



Fundamental Report

Prime Rating Report V2.1

Protocol: ICHI
 Version: 2
 Date: 17/06/2022
 Previous Report: [Link to previous report](#)

Author: Makkiyzy
 Reviewed by: OriginalSK
 Season/competition: Season 3

Scorecard

1. Value Proposition	Points
a) Novelty of the solution	9 / 15
b) Market fit/demand	7 / 15
c) Target Market Size	10 / 10
d) Competitiveness within market sector(s)	3 / 10
e) Integrations & Partnerships	5 / 15
Total Points - Value Proposition	34 / 65
2. Tokenomics	Points
a) What is the extent of the token's capabilities?	6 / 10
b) Is the token sufficiently distributed?	11 / 15
c) Continuous token issuance & tokenomics mechanisms	7 / 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?	2 / 5
f) Are there any extrinsic productivity use cases?	5 / 10
Total Points - Tokenomics	35 / 60
3. Team	Points
a) Is the team credible and public? (No, Partly, Yes & Anon , Yes & Public)	13 / 15
b) Does the team have relevant experience?	7 / 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?	7 / 10
Total Points - Team	30 / 40
4. Governance	Points



a) Admin Keys	13 / 20
b) Extent of Governance capabilities	7 / 15
c) Active Governance contributors	3 / 5
d) Governance infrastructure	5 / 10
e) Robustness of Governance process	5 / 10
Total Points - Governance	33 / 60
5. Regulatory	Points
a) Does the protocol have any legal accountability?	N/A / 15
b) What is the quality of the legal jurisdiction?	N/A / 10
Total Points - Regulatory	N/A / 25
Total	132 / 225

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:

[ICHI](#) is a DeFi protocol that lets third-party projects create stablecoins of their own. These stablecoins "[Branded Dollars](#)" are called oneTokens and can be minted using collateral like USDC and WBTC. The protocol's stablecoins (oneTokens) maintain a peg to the US dollar via incentivized liquidity pools.

ICHI operates liquidity pools and lending markets for oneTokens using decentralized exchange Uniswap as the base protocol, as part of its [Angel Vault](#) and [HODL Vaults](#) offering. The angel vault takes single-sided deposits (usually of a dollar pegged asset) which is called the deposit token. The vault is named after the deposit token and uses that token to provide price protection for the other token in the pool known as the paired token while [HODL Vaults](#) allow projects to create single-sided liquidity pools with their native tokens. Projects and DeFi users can deposit a crypto asset and earn more of their deposited asset as the pool generates trading fees and the price of \$ICHI increases.



Feature	 Uniswap V2	 Uniswap V3	 Angel Vault	 Angel Vault + Branded Dollar
Fungible Liquidity Token	✓	✗	✓	✓
Concentrated Liquidity	✗	✓	✓	✓
Buy Liquidity	✗	✗	✓	✓
Non-Inflationary Rewards	✗	✗	✗	✓
Protocol Owned Liquidity	✗	✗	✗	✓

As seen in the image above, the combination of angel vault and Branded Dollar typically produce higher yields than other stable tokens on the ICHI web application. However, no organization innovation could be determined. A score of 9 is given.

Score: 9

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:

ICHI has a number of ICHI tokenholders [~1880 users](#) and the OneToken is also not widely adopted, the OneUNI branded stablecoin only has [168 holders](#) and the OneFOX branded stablecoin has [54 holders](#). The low number of branded stablecoin tokenholder is low, which shows that the market demand for branded dollar is current low.

ICHI is ranked 13th according to [DefiLlama](#) in CDP category, with TVL of approximately 15.8M and it currently has a [Total Trade Volume\(ICHI\)](#) of over 1 Billion. [MakerDAO, which](#) is the leader in the CBD ranking, has a TVL of 9.24B. In comparison to Maker DAO, ICHI is quite a fraction in Terms of TVL. However, [ICHI](#) is yet to achieve a product/market fit, but the protocol seems to have a clear strategy to increase its TVL with its innovations as mentioned in 1a) above

