



# Olympus H1 2022 Report

# Introduction

In a short period of time – even by crypto standards, Olympus went from an idea and a small Discord server, to a fully fledged DAO that is community-governed, with contributors from all around the globe. We were a small niche project for a time, and we were also the talk of the town.

At the beginning of this year, Olympus introduced the concept of an econOHMy, a thriving ecosystem built around OHM, driving demand and utilizing it as a reserve currency. The vision of Olympus has always been the same - to build a community-owned, decentralized and censorship-resistant reserve currency that is liquid, asset-backed, and used widely across DeFi.

If that is the destination, we can think of the [Olympus12](#) Action Plan as a roadmap to getting there, aligning the vision within both the DAO and the broader community, making sure nobody gets lost on this fast moving highway that is DeFi. Since the publication of Olympus12, the DAO Working Groups, which are distributed entities responsible for turning community mandates into DAO actions/activities, have been working to achieve the Action Plan's primary objectives, which are to:

- Preserve OHM's purchasing power
- Drive OHM's use as a trusted backing
- Bootstrap deep OHM liquidity
- Accelerate OHM's use as a unit of account

As we go down this road, we also need to reflect on the journey past: making sure we've taken the right turns, keeping ourselves accountable, and checking whether a better route has made itself available in the meantime. This is the purpose of this quarterly report, the first of many to come.

Regarding the overall DAO, the first half of 2022 (H1) has been very productive in terms of focusing all our attention on Olympus's core mission. We took the time to reflect internally on the best DAO structure and reduce communication friction as much as possible in a decentralized working environment. You can read more on that in the [Council update](#).

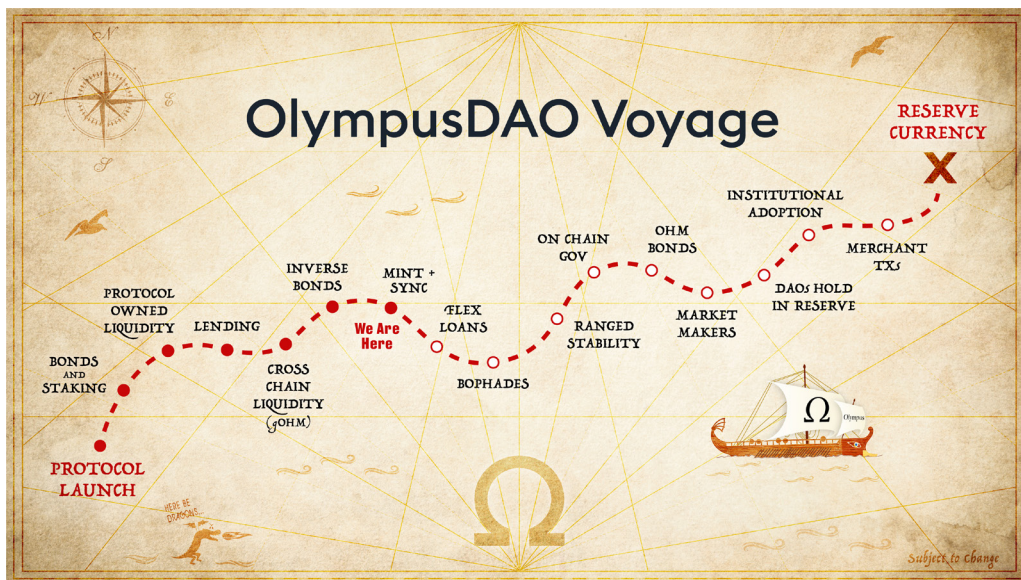
Below is a report on H1 2022 activities of the Treasury, Policy, Grants, Olympus Pro and Partnerships Working Groups.

The Olympus Council

Please note:

\*Content in this report reflects Olympus DAO's current expectations of future performance. These forward-looking statements relate to and depend upon, among other things, future external events not controlled by Olympus DAO. While Olympus DAO may elect to update this roadmap at some point in the future, it specifically disclaims any obligation to update or revise any forward-looking statements contained herein whether as a result of new information or future events, except as may be required by applicable law. Nothing contained herein constitutes or will be deemed to constitute a forecast, projection or estimate of the future financial performance or expected results of Olympus DAO. The Council issuing this report was duly elected by Olympus DAO. As part of the Council's mandate, it is issuing this report to update the community about the current and future development of the Olympus ecosystem.\*

*Where Are We in OHM's Journey Toward Reserve Currency Status?*



To help the community understand the specific actions the DAO is taking toward driving OHM toward reserve currency status, we have developed the image above. It focuses on how the DAO has been working to achieve this goal from a tactical perspective since OHM's inception.

