

Olympus DAO



June 2022 Policy Report





Ω olympus

Olympus aims to become Web 3's premiere
decentralized reserve currency



Key Policy Notes

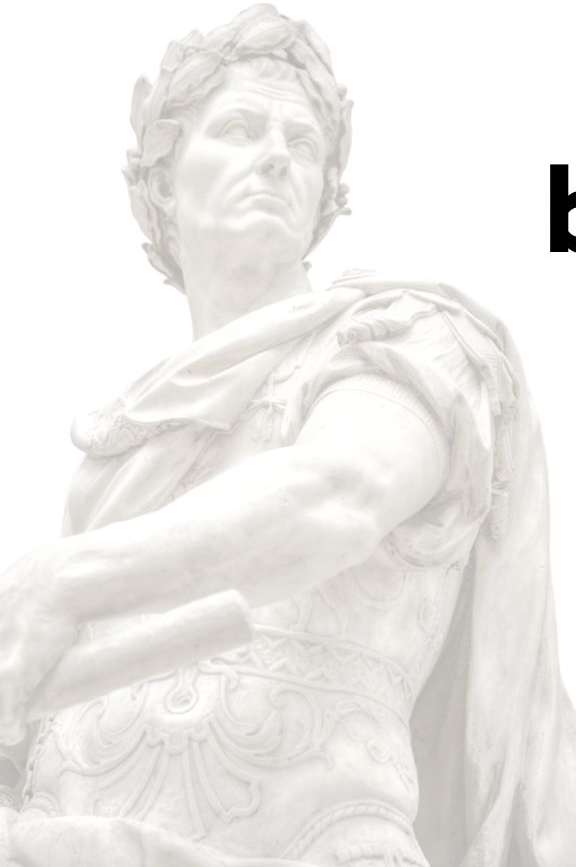
- Inverse bonds ran for the full month, and the Treasury removed 1,120,530 OHM from circulation.
- OIP-100: Adjust Reward Rate passed in June and adjustments should be implemented in early July. This latest change is expected to improve market operations efficiency mainly by reducing pressure on OHM's backing each rebase. The reward rate will be adjusted to 0.1186% from 0.1587% currently.
- After introducing FEI as a reserve asset in May, Fei Protocol was expected to follow through with its engagement and purchase \$10M worth of OHM. However, following internal & external challenges, Fei Protocol was not able to fulfill its end of the deal. This and the fast decline of FEI's collateralization ratio, pushed Olympus DAO to swap out of its FEI position for the time being.
- As for the \$10M DAI exploited on Fuse in April, Olympus DAO voted in favor of the reimbursement of exploited funds, along with other large holders. Unfortunately, the vote did not go in Olympus' favor. As a result, the probabilities of recouping any amount from this exploit have to be considered extremely low. Policy will continue to monitor any developments in this matter.



Policy Outlook

- Continue to model & test the Ranged Stability system. In a joint effort with Data & Metrics team, Policy has been running large scale simulations with the goal of identifying conditions/parameters that could break the model. Analysis of the more than 86,000,000 simulated days are ongoing.
- Develop a new reward rate framework for staking emissions that will be responsive to changing market conditions, forecast protocol growth to better match demand, and iterate towards more autonomous controls of monetary policy. The framework will also outline a transition of the current reward rate into future bond emissions.
- Designate Balancer as the main liquidity hub for Olympus POL (OIP-103). Olympus DAO is confident that Balancer current and upcoming features offer the most compatibility with Olympus' goal of promoting OHM-denominated liquidity. The main POL on Balancer will be a 50-25-25 weighted OHM-ETH-DAI pool. Liquidity migration from Sushi to Balancer is expected to start in July.
- Evaluate turning on mint & sync functionality for a new OHM-FRAX pool on Fraxswap. This would represent a good opportunity to both test this novel functionality and support Frax protocol at the same time. Olympus DAO thinks this opportunity will help assess if there is any appetite from OHM holders to LP with their assets (given that rebases will be automatically provided to LPs). Olympus could use its veFXS governance power to further incentivize liquidity providers.