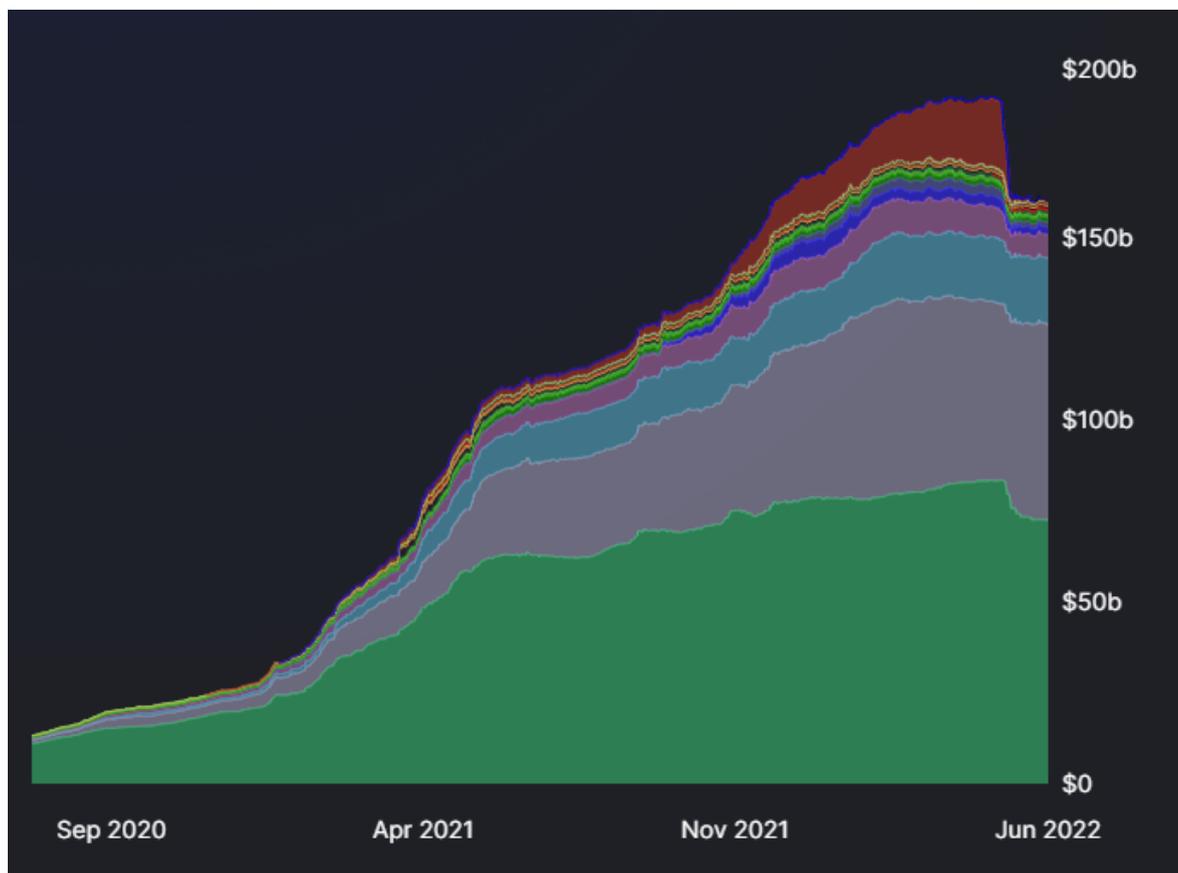
Score: 7

c) Target market size? (10 points)

The target market size evaluates the current and future size of the problem the protocol is aiming to solve. The category of the Open Finance solution can be used as a reference to the target market (for example: Lending). Because Open Finance is by definition global, the global market for a specific problem equals the target market size.

**Answer:**

According to Defillama, the stablecoin market is a large existing market, with a market cap of [160.35 billion](#), and about 90% of the market cap is shared among the top stable coins which are [Tether \(USDT\)](#), [USD Coin \(USDC\)](#), [Binance USD \(BUSD\)](#) and [Dai \(DAI\)](#).



Source: [Defillama](#)

As illustrated by the image above, the stablecoin sector has steadily grown in recent years. Given the growth rate of stable coin market cap, ICHI target market represents an existing large market and shows signs of growth. A score of 10 is given for this section.

