Oasis Trade Digital Asset Assessment Framework

Every day, projects around the world are issuing new blockchain assets of all types. Oasis Trade is striving to give quality projects access to quality decentralized liquidity. To that end, we have emulated some of the leading digital exchanges who have developed internal policies to assess those projects.

We now proudly publish Oasis Trade's Digital Asset Assessment Framework. This framework provides insight into how Oasis Trade evaluates digital assets for listing and trading on Oasis Trade. Oasis Trade does not endorse any specific asset. Currently, Oasis Trade reserves the full and absolute discretion to list, not list, or de-list any asset on Oasis Trade regardless of the applicability of the below factors to any such asset.

As a general position, Oasis Trade intends and expects to list all digital assets approved as collateral within the MakerDAO Multi-Collateral DAI credit system ("MCD"). At times, however, the application of the below framework may lead to incongruous groups of Oasis Trade-listed assets and MCD collateral assets. Additionally, while currently using the below framework to exercise its sole discretion in listing digital assets, Oasis Trade plans to move to a decentralized asset assessment process in the future.

The assessment of the factors below may lead to a binary decision on a particular digital asset (i.e. listing v. not listing) or may result in listing a particular digital asset with certain limitations imposed (e.g. geographical limitations, limited trading pairs, etc.).

1.0 - Oasis Trade Mission & Values

1.1 - Open Financial System

- Is the financial system available to everyone and not controlled by a single entity?

- Is the project new or improved technology which helps solve a problem, creates a new market, addresses an unmet market need, or creates value for network participants?

- How easy is it for members of a society to participate in the project's economy? Does the technology enable individuals to have more autonomy over their wealth and property, consumerism, production, investment, or work?

- Is this technology accessible by anyone with a smartphone or access to the internet?

- Does this technology contribute to the broader mission of expanding access to Finance 2.0?

- Is the project's platform (i) public, (ii) decentralized, and/or (iii) enabling trustless consensus?

2.0 - Technology

2.1 - Security & Code

- Is the project built with open-source code, have well-documented peer reviews, and tested by contributors separate from the initial development team (documented on GitHub, etc.)?

- Is there a working alpha or beta product on a testnet or mainnet?

- Does the project have a demonstrable record of responding to and improving the code after a disclosure of vulnerability, and a robust bug bounty program or third party security audit?

- Is the asset ERC20 compliant or is there an ERC20 compliant wrapper for the asset?

2.2 - Team

- Has the project's leadership been able to articulate vision, strategy, use cases and/or drive developmental progress? Does the project team have a track record of demonstrable success or experience? Oasis Trade will also apply its vetting standards to publicly visible founders or leaders.

- Does the project's engineering team have a demonstrable track record of setting and achieving deadlines and successful releases?

- Does the project have a history of interacting with the community, setting a reasonable budget and managing funds, and achieving project milestones?

- Does the project have a history of sustainable, reasonable resource management?

- Is the project leadership highly centralized or dependent on a small number of key persons? Is the specialized knowledge in this field held by a small group of people?

2.3 - Governance

- Is there a structured process to propose and implement major updates to the code, or is there a system or voting process for conflict resolution?

- Is there a plan or built-in mechanism for raising, rewarding, or allocating funds to future development, beyond the funds raised from an ICO, IEO or traditional investors?

- Does the project have a white paper that justifies the use case for a decentralized network and outlines project goals from a business and technology perspective? While a fulsome white paper is important for understanding the project, it is not determinative.

2.4 - Scalability

- What are the network's potential barriers to scaling and ability to grow and handle user adoption?

- Is there a clear project timeline with stages of development, reasonable project milestones, or built-in development incentives?

- Have the barriers to scaling the network been identified, and/or have solutions been proposed or discussed? Are the resource consumption costs for validators and miners the main deterrents to participation?

- Are there examples of real-world implementation or future practical applications?

- Is the asset on a separate blockchain with a new architecture system and network, or does it leverage an existing blockchain for synergies and network effects?

3.0 - Legal & Compliance

3.1 - Regulation

- Can Oasis Trade legally offer this asset?

- Is the asset classified as a security by Oasis Trade's legal advisors or any government agencies?

- Would the asset affect Oasis Trade's ability to meet potential compliance obligations, including but not limited to Anti-Money Laundering (AML) program and obligations under government laws and regulations in any jurisdiction (e.g. Government Registration Requirements)? Would listing the asset impose new compliance obligation upon Oasis Trade?

3.2 - Integrity & Reputational Risk

- Would listing the asset be inconsistent with Oasis Trade policy?

- Does the asset, network, application or fundamental nature of the project constitute a Prohibited Business under the Oasis Trade user Terms and Conditions?

4.0 - Market Supply

4.1 - Liquidity Standards

- How liquid is this asset?

- How does the market capitalization compare to the total market capitalizations of other assets?

- Is trade velocity, or turnover, a significant part of market capitalization? This is a measure of how easily the asset can be converted to another asset.

- For service or work tokens, is new supply created through consensus protocols? If the supply is capped, are a material amount of the total tokens available to the public?

4.2 - Global Distribution

- Where is this asset available to trade?

- How many other marketplaces support the asset?

- Is the asset limited to a single geographic region and is it available to trade on decentralized marketplaces?

- Do fiat and crypto trading pairs exist for the asset?

- If secondary markets exist, is the asset's volume relatively distributed across marketplaces?

5.0 - Market Demand

5.1 - Demand

- What is driving demand for this asset and does it lead to stronger network effects?

- How large is customer demand? However, any asset which is created from a fork, airdrop, or automated token distribution is subject to enhanced scrutiny.

- Is the developer base thoughtfully grown and can progress be measured by the number of repositories, commits, and contributors?

- Are dedicated forums available where developers, supporters, users, and founders can interact and build a community and offer transparency into the project? Does the team provide regular updates and is it responsive to feedback?

- Are there investments from venture firms or hedge funds which have experience working with crypto companies or projects? Does the project have corporate partnerships, joint ventures, or dedicated consortiums?

5.2 - Network Standards

- Has the market capitalization grown after the network was activated, demonstrating increased demand for the asset after the project's launch?

- Is the project growing its number of nodes on the underlying blockchain? Does the project have a globally distributed node network, meaning operating nodes are not contained in a single country or geographic region?

- Are the project's number of transactions and paid fees growing over time? Are the project's number of asset or token holders growing (an indicator of asset distribution)?

6.0 - Cryptoeconomics

6.1 - Economic Incentives

- Are the economic structures designed to incentivize all parties to act in the best interest of the network?

- Is it a service, work, or hybrid token? As previously stated, tokens categorized as securities and/or other regulated products such as e-money will not be considered at this time.

- Is there utility from obtaining, holding, participating, or spending the token? Does the project team identify a clear and compelling reason for the native digital asset to exist (i.e. the main purpose is not fundraising)?

- Is there an algorithmically programmed inflation rate which incentivizes security and network effects? Or, if the total supply is capped, are a majority of the tokens available for trade when the network launches?

- Are there mechanisms (such as transaction fees) which incentivize miners, validators, and other participants to exhibit 'good' behavior? Conversely, are there mechanisms which deter 'bad' behavior?

6.2 - Token Sale Structure

- Is/was there a focus on stringent security protocols and best practices to limit scams, hacks, and theft of funds?

- Did the project team make best efforts to allow a fair distribution of tokens (i.e. setting initial individual purchase caps to limit the risk of a small number of investors from taking a majority of the supply)?

- How large is the ownership stake retained by the project team? Was there a lock-up period and reasonable vesting schedule on assets purchased by project team members?

- Is the project team available and responsive to questions or feedback about the product, token sale, or use of funds across multiple forums?

- Did the project team sell a fixed percentage of the total supply? Do participants know the percentage of total supply that their purchase represents, or have a clear understanding of the inflation rate?