**Bonds + Staking:** OHM reserve and liquidity bonds drive the expansion of the Treasury and strengthen liquidity (Bonds Objectives: Drive OHM's use as trusted backing, bootstrap deep OHM liquidity)

**Protocol Owned Liquidity:** Olympus provided OHM to the market in exchange for liquidity via liquidity bonds (Protocol Owned Liquidity Objectives: Bootstrap deep OHM liquidity; Accelerate OHM's use as a unit of account)

**Lending:** Enabling OHM holders to access capital by using OHM/gOHM as collateral. Efforts to secure OHM/gOHM lending on other platforms, such as Aave continue. (Lending Objective: Accelerate OHM's use as a unit of account)

**Cross Chain Liquidity (gOHM):** gOHM was introduced, which enables OHM holders to utilize OHM more easily across chains and in various protocols (Objective: Accelerate OHM's use as a unit of account)

**Inverse Bonds:** This protocol lever enhances OHM's stability by enabling holders to exchange OHM for Treasury assets (Inverse Bond Objective: Preserve OHM's purchasing power)

**Mint and Sync:** Enable OHM minting into liquidity pools to reduce emissions and dilution, and remove the opportunity cost of providing OHM liquidity (specifically, those providing OHM/XXX pair liquidity will receive staking rewards within LP positions. This will make it more attractive for projects/individuals to pair against OHM. (Mint and Sync Objective: Accelerate OHM's use as a unit of account) <- *\*We Are Here*

**Flex Loans (Incur Debt):** Whitelisted protocols must obtain OHM (e.g. via a market purchase, DAO swap) to stake for gOHM. Once whitelisted from Olympus, the protocol deposits gOHM into the Flex Loan contract along with their token. The contract then borrows against the deposited gOHM and pairs the resulting OHM with the provided token to create an LP pair at the designated DEX of their choosing. (Incur Debt Objectives: Preserve OHM's purchasing power; Drive OHM's use as trusted backing)

**Bophades:** Developing a future infrastructure for cross-chain OHM, where OHM can be minted and managed similarly across all chains where OHM is deployed (Bophades Objective: Accelerate OHM's use as a unit of account)

**Ranged Stability:** A major milestone for OHM will be the release of Ranged Stability, which will have the Treasury taking proactive actions to maintain OHM's price within a predefined range. At the low point/below the range, Olympus will deploy inverse bonds to reduce downside volatility. At the high point/above the range, Olympus will sell OHM (via reserve bonds) to grow the Treasury and lower upside volatility. Market participants will be encouraged to respond to the Treasury's market operations (by using inverse/reserve bonds at various price points). (Ranged Stability Objectives: Preserve OHM's purchasing power; Drive OHM's use as trusted backing)

**On Chain Governance:** The DAO is actively working on strategies for safely enabling OHM holders to control and manage the protocol's Treasury and market operations. (On Chain Governance Objectives: Drive OHM's use as trusted backing)

**OHM Bonds:** In the future, OHM holders will be able to acquire bonds of varying time durations (e.g. 1 month, 6 months, etc.) which will provide them with a set amount of OHM in the future. Individuals acquiring longer-term bonds will receive higher amounts of OHM Internal bonds are somewhat like Certificates of Deposit. (Internal Bond Objective: Preserve OHM's purchasing power)

**Market Makers:** Work with Market Makers to deepen OHM liquidity on centralized exchanges (Market Makers Objective: Bootstrap deep OHM liquidity)

**DAOs Hold OHM in Treasuries:** DAOs purchase OHM/engage in token swaps to add OHM to their treasuries. Protocols' confidence in OHM will increase as market operations (inverse bonds, ranged stability) result in increasingly longer periods of price stability (OHM in DAO Treasuries: Drive OHM's use as a trusted backing)

**Institutional Adoption of OHM:** As confidence in OHM's stability and operations increase, institutions become comfortable with holding OHM on their balance sheets as part of their asset allocation and diversification strategy (Institutional Ownership Objectives: Drive OHM's use as a trusted backing)

**Merchant Transactions:** OHM is used to purchase goods and services (Merchant Transactions Objective: Accelerate OHM's use as a unit of account)

**Reserve Currency:** Once OHM has engaged in the activities listed above and met the objectives outlined in the Olympus12 framework, it will have achieved reserve currency status.

