



# Blockworks

## Token Transparency Framework

**A Score Of 35-40:** indicates that the project has fully disclosed its revenue streams, equity to token holder rights, advisory service providers, and executive team personnel. Its token supply and allocation are characterized by transparent, onchain vesting with fair, well-documented distributions that align incentives between insiders and retail investors. Furthermore, the project has possibly shared comprehensive details on prior OTC rounds, committed to disclosing all material related-party transactions, and thoroughly explained its CEX and market-maker agreements. This score reflects a commitment to producing regular quarterly updates for token holders regarding financials, revenue streams, and operational progress.

**A Low Score Below 25:** A low overall score would indicate significant deficiencies and a lack of transparency across multiple critical areas. This would stem from opaque leadership, uncertain equity and token holder rights, and a heightened risk of a key person event negatively impacting the project. Such a score would suggest issues like undisclosed wallets, unclear vesting schedules, undeclared distributions from the Token Generation Event (TGE), and no clarity surrounding any new token launches. The project may have chosen not to disclose, or partially disclosed, critical information about prior OTC rounds, related-party transactions, and its agreements with centralized exchanges (CEXs) or market makers. Finally, the project possibly demonstrated little to no commitment to providing regular quarterly updates to its token holders concerning its financial health, revenue streams, and operational progress.

**Project and Team:** (Out Of 10) Reviews the people, governance structure, and conflict-of-interest controls that drive the protocol's day-to-day decisions.

- A max score indicates revenue streams, equity to token holder rights, advisory service providers, and personnel on the executive team are fully disclosed.
- A low score flags opaque leadership, uncertain equity to token holder distinctions, and heightened risk of a key person event.

**Token Supply and Allocation:** (Out Of 18) Assesses total supply, vesting schedules, and how tokens are distributed among insiders, the community, and the treasury.

- A max score signals transparent, onchain vesting with fair, well-documented allocations that align incentives between insiders and retail.
- A low score points to hidden wallets, unclear schedules, undeclared TGE distribution, and no clear future plans on new token launches.

**Transactions & Market Structure:** (Out Of 7) Examines trading liquidity, CEX and market-maker agreements, and related-party transactions that could influence price discovery.

- A max score displays that the protocol has shared details on prior OTC rounds, committed to disclosing material related party transactions, and generally explained CEX/MM agreements.
- A low score reveals that the protocol chose not to disclose or partially disclosed OTC rounds, related party transactions, and CEX/MM agreements.

**Financial Disclosure:** (Out Of 5) Looks at the reporting standards of the project's financials and operations

- A max score reflects a commitment to producing quarterly updates to token holders regarding financials, revenue streams, and operations.
- A low score means little commitment was made to produce quarterly updates on financials and operations.

# Token Transparency Framework

Gearbox, June 2025

**Blockworks Official Audited Score:** 39.5/40

**TTF Preparer:** Tushar Kohli (Marketing Lead)

**Date of Audit:** 06/30/25

## 1. Project and Team

### 1. A) Description of Project

**Definition:** A narrative description of the purpose of the project and its operation in layman's terms is provided.

#### Weighting

- 0: A simple description is not provided.
- 1: A simple description is provided.

**Submitted Response:** Gearbox Protocol is building DeFi's credit layer through its permissionless [lending architecture](#). Purpose-built for institutions and curators to launch bespoke lending markets that bring users the opportunity to earn passive yields and access native leverage across DeFi with Gearbox. Powered by credit account abstraction, battle-tested since 2021.

**Score Received:** 1/1

### 1. B) Disclosure of Revenue Streams

**Definition:** A narrative description of the Project's primary sources of revenue is provided, broken out by entity (e.g. Foundation, Labs, DAOs, or other).

#### Weighting

- 0: A simple description is not provided.
- 2: A simple description is provided.