Score:10

d) Competitiveness within market sector(s) (10 points)

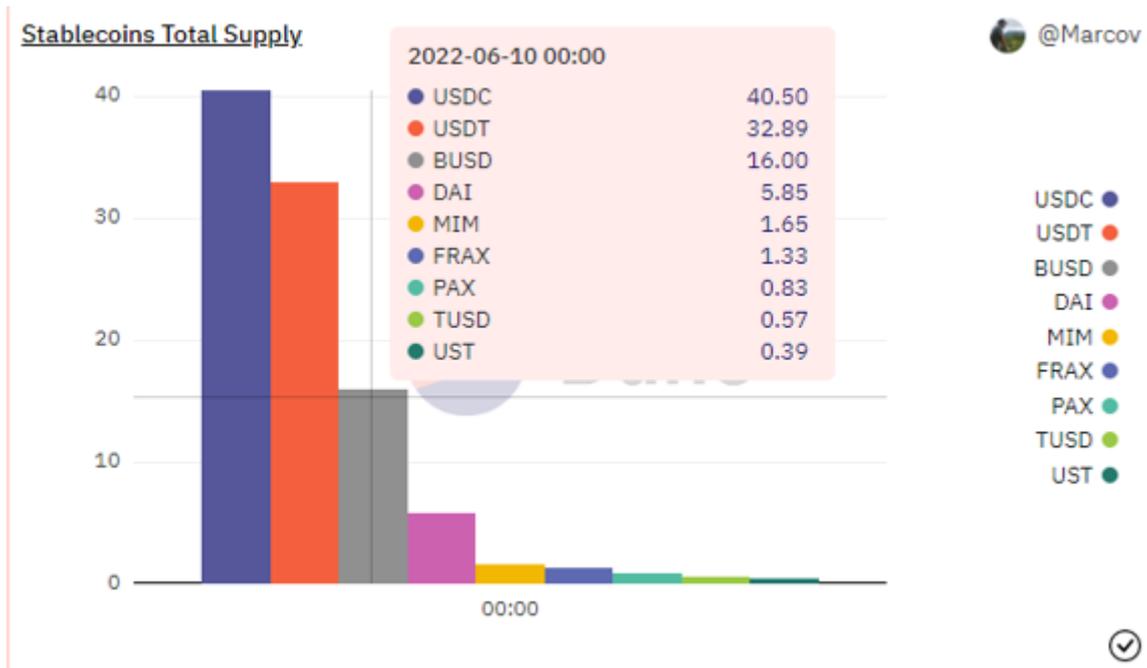
This score evaluates the competitiveness of the protocol within the market sector(s) it operates in. This score offers a relative comparison of the protocol and other protocols operating in the same market sector(s). To evaluate this, metrics to directly compare with the competition can be used (e.g. TVL, trading volume, number of users).

Answer:

OneToken-branded stablecoins have a long way to go before they are as abundant as other popular competitors. DAI,



USD and BUSD have market caps of approximately [\\$6.5 billion](#), [\\$53.8 billion](#) and \$18 [billion](#) respectively, while the largest oneToken stablecoin, oneUNI, commands a market cap of just \$11.2 million.



Source: [Dune Analytics](#)

ICHI is the first Decentralized Monetary Authority (DMA) protocol. Therefore it does not have direct competition with the stable coin category. With ICHI Branded Dollar, different communities create their own stable coin (OneToken) that is minted with the community's native crypto and enough fiat backed stable asset backing the branded dollar. USDC (which is the only fiat-backed asset in collateral for the 11 branded dollars created by ICHI), branded dollar users will always be able to redeem 1 branded dollar for 1 USDC. ICHI does not focus on Universal stablecoin but community stablecoin. A score of 3 is given

Score: 3

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:

The [ICHI](#) ecosystem has attracted several [partners](#) which are listed on the [website](#) including Solana, Moonbeam, SushiSwap, 1inch Network, Loopring and Bancor. There are also series of horizontal integrations. ICHI's [integration](#) with Chainlink, which made it possible for four different cryptocurrency communities to create and govern their own in-house stablecoins, these stablecoins are [oneBTC](#), [oneETH](#), [oneLINK](#), and [oneWING](#). ICHI also has a joint [Liquidity mining](#) program with 1inch. ICHI has also [supported](#) cross-chain platform Ren in making stablecoins for Bitcoin, Dogecoin, Zcash, Ren, and other crypto communities, this integration aims to facilitate these cryptocurrencies to be used in DeFi apps across the blockchain ecosystem. ICHI already created 9 different branded stablecoins (OneTokens) for different protocols.

Score: 5



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) 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:

ICHI is not the governance token of the protocol, However, It can be staked to get xICHI, which is the governance token of the protocol. xICHI [gives users:](#)

- **ICHIpowah** to propose and vote on ICHI governance proposals to determine future features and/or parameters of the ICHI platform as well as protocol improvements, with voting weight calculated in proportion to the tokens staked.
- **Rewards** for participating in governance proposals. Only users who have participated in submission of proposals, commenting, reviewing and/or voting are entitled to receive ICHI token governance rewards.

