competitive. With trading volumes of \$24k and a TVL of \$2.1M, this is how it looks like when compared to some of the biggest yield farming platforms.

Protocol	TVL (\$)	Trading Volume (\$)
<a href="#">Saffron Finance</a>	2.1M	24k
<a href="#">Uniswap</a>	7.53B	154M
<a href="#">Pancakeswap</a>	5.67B	70.4M
<a href="#">Sushiswap</a>	4.66B	84.9M

Note: Number of users was exempted because Saffron's number is unavailable.

**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:** No applications are built on the protocol and other entities haven't integrated it in theirs too. In terms of relevant partnerships, the ones [mentioned](#) turn out to be [investors](#).

Score: 0

## 2. Tokenomics

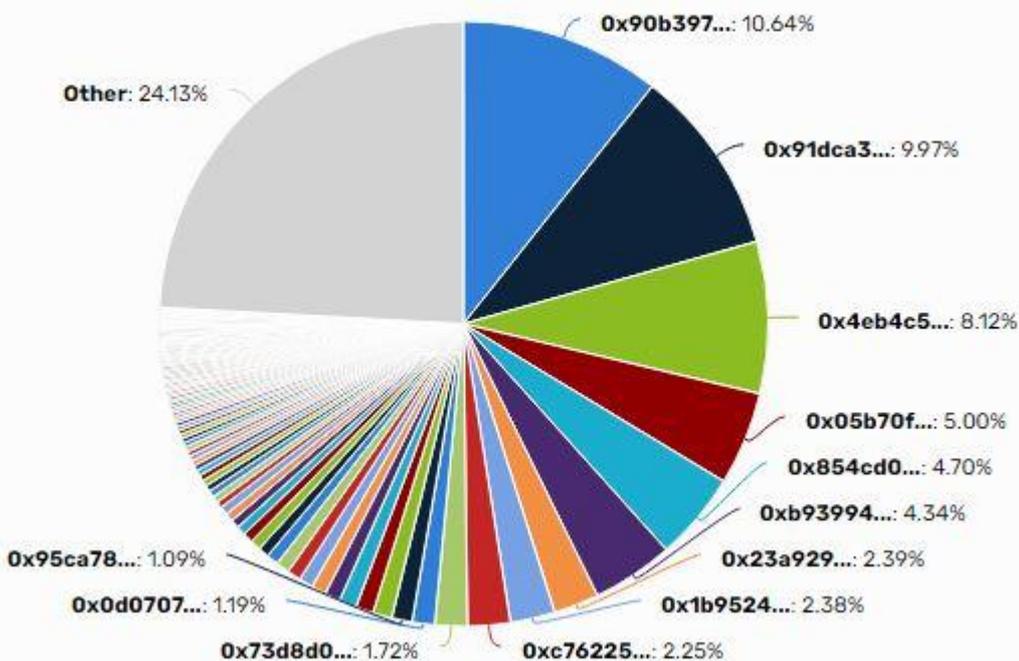
The Tokenomics section assesses the function of a protocol's token. This includes the token distribution, functionalities of the token, the ability of the token to incentivize positive behaviour in the protocol, and the ability of the token to capture a portion of the value created.

### 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:** The [maximum supply](#) of SFI tokens is capped at 100k tokens. There are approximately 15k [holders](#). The [top 100](#) addresses hold 75.9% of the supply which points at a wide distribution among a diverse group of token holders

Top 100 holders





## 2PrimeRating

According to Etherscan, exchange addresses account for the following

- [Bancor](#) - 5.00%
- [Sushiswap](#) - 2.4%
- [Uniswap \(V2\)](#) - 2.26%
- [Gate.io](#) - 1.19%
- [Uniswap \(V3\)](#) - 0.75%
- [Poloniex](#) - 0.32%

This sums up to 12.26%.

The remaining 87.74% of SFI tokens belong to ordinary token holders with the largest holder having 10.64% of all circulating tokens.

It's quite interesting to note that this holder had all his/her tokens deployed from Saffron's contract addresses in about [7 transactions](#). Speculatively, this might point to the team moving their tokens to a common address as they do state in their [tokenomics](#) that team members are entitled to [25% of all SFI minted](#).

According to this [medium post](#), tokens are issued in two-week epochs, starting at 40k tokens in epoch 0, 30k of which go to liquidity providers and 10k to the [team multisig](#). The token emission is halved in every epoch until reaching 200 tokens an epoch, which will continue until the cap is reached or governance is changing the emission schedule. As mentioned before, the team takes [25% of all SFI minted](#).

Just to clarify the distribution, here is an image from their [medium site](#).



### Emission schedule

SFI tokens are minted at the end of each epoch and distributed to dsec token holders and the Saffron team.

