

# Ω Olympus



## Olympus Q3, 2022 Report

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# Introduction

The need for a decentralized and autonomous reserve currency continues to demonstrate itself, as the global economy weakens due to poor monetary and fiscal policies. As one of the few projects trying to address this issue, Olympus is committed to transparent decision-making and communication.

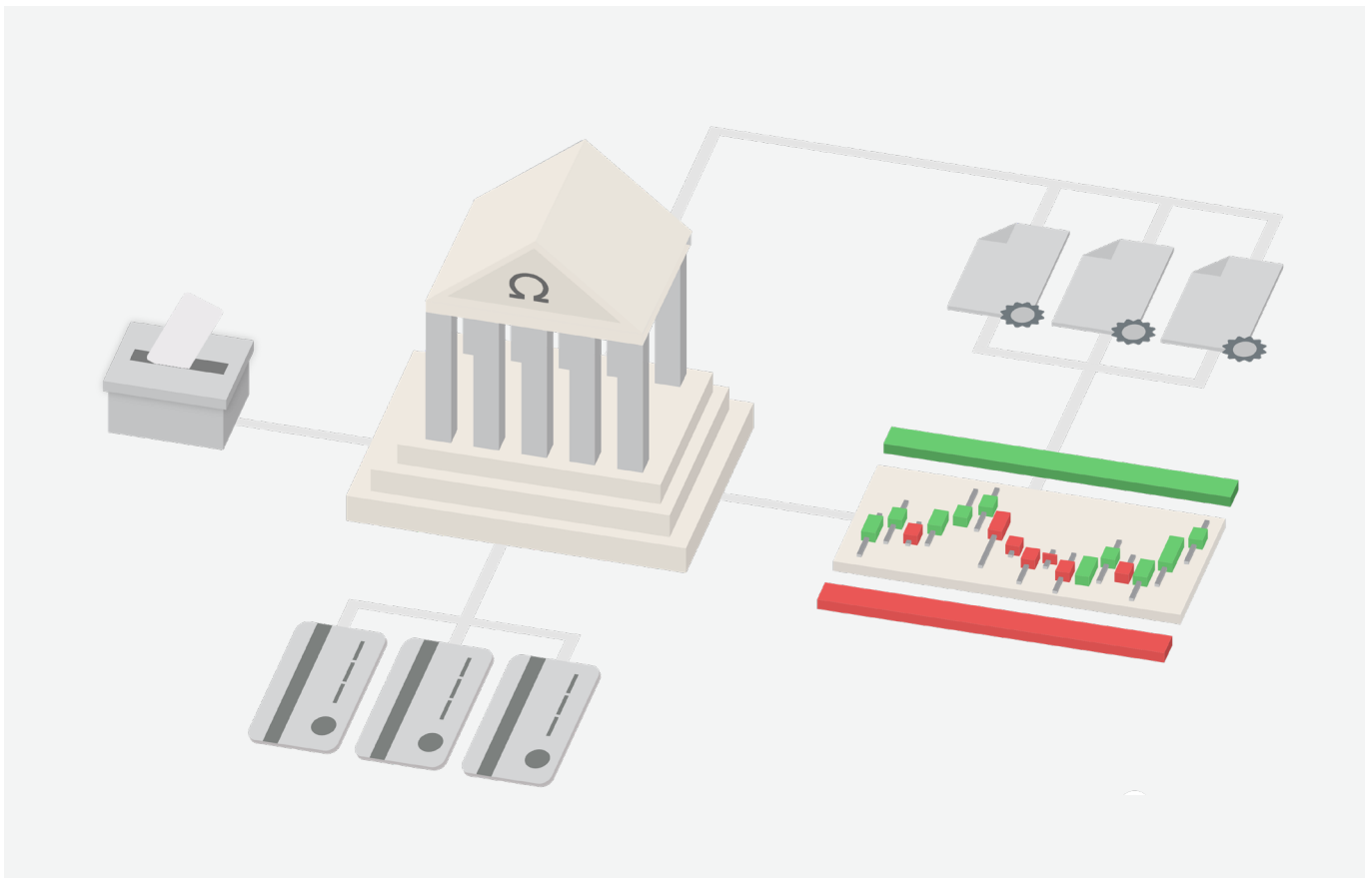
As an example of transparent collective decision-making, the community voted for a new emission framework, showing adaptability in changing economic circumstances and shaping a monetary policy that serves them.