The token provides reward and governance rights to the holders. It has to be staked to get xICHI to participate in governance, which helps improve the quality of governance. A score of 6 is given in this section.

Score: 6

b) Initial token allocation? (15 points)

Token distribution can be an indicator of a healthy protocol and, if done well, can improve coordination and alignment among different stakeholders. Was the genesis/initial distribution fair and balanced? Are the tokens distributed widely or is the ownership concentrated and skewed toward early insiders? Are vesting schedules aligned with long-term vision?

Answer:

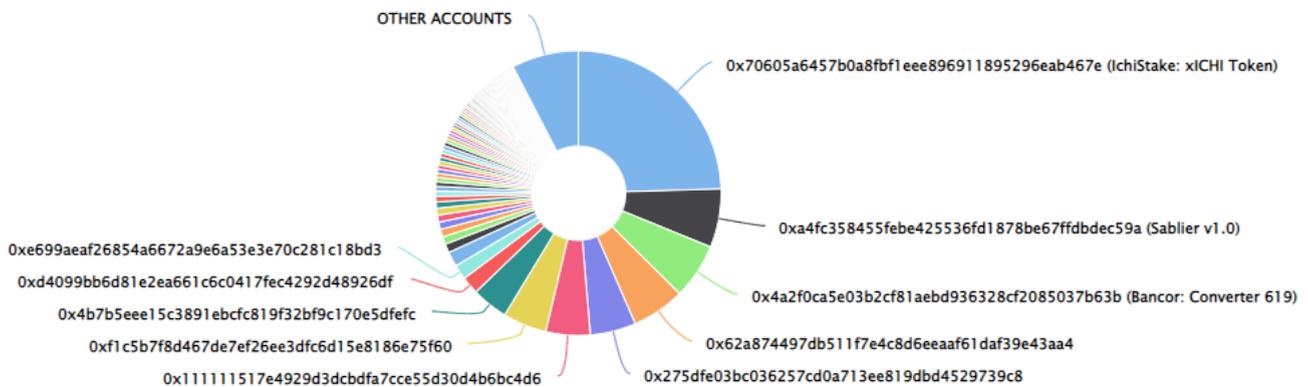
According to Etherscan, there are [~ 2000 Total Token Holders of legacy ICHI](#), The top 100 holders collectively own [92.42%](#) of the maximum supply of legacy ICHI which is hard capped at 5,000,000 and the total circulating supply is 4,739,011. However, the Legacy ICHI will be swapped to the upgraded ICHI in a 1–1 swap.

With less than 50% of \$ICHI in circulation, the Community Treasury retains most of the ICHI tokens to distribute on an ongoing basis through contributor/advisor grants, community incentives, liquidity mining, and other programs.



ichi.farm Top 100 Token Holders

Source: Etherscan.io



Source: [Etherscan](#)

ICHI has been community owned and governed from the first block:

- No pre-sale.
- No ICHI compensation to core team until 3 months after launch.
- 5M ICHI HARD CAP - All 5M went to Farming Contract.
- Current Farming rate is 0.5 ichi per block.
- ICHI halvings are scheduled by community vote.
- ICHI is farmed to the ICHI Community Treasury, any unallocated ICHI is returned to farming contract.
- Ichipowah controls ICHI Community Treasury.
- Ichipowah is calculated by staked ICHI + ICHI in the [Sushiswap ICHI-ETH Pool](#)

ICHI token is [distributed](#) effectively in a decentralized way and the distribution is not heavily skewed towards specific stakeholders. However, the token distribution represents the actual stakeholders of the protocol. A score of 11 is given.

Score: 11

c) Continuous token issuance & tokenomics mechanisms (10 points)

Most token distribution schedules have built-in inflation. This section evaluates the purpose of that continuous token distribution. Is it justifiable? Does it help improve the coordination and alignment of incentives for the protocol? Does it incentivise positive-sum behaviour? Are the benefits flowing to all relevant stakeholders or just select groups?