Epoch	Mining	Team	Mining total	Team Total	SFI total	Team %
0	30000.00	10000.00	30000.00	10000.00	40000.00	25.00%
1	15000.00	5000.00	45000.00	15000.00	60000.00	25.00%
2	7500.00	2500.00	52500.00	17500.00	70000.00	25.00%
3	3750.00	1250.00	56250.00	18750.00	75000.00	25.00%
4	1875.00	625.00	58125.00	19375.00	77500.00	25.00%
5	937.50	312.50	59062.50	19687.50	78750.00	25.00%
6	468.75	156.25	59531.25	19843.75	79375.00	25.00%
7	234.38	78.13	59765.63	19921.88	79687.50	25.00%
8	150.00	50.00	59915.63	19971.88	79887.50	25.00%
9	150.00	50.00	60065.63	20021.88	80087.50	25.00%
10	150.00	50.00	60215.63	20071.88	80287.50	25.00%
11	150.00	50.00	60365.63	20121.88	80487.50	25.00%
12	150.00	50.00	60515.63	20171.88	80687.50	25.00%

...

The first 6 months of SFI emission (an epoch is exactly 14 days)

In summary epoch 0 (the first epoch/mint) had 40k tokens minted with 30k going to liquidity providers and 10k going to the team. Epoch 1 (2nd epoch) had 20k tokens minted bringing the total number of tokens minted to 60k. Of the 20k



minted in the 2nd epoch, LP providers got 15k while the team got 5k. This brought the LP provider total to 45k and the team total to 15k.

Further halving sees 10k minted for the 3rd epoch (epoch 2), bringing the total SFI minted to 70k with LP providers getting 7.5k (and 52.5k in total) and the team getting 2.5k (17.5k in total).

The 4th epoch (epoch 3) has 5k tokens minted. The team gets 1.25k (and 18.75k in total), LP providers get 3.75k (and 56.25k in total). The total SFI minted adds up to 75k.

At the end, continuous halving sees the team accumulate 20.17k tokens after the 12th epoch (13th mint) while the LP providers amass a total of 60.52k tokens.

In all, by the time all the 100k SFI tokens would have been issued, the team would have received 25k of the tokens while LP providers would have received 75K. Also, from the 8th epoch (9th mint), 200 SFI tokens will be issued consistently till this is achieved.

This works out well and is quite balanced.

**Score: 11**

### 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:** [SFI](#) functions as the governance token of the protocol, but even with that there hasn't been much [voting](#) from the protocol.

The only thing it can be used for apart from this is liquidity provision on Uniswap/Sushiswap.

**Score: 2**

### 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 behaviour? Are all relevant stakeholders benefiting from the issuance model?

**Answer:** Staking seems to be the main objective the protocol intends achieving and the distribution model does exactly that. The tokens being issued in two-week epochs, starting at 40k tokens in epoch 0, 30k of which go to liquidity providers (and 75k by the end of minting) and 10k to the [team multisig](#) (and 25k by the end of minting) is justifiably issued and ensures that all relevant stakeholders benefit from the issuance model.

On the contrary [voting](#) by users of the protocol doesn't indicate strong governance and the low trading volumes recorded daily doesn't point to any improvement in the coordination of the protocol.

**Score: 4**



## 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:** There is currently no [value capture model](#).

**Score: 0**

## 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 SFI token has limited availability. There are just a couple of market pairs available on Uniswap, Sushiswap and a couple of other CEXs as shown from Coingecko below.

### saffron.finance Markets

Affiliate disclosures

#	Exchange	Pair	Price	Spread	+2% Depth	-2% Depth	24h Volume
1	Gate.io	SFI/USDT	\$140.69	0.28%	\$158	\$431	\$15,677
2	Gate.io	SFI/ETH	\$140.66	2.01%	\$136	\$208	\$9,164
3	Bancor Network	SFI/BNT	\$137.19	0.6%	\$12,636	\$14,487	\$1,327
4	Sushiswap	SFI/WETH <a href="#">Live Chart</a>	\$136.33	0.6%	\$12,199	\$12,162	\$5,742
5	Uniswap (v2)	SFI/WETH <a href="#">Live Chart</a>	\$136.44	0.6%	\$11,404	\$11,369	\$5,802

**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:** Currently, LPing on [Uniswap](#) and [Sushiswap](#) are the only known extrinsic use cases for SFI, which makes it very limited.

**Score: 1**

### 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 is anonymous and the team members go by pseudonyms. The two main characters prominent on their social media platforms are

- [Psykeeper](#)
- [Dingo](#)

The protocol's github also shows 5 contributors including Psykeeper. The other 4 are [Maze-Maze-Maze](#), [Turpintinz](#), [Ninjadev101](#) and [Roadbuilder](#).

Nothing is known about these people beyond their pen names which actually removes any form of credibility.

**Score: 2**

#### 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:** According to the protocol's github, [Maze-maze-maze](#) seems to have some solidity and javascript skills, making [20 contributions](#) in 2021 across the contract-metadata repositories as well as a [Mojitoswap project](#) and [Avalanche bridge](#). He has no contributions this year.