During the first half of 2022, Olympus spent most of its time designing completely new mechanics such as OHM bonds, RBS and on-chain governance, as well as restructuring the DAO internally to make it more efficient. Due to these large, mostly “invisible”, developments, to an outsider, it might seem as though things haven’t moved much since the beginning of the year. However, as you will read in this report, the DAO finalized most of the contracts and economic logic in Q3 and laid the groundwork for Q4 launches.

In the following pages are the Q3 2022 activities of the Treasury, Policy, Council, Grants, Olympus Pro and Partnerships Working Groups\*

The Olympus Council

\*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.



# Treasury Working Group

## Driving OHM's Use as a Trusted Backing and Preserving its Purchasing Power

During Q3–2022, 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 Q3–2022 activities and accomplishments include:

### **Improving the transparency of treasury activities**

Continuous work on the Treasury Dashboard to provide more accurate data. Additionally, multiple irrelevant sections have been removed to focus on core metrics/data (OHM backing, market value of Treasury assets, POL).

- Treasury restructure proposal to better prepare for On Chain Governance
  - Increase levels of autonomy in the protocol core mechanics – including monetary policy, stability, and liquidity
  - Delineate assets ownership between the Protocol and the DAO

### **Optimizing liquidity**

Continued to optimize OHM liquidity on DEXs. This includes evaluating partners, such as Balancer, that may offer the most compatibility with Olympus' goal of promoting OHM-denominated liquidity.

- Completion of liquidity migration to establish main | POL on Balancer

### **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.

### **Benefiting the Economy**

- Fuse hack refund - give insights into amount recovered & some marketing etc.
  - Olympus and Frax managed to recover 60% of funds hacked
  - All other parties recovered 100% of funds lost
  - Highest turnout vote in Tribe's history with 100M tribe participating in the vote

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

## **KEY TREASURY Q4 2022 PRIORITIES**

During Q4-2022, Treasury will:

- Explore hedging solutions to allow for an increase of decentralized assets backing OHM
  - Challenge is finding a solution that works at scale
- Support plans of establishing an Olympus ecosystem on Balancer through asset deployments, asset acquisitions etc.
  - Aura/veBAL acquisition, (incentivization of pools with swell ETH/ rETH\*)

- Pending approval, assist with Treasury restructure's proposal implementation, which will help to achieve increased decentralization of Olympus via On Chain Governance.
- Attract additional liquidity from 3rd party OHM holders
  - Lower emissions = more opportunities for OHM holders to provide liquidity with their holdings

# Policy Working Group

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

During Q3 2022, the Policy Working Group was pivotal in the formation of the Strategy and Vision OIP's detailed in the Council section below. Policy's main focus was on preparations for several product launches that are nearing completion and are soon to be implemented.

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

During Q3 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 and illustrates how capacity is determined based on discount to liquid backing.

- **During Q3 2022**, Olympus utilized \$34.2M of stablecoin reserves to buy back a total of 12,732 gOHM at an average price of \$2,687.44/gOHM.
- **To date**, Olympus has utilized \$68.4M of stablecoin reserves to buy back a total of 27,018 gOHM at an average price of \$2,532.25/gOHM.
- **To date**, the total realized profit margin (the difference between the gOHM/OHM backing value versus the price inverse bonds were sold) is \$4.3M USD. \*This figure has been adjusted as the recent changes in backing calculations affected the amounts retroactively

### **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%. Since that vote, the updated emission framework / reward rate reduction has been implemented. This framework defines a multi-step plan to reach a fully market driven base rate. The base rate is set at 7.35% (5% + one year stablecoin rate of

return). This change is expected to improve market operations efficiency mainly by reducing pressure on OHM's backing each rebase.