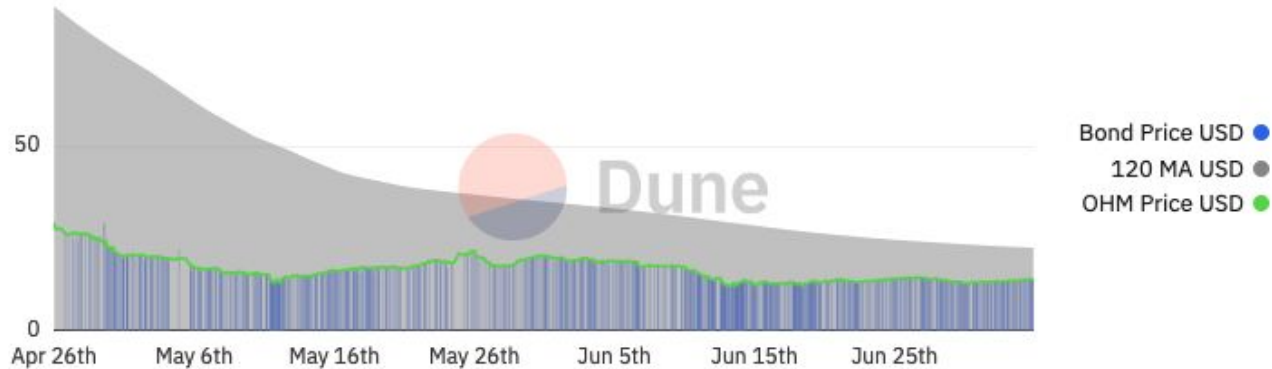


**The Treasury bought
back 1,120,530 OHM in
June 2022**

Inverse Bonds

OHM: Bond & Market Comparison Moving Averages and Purchases

@olympusdao_bonds_team



- Since launch in late April, the daily capacity of inverse bonds ranged from \$33K-1.98M per day. Bond capacities are adjusted as a reaction to multiple factors such as:
 - OHM liquid backing
 - Market activity
- As of July 5th, Treasury has utilized 34.2M worth of stablecoin reserves to buy back a total of 14,286 gOHM for an average price of \$2394/gOHM, since inverse bonds launched in April 2022.
- The total realized profit margin since launching inverse bonds currently sits at \$7M.



