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# Rating Report

DOT - Polkadot

Q4 2024

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## Free report

Disclaimer. This report is not financial advice and it is made voluntary by our team.  
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Issued by

**c4r**

The purpose of this report is to gather all the important characteristics of the cryptocurrency or token. The report is performed in the following order:

1. Basic information
2. Analysis
3. Conclusion

Note that the result of this report should be interpreted as an independent analysis, not as a signal to buy or sell an asset. Please, always DYOR.

## 1. Basic information

DOT (Polkadot) is a cryptocurrency created by the Web3 Foundation and developed by Parity Technologies, with Ethereum co-founder Gavin Wood as a key figure. Its primary purposes are:

- **Network Governance.** DOT holders can participate in Polkadot's decision-making process, voting on protocol upgrades, technical changes, and treasury spending.
- **Security.** Used for staking to secure the network through Polkadot's nominated proof-of-stake (NPoS) consensus mechanism, where validators and nominators lock their DOT tokens.
- **Parachain Auctions.** DOT tokens are used to bid in parachain slot auctions, where projects compete to secure a position on the Polkadot network for their custom blockchain.

The token has evolved from a pure utility token to become a cornerstone of the multi-chain ecosystem, enabling interoperability between different blockchains through Polkadot's cross-chain communication protocol.

## 2. Analysis

In the following tables we will show the different areas researched, such as tech, strategy and economy.

DOT							
Tech	Type	Cryptocurrency		Token		Others	
	Layer	0	1	2	3	Others	
	Blockchain	Ethereum	Cosmos	Solana	BNB Chain	Others	
	Category	Utility	Security	Stable	Meme	Others	
	Consensus	PoW	PoS	PoA	PoB	Others	
	ISO	Yes			No		
	Bug Bounty	Yes			No		
	Audits	Yes			No		
	Auto Audit <sup>(1)</sup>	0	1	2	3	4	5

\*(1) The auto audit score is performed by 6 different digital audits: Certik Skynet, Quick Intel, Go Plus, HoneyPot, Token Sniffer and StaySAFU through the DEXTools app

On the one hand, the tech block shows that the project is a layer 0 cryptocurrency with a Nominated Proof of Stake (NPoS) consensus protocol. This makes it unique and innovative, as it serves as the foundation for a multi-chain ecosystem through its native Substrate framework, enabling cross-chain communication and scalability. Additionally, the project has a bug bounty program in place to incentivize the identification and resolution of potential security vulnerabilities.

However, although it is a digital asset categorized as 'utility' with reputable audits from Trail of Bits and RiskLink, it has not been subject to ISO certifications, which prevents it from achieving a higher score in this block.

DOT							
Strategy	Governance	Centralized		Decentralized		Others	
	Open Source	Yes			No		
	Roadmap	Yes			No		
	Partnerships	Yes			No		
	Public Team	Yes			No		
	Social media	Abandoned		Active		Others	
	CAPED <sup>(2)</sup>	0	1	2	3	4	5

<sup>(2)</sup> The CAPED score is an analysis of capitalization, trader's activity, price performance, development and engagement. This analysis was deployed initially by the Alpha Intelligence team of Hacken

On the other hand, with regard to the strategy block, DOT demonstrates strong fundamentals with a clear public roadmap and a highly visible team led by Ethereum co-founder Gavin Wood. The project maintains robust partnerships with significant players like Acala, Nintendo (The Pokemon Company), and Chainlink, while keeping active engagement across their social media channels, showing strong community management and transparency.

Furthermore, the project employs decentralized governance, allowing DOT holders to propose and vote on network upgrades, treasury spending, and parameter adjustments, ensuring that decision-making is distributed across stakeholders rather than centralized. The project is also partly open source, with much of its core code publicly available for review and community contributions, though some components may remain proprietary.

DOT							
Economy	Supply	Limited			Infinite		
	Burn	Yes			No		
	Collateral	Yes			No		
	Buybacks	Yes			No		
	Tokenomics <sup>(3)</sup>	0	1	2	3	4	5

<sup>(3)</sup> The tokenomics score is performed by COIN4RATING considering factors as supply, burn mechanism, distribution, vesting and possibility of staking/liquidity pools

Finally, regarding the token economy, DOT operates with an infinite supply model that lacks both a burn mechanism and collateral backing. Currently, there is no buyback program in place to reduce circulating supply.

However, there are two key proposals for its future: burning a portion of DOT tokens used in auctions, and lowering both inflation and staking APY to enable a more deflationary model. Currently, the token's only utility lies in securing the network and facilitating parachain slot auctions, which results in low natural demand and limited value capture mechanisms.

Overall, the analysis has been carried out satisfactorily.

### 3. Conclusion

The report provides a comprehensive yet concise analysis of the project's key characteristics. After thorough investigation, we confidently assess the project's performance as achieving the following rating:



(\*) Note: Rating is from AAA+ to C- scoring.

QR verification:

