

Assessing Risk of Fuse Pool 198 (C98)

Useful Links

- [Rari Gov](#)
- [Rari Docs](#)
- [Rari Security](#)
- [Fuse Pool 198](#)
- [Pool Details and Metrics](#)
- [Fuse Pool Admin Guide](#)
- [Rari Safety Score Calculation](#)

Context

As of April 26th 2022, DOLA is listed in the following pools (see table below):

Fuse Pool	Name	Supplied	Asset Liquidity	Borrowed
6	Tetranode's Pool	\$8M	\$5.43M	\$2.74M
22	Badger Pool	\$2M	\$1.66M	\$344.7K
24	Harvest FARMstead	\$500k	\$277.6k	\$220.2k
127	0xB1's Kitchen Sink	\$770k	\$197.3k	\$566.8k
	TOT	\$11.27M	\$7.56M	\$3.87M

GWG has a decision to make. Does it create new DOLA Fed and add \$DOLA liquidity to Fuse Pool 198?

As a reminder, Pool Admins control most all aspects of a Rari Fuse Pool. Some considerations,

- Admins keep all the Platform Fees generated
- If Admins deem the pool too risky, they could reduce the max LTV of DOLA (we have little to no say)
- Admins decide which assets to onboard, even if it a perceived threat/competition to us
- If not well maintained, pools run the risk of becoming insolvent. Insolvency can occur in a multitude of ways some of which are tied to mismanagement of onboarding assets, capital being pulled/overall lacking, loss of interest, to name a few.

Rug & Exploit Risk

Multi-Sig or 48 hour Time lock?: Yes

Admin: 0x9413Da1bC1797179e5D019A9420cEEc44680A4bf

Upgradeable contracts: Yes

Price oracle: MasterPriceOracleV3

Liquidation Incentive: 8%

Close Factor: 85%

Rari Safety Score

Rari is reworking their Safety Score mechanism

Pool 198 Details

of Assets: 6 (5 stablecoins)

Total USD Supplied: \$0M

Total USD Borrowed: \$0k

Utilization Rate: 0%

Top Utilized Assets: N/A

Liquidations: N/A

Table below summarizes current supply and utilization % for each asset:

Asset	Supply (\$)	Supply Cap (Y/N)	Utilization (%)	Borrowable?
C98	0	No	0	Yes
DAI	0	No	0	Yes
USDT	0	No	0	Yes
USDC	0	No	0	Yes
FEI	0	No	0	Yes
wUST	0	No	0	Yes

Clearly, this pool has yet to officially launch. Despite this, we can deduce simply from the assets listed, that this will be a pool where the C98 Team supplies their native asset, \$C98, and stablecoin assets will be borrowed. DOLA is a good market fit for this Fuse Pool.

Risks or other Concerns:

The risk team has identified \$C98 as the only non-conventional asset in the pool. A brief study follows:

Non-Conventional Collateral

This table lists the collateral that falls outside more conventional collateral like ETH or stablecoins:

Symbol	Market Cap	Collateral Factor	Reserve Factor	Total Supplied	Total Borrowed	Collateral Safety Score
C98	\$241,817,000	65%	10%	0	0	0.35

Coin98 is an all-in-one DeFi Platform that aims to fulfill untapped demand in the industry and become a Gateway bridging TradFi users to any DeFi services on multiple blockchains. It accomplishes this mission through a full suite of products, including Coin98 Wallet, Coin98 Exchange, and Space Gate (cross-chain bridge).

Coin98 Wallet: Allows users to store, send, receive, manage crypto assets and connect to numerous dApps on multiple blockchains. It supports over 20 blockchains such as Ethereum, Binance Smart Chain, Solana, Polygon, Avalanche, Terra, etc on both mobile (iOS & android) and Chrome extension versions.

Coin98 Exchange: A multichain liquidity aggregator that allows users to swap, stake, lend, borrow, earn crypto with the best rates and low slippage.

Space Gate: A cross-chain bridge that enables swapping and transferring values across multiple networks. It supports token swaps between ERC20 tokens, BEP20 tokens, SPL tokens, and more.

The C98 token is the native utility token of the Coin98 platform and will be used to pay services fees, as staking incentives, for governance, and unique membership rights.

Assessment:

Rari Capital

Rari Capital can be deemed a safe protocol for Inverse to work with/build on.

- RARI has been audited by three top tier Auditors: Quantstamp, Omniscia, and OpenZeppelin. These auditors have secured billions in funds and have a months-long

backlog, meaning they are sought out in the industry. They each charge well over \$100,000 for their services.

- RARI has an active Bug Bounty Program with Immunify, an industry leader for Bug Bounties. They have posted a \$250,000 reward for critical severity issues, one of the highest rates you'll find in the market.

Fuse Pool 198

Rug & Exploit Risk:

Setup is comparable to most other Fuse Pools. Pool admins have set liquidation incentive at the recommended amount (8%). Overall no cause for concern.

Pool Statistics:

N/A

Oracles of Collateral Assets:

All assets presently listed in this Fuse Pool use Chainlink. As of March 1st, 2022, C98 is Chainlink-integrated.

- <https://data.chain.link/ethereum/mainnet/crypto-usd/c98-usd>
- <https://etherscan.io/address/0x058c345D3240001088b6280e008F9e78b3B2112d>

Chainlink is the industry standard for building, accessing, and selling oracle services needed to power hybrid smart contracts on any blockchain. Chainlink offers a multitude of superior features, including:

- High-Quality Data—Chainlink Price Feeds source data from numerous premium data aggregators, leading to price data that are aggregated from hundreds of exchanges, weighted by volume, and cleaned from outliers and suspicious volumes. Chainlink's data aggregation model generates more precise global market prices that are resistant to API downtime, flash crash outliers, and data manipulation attacks like flash loans.
- Secure Node Operators—Chainlink Price Feeds are secured by independent, security-reviewed, and Sybil-resistant oracle nodes run by leading blockchain DevOps teams, data providers, and traditional enterprises with a strong track record for reliability, even during high gas prices and extreme network congestion.
- Decentralized Network—Chainlink Price Feeds are decentralized at the data source, oracle node, and oracle network levels, generating strong protections against downtime and tampering by either the data provider or the oracle network.
- Transparency—Chainlink provides a robust reputation framework and set of on-chain monitoring tools that allow users to independently verify the historical performance of node operators and oracle networks, as well as check the real-time prices being offered.

Liquidity Stats:

Unconventional Assets	# Markets on Ethereum	# CEX	Deepest Liquidity (\$)	Total Liquidity on Ethereum	Liquidity/Market Cap Ratio
C98	1	40	310k	310k	< 0.001

As the stats above suggest, \$C98 has a limited presence on the Ethereum Ecosystem, it is more developed on the Binance Smart Chain (with numerous markets, Pancakeswap liquidity is \$2.6MM). This would normally be of concern to us as limited # markets and low liquidity are a recipe for TWAP Exploit/price manipulation disaster. However, that is not the case here. C98 has a significant presence on CEXs, including 5 trading pairs on Binance alone + BitMart, hitBTC, Digifinex, XT.com, FMFW.io AEX, MEXC, to name a few. Many of these are extremely popular in South-East Asia. With deep CEX liquidity, and a chainlink oracle solution for the C98 token, the lack of liquidity on Ethereum is less of a safety concern and more of a question of whether this Fuse Pool will succeed.

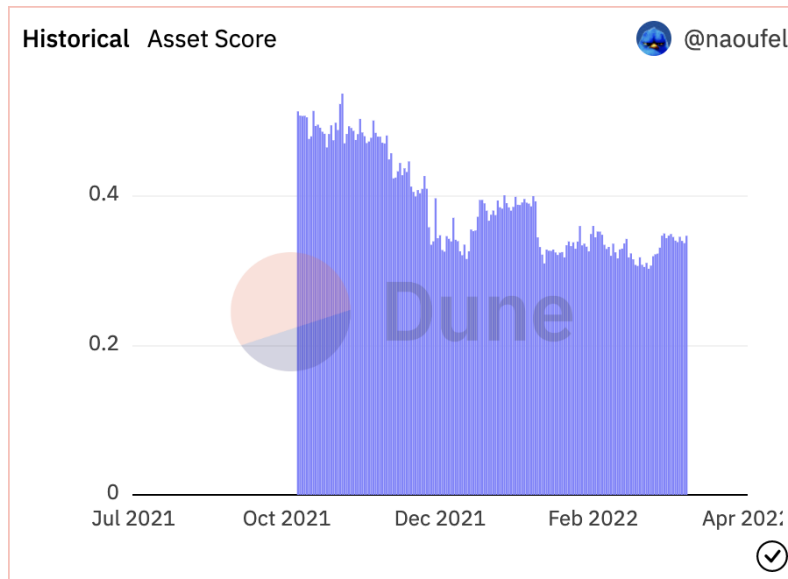
As is the case with Fuse Pool 24 and 127, it can be assumed that the majority of the governance tokens supplied to the pool will come directly from the team.

Collateral Stats:

C98 - CF is perhaps too high at 65%, however Chainlink Oracle justifies it. Also, because of this, there is no need to supply cap or borrow cap any assets listed in this pool so long as no new additions are made (or any new collateral asset is also chainlink integrated). Because \$C98 is very volatile (80% from yearly highs), liquidation risk is present. Combination of reserves set to 10% with a high market cap asset (with plenty of CEX liquidity) addresses this concern.

Safety Scores:

\$C98 safety score is 0.35. As a reminder, per our in-house indicator, anything below 0.7 is receiving a 'failing' score. \$C98 scores particularly poorly in the liquidity ratio components, which was expected given the information provided in the sections above.



\$C98 Safety Score

Recommendation:

The RWG approves the creation of a new DOLA Fed for Fuse Pool 198.

RWG requests that a channel for direct communication be established between Inverse Risk Managers and Fuse Pool Operators. To achieve the best results with this DOLA Fed, it will be of vital importance to know at all times the intentions the C98 Team have for this Fuse Pool. As a fallback, any sudden changes to this pool can be monitored using our new in-house Tenderly Alert system.

The \$C98 token carries a low risk profile compared to most other assets listed in other Fuse Pools with active DOLA Feds. Governance Token-dominant pools (such as this one) carry some additional risks and therefore an elevated degree of trust must be formed between the two parties. Fortunately, the founder is an active community member of our DAO and has been for a long time. He is a large stakeholder, and has a proven track record of accumulating our \$INV token (only buying, never selling). He recently approached TWG with an OTC offer, which is how this Fuse Pool opportunity came about.

In the current state of the Pool, the Risk Team would require the C98 Team to provide a forecast for their initial injection into the Fuse Pool (this is a likely move on their end), before providing a recommended injection amount for \$DOLA.