

# 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

Morpho, June 2025

**Blockworks Official Audited Score:** 35/40

**Date of Audit:** 06/17/25

## 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:** Morpho is a permissionless, decentralized protocol powering onchain lending.

**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:**

Currently the project is pre-revenue.

Morpho V1 can generate revenue at the protocol level, by taking a percentage fee on the interest borrowers pay in a given market. That protocol-level fee can only be set by the Morpho

DAO.

Morpho's protocol-level fee switch has not yet been activated, but the Morpho DAO can activate it via a governance vote.

**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:** Morpho will have only one asset—the MORPHO token. This single-asset approach ensures complete alignment between the network of contributing entities and the Morpho DAO (MORPHO token holders). This is not just a statement, but a legal guarantee due to Morpho's entity setup, as detailed here:

<https://morpho.org/blog/aligning-around-morpho-the-only-asset-for-morpho/>.

**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:** All initial token allocations are disclosed in the docs:

<https://docs.morpho.org/overview/governance/morpho-token/>

**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

- This does not affect the overall transparency score, but should be accessible to the public.

**Submitted Response:** This is all public information—no anonymous founders or association members.

For reasons of security and safety, it's preferred not to actively distribute this information widely.

**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:**

<https://docs.morpho.org/overview/governance/morpho-token/>  
<https://docs.morpho.org/overview/governance/organization#morpho-dao-governance>

The Morpho DAO (made up of MORPHO holders) has:

- Control over the MORPHO tokens in the DAO treasury
- Ownership of the upgradeable MORPHO token contract
- Ability to activate and adjust the fee switches and set a fee recipient address
- Ability to whitelist parameters for use in the Morpho Protocol's new LLTVs and IRMs for use in the Morpho Protocol

The Morpho V1 protocol itself is immutable and cannot be upgraded by anyone (even by a vote of the Morpho DAO).

**Score Received:** 1/1

## 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:** <https://docs.morpho.org/overview/governance/morpho-token/>

**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:** A total of 7.9% has been set aside for contributors (excluding founders). The Morpho Association publishes a review of contributor grants in the Morpho Forums for the Morpho DAO to approve. This includes starting and end balances. See example here: <https://forum.morpho.org/t/mip-100-approve-review-of-2024-contributor-grants/1701>.

All tokens granted to contributors (excluding founders) have been subject to either:

A 3-year vesting schedule with a 6-month lockup, or  
A 4-year vesting schedule with a 4-month lockup from the employee's token grant date

15.8% MORPHO tokens allocated to Morpho's founding team and were originally allocated over a 3-year vest, with a 1-year lockup from when the token was deployed on 24 June 2022. However, all co-founders have agreed to relock to an additional 2-year linear vest, following a 1-year lockup from the earliest of any future transferability date or May 17th, 2025. This means 100% is vested by 17 May 2028 at the latest.

**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:** Morpho DAO:

<https://etherscan.io/address/0xcBa28b38103307Ec8dA98377ffF9816C164f9AFa>

Rewards Safe:

<https://etherscan.io/address/0xF057afeEc22E220f47AD4220871364e9E828b2e9>

Morpho Association Master

Safe: <https://etherscan.io/address/0x6abfd6139c7c3cc270ee2ce132e309f59caaf6a2#asset-multi>

[chain](#)

**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:** There was no airdrop of MORPHO.

The Morpho DAO did and continues to distribute MORPHO tokens rewards to users who supply and borrow on the protocol.

**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:** <https://docs.morpho.org/overview/governance/morpho-token/>

There is currently no staking for MORPHO so locked tokens cannot receive rewards.

**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:** Any minting or emissions outside of vestings or allocations described in the docs is controlled by Morpho DAO governance.

**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:** Core contributions entities such as the Morpho Association are structured to ensure there is only one asset for Morpho - The MORPHO token.

**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 Morpho Association does not commit to disclosing all related party & insider transactions at this stage.

**Score Received:** 0/3

### 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:** Information on raises can be found under labelled as strategic partners: <https://docs.morpho.org/overview/governance/morpho-token/>

There were three different rounds classified as "cohorts" in the docs where vesting details can be found.

Round 1: 10.09.21  
Round 2: 17.03.22  
Round 3: 17.05.24

The total amount sold was equal to 27.5% of the total supply.

The Morpho Association does not commit to future OTC disclosures.

**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 Morpho Association does not plan to disclose this currently.

**Score Received:** 0/2

## 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 Morpho Association and other entities provides a number of public communications, dashboards, forums to ensure periodic updates on key developments, adoption metrics, and fees/revenue monthly.

#### Monthly Updates

<https://morpho.org/blog/the-morpho-effect-may-2025/>  
<https://morpho.org/blog/the-morpho-effect-april-2025/>  
<https://morpho.org/blog/the-morpho-effect-march-2025/>

#### Morpho Association Dashboards:

<https://dune.com/morpho/gmorpho-dashboard>  
<https://dune.com/morpho/multichain-activity>

#### Revenue & Fees:

Disclosed continuously available to public via DeFi Lama  
<https://defillama.com/protocol/fees/morpho>

#### Expenses:

The Morpho Association sees value in keeping information private, but its entity structure as a French Non-Profit provides legal guarantees that all spending by the association goes towards its sole mission of growing the Morpho network.

#### Token Supply & Allocations:

The Morpho DAO governs the MORPHO token. Any changes would go through a public governance process.

**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:** A significant portion of the Morpho Association's assets are held offchain.

Onchain, the Morpho Association Master Safe can be found here:

<https://etherscan.io/address/0x6abfd6139c7c3cc270ee2ce132e309f59caaf6a2#asset-multichain>

The Morpho DAO treasury can be found here:

<https://etherscan.io/address/0xcBa28b38103307Ec8dA98377ffF9816C164f9AFa>

<https://dune.com/morpho/morpho-blue-dashboard>

<https://dune.com/morpho/gmorpho-dashboard>

Monthly Updates

<https://morpho.org/blog/the-morpho-effect-may-2025/>

<https://morpho.org/blog/the-morpho-effect-april-2025/>

<https://morpho.org/blog/the-morpho-effect-march-2025/>

**Score Received:** 2/2