Rating Report

COMP - Compound

Q2 2025

Free report

<u>Disclaimer</u>. This report is not financial advice and it is made voluntary by our team. COIN4RATING is not responsible for any error included in this report.

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

COMP is the native governance token of Compound, a decentralized finance (DeFi) protocol built on the Ethereum blockchain. Compound allows users to lend and borrow cryptocurrencies in a permissionless manner, with interest rates determined algorithmically by supply and demand. Its primary purposes are:

- **Governance**. COMP holders have the right to propose and vote on changes to the Compound protocol. This includes adjustments to interest rate models, adding new supported assets, or modifying risk parameters. The decentralized governance ensures that no single entity has control over the protocol's future.
- **Rewards**. COMP tokens are distributed to users who interact with the protocol, both lenders and borrowers. This mechanism, known as liquidity mining, rewards active participants and encourages deeper liquidity in the Compound markets. The distribution is proportional to the interest accrued by each user.

Over time, COMP has evolved from a simple governance token to a multifaceted asset with implications for yield generation, protocol ownership, and decentralized decision-making in web3 finance.

2. Analysis

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

COMP						
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 (1)	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 tech side, COMP operates as a Layer 3 utility token built on Ethereum, leveraging its Proof of Stake consensus for security and efficiency. The project has undergone rigorous audits by top cybersecurity firms, including Quantstamp, OpenZeppelin, ChainSecurity, and Trail of Bits, ensuring high reliability.

Additionally, it maintains a bug bounty program hosted on Immunefi to further strengthen protocol security. However, the lack of ISO certification limits its formal compliance score.

COMP					
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 (2)	0	**1**	2	3	4	5

*(2) 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

In terms of strategy, COMP is a well-established DeFi project with decentralized governance, making its development process transparent and community-driven. The presence of a public team and high-profile partnerships (such as a16z and Coinbase Ventures) lends credibility, though its social media presence could be described as *inactive*—neither abandoned nor highly active, with sporadic updates rather than consistent engagement.

On the other hand, unlike newer projects, COMP also lacks a public roadmap, focusing instead on organic growth through governance proposals—a common trait among mature DeFi protocols.

COMP					
Economy	**Supply**	**Limited**			Infinite	
	Burn	Yes			No	
	Collateral	Yes			No	
	Buybacks	Yes			No	
	Tokenomics (3)	0	1	2	3	4	5

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

Finally, examining its tokenomics, COMP has a limited supply, reinforcing scarcity, though it lacks a burn mechanism or buyback program.

Its primary utility lies in governance and incentivization, with loans on Compound being overcollateralized—adding a layer of economic security. These factors contribute to a strong tokenomics score, though the absence of deflationary mechanisms prevents it from reaching the highest tier.

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: