

# Assessing Risk of Fuse Pool 18 (Olympus Pool Party)

## Useful Links

- [Rari Gov](#)
- [Rari Docs](#)
- [Rari Security](#)
- [Fuse Pool 18](#)
- [Pool Details and Metrics](#)
- [Rari Safety Score Calculation](#)

## Context

DOLA is not currently listed on Fuse Pool 18. DOLA is also listed in the following pools (see table below):

Fuse Pool	Name	Asset Liquidity	Supplied	Borrowed
6	Tetranode's Pool	\$9.4M	\$10M	\$600k
22	Badger Pool	\$860.3k	\$1M	\$140k

Growth Team is intent on approaching Olympus with a proposal to add \$DOLA to Fuse Pool 18. Risk Team presents risk-related findings below...

As a reminder, 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:** 0x0cf30dc0d48604A301dF8010cdc028C055336b2E

**Upgradeable contracts:** Yes

**Price oracle:** MasterPriceOracleV3

**Liquidation Incentive:** 8% ( = Rari Recommendation)

**Close Factor:** 50% (= Rari Recommendation)

## Rari Safety Score

Rari Safety Score 56.12% (Grade: C)

## Pool 18 Details

# of Assets: 10 (8 stablecoins)

Total USD Supplied: \$27.3M

Total USD Borrowed: \$3.98M

Utilization Rate: 14.6%

Fees: \$202k (very high)

Top Utilized Assets: DAI (58.8%, FEI 46.8%, USDC 26.5%, RAI 13.6%, UST 12.5%, FRAX 10.8%)

Liquidations: 937 (very high but as expected given OHM's history plagued by mass liquidations)

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

Asset	Supply (\$)	Utilization (%)
gOHM	9,282,714	0
ETH	3,936,441	3
USDC	4,427,800	26
FRAX	3,549,981	10
USTw	2,521,861	12
DAI	2,698,578	58
FEI	808,781	46
RAI	109,626	13
aIUSD	2,058	0
MIM	0	0

This is a pool where gOHM and ETH are supplied, and stables USDC, and DAI, etc. are borrowed. Therefore there exists a market fit for DOLA.

## Risks or other Concerns:

When analyzing for risk in this pool, the focus should be fixed on gOHM. We will look at several factors including but not limited to ease of liquidation, and token price risk.

## 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	Safety Score (Inverse KPI)
gOHM	? (OHM MC - \$397,676,447)	40%	0%	\$9,284,643	\$0	0.32 (OHM SS - 0.87)

gOHM - gOHM is the governance token for Olympus. Olympus (OHM) aims to become a decentralized reserve currency that is community owned, governed by a DAO, and backed by decentralized assets. The team designed OHM to be a stable reserve currency using economics force. An algorithm is used to rebalance the supply of OHM tokens in the market in order to maintain the peg. The Olympus project has 2 primary methods to prevent traders for selling off OHM which will introduce buy pressure to the DAO.

1. Staking is used to incentivized token holders to lock their OHM to receive rebase rewards
2. Bonds are introduced to incentivized liquidity providers to lock in their liquidity

## Assessment:

### Rari Capital

Rari Capital can be deemed a safe protocol for Inverse to 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 18

#### Rug & Exploit Risk:

Comparable to any other Fuse Pool. Not whitelisted by the Rari Team but not a cause for concern.

### Pool Statistics:

One can infer much based on statistics for Fuse Pool 18. At first glance, the utilization of this pool is low (less than 20%). Fees figure is high compared to other pools with comparable TVL and TVB. This makes sense when coupled with liquidations figure which, at 937, is second only to Fuse Pool 6 (Tetranode's Locker) with 2520 liquidations (but also with \$120M supplied and \$20.7M borrowed, much higher figures compared to Olympus Pool Party). This speaks on the past volatility of gOHM, which has a history of cascading mass liquidations. Why? Put simply, because of (9,9); a leverage strategy applicable to the Olympus ecosystem. Using sOHM/gOHM as collateral, one is able to borrow against your collateral and purchase more OHM with it. This allows users to get a higher return from rebases you effectively increase your exposure to sOHM/gOHM. The higher the utilization rate, the stronger the effect is. TVL of gOHM supplied to this pool is down over 92% from a peak \$118M (Jan 5th, 2022).

### Oracles of Collateral Assets:

Most all assets listed use Chainlink as their price oracle. gOHM uses UniTWAP (ETH-pair) but OHM and OHM-v2 use Chainlink (still ETH-pair). No inherent oracle risk. Given deep liquidity for gOHM, there is not risk of a TWAP oracle exploit.

We should always recommend supply caps on lower liquidity TWAPS if not currently present. For assets with very low liquidity (less than \$1M), we recommend supply be capped at the depth of the underlying asset in the DEX with the most liquidity.

### Liquidity Stats:

Unconventional Assets	# Markets on Ethereum	# CEX	Deepest Liquidity (\$)	Total Liquidity on Ethereum	Liquidity/Market Cap Ratio
gOHM	1	0	\$2.6M	\$2.6M	N/A
OHM	5	1	\$88M	\$130M	0.31

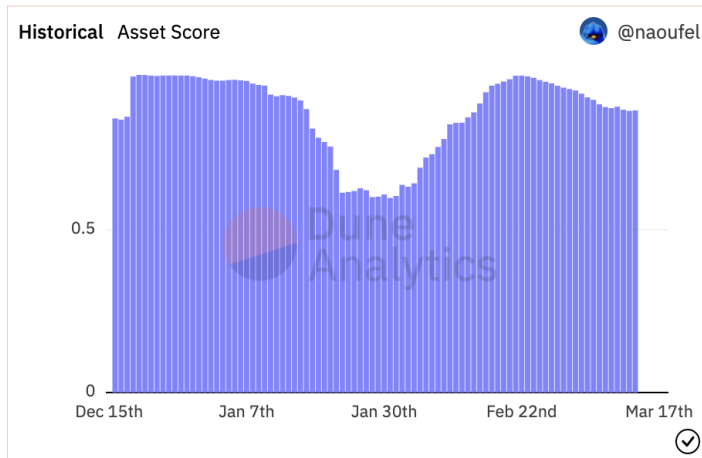
### Collateral Stats:

gOHM CF is 40%. This has been lowered overtime and is a direct consequence of the liquidations. One can assume this is now at a healthy CF since gOHM suppliers will be hesitant to take on excessive risk with their collateral given all the above.

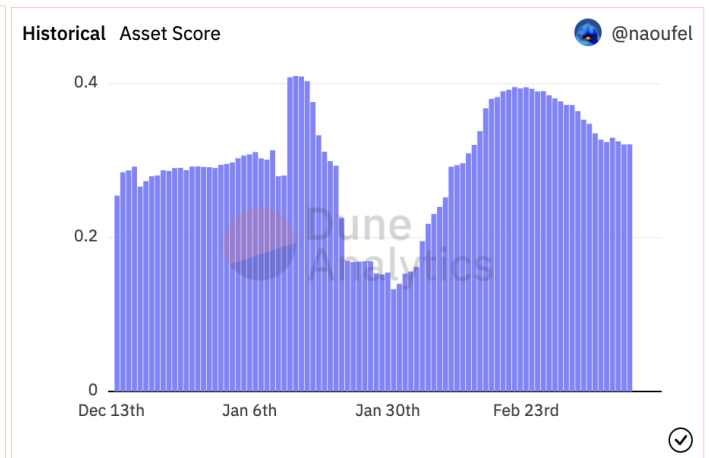
### Safety Scores:

SS for gOHM has been calculated to be 0.32. This is likely, at least in part, due to liquidity issues on the Ethereum network. A more telling figure can be deduced from the Safety Score of

OHM, which is 0.868. Historical figures, plotted against time are presented below. In both we see a significant dip during January 2022, and a recovery in the present day.



**\$OHM Safety Score**



**\$gOHM Safety Score**

### Recommendations:

gOHM is likely to stay stagnant in price this year (downside is limited). At current prices, gOHM is at backing (meaning MCAP ~ Olympus treasury assets) For more on OHM tokenomics, the Inverse Risk Team produced a write up which you can find here: [Inverse <> Olympus Partnership Recommendation](#).

While there may be significantly less interest in Olympus, and consequently this Fuse Pool, now compared to any time in its ~1 year history, one could also say now is the “safest” time to add DOLA to Fuse Pool 18. At the same time, gOHM is currently on the shortlist of next assets to add to Inverse’ Anchor Money Market. Adding \$DOLA to Fuse Pool 18 would be a great way to gather data and measure sentiment. Risk Team approves Growth Team pursuing Olympus to add DOLA to Fuse Pool 18. Recommended amount is \$1M-\$2M to start things off.