# Fundamental Report

*Prime Rating Report V2.1*

**Protocol:** OctoFi
**Version:** V2.1
**Date:** 28/02/2022
**Previous Report:** —

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**Season/competition:** Season 2

## Scorecard

| 1. Value Proposition | Points |
|---|---|
| a) Novelty of the solution | 3 / 15 |
| b) Market fit/demand | 1 / 15 |
| c) Target Market Size | 3 / 10 |
| d) Competitiveness within market sector(s) | 2 / 10 |
| e) Integrations & Partnerships | 6 / 15 |
| **Total Points - Value Proposition** | **15 / 65** |
| **2. Tokeneconomics** | **Points** |
| a) Is the token sufficiently distributed? | 9 / 15 |
| b) What is the extent of the token's capabilities? | 3 / 10 |
| c) Is the issuance model able to improve the coordination of the protocol? | 5 / 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? | 2 / 10 |
| **Total Points - Tokenomics** | **27 / 60** |
| **3. Team** | **Points** |
| a) Is the team credible and public? (No, Partly, Yes & Anon , Yes & Public) | 0 / 15 |
| b) Does the team have relevant experience? | 1 / 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? | **3 / 10** |
| **Total Points - Team** | **4 / 40** |
| **4. Governance** | **Points** |
| a) Admin Keys | **9 / 20** |
| b) Extent of Governance capabilities | **4 / 15** |
| c) Active Governance contributors | **0 / 5** |
| d) Governance infrastructure | **2 /10** |
| e) Robustness of Governance process | **2 / 10** |
| **Total Points - Governance** | **17 / 60** |
| **5. Regulatory** | **Points** |
| a) Does the protocol have any legal accountability? | **4 / 15** |
| b) What is the quality of the legal jurisdiction? | **8 / 10** |
| **Total Points - Regulatory** | **12 / 25** |
| **Total** | **75 / 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:** OctoFi is an open source platform for aggregating decentralized finance protocols. OctoFi gives you cash back when you transact with the most trusted decentralized finance (DeFi) and non-fungible token (NFT) marketplaces.

Their cashback mechanism is built into:

OctoFi dApp: an all-in-one decentralized application serving up direct access to a broad range of DeFi and NFT marketplaces from one convenient location.

OctoFi Token: an ERC-20 on the Ethereum network, OCTO is used to govern the project, unlock exclusive features, and earn your share of revenue.

When you transact with any of their referral partners using their dapp, 100% of any commissions generated by your transactions will be directed to OCTO token holders.

As can be understood, there's nothing nouveau about this other than the NFT marketplaces being incorporated in the dapp.

Looking at the protocol's platform and mode of operation, it looks more like an all in one app for DeFi protocols. Its value proposition comes by offering an ecosystem of dapps. This makes it hard to really categorise it as it can't be compared to yield farming, lending, borrowing, aggregating and defi index protocols.

At best its closest competitors are the likes of Zapper.fi, Zerion, Dapp radar, Argent and Apeboard.finance.

**Score: 3**

# 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 4,526 users. Generally speaking, it falls under DeFi but categorically, the protocol doesn't seem to have a proper market fit. As an all-in-one dapp for DeFi protocols, most of the projects it is similar to haven't even launched tokens of their own. For example Argent, Apeboard.finance and Zapper.fi.

With a user number that low and an unclear market fit, the timing of the product just isn't right for the market

**Score: 1**

# 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:** It is very difficult to categorise the protocol and as such, a target market is also hard to find. Though it falls under DeFi, using that as a target market will be over-generalizing the protocol's target market. To estimate a target market size, similar all-in-one dapps were shortlisted from State of the Dapps and the trading volumes and market caps were compared from Coingecko. All figures are as at the time of writing.
- Dapp Radar: trading volume - $299k, market cap - $7.8M
- Plasma Finance: trading volume - $165.2k , market cap - 6.9M
- Swapfolio: trading volume - $106.8k , market cap - $1.8M,

- [Reimagined Finance](#): trading volume - $167.1k , market cap - $17.94M

It can be seen that the trading volumes are quite low in that sector and don't even average $300k while the market caps are also quite small, with the highest not even up to $18M. The figures aren't too bad though and do indicate signs of growth.

**Score: 3**

# 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:** OctoFi generally doesn't have competitive numbers. Even when compared to dapps in the same bracket, it's hard to really define its competitiveness. It has the least trading volume among the projects below but seems to perform better in terms of users.

| Protocol | Trading Volume ($) | Number of users |
|---|---|---|
| [OctoFi](#) | 29.5k | [4,526](#) |
| [Dapp Radar](#) | 299k | N/A |
| [Plasma Finance](#) | 165.2k | [722](#) |
| [Reimagined Finance](#) | 167.1k | N/A |
| [Swapfolio](#) | 106.8k | [940](#) |

Altogether, these are particularly low numbers and don't indicate much competition.