[Psykeeper](#) also has some 137 contributions for the past year, with his skills mainly in javascript. He seems to have worked mainly on the protocol's [v1 UI redesign](#) as well as [openzeppelin contracts](#).



The rest of the team members don't have any relevant skills mentioned. Though the track record of the whole team isn't completely identifiable, at least the two skilled team members mentioned give indication of some relevance.

**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:** Apart from a couple of videos on [Youtube](#) where they talk mostly about what Saffron is, liquidity, and staking, there isn't much information to justify the team participating in the public debate. Even their [Saffron Academy](#) also posts these same videos from youtube.

**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 team raised [\\$2 million](#) from a seed round in 2021. It also has some [investors](#), with [Dragonfly Capital](#) even stating its support of Saffron Finance [here](#). So it's quite clear that the team has attracted money and other resources.

However, low participation in [governance](#) and dwindling [trading volumes](#) indicate that the team coordinates somewhat inefficiently.

**Score: 5**

## **4. Governance**

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



## a) Admin Keys (20 points)

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

**Answer:** There is a list of deployed mainnet contracts from the protocol which can be found on [Github](#). It has [3 contributors](#) suggesting that indeed these are the ones in charge of admin keys. As can be seen from the image below, epoch 1 contracts are currently disabled and funds have been re-distributed to distribution contracts.

https://github.com/saffron-finance/saffron/blob/master/CONTRACTS.md

Issues 1 Pull requests Actions Projects Wiki Security Insights

master saffron / CONTRACTS.md Go to file ...

turpintinz E20 Latest commit 843e83d on Aug 3, 2021 History

3 contributors

438 lines (394 sloc) | 69.7 KB

### Saffron Mainnet Contracts

This is a list of deployed mainnet contracts. There is a web3 interface for the contracts available on <https://app.saffron.finance>

#### Epoch 0

- Saffron DAI/Compound Pool (Tranche S only): [0xdc41bbb87200d4e28a244e008cfe39a459a87fde etherscan](#)
- Saffron DAI/Compound Adapter: [0x82c7b218eba69bfceee54ea5daa3bdb8a2848109 etherscan](#)

#### Epoch 1

*Note: epoch 1 contracts are currently disabled and funds have been re-distributed to Distribution contracts below:\**

- Saffron DAI/Compound Pool (Tranches S and A): [0x70d8682ddd33571722d14aa327049dad869aee9 etherscan](#)
- DistributionSInterest: [0xFdbd256C0736d79E0082e9a4055A971cb12A296b etherscan](#)
- DistributionSPrincipal: [0xf65B60d127671ACec535c359640ad390C2411577 etherscan](#)

These contributors are in charge of such deployments and [this medium article](#) further confirms it by showing that the number of people in charge of the protocol's multi sig has been [increased](#).

## 2PrimeRating



Today we've completed implementation of the Saffron 6 of 9 multisig, a significant security upgrade for the Saffron smart contract system. Governance functions on all Saffron pools and adapters will be phased in to the new multisig structure in the ongoing days to reduce attack surface.

Included in the multisig are the following:

- psykeeper ([Saffron](#))
- Tom Schmidt ([Dragonfly](#))
- Meltem Demirors
- Don Ho ([Quantstamp](#))
- Kyle Samani ([Multicoins](#))
- Marc Weinstein ([Mechanism](#))
- Jeremy Kerbel ([Kerve](#))
- turpintinz ([Saffron](#))
- psyguy ([Saffron](#))

### The future of Saffron governance

Although multisig is a necessary and good step, it is not the ideal scenario; ideally, the contracts would be entirely controlled by on-chain governance.

Score: 7

## 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 protocol's [voting site](#) shows only 7 votes with very low participation figures in the most recent ones. From the previous answer (4a), it is evident a central team is in charge of admin keys and therefore, low user votes won't do much but will just function as signals to the team.

Score: 2



### 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:**

Since the protocols' inception, the saffron [voting site](#) has only managed 16 members and 7 votes. [Recent votes](#) have seen as low as 2 and 3 votes.

The protocol has a [forum](#), and there is some discussion on the [discord channel](#), but it is difficult to assess the impact because very few proposals have emerged from these discussions.

**Score: 1**

### 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 channels for governance debate are their [discord channel](#) and [forum](#) while [Snapshot](#) is used for off-chain voting.

These aren't reliable and usable though as participation during votes are very low and do not give an indication of a formal governance.

**Score: 1**

### 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 isn't specified. However, the protocol likely doesn't have a formal governance process because the low number of votes from users probably functions as signals to the team.

**Score: 1**



## 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:** The protocol has none whatsoever.

**Score:** N/A

### 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:** The protocol has no jurisdiction.

**Score:** N/A

**About the Author:** [Degem2priceless](#). I am a crypto and web 3 researcher and enthusiast looking forward to gaining experience as a rater with DAOs and making a full time living off cryptocurrencies