**Submitted Response:** Gearbox effectively [has 3 sources](#) of revenue

**1. Borrower Interest Fees:** Gearbox takes a 10-25% cut from interest paid by borrowers.

**2. Liquidation Fees:** 0.5-1.5% of liquidated amounts go to the DAO treasury.

**3. Treasury Yield:** The DAO lends its revenue to the Gearbox lending pools to generate additional yield

**Score Received:** 2/2

## 1. C) Equity-Token Relationship

**Definition:** The Project must clearly disclose the rights, value accrual mechanisms, and distinctions between token holders and DevCo equity holders. Any value allocated specifically to equity holders (e.g., dividends, profit-sharing) must be communicated separately from value accruing to token holders.

### Weighting

- 0: Rights and value mechanisms are unclear or undisclosed, or there is no distinction between token and equity holders.
- 1.5: Rights, value accrual, and differences between token and equity holders are clearly and explicitly defined with the constraints of existing regulations.
- 3: Rights, value accrual, and differences between token and equity holders are clearly and explicitly defined with the constraints of existing regulations. Team makes specific representations like "We do not plan to return cash flow to equity through including through dividends and share repurchases" or identifies that the Development Entity is not for profit.

**Submitted Response:** Gearbox Protocol has no equity holders, only an onchain DAO governed by GEAR token holders. All value generated by the protocol accrues to the DAO and, by extension, to GEAR holders. The DAO has appointed a legal wrapper to handle offchain operations such as real-world payments and contracts. This entity holds no equity, has no claim on protocol revenue, and exists solely to execute DAO-approved actions that require real-world interfacing. Since there is no DevCo or equity structure capturing value, there is no divergence between token holders and equity holders to disclose.

**Score Received:** 3/3

## 1. D) Disclosure of Advisory Billings to the Foundation

**Definition:** If core team members are compensated by any Tokens allocated to the Foundation through advisory services or similar agreements, or by any other payment method (i.e. fiat),

these payments must be disclosed. Note, foundation team members known and exclusively compensated by the Foundation are excluded.

### Weighting

- 0: No acknowledgment or visibility of advisory payments from Advisory.
- 1.5: Advisory payments are mentioned, but details (amount, recipient, services) are unclear or incomplete.
- 3: All advisory payments to insiders are fully disclosed, including the recipient, scope, and amount.

**Submitted Response:** Gearbox contributors are not compensated by a Foundation. Instead, they are paid directly through the Gearbox DAO treasury, with all payments transparently disclosed in monthly reports on our [Notion](#), maintained since December'21. These payments are approved annually through a DAO-wide budget vote, the February 2025-26 budget proposal can be found here:

<https://snapshot.box/#/s:gearbox.eth/proposal/0xe7ab701c9f47fa881b5983f19c04228d7129e9564ded977091efaa6fda099cf5>

Any payments made to the legal wrapper for executing DAO-approved real-world actions are also authorized by the DAO and disclosed in quarterly updates in the Discord channel #legal-foundation: <https://discord.com/channels/841203475606011905/1118842281726853131>

**Score Received:** 3/3

## 1. E) Known Project Team

**Definition:** The identities of key team members (e.g., founders, CEO, CTO, COO of Labs, President of Foundation, etc.) are publicly disclosed.

### Weighting

- 0: No method to verify or prove the identities of key team members
- 1: A Method to verify or prove the public identities of key team members is provided.

**Submitted Response:** The identities of the key team members, [Ivan \(co-founder\)](#), [Mikhael Lazarov](#) (Founder and CTO) and [Ilgiz \(co-founder\)](#) are publicly disclosed.

**Score Received:** 1/1

## 2. Token Supply and Allocation

### 2. A) Governance & Token Documentation Provided

**Definition:** The Project must provide publicly accessible documentation covering the Token's governance rights, rights to value accrual, any additional utility, and the mechanism by which token governance is implemented (e.g. an insider multi-sig).

#### Weighting

- 0: None of the three areas are documented.
- 0.5: Not all three areas are documented.
- 1: All three areas are clearly documented.

**Submitted Response:** GEAR token holders govern the Gearbox Protocol through an onchain DAO using a delegated voting model. They can propose and vote on major decisions, including parameter changes, treasury allocations, new market deployments, funding, and protocol upgrades. Governance decisions are made via Snapshot, while onchain execution is carried out by a DAO-elected multisig. The GEAR token accrues value through an LP buyback model where 25% of the DAO revenue is utilised to buyback the GEAR/ETH LP positions on our Uniswap V2 pool.