# Where Are We Currently?

## **Currently being implemented:**

- Bonds
- Lending
- Inverse Bonds
- Flex Loans
- DAO held OHM in Treasuries

## **In production (estimated delivery Q3 to Q4 2022):**

- Inverse bonds
- OHM Bonds
- Ranged Stability
- Bophades
- On Chain Governance

## **Future development/focus:**

- Market Makers
- Institutional Adoption

# Treasury Working Group

## Driving OHM's Utility as a Trusted Backing

During H1 2022, the Treasury Working Group prioritized engaging in activities focused on preserving OHM's purchasing power and driving OHM's use as a trusted backing via:

- Prudent liquidity management to optimize market operations
- Providing data/insights on OHM backing and other metrics to aid deployment of inverse bonds
- Managing reserve asset composition in response to macro and partner/external protocol-related events

Significant H1 2022 activities and accomplishments include:

### **Improving the transparency of Treasury activities**

The team launched the Treasury Dashboard, which provides information on Treasury assets and incoming assets from bond- and non-bond sources. Treasury also, in collaboration with the Policy Working Group, publishes monthly reports, which concisely detail Treasury activities and risk-adjusted utilization of treasury funds. Providing community members, protocols and other Olympus stakeholders with clarity about OHM's backing and the DAO's Treasury activities is central to helping establish trust and confidence in OHM.

### **Managing risk**

From a risk-management perspective, the Treasury Working Group formalized a risk assessment process for treasury fund deployment. During H1 2022, more than \$50M in treasury assets were deployed across Convex, Curve, and other protocols. Treasury also monitored and responded to events such as the Rari hack and UST de-pegging

### **Maximizing the efficiency of inverse bonds**

The Treasury Working Group supported Inverse bonds by actively managing OHM liquidity on DEXs, which help make inverse bonds more efficient. Treasury also provides important real-time data about OHM backing, which helps inform decision-making about inverse bond capacity and duration.

A full accounting of Treasury deployment strategies can be found on the [Treasury Dashboard](#).

# Treasury Working Group Cont.

## *Key Treasury Q3 2022 Priorities*

During Q3 2022, Treasury will:

- Continue to improve the transparency of Olympus' Treasury operations
- Work to achieve increased decentralization of Olympus via On Chain Governance. On Chain Governance will help make OHM more resilient and anti-fragile
- Work to provide data, insights and advice that help Olympus implement the major protocol features that have been development over 2022, including Ranged Stability
- Continue to optimize OHM liquidity on DEXs, including evaluating partners such as Balancer that may offer the most compatibility with Olympus' goal of promoting OHM-denominated liquidity

# Policy Working Group

## Hyper-Focused on Managing Volatility and Increasing OHM's Appeal as Trusted Backing

During H1 2022, the Policy Working Group was heavily focused on anticipating and responding to a changing macro environment. The Policy team utilized a range of tools during this period.

### **Dampening OHM volatility with inverse bonds**

During H1 Policy developed and implemented a framework that allows it to follow a well-defined set of rules when initializing new bonds markets and/or reacting to sharp market moves. The goal was to make the inverse bonds program as consistent and predictable as possible. The framework centered around managing inverse bond capacities required to meet the 120 day moving average goal outlined in OIP-94. During H1 2022, Olympus utilized \$34.2M of stablecoin reserves to buy back a total of 14,286 gOHM at an average price of \$2,394/gOHM. The total realized profit margin (the difference between the gOHM/OHM backing value versus the price inverse bonds were sold) was \$7M.

### **Adjusting reward rate to strengthen inverse bond impact**

Policy also worked to increase the efficiency of inverse bonds by managing OHM supply generation. In late H1 2022, the community voted to adjust the reward rate to 0.1186% from 0.1587%. This change will improve market operations efficiency mainly by reducing pressure on OHM's backing per rebase.

Policy Reports can be found here: [Policy Reports](#)

### *Key Policy Q3 2022 Priorities*

During Q3 2022, the Policy Working Group will focus heavily on:

- **Continuing to implement and refine the inverse bond policy lever:** This will help OHM weather what may be lengthy adverse macro market conditions
- **Testing range-bound stability:** 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.
- **Optimize liquidity utilization:** Enable minting into liquidity pools to optimize OHM emissions and improve the cost-benefit of providing OHM liquidity for third-party protocols
- **Develop a new reward rate framework:** This new approach toward staking emissions 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 internal bond emissions. The new framework is under development and could be introduced to the community sometime in Q3.



# Grants Working Group

## Accelerating OHM's Use as a Unit of Account

In OIP-55 (forum, snapshot) the Olympus community approved the creation of a Grants program. OIP-55 stipulated that the grant program be run for a trial period of 3.3 months. The program was renewed by community governance as part of OIP-90 (forum, snapshot) in early Q2 2022.

Since launch, the Grants Working Group has successfully launched a reputable grants program. This can be seen via the active participation of thousands of individual community members in the OlympusDAO ecosystem round as part of Gitcoin's GR13 alongside reputed protocols such as Uniswap and Polygon. Additionally we have seen 1,000+ OHMies participate in Grants Twitter spaces and various launch events.

The Grants program can benefit Olympus and OHM by helping to support aligned protocols that can drive OHM's core mission of becoming Web3's reserve currency and supporting key Olympus12 goals.

### **Optimizing operations in response to adverse market conditions**

The dominating factor during Q1/Q2 2022 has been adverse market conditions. In response, the Grants Working Group has focused on reducing the cost of running the program whilst being able to maintain professionalism with existing partners and managing the admin of active interest in partnering with Olympus. In collaboration with Partnerships, the Grants Working Group has been researching setting up a legal entity to help with administrative aspects of coordinating agreements with external partners such as grantees.

### **Ensuring a tight link between Grants activities and Olympus12 priorities**

An additional focus of Grants has been to refine the grants pipeline to ensure all grantees under consideration fit within current priorities of the protocol. The Grants program has had requests for \$10.75mm in funding across 69 unique applications. Over the last quarter 2 additional applicants have been identified as being within remit of current priorities determined by the Core Working Group.

These are:

- **Artemis Academy:** This initiative is designed to activate builders with the appropriate training to develop OHM-centric products, services and applications. In addition, Artemis will use OHM as a unit of account by paying salaries, investments, revenue, and tuition in OHM
- **OHM-EPNS:** Will enable information and updates to be sent to OHM token holders directly to EPNS (Ethereum Push Notification Service)-enabled wallets. According to the [EPNS documentation](#): "EPNS is a notifications protocol which enables users

# Grants Working Group Cont.

(wallet addresses) to receive notifications. Using the protocol, any dApp, smart contract or service can send notifications to users(wallet addresses) in a platform agnostic fashion (mobile, web, or user wallets).”

EPNS will be immediately beneficial to the Olympus ecosystem, especially as we move towards on-chain governance.

## *Key Grants Q3 2022 Priorities*

During Q3 Grants will be focusing on projects that:

- Help the community understand the impact of grantees on OHM's core mission and priorities
- Strengthen understanding and participation in governance (which will aid Olympus' quest to become more decentralized and responsive)
- Focus the Requests for Proposals infrastructure towards:
  - Decentralized frontends: Improves the robustness of core OHM operations
  - Business development and OHM integrations
  - Hackathons to produce the next generation of OHM-centric applications

# Olympus Pro Working Group

## Building Protocol-Owned Liquidity and Treasury Diversification for DeFi

Olympus Pro (OP) represents the future of asset accrual for DeFi. By offering protocols a comprehensive set of tools to acquire assets, including their own liquidity. Olympus Pro also provides Olympus with revenue (in the form of Olympus Pro partner tokens), which contributes to Olympus' status as an asset backed by a diverse array of crypto-native assets.

In order to accomplish this vision, Olympus Pro has been executing on key strategic goals during H1 2022:

- **Permission-less OP:** Implement permission-less bonding platform
- **Data & Analytics:** Develop a scalable suite of data analysis tools tailored to bonds (to help partners make the most of Olympus Pro)
- **Bond Consulting:** Distill our insights on liquidity and treasury management to help protocols utilize Olympus Pro efficiently
- **Partner Onboarding:** Assess market opportunities for onboarding high-quality protocols
- **Customer Care:** Identifying customer help needs and pain points for ongoing success

### *Key Olympus Pro Q3 2022 Priorities*

Olympus Pro is in a state of transition. The DAO has approved a proposal ([OIP-104](#)) to deploy the new system of permissionless Olympus Pro contracts as an independent entity rebranded to Bond Protocol. The rationale is that by releasing Olympus Pro as its own protocol, Olympus DAO can focus on making OHM the decentralized reserve currency for Web3 and benefit from supporting the econOHMy. Bond Protocol will remain tightly aligned with Olympus DAO and include the same Olympus Pro contributing team.