**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 OctoFi protocol. In terms of partnerships, Octofi lists a number of [partners](#) it gets paid commission from when you transact with the [OctoFi dApp](#). They are:

- StealthEx
- Simpleswap
- dYdX
- Opensea
- 1inch

- Paraswap
- Aave

**Score: 6**

# 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's a total of 800k OCTO tokens. The [token distribution](#) can be seen as follows:

Public Sale: 125,000 OCTO distributed via public sale ($0.18 - $1.08)

Project Reserve: 275,000 OCTO assigned to transparent project fund

Interest Program: 200,000 OCTO allocated to interest programs ([Aquafarm](#))

Early Backers: 200,000 OCTO among strategic cohort

As can be seen, there's a wide distribution here. The protocol has [4322 holders](#) with the top 100 holders collectively owning 89.88% tokens The [chart](#) below also gives more detail into the number of holder addresses.

## Top 100 holders
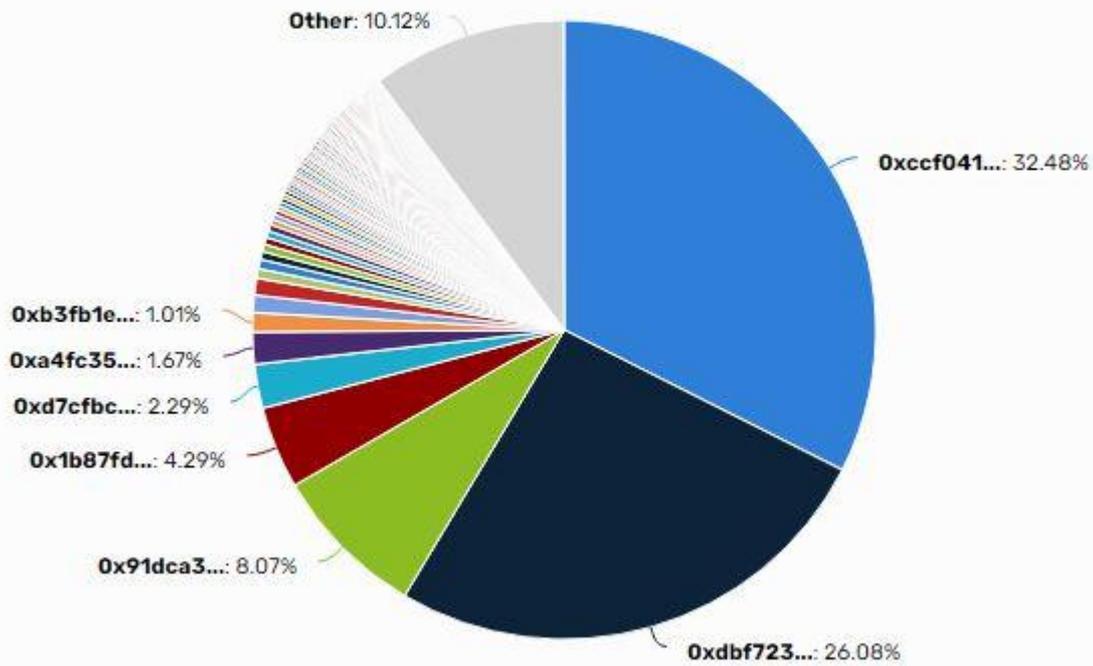


| Rank | Address | Quantity | Percentage | Value |
|------|---------|----------|------------|-------|
| 1 | 📄 OctoFi: Multisig | 259,845.740405168819965734 | 32.4807% | $731,152.05 |
| 2 | 📄 Rainicorn: Vesting | 208,644.14001403466147823 | 26.0805% | $587,081.36 |
| 3 | 0x91dca37856240e5e1906222ec79278b16420dc92 | 64,557 | 8.0696% | $181,650.02 |
| 4 | 📄 Uniswap V2: OCTO-USDC | 34,357.369040682640446548 | 4.2947% | $96,674.52 |
| 5 | 📄 Uniswap V2: OCTO | 18,313.51392879687043522 | 2.2892% | $51,530.43 |
| 6 | 📄 Sablier v1.0 | 13,396.243278616032901551 | 1.6745% | $37,694.25 |
| 7 | 0xb3fb1ecfca5dd2df7b1ea1aab754e71c7481bd9e | 8,085.758311 | 1.0107% | $22,751.65 |
| 8 | Gate.io | 7,184.679573327671052045 | 0.8981% | $20,216.20 |
| 9 | 0x3c02290922a3618a4646e3bbca65853ea45fe7c6 | 7,001.34948545 | 0.8752% | $19,700.35 |
| 10 | 0x694eb406c3bdfb7854c459a38c9c81afd9c8ab72 | 4,016.89925371 | 0.5021% | $11,302.72 |

From the images above, the multi-sig address accounts for 32.48% of the tokens which is the project reserve fund. Exchange addresses (Uniswap, Gate.io account for 8.07%) and 26% of the tokens are allocated for vesting on Rainicorn, an NFT farming token. This likely points to the 200k OCTO tokens allocated for the Aquafarm mentioned in the tokenomics.

The remaining 33.37% of the tokens are in circulation. Even though there seem to be slight differences in percentages, the distribution on Etherscan is a reflection of the tokenomic distribution of the protocol with all relevant stakeholders benefiting from it.

**Score: 9**

# 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 has a few uses.

**-** The token can be used to earn a share of OCTO fees by providing liquidity. Revenue is distributed to holders proportional to their share of the OCTO circulating supply
- Token holders also get a combined 4.5% of partner commissions when trading

The token holders also participate in governance even though it is just for signalling the team on decisions.

**Score: 3**

# 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:** Overall, the distribution is a good one and incentivises the right behaviour. You will notice that the two largest distributions (project reserve and interest program) in the previous answer (2a) equate to 56.97% of the total 800k supply. These combined holdings actually belong to the community in the form of:

Project Reserve: budget allocation that the community will spend based on governance proposals and voting.

Interest Program: allocated to interest yielding contract split evenly between runtime payouts and airdrop rewards.

This is actually good for the protocol. The distribution model still gives users these extra benefits:

| Function | Platform User Fee (%) | OCTO Holder Benefit |
|---|---|---|
| Spot trading | 0.2% | Tiered discount (TBD) |
| Fiat Gateway (On-Ramp) | No platform fee | Less onboarding friction |
| Fiat Gateway (Off-Ramp) | No platform fee | Partner commissions (~ 1%) |
| Instant Swap (Aggregator) | No platform fee | Partner commissions (~ 1%) |
| Spot Trading Deposit | No platform fee | Less onboarding friction |
| Spot Trading Withdraw | No platform fee | Less onboarding friction |
| NFT Trading | No platform fee | Partner commissions (~ 2.5%) |
| Launchpad Private Sale (Service) | 2% of funds raised | Discount (req. OCTO lock) |
| New Asset Listing (Service) | 8,888 USDC | Discount (req. OCTO lock) |

200K OCTO is also allocated for an interest program for the protocol, a mechanism put in place to source more revenue for the protocol. The team and early backers also received 200k during the initial token distribution so everyone benefits from the issuance model.

The only problem with this model is that current trading volumes do not really indicate an improvement in the coordination of the protocol.

**Score: 5**

# 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:** Yes. The interest program had a total of 200,000 OCTO split equally between interest yielding contract and airdrop.

The yield for respective interest program runtimes were as follows:

Three (3) months: 10% per annum

Six (6) months: 15% per annum

Twelve (12) months: 22% per annum

Also, revenue is distributed to holders proportional to their share of the OCTO circulating supply. Snapshots are taken at 808am UTC on the first and last day of each month to determine whose holdings are eligible for each monthly distribution. Payouts are made in stablecoins directly to eligible wallets (liquidity providers excluded) and do not require staking or claiming (subject to change as L2 solutions become available).

In order to be eligible again though, at the end of month snapshot, you must hold the same amount of OCTO, or more, than you did at the start of month snapshot to be eligible. Only those OCTO held for the entire period are deemed eligible and those who hodl are rewarded.

**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: Not really. It's only available on a few markets as can be seen from [Coingecko](#) below.**

## OctoFi Markets

Affiliate disclosures

| # | Exchange | Pair | Price | Spread | +2% Depth | -2% Depth | 24h Volume |
|---|----------|------|-------|--------|-----------|-----------|------------|
| * | eToroX **Sponsored** | | | | | | |
| * | Crypto.com **Sponsored** | | | | | | |
| 1 | Gate.io | OCTO/USDT | $3.27 | 0.03% | $4,308 | $572 | $17,254 |
| 2 | Gate.io | OCTO/ETH | $3.27 | 1.78% | $286 | $4,444 | $17,217 |
| 3 | Indodax | OCTO/IDR | $3.28 | 0.44% | $1,094 | $594 | $4,719 |
| 4 | Hotbit | OCTO/ETH | $3.26 | 22.9% | $0 | $0 | $148 |
| 5 | Bilaxy ▲ | OCTO/USDC | $3.30 | 15.84% | $0 | $0 | $3,231 |

According to their [Team Finance](#) website the liquidity locked is also $146.8k which is quite  insufficient compared to other yield aggregators.