Answer:

The four year supply of 10 million ICHI tokens to be [allocated](#) as follows:

- 70% to community (7M \$ICHI)
- 15% to purchasers (1.5M \$ICHI)
- 15% to team (1.5M \$ICHI)



Currently, 40% (~4M) of \$ICHI already in circulation, the Community Treasury retains 30% (~3M) to distribute on an ongoing basis through contributor/advisor grants, community incentives, liquidity mining, and other programs. 1.5M of this ICHI is available for distribution in year 1 following the formation of the Foundation. The remaining 1.5M community \$ICHI will unlock on a continuous basis starting in year 2 according to the following schedule:

Year	Community Treasury	Distribution %
Year 2	750,000 \$ICHI	50%
Year 3	450,000 \$ICHI	30%
Year 4	300,000 \$ICHI	20%

1-4 Year Distribution Schedule

The upgraded \$ICHI token, which is currently being implemented as at time of writing, follows the [token distribution approved by the community](#). Total ICHI supply of the new ICHI token is the sum of all new ICHI and yet-to-be-converted [legacy ICHI](#) is 10M. 2% inflation rate per year will start in year 5 to ensure ongoing, active participation in the ICHI community. However, The continuous distribution model is reasonable and benefits the protocol, improve the coordination and aligns incentives for the protocol stakeholder. A score of 7 is given

Score: 7

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:

Liquidity providers earn rewards by providing liquidity into pools for each of the ichi.farm stablecoins and earn rewards in the form of ICHI tokens as well as trading fees (0.3%). Using the Sushiswap contracts, 0.25% of the 0.3% trading fee



goes to active liquidity providers (LPs) while the remaining 0.05% is converted into ICHI and distributed to ICHI stakers.

Staked ICHI (xICHI) holders get a share of the revenue collected for the performance fee generated by OneToken Treasuries and Angel Vault treasuries. These rewards are based on the amount of xICHI held relative to the weight of the staking. ICHI rewards are allocated to liquidity pools based on proportional non-ICHI liquidity (through farms) and to Angel Vaults based on IRR enhancement schedules. [ICHI rewards](#) are distributed every block (based on blockchain deployed to) for farms and weekly for Angel and HODL Vault enhancements.

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:

ICHI is only available on DEX with sufficient liquidity ([Uniswap \(v3\)](#), [Sushiswap](#), and [Bancor Network](#)). A score of 2 will be given for its availability ONLY on DEXes.

1	Bancor Network	ICHI/BNT	\$10.66	0.6%	\$67,616	\$77,524	\$148,169	44.09%	Recently	●
2	Sushiswap	ICHI/WETH Live Chart	\$10.67	0.6%	\$35,557	\$35,450	\$118,738	35.33%	Recently	●
3	Uniswap (v3)	ICHI/USDC Live Chart	\$10.63	0.6%	\$11,685	\$11,650	\$64,410	19.16%	Recently	●
4	Uniswap (v3)	WBTC/ICHI Live Chart	\$30,803.03	0.6%	\$5,209	\$5,193	\$1,502	0.45%	Recently	●
5	Uniswap (v2)	ICHI/WETH Live Chart	\$10.72	0.61%	\$2,284	\$2,277	\$3,149	0.94%	Recently	●

Source: [CoinGecko](#)

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:

ICHI can be used to provide liquidity on [Uniswap](#), [Bancor](#), [SushiSwap](#). ICHI can also be used in [yield farming on Loopring](#) for 39.8% APY. a score of 5 is given in this section, because ICHI has limited use cases

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:

ICHI's Community Team includes an Ambassador Program designed for community members to join the ICHI team on a part-time basis. ICHI Ambassadors possess knowledge of ICHI, desire and skills to work for the DAO, and run through an application process operated by the community coordinator.

- [Bryan Gross](#): CEO at DMA Labs visible on [LinkedIn](#) and [twitter](#)
- [Grace Pfluger](#): Business Development & Investor Relations visible on [LinkedIn](#)
- [Ben Spickard](#): Senior Manager, Product Marketing visible on [LinkedIn](#)
- [Daniel Tal](#): Head of Strategic Partnerships visible on [LinkedIn](#), [Twitter](#) and [Medium](#)
- [Samuel Mendenhall](#): Chief Software Engineer visible on [LinkedIn](#)

Score: 13

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:

As seen in 3a) above, ICHI have a highly skilled team with relevant experiences. the team seems to have relevant experience while checking each team member's LinkedIn profile. [Bryan Gross](#), CEO at DMA Labs has more than 15 years [experience](#) in crypto space as Principal Product Manager, IBM Blockchain Platform at IBM, [Sr Manager, Amazon Lending](#), [Global Program Manager, eBusiness](#).



[Daniel Tal](#), Head of Strategic Partnerships has work [experience](#) at IBM as a Product Manager where he built developer tooling for the open source Hyperledger Fabric protocol, led competitive and market analysis, and built partnerships both internally and externally for the IBM Blockchain Platform. [Samuel Mendenhall](#), Chief Software Engineer has several [experience](#) as a software engineer with different organisations.