# Partnerships Working Group

## Building Partnerships That Improve Cross Chain OHM Liquidity and Bolster Its Attractiveness as a Collateral Asset

During H1 2022, the Partnerships Working Group focused on:

1. Increasing liquidity integrations via Proteus;
2. Driving OHM's use as a collateral asset and;
3. Continuing to work on general integrations into the wider DeFi space;
4. Encouraging the use of OHM as a treasury asset;
5. Developing initial integrations for Flex Loans (IncurDebt)

The following OKRs were areas of focus for Partnerships during H1 2022:

- Increase Proteus partner exchanges and chains from 4 to 6
  - Started the year with pools on Avalanche, Arbitrum, Polygon, Fantom
  - Partnerships launched or substantially completed deals to launch pools on Beethoven (Fantom), Zipswap (Optimism), Oolong (Boba)
  - Also launched a Frax/gOHM pool on Trader Joe to supplement the existing AVAX/gOHM pool.
- Drove integrations for gOHM as collateral across chains
  - Market XYZ
  - Defrost
  - Vesta
- Drove general integrations and increased use cases for OHM/gOHM
  - APWine
  - Thales
  - JonesDAO
- Encouraged use of gOHM as a treasury asset
  - Completed partnership framework with Tribe DAO whereby Olympus would intake FEI as treasury asset and Tribe would intake significant gOHM holdings to back FEI; Note: The partnership framework was not implemented due to macro market events
  - Tokenswap with PrimeDAO (OIP-57)
- Start outreach and discussions on Olympus Flex Loans
  - Whitelisted 3 initial partners (Redacted, Tokemak, FiatDAO)
  - Explorative discussions with >5 other protocols

# Partnerships Working Group Cont.

## *Key Partnerships Q3 2022 Priorities*

Looking to H2, Partnerships will focus on areas that will support the next phase of Olympus' growth. With the advent of Incur Debt (Flex Loans) , [Mint and Sync](#) and [Internal Bonds](#) it is imperative to support growth in LPs and partner token integrations with an eye toward increasing OHM utility and utilization. Focus areas will include:

- Liquidity
  - [Flex Loans \(Incurdebt\)](#)
  - [Mint and Sync](#)
- Utility - OHM / gOHM Integrations
  - [Collateral](#)
  - [Payments](#)
  - [NFTs](#)
  - [General Integrations \(e.g. options, perps\)](#)
- Support innovation (e.g. internal bond vaults, secondary bond markets)
- Legal Entity & Framework for potential venture deals in areas of direct benefit to expanding OHM's footprint as a reserve currency asset.

# Conclusion

The intent of this report is to inform the community on how the DAO is actively working towards achieving the goals set out in the Olympus12 Action Plan, increasing the DAO's efficiency and transparency, and communicating our strategy coherently and in easily understandable ways to all contributors and community members.

Looking to the future, we have much to achieve, which is demonstrated by the priorities for Q3 2022 outlined by the Working Groups. Due to the macro environment, there is currently less noise in crypto, which allows us to focus all our efforts on building out the econOHMy rather than scrambling to keep abreast of or respond to competing priorities commonly presented to the DAO during bull markets.

We are excited to share these progress reports with our community and most of all, we look forward to your feedback on our collective efforts, whether on the community forum, Discord or via voice/video during regularly hosted community calls.

# Appendix: Expenditures and Governance

## EXPENDITURES

During H1 2022, Olympus DAO expenses were less than \$7 million. The majority of expenses were related to fees paid to DAO contributors.

Expenses	Total H1 '22 Expenses (USD)
DAO Contributor Disbursements	\$4,766,686.3
Incubator Contributor Disbursements	\$219,750.00
Grants Contributor Disbursements	\$229,750.00
Grants MS Funding	\$879,548.28
DAO Operations (Audits, Vendors, Etc.)	\$727,479.63
<b>Total Expenses</b>	<b>\$6,823,214.30</b>

## GOVERNANCE ACTIVITY

During H1 2022 Olympus focused on improving governance participation. One major goal was to ensure a larger and more diverse set of wallets are voting on proposals. As outlined in the chart below voter participation has remained consistent within a standard deviation of the mean.

Another area of focus has been improving voting participation by individuals with lower OHM balances. Overall voter participation has remained steady, and higher for especially noteworthy OIPs.

During Q3 2022, the DAO's focus will be on continuing to improve visibility of key votes (by adding governance-related features directly in the main Olympus app), and increasing the diversity and number of votes cast for key initiatives.

# Governance Activity Plot