**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:** The OCTO token can be used to [LP on Uniswap](). There are no other extrinsic use cases.


**Score: 2**


# 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: No,  the team remains anonymous. The founders can only be identified by pseudonyms on [Crunchbase]() as [Octavius Octavius]() and [OG OG]() with traces of no experience whatsoever. The other team members are also identified by their twitter and telegram handles as seen in the image below. Note that searches on all the profiles didn't lead to any credibility.**

| Name | Position | Telegram | Twitter |
|---|---|---|---|
| Steven | Promotion & Biz Dev | @Suk4b1y4t | @ToastOfCT |
| AK88 | Marketing & PR | @octoAK88 | @octoAK88 |
| Marco | Marketing & PR | @TMod_Marco | @TMod_Marco |
| Darnboo | Software Development | @BizarroSephiroth | @darnboo |
| MA | Visual Arts & Design | @M_A_OctoWave | @MaOcto |


**Score: 0**


## 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:** Records of [Octavius Octavius](#) and [OG OG](#) cannot be traced. The following were found for the other team members:

1. @[ToastOfCT](#): He's very vocal and active on twitter with a large following. He doesn't speak about the OctoFi protocol though, rather posting a lot on a different project named DERO as well as shilling several crypto projects. He seems good at his position as a promotion and business developer but not speaking about OctoFi doesn't make his work any relevant to the protocol.

2. @[octoak88](#): [His work](#) points more to a web developer though he's in charge of marketing for the protocol. He has had only one post about OctoFi since May 2021 suggesting he might no longer be with the protocol.

3. @[tmod_marco](#): He isn't active on twitter. A contact via telegram is yet to yield any results.

4. @[darnboo](#): His handle has only 14 tweets with almost all of them about the protocol, but it doesn't give any indication of being a software developer. His last tweet was in March 2021while the first was in February 2021, meaning the account was only active for a month. He most probably created it for the sake of giving an indication of working with the project.

5.@[maOcto](#): He does post a lot of art and memes which is an indicator of being good at his position (visual art and design), but he doesn't post about the protocol.

Collectively, the team doesn't seem to have relevant experience for the protocol at hand.

**Score**: 1

# 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:** A search on their [Youtube channel](#) reveals a couple of videos not contributing much to the public debate. Other relevant presentations, podcasts and articles couldn't be found too.

**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:** The team was able to raise $400k in a pre-seed funding round in 2020. This was before they'd started working on building the dApp, website and a host of other functions for the OCTO protocol. Apart from that, the only other source of funding is the fees from using the protocol.

In terms of other resources, not much could be found.

**Score: 3**

# 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 protocol has admin keys. Moreover in March 2021, a council of eight members was elected through a community governance vote to steward OctoFi toward fulfilling its vision. Each became signatories for a five of eight multisignature address holding project reserve funds which can be found here.

The protocol does state on its website that some of the members of the council in charge of the multi-sig address had left or had been removed.

**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:** Votes don't affect on-chain changes. Community governance is for signalling the team on decisions such as
- Details on who should be arranged for comprehensive security audits
- Which community-run Telegram group should be the hangout of choice for the community, and deploy it to OctoFi's website as a Trollbox.

OctoFi hasn't switched fully to a DAO yet.

**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:** Voters aren't active much even though the early days of governance had a little encouraging numbers in the hundreds. The last 6 votes on the voting site had 0 participants which is terrible for any protocol.



**Score: 0**

## 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 [forum](#) with 394 members and 354 discussions, but hasn't been very active since June 2021. There is also a [discord channel](#) but that isn't active either. Only the [Telegram channel](#) has some life in it. As mentioned before, Snapshot is used for voting but from the recent stats over there (as shown in 4c), it's evident the voting mechanism                                          isn't                                          reliable                                          either.

**Score: 2**

## 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 protocol has no formal governance process. It's also quite clear by now that the protocol doesn't have a robust governance process and neither does it promote good governance, based on its weak infrastructure in place (as mentioned in 4d).

**Score: 2**

# 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:** [Crunchbase](#) does give the [location](#) of the protocol as Sydney, Australia, but an exact address isn't provided. There's no other information on the entity available, which points strongly to no form of legal accountability and because of that I doubt users can hold the protocol accountable in case of a breach.

**Score: 4**

# 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:** Australia is a top tier jurisdiction.

**Score: 8**

**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.