



# Fundamental Report

Prime Rating Report V2.1

**Protocol: Premia**  
**Version: V2.1**  
**Date: 1/06/2022**  
**Previous Report: —**

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**Season/competition: Season 3**

## Scorecard

1. Value Proposition	Points
a) Novelty of the solution	13 / 15
b) Market fit/demand	4 / 15
c) Target Market Size	8 / 10
d) Competitiveness within market sector(s)	4 / 10
e) Integrations & Partnerships	8 / 15
<b>Total Points - Value Proposition</b>	<b>37 / 65</b>
2. Tokenomics	Points
a) What is the extent of the token's capabilities?	8 / 10
b) Initial token allocation	10 / 15
c) Continuous token issuance & tokenomics mechanisms	8 / 10
d) Is the value capture model able to accrue and distribute value?	10 / 10
e) Is the token sufficiently liquid to enable active use and trade?	0 / 5
f) Are there any extrinsic productivity use cases?	2 / 10
<b>Total Points - Tokenomics</b>	<b>38 / 60</b>
3. Team	Points
a) Is the team credible and public?	1 / 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?	8 / 10



<b>Total Points - Team</b>	<b>13 / 40</b>
<b>4. Governance</b>	<b>Points</b>
a) Admin Keys	<b>9 / 20</b>
b) Extent of Governance capabilities	<b>7 / 15</b>
c) Active Governance contributors	<b>3 / 5</b>
d) Governance infrastructure	<b>6 / 10</b>
e) Robustness of Governance process	<b>5 / 10</b>
<b>Total Points - Governance</b>	<b>30 / 60</b>
<b>5. Regulatory</b>	<b>Points</b>
a) Does the protocol have any legal accountability?	<b>N / A</b>
b) What is the quality of the legal jurisdiction?	<b>N / A</b>
<b>Total Points - Regulatory</b>	<b>N / A</b>
<b>Total</b>	<b>118 / 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:** [Premia](#) is a decentralized options market based on a pool-to-peer architecture, similar to Uniswap or SushiSwap, but for options. Users can purchase American-style options on Premia's best-in-class AMM by first selecting the details of the option they'd like to trade, like the token pair, strike price, and maturity. Once the details have been entered, the user will receive a quote denoted in terms of the underlying asset for call options or the base asset for put options. If the user agrees with the price, they can execute the transaction to facilitate the trade and purchase the option for the quoted price.

Premia options are ERC-1155 tokens that offer the holder the rights (but not the obligation) to buy or sell the underlying token by a specified date. While traditional stock option contracts usually apply leverage in the form of lot



sizes and shares for representation of the underlying stock, options on Premia represent the same number of tokens as described. For example, a 50 ETH call option represents the right to buy 50 ETH at the option's strike price by the option's maturity date.

Users can purchase options with [any asset](#) (so long as there is DEX liquidity available). If users purchase an option with an asset other than the default payment token, the user's asset will be swapped to the payment token on the DEX with the best price before purchasing the option. This is done in a single transaction to ensure the best user experience.

All of the liquidity (capital) in the pools for trading options is provided by other [users](#) of the protocol. When a trader purchases an option, another user, who has previously provided capital to the pool (an LP), simultaneously underwrites the option to the buyer. All options on Premia are fully collateralized, meaning the underwriters' tokens are locked in the option from purchase until settlement, to ensure the full exercise value of an option can always be paid out to option holders.

Options on Premia can be exercised [at any time](#) before or after the option's expiration. After an option's expiration, the option's value will be locked to the option's value at the time of expiration.

There are [2 pools](#) for each asset pair on Premia: a Call pool and a Put pool. This allows both liquidity providers to granularly decide which pool they'd like to underwrite and option buyers to select which direction they'd like to trade. The call pool is basically for buy options while the put pool is for sell options.

When a user buys an option, they can exercise their option at any time after purchase. Options can be exercised in full or in partial amounts over time. There is no penalty for late exercising.

[Liquidity](#) on Premia is arranged in the same sequence it is deposited - first in, first out. LPs can withdraw their funds at any time after the initial 24h lock LPs can either unwind their liquidity gradually, or express-withdraw their entire position. LPs know exactly how much they are earning and how their capital is deployed. Premia ensures fair accounting for LPs, depending on when they got in the pool and how long their capital has been deployed. This mechanism is known as fair pool accounting and is actually the first on the market.

The key problems Premia solves include market driven option pricing, capital efficient pool-to-peer architecture, optimal liquidity pool utilization, risk management and instant withdrawals for liquidity providers.

Technically, Premia's innovation is with its American style options. It is currently [the only](#) on-chain DeFi options protocol on EVM offering American-style options. A major advantage the American style option has is that it enables market makers and takers to bypass the rigid expiry date structure associated with European-style options. It is also the more popular one of the two in tradfi. The protocol therefore scores a 6 for its technical innovation.

Organisationally, the protocol has a couple of innovations. **Firstly**, it has granular liquidity provision where LPers have control over which markets they underwrite, as opposed to underwriting the entire volatility market. LPers can implement customized strategies to granularly provision their liquidity only to the pools (and options) they desire. This qualifies as a major innovation. **Secondly**, LPers have access to self-incentivizing initial liquidity. Here, the automated pool pricing mechanism incentivizes liquidity providers to enter a pool from the time it's launched, to get the highest returns. This ensures lower slippage by the time the first options are bought from the pool. The protocol is awarded a 7 for organisation.

Overall the protocol scores a 13 for its innovation.

**Score: 13**

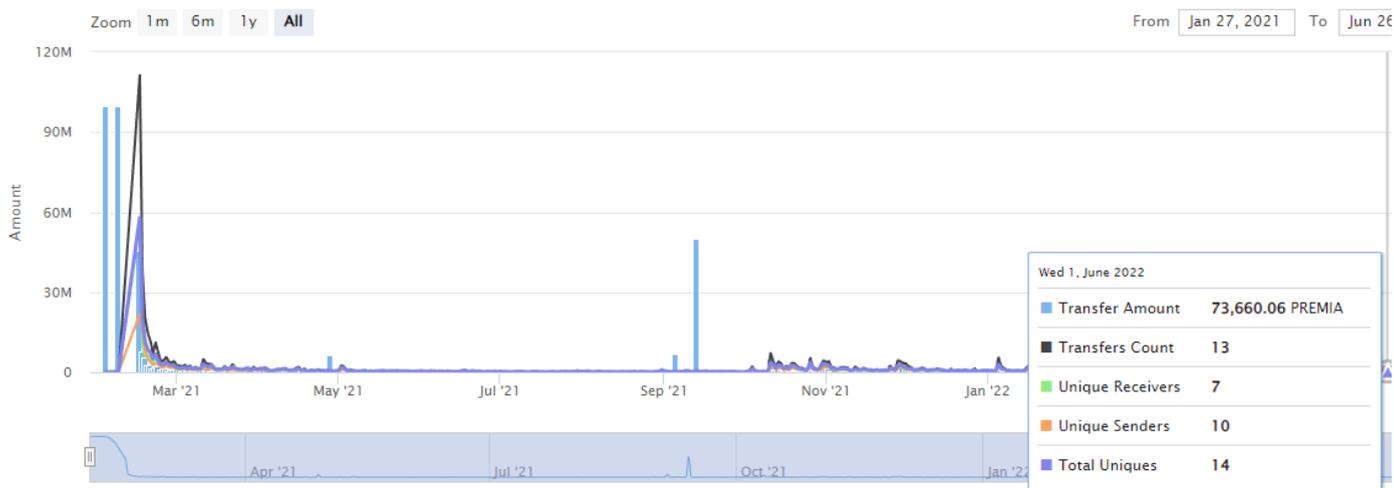


## b) Market fit/demand (15 points)

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 currently has 1430 weekly [users](#) as reported by Dune, but this figure seems overstretched a little as Etherscan shows 10 sender [transactions](#) and 7 receiver transactions daily.

Source: Etherscan.io



Source: [Etherscan](#)

Collective user numbers from Etherscan over the last week come nowhere close to this either, rather revealing very low user transactions over long periods of time. It ranks 9th on DeFillama's [list](#) of options protocols at the time of writing and with the suite of innovations the protocol bears (check 1a), the market is clearly where it is supposed to operate. Its user metrics indicate however, that it is struggling.