Governance Rights & Mechanism: A detailed overview of GEAR's governance rights and delegated voting model is available at: <https://docs.gearbox.finance/governance/setup>

Multisig Structure: Details on the DAO-selected multisigs, their responsibilities, and onboarding process can be found at: <https://docs.gearbox.finance/governance/setup/guards-multisigs>

Value Accrual: The GEAR token's value accrual mechanism is outlined in the recently approved governance proposal here:

<https://snapshot.box/#/s:gearbox.eth/proposal/0xaf930dd571a05e150ebb29c32bad04299a21b5486257c67c42056e57b3e5edfb>

**Score Received:** 0.5/1

### 2. B) Initial Allocation

**Definition:** Disclosed information explaining the launch and initial supply that includes: the total number of tokens issued, the category of the recipient (team, investor, foundation, community), the total supply of the token and if it is capped, and the initial vesting schedule.

#### Weighting

- 0: No initial allocation schedule is provided.
- 1: An initial allocation schedule is provided, but some information is absent.
- 2: A complete initial allocation schedule is provided.

**Submitted Response:** The total supply of GEAR is 10B and is a hard cap. Its distribution and schedule have been detailed below and the public document link is attached

A. Community DAO Portion – ~58% (~5.8 billion GEAR)

DAO Treasury Multisig: 51% direct, managed by DAO.

DAO Round Part 1: 2.766%, locked until July 15, 2023 → vested by July 2024

DAO Round Part 2: 1.057%, locked until September 15, 2023 → vested by September 2024

Credit Account Mining: 5% – distributed to ~5,000 participants, no vesting

Community Testers: ~1.085%, no vesting

Early Discord members: ~0.348%, no vesting

Retroactive rewards (2021 testers): ~0.5%, no vesting

B. Initial External Contributors – 1.28% (~128 million GEAR)

Locked for 12-month post-launch, vesting over 18 months (completes by June 2024)

C. Early Backers (Pre-DAO Investors) – 9.20% (~920 million GEAR)

12-month lockup from Dec 2021, vesting over next 12 months (completed Dec 2022)

D. Initial Core Contributors – 20% (2 billion GEAR)

Locked 12 months from launch, vesting over 18 months (ends by June 2024)

E. Initial Company Wallet – 11.52% (~1.152 billion GEAR)

Similarly locked 12 months from launch, vested over 18 months (completes by June 2024)

Complete details available here, the token now is 100% circulating, though.

<https://docs.gearbox.finance/gear-token/supply-information>

**Score Received:** 2/2

## 2. C) Vesting Insider Tokens

**Definition:** All Insider Token allocations (team, investor, foundation) must be transparent, per the disclosed Initial Allocation. If vesting occurs at a custodian, clearly disclose the employee categories and associated vesting schedules clearly in your documentation.

### Weighting

- 0: None of these areas are clearly documented.
- 1: Some of these areas are clearly documented.
- 2: Most of these areas are clearly documented.
- 3: All areas are clearly documented.

**Submitted Response:** All insider token allocations, including team (20%), investors (13%), and the initial foundation allocation (11.52%), are fully transparent and publicly disclosed.

For contributors who joined after the DAO launch, Gearbox offers two clearly defined token compensation structures:

1. One-Year Commitment: Contributors who commit to a full year receive a token bonus equal to 2x their base pay, calculated at a fixed FDV of 150 million USD. If they leave before completing the year, they are eligible for only 0.5x of the pro-rated value.

Example: A contributor with a 50,000 USD base salary would receive 100,000 USD worth of GEAR tokens at a 150 million USD FDV. This equals 0.066 percent of the total token supply annually. Vesting begins at the end of the year and continues for 18 months.

2. No Commitment: Contributors who choose not to make a time-based commitment receive a token bonus equal to 1x their base pay, also calculated at a fixed FDV of 150 million USD. Contributors who have previously fulfilled a year long commitment period receive a 1.25X multiplier.

Example: A contributor with a 50,000 USD base salary would receive 50,000 USD worth of GEAR tokens, equal to 0.033 percent of the token supply annually. Vesting begins at the end of each quarter and completes over 12 months.