### **Launch of OHM bonds (Tantalus)**

The trial period approved in [OIP 114](#) was prepared for in Q3 and launched in early Q4 2022. Policy will analyze the results of the launches and share their findings before full implementation goes to community vote.

### **Finalization of Range Bound Stability**

Policy has been running large scale simulations and testing on the range bound stability interface. Great care has been given towards defining initial parameters for the ranges based on the data that has been collected from the simulations.

### **Mint and sync deprioritization**

M&S has been deprioritized in favor of external alternative liquidity solutions. Additionally, the new lower emissions make M&S less necessary for favorable partnership integrations. Focus has shifted on developing future Lending and Credit markets.

## **KEY POLICY Q4 2022 PRIORITIES**

During Q4 2022, the Policy Working Group will focus heavily on:

- **Launching range-bound stability:** Launch RBS with initial parameters voted on by the community, coming from simulation analysis documents
- **Implementation of OIP-119:** Full launch of OHM bonds as per emission framework
- **Expanding on OHM utility avenues:** including Liquidity/Lending AMOs & Flex-Loans
- **Documentation refresh for Olympus v3:** OHM Bonds, RBS, Utility, how to use OHM, etc.

# **Council Working Group**

On April 15th 2022 the Olympus Governance Council group was officially formed by the passing of [OIP-91](#). The key deliverables defined for the council were:

### **Drive prioritization and alignment across DAO departments and working groups:**

- The prioritization and alignment within the DAO have been greatly improved in the last 6 months.

**Chart a path to further decentralized DAO governance and operations:**

- As part of the council mandate, the H1 report and this quarterly report were created. Additionally, a description of the strategic direction for the DAO (OIP-117) and how it will be achieved (OIP-118) were put forth for community vote, both have since passed.

**Oversee the broader econOHMy:**

- The DAO made important progress in Q3 toward promoting economic activity for OHM. On the policy side, the reduction in the staking rate to ~7% from >200% has reduced nominal inflation and cleared the way for OHM to be used across DeFi without a tremendous hurdle rate. Additionally, the testing and introduction of OHM Bonds is the first step in creating a yield curve and interest rate market for OHM.
- On the liquidity side, the introduction of Flex Loans, while important in and of themselves, is really a proof of concept for the protocol's ability to inject liquidity into various markets. A working group from the DAO has been hard at work spec'ing out designs for these "credit markets."

**Significant activities and accomplishments since the first****Council update include:**

- Oversaw launch of Flex Loan program and helped to develop framework for extension of various credit focused use cases
- Worked closely with law firms in Switzerland and US to analyze, define and implement a structure that could fit Olympus DAO needs. The structure executed is a Swiss Association (Olympus Association). The purpose is to assist Olympus DAO in all coordination and work to be done by all working groups, following the mandate of the community. All contributors will become Association members
- Designed and executed the legal defense to the litigation filed by an earlier project backer. Though the process is still ongoing we have achieved very positive results thus far
- Began integration with formal accounting services in preparation of compliance with association requirements
- Continued focus on immersion within Working Groups to improve communication and coordination
- Launched an internal bug bounty program
- Tracking of audit costs as line item on expense sheet below per budget approved by OIP-98
- Continued to review DAO needs and contributor size, currently there are roughly 35 paid contributors
- Created and implemented a compensation and goal-based bonus framework (OIP-102)
- In-depth effort toward developing On Chain Governance proposal flow

- Built a table to track current OIP's, working on automating this tracking into the On-Chain Governance flow
- Provided input to the working groups responsible for executing community decisions
- Reviewed community OIP's when posted and discussed implications with community members

### KEY COUNCIL Q4 2022 PRIORITIES

During Q4 Council will be focusing on:

- Developing a risk management committee to oversee On Chain Governance
- Amending OIP framework to align with On Chain Governance and building out systems to track proposal progress in a transparent manner
- Furthering broader econOHMy integrations in line with objectives and key results
- Developing a framework to vote on/replace council members

# Grants Working Group

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

Since the [H1 2022 Quarterly Report](#) the Olympus Grant program has been renewed for a further 3.3 months by community governance as part of OIP-108 ([forum](#), [snapshot](#)). 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

OIP-108 reduced monthly operating and overall grants budget by 66.66% to adopt changes the Working Group had implemented in the previous quarter.

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

The Grants program has had requests for \$11.9mm in funding across 79 unique applications. So far this quarter one additional applicant has been identified as being within remit of the current priorities of the protocol:

- Olympus Scholars Program (11.6 gOHM : \$30k).  
This initiative will enable:
  - interactive curriculum creation,
  - facilitating two live weekly classes and
  - distributing objective educational content about the Olympus protocol



over a 12-16 week period. This application is an example of a well thought through plan with milestones that includes working closely with the right teams in the DAO by a known and capable team with a track record and demonstrated cultural fit. Read the full application here.

### **Budget to date**

Since launching in early December 2021 the Grants program has been operating during an ongoing down trend in the markets. As such the USD value of OHM granted to the program via OIPs 50, 90 and 108 has seen a significant decrease in value requiring various difficult negotiations and compromises to manage these conditions.

### **Recent Grants supported**

Since the H1 2022 Quarterly Report:

- August 21st the community granted 120.36 gOHM (\$333k) via OIP-108 covering new grants, partnerships and operating costs for the program.
- Artemis (19.3 gOHM : \$50k), OHM-EPNS (3.8 gOHM : \$9k) and Olympus Scholars Program (11.6 gOHM : \$30k) grants putting remaining funds available to the program at ~150 gOHM.

### **DAO Contributors**

- July costs of paying contributors was \$13,500
- August costs of paying contributors was \$13,000
- September costs of paying contributors was \$13,250

This puts the total cost for contributors to Grants for the previous quarter at \$39,750, which is a further reduction compared to previous OIP-90 operating costs. OIP-108 adopted the framework from OIP-102, to bring Grants Working Group compensation in line with the rest of the DAO. OIP-102 additionally formalized a cap in the operating budget of the Grants program to less than \$20k per month.

### **Committee**

In OIP-55 (forum, snapshot) the voting process for the grants committee originated as requiring 4 out of 7 seats voting for an applicant with no seats blocking the applicant. In OIP-108 (forum, snapshot) to better reflect the close working relationship between the partnerships and grants teams the grants committee updated this governance framework to 5 of 8 with no seats blocking. Two contributors joined the committee, expanding the committee from 7 to 8, and Apollo stepped down from the committee to focus on Council duties. Glue (has been a contributor in the Partnerships team for the last year with extensive experience in the start up sector) and Stefano (has a background as a founder and working in VC, is currently running our DAOs Operations, and is part of the Partnerships team) are the incoming committee members.

The committee now consists of Appleseed, Catwalk, Glue, Json, Kleb, Stefano, Solarpunk, and WollemiPine.

The grants committee received authority from the community to nominate a delegate from within the Grants Committee to act as a delegate with authority to sign within any legal entities set up to serve the Olympus protocol. Nomination and withdrawal of a delegate to be governed by the same governance framework of 5 of 8 with no blocks.

### **KEY GRANTS Q4 2022 PRIORITIES**

During Q4 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 (Bond Protocol)**

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

Olympus Pro's mission is to promote Olympus-style bonds for other protocols to acquire strategic assets, including their own liquidity. Following the passing of OIP-104, a new system of permissionless bond contracts have been deployed as an independent entity – Bond Protocol. In Q3, a seed round for Bond Protocol successfully raised funds to build out a range of products to complement Olympus-style bonds. Bond Protocol remains tightly aligned with Olympus DAO and includes the same Olympus Pro contributing team.