The numbers it has currently generated do not indicate a market fit. The options space is currently still highly unexplored, so more work has to be done by the protocol to meet the demand the market comes with. The protocol will be scored a 4 for at least finding the right market to operate in.

**Score: 4**

## 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:** [Quartz](#) reports that the average daily notional value of traded single stock options rose to more than [\\$450 billion](#) in 2021. The protocol's total available market is therefore very big.



For the service available market, Coingecko estimates the DeFi options market to be around \$300M at the time of writing which is shown below.

- ★ Portfolio
- Coins
- New Cryptocurrencies
- Gainers & Losers
- Categories
- + Custom Tabs New

## Top Options Coins by Market Capitalization Show Stats

The Options market cap today is \$295 Million, a -4.3% change in the last 24 hours. [Read More about Options](#)

Options

Source: [Coingecko](https://www.coingecko.com/en/categories/options)

Defillama also estimates it around the [660M dollars](#) in TVL terms at the time of writing, meaning the protocol's target market isn't huge. However, there's a [limited number](#) of protocols in the options space showing that it hasn't been fully explored yet.

Comparing the TAM to the SAM, as more protocols get into the options space, this market size will grow substantially. The protocol will therefore be scored an 8.

**Score: 8**

### 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:** This is how the protocol compares to some of the top options protocols in DeFi

Protocol	Trading volume (\$)	TVL (\$)	Real volume (\$)	Users (senders/receivers)
<a href="#">Oryn</a>	–	180M	–	<a href="#">31 / 38</a>
<a href="#">Ribbon</a>	1.8M	<a href="#">172M</a>	<a href="#">260k</a>	<a href="#">36 / 37</a>
<a href="#">Dopex</a>	140k	<a href="#">104M</a>	<a href="#">11k</a>	<a href="#">14 / 13</a>
<a href="#">Lyra</a>	156k	<a href="#">31M</a>	<a href="#">10k</a>	<a href="#">33 / 42</a>
<a href="#">Premia</a>	148k	<a href="#">11M</a>	<a href="#">68K</a>	<a href="#">10 / 7</a>

From the table, the protocol outperforms two protocols (Dopex and Lyra) in terms of daily trading volume. The real volume which is devoid of wash trades further shows that Premia has a better "true" volume compared to Dopex and Lyra, two of the top options protocols. It must be noted that Oryn and Friktion are actually no-token protocols.



Therefore, only Ribbon Finance bests Premia when it comes to real volume traded. Interestingly, it is the least used platform daily compared to the rest and checks on its chart shows a serious decline in user numbers over the last year without any signs of growth as well as a long period of dormancy. Its daily trading volumes generated have come from daily users similar to the one on the chart. The protocol's metrics across board have therefore shown some competitive capabilities but it is yet to establish itself among the top performing protocols. It will therefore be scored a 4.

**Score: 4**

### 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 protocol has one integration and some partnerships

#### Vertical Integrations

- The protocol has a [partnership](#) with Knox Finance where Knox builds options vaults that run strategies built on top of Premia. Knox Finance is an automated risk manager that provides risk adjusted structural products for options vaults.

#### Other partnerships

- Premia has a [partnership](#) with Concave where they will develop better pricing, better liquidity, better education and better/more product for the collective options community.

- Premia has a [partnership](#) with Alchemix to offer capital-efficient yields to their users. Alchemix users will be able to find market-competitive yield on their assets(alETH and alUSD), while Premia users will also be able to find potential new arbitrage opportunities liquidity pools offered are likely to introduce as it moves toward market efficiency.

- The protocol has a [partnership](#) with Nexus Mutual. In an effort to bootstrap purchasable cover for Premia, the protocol has launched a [Shield Mining program](#) in partnership with Nexus Mutual where risk assessors will be given added incentives to stake against newly listed projects to bring down the cost of cover for users within a short amount of time

- Premia has [introduced its service](#) to Fantom blockchain users. It allows Fantom users to become liquidity providers on their protocol by simply adding their FTM tokens to Premia pools to start earning passive income.

The protocol also lists some [potential partnerships](#) but these aren't taken into account because they are yet to take place. This is just to notify readers of new developments that might take place in the coming months/years

The protocol's partnerships and integrations align with its objectives. The protocol will be scored a 2 for its integration and a 6 for its partnerships bringing the total to 8.