The total annual allocation for contributor incentives is capped at 0.5 percent of the overall token supply.

These terms, along with the full allocation breakdown, are available at:

<https://docs.gearbox.finance/gear-token/supply-information>

**Score Received:** 3/3

## 2. D) Labelled Unissued Token Wallets

**Definition:** Addresses that hold any Unissued Tokens (e.g. foundation, future contributors, treasury) must be publicly labelled (address listed in docs) and be held in distinct wallets. This includes the foundation allocation. The party (e.g. team, foundation, DAO) that controls the funds must also be disclosed.

### Weighting

- 0: No wallets labeled. No ownership disclosure.
- 1.5: Some wallets are labeled, but the info is partial, unclear, or outdated. Categories may overlap.
- 3: 100% of relevant wallets are labeled and verifiable, with wallet ownership disclosed.

**Submitted Response:** Gearbox DAO has no unissued tokens remaining. The entire token supply is already in circulation. Of this, 35 percent is held by the DAO in its public treasury. These tokens are used for new contributor incentives, community rewards, and expanding community ownership. The treasury wallet is publicly accessible here:

<https://etherscan.io/address/0x7b065fcb0760df0cea8cfd144e08554f3cea73d1>

This treasury is the only operational wallet, and all token-related actions are executed through it.

The address used by the pre-DAO company, before the DAO was formed, can be found here:

<https://etherscan.io/address/0xa8b1d00b1d224e83760963e361b7f676581a622d>

You can find these details in the official documentation:

<https://docs.gearbox.finance/gear-token/supply-information>

Our only operational wallet is the DAO treasury, all expenditures are processed through it. For real world expenditures, we have a legal wrapper that processes payments after a GIP is cleared. This wrapper is paid by the treasury address as well. There was a Pre-DAO company which has been dissolved but it still holds GEAR from its allocation. This company is not operationally relevant to the DAO, though, have added its address as well.

**Score Received:** 3/3

## 2. E) Airdrop Process

**Definition:** The project must disclose all airdrop eligibility criteria clearly and provide a full CSV list of recipients, including addresses and amount received.

### Weighting

- 0: Airdrop process is opaque or arbitrary.

- 1: Some criteria are disclosed, but details are incomplete, unclear, or hard to access. The recipient list may be provided, but not in an auditable format.
- 2: All criteria are fully disclosed, and the recipient list is clear, accessible, and auditable.

**Submitted Response:** Gearbox DAO's airdrop eligibility criteria were publicly disclosed in advance. The distribution was based on the following:

1. Credit Account Miners: Five percent of the total token supply was allocated to 5,000 early users who participated in Credit Account mining. Each eligible user received 100,000 GEAR tokens.

Details and snapshot available at:

[https://github.com/Gearbox-protocol/launch-snapshot/tree/master/credit\\_account\\_snapshot](https://github.com/Gearbox-protocol/launch-snapshot/tree/master/credit_account_snapshot)

2. Early Kovan Testers and Discord Members: A total of 1.433 percent of the supply was allocated to early community members, including Kovan testers and Discord participants.

CSV list of recipients and allocations::

[https://docs.google.com/spreadsheets/d/1apWu2STg\\_xOa2qBWfAnpufhDoiATR5k9MHckEDtJFV4/edit?usp=sharing](https://docs.google.com/spreadsheets/d/1apWu2STg_xOa2qBWfAnpufhDoiATR5k9MHckEDtJFV4/edit?usp=sharing)

Blockworks internal copy:

[https://docs.google.com/spreadsheets/d/1InFkRLvXI9m5jStUB9-Pf8\\_Ec16dlf7bedLdYS1d7SM/edit?usp=sharing](https://docs.google.com/spreadsheets/d/1InFkRLvXI9m5jStUB9-Pf8_Ec16dlf7bedLdYS1d7SM/edit?usp=sharing)

Additional Details:

<https://medium.com/gearbox-protocol/gear-token-not-yet-live-and-governance-reverse-voting-es-crow-75f367985397>

**Score Received:** 2/2

## 2. F) Locked Staking Reward to Insiders

**Definition:** Disclose information on insiders (Team, Investors, Foundation, Advisors) tokens that are locked and can earn rewards.