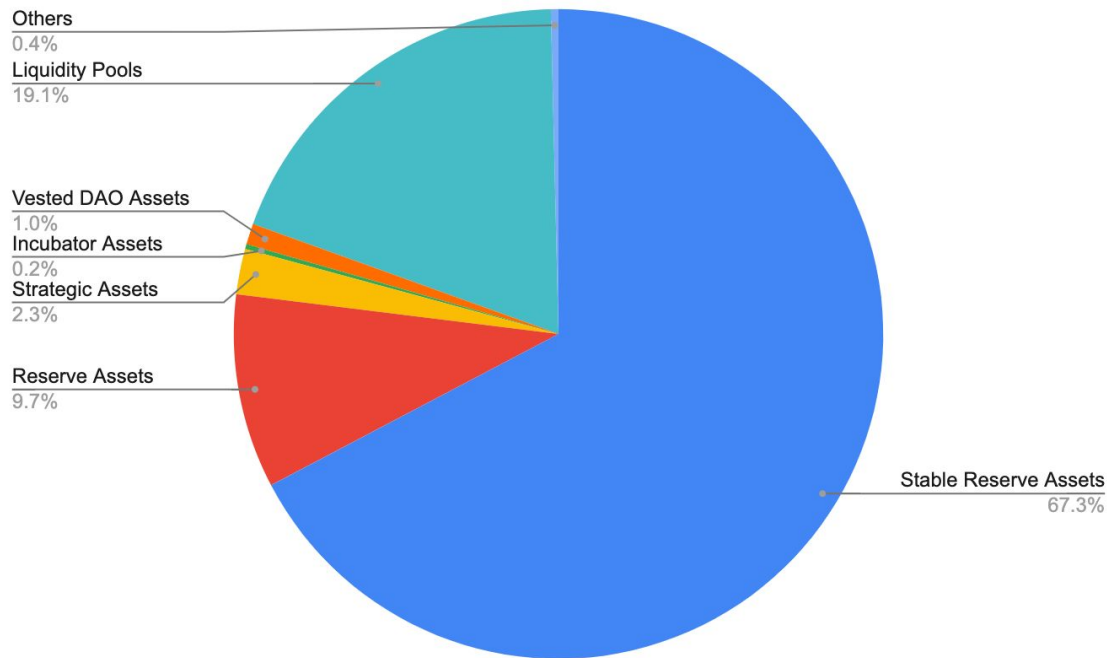
Olympus Treasury Assets



- Olympus Treasury ended June with \$294M worth of assets, resulting in a decline of 13% MoM.
- \$16M USD were used to buy back and remove 1,120,530 OHM from circulation as per OIP-94 in June: Interim ranged stability levers.



Olympus Treasury Composition

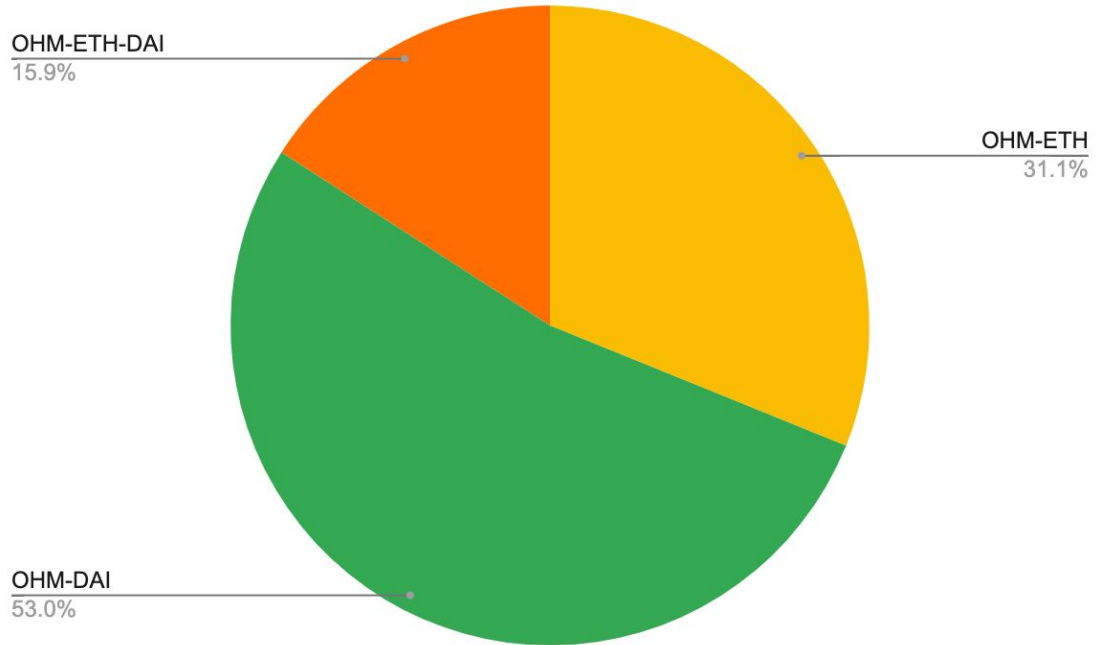


- 16,315 ETH were acquired via Liquity stability pool liquidations at an average price of \$957/ETH in June.*
- Despite this significant rebalancing and the \$16M used for inverse bonds, stable reserve assets have maintained their share of Olympus' Treasury (at 67%). This highlights how the overall market valuations have deflated this past month.

** Note that the ETH acquired got sold for DAI in July at an average price of \$1109/ETH*



Olympus' Protocol-Owned Liquidity generated \$255K from trading fees in June



- OHM-DAI & OHM-ETH remain the main trading pairs for OHM.
- Additionally, OHM-ETH pool on Curve is generating returns through the \$CRV emissions directed towards it.



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