**Score: 8**



## 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 behavior 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:** The PREMIA token is used to [signal and vote](#) on proposals by the community and core members of the ecosystem. Aside this, the token is used

- For [staking](#) in the protocol to get xPREMIA which can be redeemed for PREMIA rewards that accrue later.

- For reducing costs or protocol fees by staking to get xPREMIA which can be [locked](#).

- As a medium of exchange for protocol fees. Protocol fees are usually taken in the form of different tokens like ETH and DAI, then they are converted into PREMIA and distributed to PREMIA stakers.

The token will be scored an 8 (2 for each point) because it provides a commendable level of utility, revenue and governance rights to PREMIA holders.

**Score: 8**

### 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?

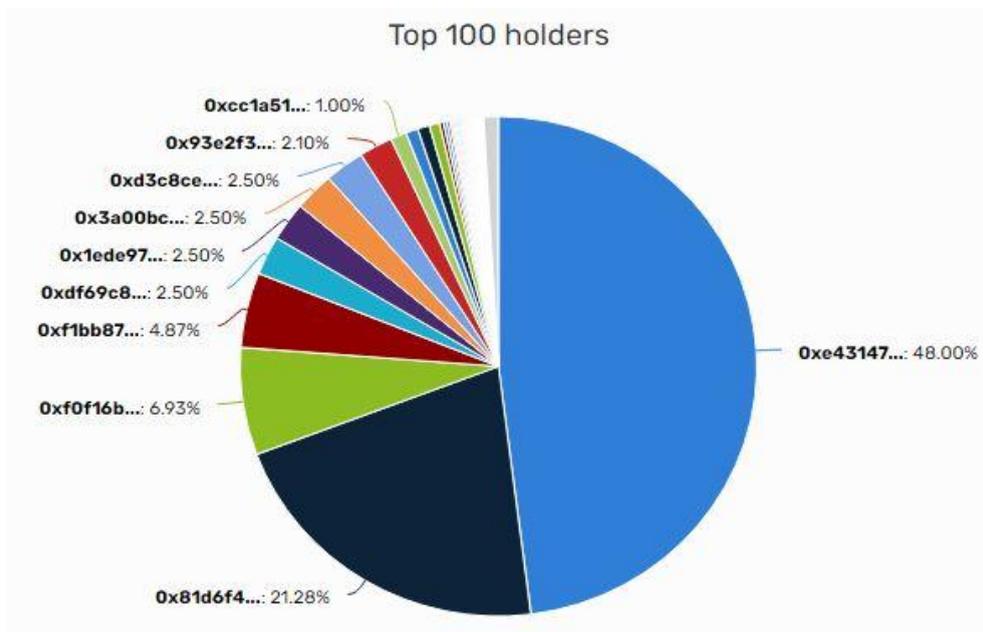
**Answer:** The total supply of PREMIA tokens is [100M](#). 90 million (90%) tokens were distributed privately based on the following allocation of the total supply:

- 30% Cross-Chain Liquidity Mining Fund
- 20% Development Fund
- 10% Safety / Insurance Module
- 10% Founder Allocation
- 10% Future Incentives Program
- 5% Marketing and Education Fund
- 5% Ecosystem Grants Fund



The remaining 10M PREMIA tokens (10%) were [distributed](#) to users via a Primary Bootstrap Contribution conducted on February 7, 2021 to raise money to fund the development of the protocol.

According to Etherscan, the protocol has [1802 holders](#). Of this number the top [100 holders](#) account for 99% of the tokens. The distribution chart can be seen below.



Source: [Cryptorank](#)

The addresses with the top percentages in the chart are identified below:

- [Premia Developer Fund](#) - 48M PREMIA (48%)
- [Mining Fund 1](#) - 21.3M PREMIA (21.3%)
- [Mining Fund 2](#) - 6.9M PREMIA (6.9%)
- [Insurance](#) - 4.9M PREMIA (4.9%)
- [Exchange address](#) - 2.1M PREMIA (2.1%)
- [Premia Staking contract](#) - 0.7M PREMIA (0.7%)

The founder allocation has 4 different contracts identified below:

- [Founder address 1](#) - 2.5M (2.5%)
- [Founder address 2](#) - 2.5M (2.5%)
- [Founder address 3](#) - 2.5M (2.5%)
- [Founder address 4](#) - 2.5M (2.5%)

The sum of these percentages adds up to 93.9M PREMIA (93.9%) leaving about 6.1M PREMIA tokens circulating in the hands of ordinary holder addresses.

The protocol's token distribution first of all is very user-focused. As much as 90% of the tokens are allocated to the community (Mining 30% + development fund 20% + insurance 10% + Education 5% + Future incentives 10% + Grants fund 5% + Initial PBC distribution 10%). It can be seen that provision is even made for users who will join in the coming years through the future incentives allocation. The protocol allocated just 10% of the total supply of tokens for the founders and investors, so this token distribution can be said to be quite fair and balanced.

No vesting periods were stated for the allocations, and inquiries from the protocol's discord didn't yield any results concerning that. However, the founder contracts on [Etherscan](#) seem to suggest that the founder allocation has been



vested for an unknown period of time. With how community-driven the token distribution is, the founders might speculatively want user-adoption to get to a level where the protocol can be managed completely by a DAO before releasing founder allocation.

Though information about vesting isn't available, the token distribution is reasonable and public allocation is commendable and the protocol will be scored a 10 for that.

**Score: 10**

### 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 protocol's inbuilt inflation [benefits](#) liquidity providers. Any user can provide liquidity for the Premia pools. Liquidity Providers receive liquidity mining rewards in the form of PREMIA tokens from providing capital and underwriting options. Each pool (WETH, WBTC, LINK) is assigned a certain number of allocation points which determines the weighting of the rewards to each pool. Each block reward is distributed proportionately based on the ownership percentage of an LP within the pool.

At the launch of V2, rewards were set at 0.5 PREMIA per block, distributed among the six put and call pools (16.67%). The weights for the pools have evolved as new assets were added and the protocol bridged to Arbitrum. Currently, following the latest vote, the block rewards have been increased to 0.75 per block, with 0.375 per block going to the L1 Ethereum protocol and 0.375 per block going to the protocol deployed on L2 (Arbitrum). The weighting of the pools was adjusted to 35% WETH, 25% WBTC, 15% ALCX, and 10% LINK.

PREMIA tokens earned, rewards users actively by enabling them to participate in [governance](#) through votes on proposals. Members need at least 100 Premia tokens to vote. Again, tokens earned rewards users passively by bringing them more returns through [staking](#) and [reduction in fees](#). The issuance therefore incentivises positive-sum behaviour and improves coordination. The protocol will therefore be scored an 8, losing 2 because voting is used for signalling and doesn't guarantee implementation of proposals.

**Score: 8**

### d) Is the value capture model able to accrue and distribute value? (10 points)

A value accrual and distribution mechanism can help improve the utility of a token and its ability to be used as an effective coordination mechanism. Does the protocol have mechanisms to distribute some of the value created to the token holders?

**Answer:** The protocol has a [mechanism in place](#) to share the value created to the token holders. 80% of all protocol fees are automatically collected and converted to PREMIA, which is then automatically distributed to xPREMIA holders



(xPREMIA holders are PREMIA stakers). The remaining 20% of protocol fees are distributed to the PREMIA treasury, to be used for the further growth and development of the Premia ecosystem. No fees are charged on deposit/withdrawal of liquidity from the Premia pools, but rather they're collected on options purchase and settlement only. The protocol will be scored the full mark because it has an effective value accrual and distribution that improves the protocol.

Score: 10

### 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 token remains very limited and is largely illiquid across CEXes and DEXes. This can be seen from a shot of its markets on [Coingecko](#) below:

#### Premia Markets

Display Unconv

Affiliate disclosures

#	Exchange	Pair	Price	Spread	+2% Depth	-2% Depth	24h Volume
*	eToroX <span>Sponsored</span>						
*	Crypto.com <span>Sponsored</span>						
1	Sushiswap	PREMIA/WETH <a href="#">Live Chart</a>	\$0.79	0.6%	\$66,980	\$66,779	\$24,121
2	BKEX	PREMIA/USDT	\$0.79	2.96%	\$3,555	\$2,845	\$140,526
3	Hoo.com	PREMIA/USDT	\$0.79	1.79%	\$698	\$11	\$96,373

The protocol scores a 0 here.

Score: 0

### 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 token can be used to LP on [Sushiswap](#).

Score: 2



### 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:** Premia was [developed by](#) Anon Powered, a collective of anonymous and pseudonymous developers, builders, and artists. The team's credibility couldn't be determined either. The identities connected to the protocol are contributors to the protocol's contracts on Github and mostly go by pseudonyms too. They are listed below:

- [Nick Barry](#)
- [Zinnah](#)
- [Sergey serzhshakur](#)
- [Lumyo](#)
- Froggydev - discord community manager

These names were searched for to provide some info at least but nothing was found. The protocol will be scored a 1 because a little info related to skill sets was found for the names listed.

**Score: 1**

#### 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 track record of the team isn't identifiable other than a few contributions discovered on Github.

- [Nick Barry](#): He seems to be the main contributor to the protocol's smart contracts. He might be the founder as well and has made 3490 contributions to different protocols including Cosmodrome, Solid State and Token Tunnel in the last year alone. His skill sets on Github points to TypeScript, Solidity and JavaScript.
- [Zinnah](#): He has made 69 contributions in the last year to protocols including Graph Protocol, Solid State and As-pect. His profile indicates he might likely be skilled at Javascript, web3.js, React, Svelte and Ethereum development.



- [Sergey serzhshakur](#): He has 41 contributions made so far in the last year. His contributions indicate he is skilled at Kotlin, JavaScript, TypeScript and Shell.

- [Lumyo](#): He is the lead solidity developer of the protocol.

- Froggydev: discord community manager

The team members are skilled but seem to have little relevant experience based on the contributions they've made on Github and so will be scored a 3 for that.

**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:** The team occasionally carries out [community calls](#), [AMAs](#) and also has some videos on [Youtube](#) where they mainly talk about options in DeFi and how other users and protocols can leverage them when trading. Other than these there isn't much from them to really determine the depth of their contributions and so the protocol is scored a 1

**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:**

For monetary resources, the team raised \$33M from a [Primary Bootstrap Contribution \(PBC\)](#), a very significant amount of money the protocol has used in furthering its development till date.

For human resources,

- The team organises [competitions](#) to ensure stability of the protocol, improve audit checks and also better understand how their system performs on mainnet.



- The protocol organises [giveaways](#) and [meme competitions](#) to encourage more users to join the protocol
- The protocol encourages all content creators to [create promotion material](#) for Premia regardless of them being users or not
- The protocol posts [job ads](#) to enlist/recruit more talent to support its advancement

The team is very active on twitter and discord and if you follow events closely on these platforms, you will realise that they do coordinate well even though they remain mostly anonymous. The protocol will therefore be scored an 8 for this section.

**Score: 8**

## 4. Governance

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

### a) Admin Keys (20 points)

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

**Answer:** An inquiry of the admin keys I made in the protocol's discord channel got me quickly removed from the group, which to be honest was very surprising. Nevertheless, using a different account I found out from another user who made the same inquiry that the admin keys are managed by a PREMIA multi-sig.



versatileopps 06/01/2022  
 Hi @froggiedev I asked a question earlier today but got no response. Please how many Premia tokens are needed to arrive at a consensus on votes?

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@versatileopps Hi @froggiedev I asked a question earlier today but got no response. Please how many Premia tokens are needed to arrive at a consens...

froggiedev 06/01/2022  
 there is no set quorum

@Yankin Deez Na this if fantom

froggiedev 06/01/2022  
 try refreshing

Yankin Deez 06/01/2022  
 It worked thank u honey

June 2, 2022

machuche 06/02/2022  
 Hey again, can I get any info on the management of admin keys? I'd really appreciate it

@machuche Hey again, can I get any info on the management of admin keys? I'd really appreciate it

froggiedev 06/02/2022  
 all admin keys are managed by the premia multi-sig

@froggiedev all admin keys are managed by the premia multi-sig

machuche 06/02/2022  
 Thanks bud. Can I get a link to the governance process or infrastructure?

Further questions on the admin keys weren't answered. Here the protocol will be scored a 9 because the credibility of the staked individuals couldn't be established.

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:** Premia protocol governance is used to signal the team. The protocol states in the [governance section](#) of its documents that, "Signal Votes that are supported or opposed are in no way binding to commit to further feature development, mechanism implementations, token allocations, etc". With this said, that is not to say governance has no impact on the protocol. Quite a number of signal votes have been elevated to implementation proposals that have later passed as votes to be implemented in the protocol. Examples include this [Nexus proposal](#), this [Fantom proposal](#) and [Olympus Pro proposal](#). Now though many signal votes have had massive changes made to the protocol, members need at least 100 Premia tokens to vote, meaning voting might still not be accessible to all members. In summary, governance has some influence on operations and the protocol will be scored a 7

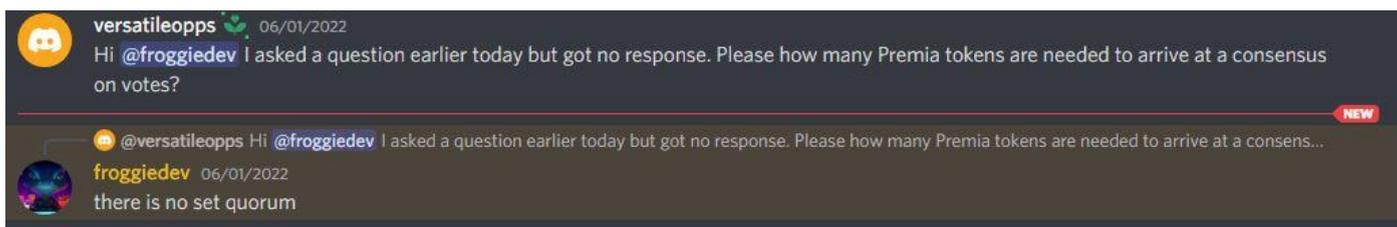
Score: 7



## 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:** The average of the last seven votes held on [Snapshot](#) are 19 votes and 1.04M PREMIA. There is no set quorum of PREMIA tokens for arriving at consensus on votes.



A summary of all the proposals and votes held by the protocol are shown below

Total Proposals	Total Votes	Total Voters
35	1,014	417

Source: [boardroom](#)

Checks also show that small PREMIA token voters constitute the majority of each vote, usually more than 95%. However, the large PREMIA token voters sometimes outweigh the smaller ones in terms of PREMIA used in voting. Overall, voters are small in number but active and so the protocol will be scored a 3 for this.

**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 protocol debates and discusses everything in their [discord](#) which is somewhat active. Voting is done off-chain on Snapshot and all votes can be found [here](#).

The only problem with the voting mechanism and governance is that voting proposals that pass aren't guaranteed of implementation to the development of the protocol (as described in 4b). This doesn't make it reliable. It is still useful regardless as some signal votes have gone on to be implemented. The protocol will therefore be scored the average of the 5 - 7 range.



Score: 6

## 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 a [formal governance](#) process. The protocol has community proposals, signal proposals and implementation proposals and outlines them as follows:

[Community Proposals](#) ("Preliminary Vote") are proposals submitted by community members to change core features of the protocol, allocation of protocol funds, distribution of liquidity mining rewards, etc. Any user who owns 100 PREMIA can submit a community vote. If the community vote is supported, a core member can submit an Implementation Proposal. Core members reserve the right to elevate a community proposal to an Implementation Proposal.

[Signal Proposals](#) ("Signal Vote") are proposals submitted by core members to solicit community interest in specific protocol changes or implementations; they may also be elevated from a Signal Vote to an Implementation Proposal. The results of the Signal Vote are in no way a binding commitment to the development of the proposal.

[Implementation Proposals](#) ("Core Vote") are submitted by Core members or derived from Signal or Community Proposals. These are proposals that are ready to be implemented in Premia.

Once an off-chain consensus is reached, a proposal can be submitted to Snapshot, where users can vote by signing a message proving they have enough PREMIA in their wallet. If a majority is reached, the proposal will be implemented.

However, as described in 4d, this governance process is flawed and limited and so the protocol will be scored the least mark of the 5-7 range.

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 protocol doesn't seem to have any mechanism for legal accountability. The only hint of a legal entity



connected to the protocol is the protocol's [twitter profile](#) where the location is given as Future, France though I doubt the protocol is located in France.

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's legal jurisdiction wasn't found

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.