### Weighting

- 0: None of these areas are clearly documented.
- 1.5: Some of these areas are clearly documented.
- 3: All areas are clearly documented.

**Submitted Response:** All GEAR tokens are fully unlocked. As a result, there are no locked tokens earning rewards. GEAR does not generate direct rewards for holders. Instead, the DAO runs an LP buyback program designed to accrue value to all GEAR tokens.

**Score Received:** 3/3

## 2. G) Future Token Issuance

**Definition:** The project commits that any future token issuance (e.g., minting or emissions outside scheduled vesting) will be publicly disclosed and justified on an official platform (e.g., governance forum, blog, or docs).

### Weighting

- 0: No public disclosure of token issuance.
- 1: Issuance is announced but lacks detail, is disclosed late, or is not in a permanent, verifiable location.
- 2: All token issuances are disclosed before or at issuance with full details (amount, reason, recipient, context) in an official, permanent public channel.

**Submitted Response:** Gearbox DAO has no plans to mint additional tokens or increase emissions beyond the scheduled vesting. All token allocations come solely from the DAO treasury's existing share. Any use of these tokens follows a clear governance process that begins with discussion in the Discord forum, followed by a formal governance proposal (GIP) and execution by the DAO-elected multisig.

Snapshot proposals are available at:

<https://snapshot.org/#/gearbox.eth>

Governance discussion forum:

<https://discord.com/channels/841203475606011905/1118847490045792317>

**Score Received:** 2/2

## 2. H) Future & Related Token Launches

**Definition:** The team discloses all tokens launched by its key team members in the past and explicitly lays out its philosophy around launching new tokens, related to the project or otherwise. (e.g. "We do not plan to launch additional tokens" or "Any additional tokens will be given 1:1 to existing token holders who can then vote on proposals submitted by the management team.")

### Weighting

- 0: Language around new tokens is vague, non-committal, or missing entirely.

- 1: Plans around additional tokens are defined clearly. The team explains its past reasoning around token transactions and bridges from these transactions to its existing policy.
- 2: The Team represents that it will not launch additional tokens.

**Submitted Response:** The contributors represent that they have no intention to launch additional tokens. To the best of our understanding, no contributors have previously launched any tokens.

**Score Received:** 2/2

## 3. Transactions & Market Structure

### 3. A) Insider & Related Person Transactions

**Definition:** The project commits to disclosing any material Related Party & Insider Transaction within 30 days and includes: The nature of the transaction, the Related Person, the basis on which the person is a Related Person, and the number of tokens involved in the transaction. This includes tokens issued by the foundation.

#### Weighting

- 0: The project does not commit to disclosing related party transactions within 30 days.
- 3: The project commits to disclosing related party transactions within 30 days.

**Submitted Response:** The project commits to disclosing this information publicly, a Dune has been set up to track this real time.

<https://dune.com/queries/5350957>

**Score Received:** 3/3

### 3. B) Prior Token Sales & Fundraising

**Definition:** Disclosed information of previous fundraising rounds, material OTC rounds to investors, or discounted market maker sales involving the Project and its Token that includes: the date of sale, number of tokens sold, and the vesting schedule of these tokens. The Project

commits to disclosing any material OTC deal involving token sales and purchases by the foundation within 30 days.

#### **Weighting**

- 0: No prior sales are disclosed.
- 1: All prior sales are disclosed, but terms are absent.
- 2: All prior sales are disclosed with terms provided.