Join Bond Protocol's Discord server at <https://discord.gg/bondprotocol> to stay up-to-date on the latest announcements. Bond's dApp is now live at <https://app.bondprotocol.finance> where users can access a range of bond offerings.

# Partnerships Working Group

## Building Partnerships to Improve OHM Liquidity Cross-Chain and Attractiveness as a Collateral Asset

During Q3 2022, the Partnerships Working Group focused on:

1. Increasing liquidity integrations via Flex Loans (Incur Debt) and Mint & Sync
2. Encouraging the use of OHM as a treasury asset
3. Expanding utility through OHM / gOHM Integrations such as:
  - Collateral
  - Payments
  - NFTs
  - General Integrations (e.g. options, perps)
4. Supporting innovation (e.g. internal bond vaults, secondary bond markets)
5. Developing Legal Entity & Framework for Venture Deals

The following OKRs were areas of focus for Partnerships during Q3 2022:

- Liquidity (Flex Debt): Redacted, FiatDAO
- Utility: Launch of Frax Swap, Swype Integration
- Support Innovation: Atlantic World GameFi Project

Besides these achievements, the partnership team has not only heavily cleaned up the funnels, but also have been working hard on a large number of integrations that are not yet able to be disclosed. There are many announcements in the pipeline.

### Key Partnerships Q4 2022 Priorities

Looking to Q4, Partnerships will focus on areas that will support the next phase of Olympus' growth. With the advent of Flex Loans and Internal Bonds, it is imperative to support growth in LPs and token integrations. Focus areas will include:

- Liquidity
  - Flex Loans and Credit Accounts
  - Liquidity "AMOs"
- Utility- OHM / gOHM integrations
  - Increase venues for OHM/gOHM collateral and lending on ETH mainnet and select chains (Fraxlend, AAVE, Silo, etc.)
  - Increase lending liquidity in existing venues
  - Introduce OHM backing for synthetics
- Support Innovation

- Foster protocols building around internal bonds and range bound stability
- Legal Entity & Framework for potential venture deals in areas of direct benefit to expanding OHM's footprint as a reserve currency asset

## Conclusion

Overall, Q3 sees the DAO putting in the finishing touches on new contracts, as well as extensive auditing and testing that continues into Q4. For many, this report will be the first glimpse of what the DAO has been working on and a taste of what is to come in Q4, which will be the culmination of a year's worth of work. We hope that everyone is excited for what's to come, as the DAO can't wait to showcase all the new mechanics that will bring OHM closer to becoming the decentralized reserve currency of DeFi.

Make sure to keep track of Discord announcements to stay up-to-date with all these new developments and launches. Bi-weekly community calls in the Discord are also a great way to ask questions to DAO contributors outside of text.

## Appendix: Q3 2022 Outflows and Governance

### DAO Outflows

During Q3 2022, OlympusDAO expenses and outflows continued to decrease.

	Actual Q3	Recurring Q3
DAO Contributor Payments	1,093,513	1,093,513
Services, Subscriptions, Other Operational Costs	113,045	113,045
Audits	123,287	61,644
<b>Operating Expenses</b>	<b>1,329,845</b>	<b>1,268,202</b>
Grants Funding*	310,928	0
Zeus Reimbursement Per <a href="#">OIP-98</a>	115,000	0
Legal Fees	441,333	TBD
<b>Total Disbursements</b>	<b>2,197,106</b>	<b>1,268,202</b>

\*Includes \$39,750 of Q3 contributor funding

### Governance Activity

During Q3 2022 Olympus reviewed governance participation. One major goal was to ensure there's a good understanding of voter activity as we move towards On Chain Governance and the parameters that are being built into that system. As seen in the chart below, voter participation has remained fairly consistent, and increases for especially noteworthy OIPs. During Q4 2022, the DAO will be on continuing to improve visibility of key votes (by adding governance-related features directly in the main Olympus app).

Voters per Proposal since June 1 22