Score: 7

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:

[Daniel Tal](#) is the most active publicly, he has participated in a few [youtube podcasts](#), [AMA sections](#) on Twitter and he was also a speaker at [Synopsis](#) Summit. Bryan was quoted in this [CNBC article](#) and he is also an advisor in [dapper Labs](#). [Grace Pfluger](#) also participated in [ETHDenver](#). However, the team occasionally participates in public debate.

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:

ICHI raised [\\$3.5 million](#) in funding to empower any crypto project with community-controlled [DeFi](#) capabilities that keep value locked in their community. The funding was raised through a private token sale by the ICHI Foundation. Participants include Lattice Capital, Fundamental Labs, GSR Markets Limited, Baller Ventures, Woodstock Fund, TRGC Limited, Ellipti Ventures, Lightshift, Collider Ventures, LD Capital and others.

According to a [medium post](#), there is a proposal to initiate token sales of 600k-800k ICHI tokens at \$5 per ICHI with a 4 year distribution schedule which [passed](#). The remaining tokens allocating to purchasers could be sold at a later time. The token sale through the ICHI Foundation will onboard institutional purchasers to assist with:

- Partnerships with portfolio projects
- Launches on other Layers
- Increasing total value locked.



A score of 7 is given as the protocol has been able to attract resources through fair launch and the usage of the intended usage of the fund is known, which shows the protocol can also coordinate resources.

Score: 7

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:

ICHI [community treasury](#) is operated by multi-signature wallets that are held by a collection of delegated community members and core-team members. However, there is no information on the timelock. ICHI community treasury multi-sig does not include OneToken contract and Vault contracts.

Every Branded Dollar 'oneToken' is designed to be [governed by different communities](#). Branded Dollar have a multi-sig Gnosis wallet created as the Treasury Owner. This multi-sig contract performs ongoing operational actions on behalf of the DAO voters. It is created with the ICHI recommended 4-of-6 multi-signature scheme with a requirement of 4 signers from the DMA community and 2 signers from the ICHI community. [source](#).

Branded Dollar multi-sig keys are managed between recommended signers on the ICHI community and signers of the community who create the branded Stablecoin. A score of 13 is given in this section.

Score: 13

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:

Members of the ICHI community who have staked their ICHI in xICHI and/or provided Liquidity to ICHI Liquidity Pools are [eligible](#) to vote on proposals on [Snapshot](#). xICHI holders have ICHIpowah to propose and vote on ICHI governance proposals to determine future features and/or parameters of the ICHI platform as well as protocol improvements, with voting weight calculated in proportion to the tokens staked. The governors vote is restricted to features on the ICHI platform. A score of 7 is given in this section.



Score: 7

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:

ICHI [discord server](#) currently has over 1K members. Where the majority of its members are active and the discord server also has a governance channel where proposal discussions on governance take place. The ICHI [snapshot](#) is active with diverse groups of governors with [54 members](#). Currently, the ICHI community has voted on [53 proposals](#); votes on [snapshot](#) get approximately 200K ICHIPOWAH with actively less than 20 numbers of voters. A score of 3 is given for this reason.

Score: 3

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 Governance infrastructure used by ICHI protocols are snapshot and discord (governance channel- where proposal discussions on governance take place). However, ICHI has sufficient documentation of its governance processes. Check [here](#). A score of 5 is given for having useful governance infrastructure.

Score: 5

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:

Community members can participate in governance through [Snapshot](#). Any community member may propose a



change to a tenet. After rigorous debate, the community may vote to change, add, or remove a tenet. However, the [governance process](#) is as follows:

- **Ideate:** Bringing up ideas in the "proposals-discussion" channel on [discord](#), tagging everyone for full awareness. which enables community discussion and engagement.
- **Draft a proposal:** The proposal includes the following: idea, the reasoning for proposal, how it will benefit the ICHI community, and possible risks.
- **Submission:** Once approved on [Discord](#), a live stage meeting is scheduled to review the proposal, identify the default quorum, and set a timeline.
- **Voting:** Once approved, proposal will be posted by one of the ICHI Core team members to [ICHI's Snapshot](#)

A score of 5 is given as the protocol has a formal governance process but lacks robustness.

Score: 5

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 ICHI protocol is set up as a DAO without any legal entity. Check [here](#).

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:

Score: N/A

About the Author: Makkiyzy