**Submitted Response:** The GEAR raises details are as below:

Seed Round (June 2021): Raised [\\$2.3M at \\$0.0025/GEAR, ~\\$25M valuation.](#)

DAO Round Part 1 (Aug 2022): Raised [\\$4.15M at \\$0.015/GEAR, ~\\$150M valuation.](#)  
<https://snapshot.box/#/s:gearbox.eth/proposal/0x3e51eb2ced35e3ce61a83333f0a5cedf4cc7380e71a8f7a493d2e0f46073f85b>

DAO Round Part 2 (Sept 2022): Raised \$1.59M at \$0.015/GEAR, continuing at the same valuation and terms as Part 1.  
<https://snapshot.box/#/s:gearbox.eth/proposal/0xe10c53c3a1abb709ca724b8a9959c2afd84859397ec97956eb990b6538334137>

**Score Received:** 2/2

### **3. C) Transparent Market Maker Deals & Exchange Listings**

**Definition:** Projects must disclose key details of market making and centralized exchange agreements affecting token liquidity, including: names of all market makers & centralized exchanges involved, the token allocation for each (as % of total supply), and the duration of each agreement.

#### **Weighting**

- 0: No public information on market makers (MM) or centralized exchanges (CEX)
- 1: Some MM or/and CEX details are disclosed, but not all three elements are provided.
- 2: All three key elements are fully disclosed for MM & CEX.

**Submitted Response:** The DAO has no market-making or centralized exchange agreements in place. Gearbox DAO cannot proceed with any such arrangements without a publicly posted GIP. Any future changes will be fully disclosed and must follow the established governance process.

**Score Received:** 2/2

## 4. Financial Disclosure

### 4. A) Disclosure of Assets and Cash Flow

**Definition:** The Project commits to providing updates to token holders on a quarterly basis via forum posts, live dashboards, or reports that cover core project KPIs, changes to Token supply or allocations, and disclosure of top line revenue and expenses. The Project may engage third-party contractors to prepare and deliver these updates.

#### **Weighting**

- 0: The project does not commit to disclosing Token Holder Relations Reports.
- 3: The project commits to disclosing Token Holder Relations Reports.

**Submitted Response:** The Gearbox DAO commits to maintaining transparency and ensuring that token holders have access to comprehensive reporting on DAO activities and financials.

Current efforts include:

Monthly Spending and Contributor Reports, Maintained since December 2021

<https://gearboxprotocol.notion.site/Monthly-Spending-Reports-6849871a9bae44dfb903531c0a997e8f>

Gearbox Metrics Dashboard

[https://dune.com/gearbox\\_fi/gearbox-protocol](https://dune.com/gearbox_fi/gearbox-protocol)

Revenue and Fee Dashboard

<https://gearbox.tokenlogic.xyz/revenue>

Expenses and Runway Dashboard

<https://gearbox.tokenlogic.xyz/runway>

In addition to these, the DAO also publishes periodic reports covering strategic direction, protocol changes, and self-assessment under what is referred to as the OBRA model. The 2024 report is available here:

<https://blog.gearbox.fi/gearbox-protocol-2024-recap-and-wind-of-change/>

**Score Received:** 3/3

## 4. B) Public Token Holder Relations Reports

**Definition:** The foundation's assets or working capital are held onchain and publicly labelled, providing the ability to track asset holdings, revenue, and expenses. Or, the foundation publishes a quarterly, publicly available financial report of its assets, working capital, revenue and expenses.

### Weighting

- 0: Foundation wallets are not publicly labeled.
- 1: Treasury wallets are tagged, but revenue and expense flows are incomplete or fragmented.
- 2: Wallets that touch any assets and revenue streams are labelled onchain, with clear, traceable expenses. Quarterly reports detailing assets, revenue, and expenses are provided.

**Submitted Response:** All assets and working capital of the Gearbox DAO are held onchain in are publicly labeled treasury wallets, allowing anyone to transparently track holdings, revenue, and expenses. There is no separate foundation entity holding assets. In addition, the DAO regularly publishes detailed financial reports, including revenue, expenses, and working capital data, through public dashboards and quarterly updates:

DAO Treasury: <https://etherscan.io/address/0x7b065fcb0760df0cea8cfd144e08554f3cea73d1>

Revenue Dashboard: <https://gearbox.tokenlogic.xyz/revenue>

Expenses and Runway Report: <https://gearbox.tokenlogic.xyz/runway>

Monthly Spending Reports:

<https://gearboxprotocol.notion.site/Monthly-Spending-Reports-6849871a9bae44dfb903531c0a997e8f>

These resources ensure continuous transparency and accountability to the community.

**Score Received:** 2/2