

Do Your Own Research (DYOR)

After spending time in crypto, or consuming crypto content from influencers, social media, podcasts, or blogs, the instruction to do your own research (or DYOR) will be encountered. The advice to DYOR is good advice, and in the decentralized world of crypto it is absolutely essential that all involved conduct their own research, to ensure they fully appreciate all the risks involved. Participation in decentralized markets like Orca carries numerous inherent risks, including the risk of losing all tokens transacted on the protocol.

Orca has now launched community listings: anyone has the power to list a token on the protocol; create a pool with that token; and provide liquidity to that pool—on an automated and permissionless basis.

It is essential that all parties involved take steps to ensure that the tokens they are transacting with are their intended token, and that they are content with the protocol affiliated with the token.

Below are some steps that may be helpful to take as you consider transacting with tokens on Orca and in other DeFi marketplace, but please note that none of this is or may be construed as financial, legal, or other advice. Instead, the sole intent is to encourage participants in the Orca protocol to conduct their own research and obtain their own personalized advice from qualified financial and legal advisors. Also please note that the below list only includes several suggested steps of DYOR and is not intended to be an exhaustive list of methods and best practices when participating in Orca or other DeFi marketplaces.

Verify the token address

To verify the token address, you should check it against trusted sources. The protocol's own website is a good source, but be sure to cross-check it against a reputable third-party website such as CoinGecko or CoinMarketCap. Twitter may also be an informative resource.

Verify if you think the protocol affiliated with the token is legitimate

Look to see what protocol may be affiliated with the token: if contributors to the protocol are public, check their profiles on LinkedIn or otherwise research their histories and professional backgrounds. Sometimes a protocol's contributors are anonymous for legitimate reasons, in which case you may find it informative to check their Twitter page and who comprises their following.

Verify tokenomics and documentation

Another important check is the documentation of the protocol and token itself. Examine tokenomics to ensure they make sense financially, that the rates of token emissions are clearly defined and sustainable, check token distribution and circulating supply carefully, and investigate who has invested in the protocol. If something looks wrong, check if there is a legitimate explanation. If a project doesn't want to answer questions or is evasive, this may be a warning sign.

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