

ONyc Asset Risk Assessment

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Date: July 31, 2026 **Framework:** Allez Asset Risk Framework **Prepared by:** Allez Labs

Counterparty data (treaty limits, AUM, OnRe Liquidity Layer composition, premium projections, retrocession plans, deal pipeline) is self-reported by OnRe and has not been independently audited by Allez Labs. On-chain figures are point-in-time snapshots as of July 31, 2026. See full disclaimers at the end of this report.

Executive Summary

On Re SAC Ltd is a Bermuda-licensed reinsurer that writes property catastrophe coverage: contracts that pay out when a hurricane, earthquake, or comparable event causes industry-wide insured losses above a set threshold. ONyc is the participation token in OnRe's segregated vault: holders provide collateral backing these contracts and earn the underwriting premium in return. The vault has now run 429 days without a peg break or a reinsurance claim paid to date. Premiums accrue in benign months; a major catastrophe would compress NAV by the net claim paid.

Assessment: High Quality Collateral

Metric	Value
AUM	\$247.47M
Circulating supply	219.10M ONyc
Live NAV	\$1.1295
Live reported APY	11.64%
Inception APY (429 days, net, daily compound)	10.07%
30-day NAV-implied APY (daily compound)	11.69%
Max NAV drawdown	-0.24%
AUM documented (~50% Allez-verified on-chain; ~40% custodian/third-party attested)	~90.5% (~\$223.90M of \$247.47M)
Insurance claims paid (to June 30, 2026)	\$142K, specialty line only; \$0 catastrophe
Reinsurance exposure (gross, Active + Allocated)	~\$165.09M
Capital deployed to underwriting	~\$144.34M (58.3% of AUM)
Kamino share of ONyc supply	~52.6%
Exponent share of ONyc supply (vault + tranching)	~16.7%
Loopscale share of ONyc supply	~14.7%
DEX TVL (Solana)	\$8.92M
DEX sell-side at 2% slippage	~\$2.14M

ONyc's yield comes from two sources: reinsurance underwriting and investment income on the collateral portfolio. OnRe deploys \$144.34M of capital to reinsurance underwriting (Bound \$130.89M + Offered \$13.45M, ~58.3% of AUM) against the collateral pool at a blended ~13.6% APY on that leg, holds a dedicated Liquidity Layer of \$37.12M (15% guaranteed floor), and carries a further \$66.01M of Available Capital (deployable capital not yet committed to a reinsurance layer, per the dashboard's own definition), earmarked for new underwriting or deployment into overcollateralized on-chain lending (already \$4M live on Kamino). The 11.64% reported APY reflects the blended return across all three buckets. The token holder bears the underwriting outcome: premium accrues through NAV in benign months; a major cat loss would compress NAV by the net claims paid. No realized cat loss has occurred in the 429-day track record.

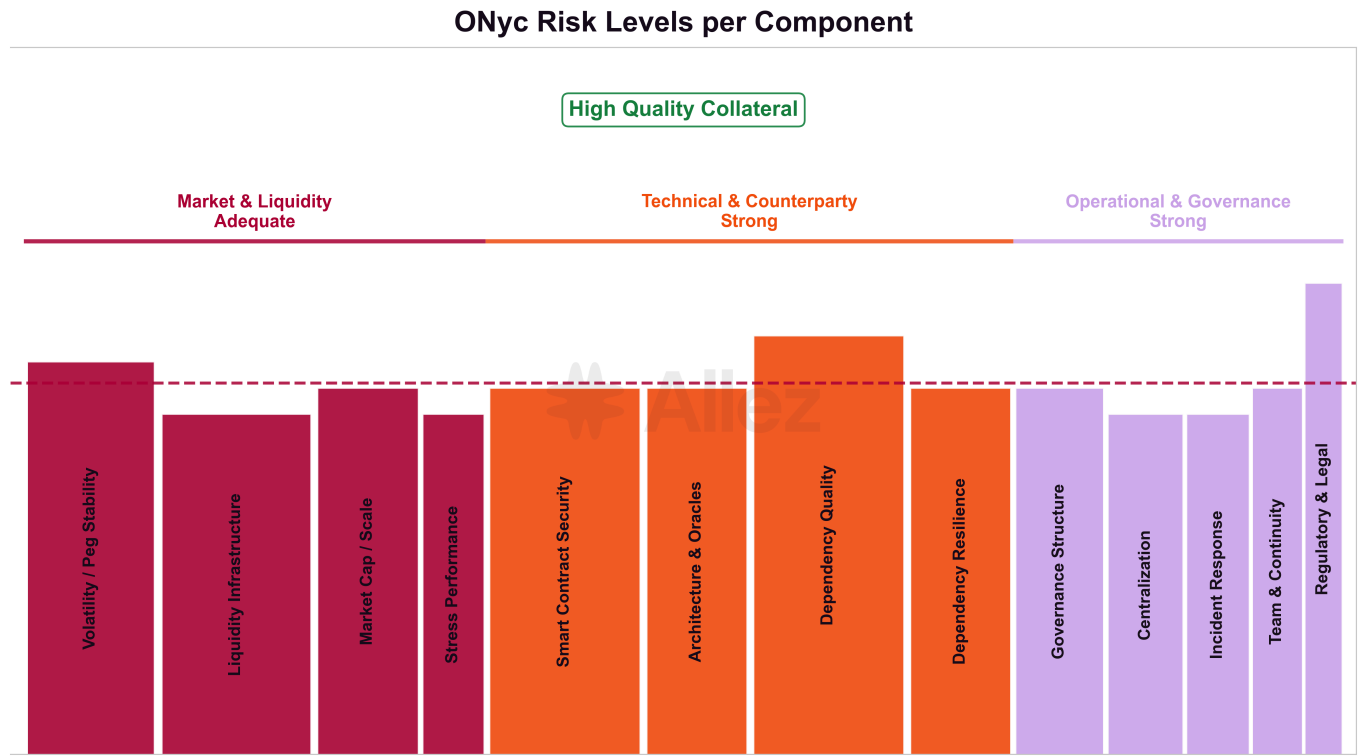


Fig 1. ONyc risk levels per component, overall High Quality Collateral, as of July 31, 2026.

Allez Labs assessed ONyc across thirteen subcomponents in three weighted categories: Market & Liquidity, Technical & Counterparty, and Operational & Governance.

Where ONyc is strongest. Regulatory and Legal: dual BMA licenses, BSCR compliance, and SAC statutory ringfencing. Dependency Quality: Squads v4 multisig as primary on-chain reserve custodian (Boss Account 45Ynz...3jaJ5), Clarien Trust custody (encompassing BNY Mellon sub-custody), Coinbase Prime for USYC custody and fiat off-ramp, and Apex Group periodic NAV attestation. Volatility and Peg Stability: 429 days live, -0.24% maximum drawdown, zero negative months.

What can be improved. Liquidity Infrastructure: DEX sell-side depth remains modest (~\$2.14M at 2% slippage) against \$166.6M of ONyc posted as lending collateral (Kamino \$130.2M, Loopscale \$36.4M). Centralization: the underwriting team controls deal selection and NAV estimation without an external review layer. Stress Performance: ONyc absorbed four DeFi-side stress events without issue, including the April 2026 Kelp DAO incident, but no cat loss has tested the reinsurance payout path.

Category	Component	Assessment	Notes
Market & Liquidity	Volatility / Peg Stability	Strong	429 days live, max DD -0.24%, zero negative months; peg tracking has improved with new liquidity providers; untested cat season
	Liquidity Infrastructure	Adequate	DEX 2% sell-side depth ~\$2.14M; Liquidity Layer is a guaranteed 15% (~\$37.12M) of AUM, with ~\$66.01M Available Capital.
	Market Cap / Scale	Strong	\$247.47M AUM, +26.1% month-over-month; holder count +15.0% to 7,426 direct holders
	Stress Performance	Adequate	Cascade run shows the single-event tail (324.7x), the -12.0% Kamino LLTV checkpoint (55.7x), and the deep -20% Sandy-grade tail (2.15x) all covered, with the deep tail leaving the least headroom on absorption capacity; no cat loss has yet tested the reinsurance payout path
Technical & Counterparty	Smart Contract Security	Strong	5 audits complete, #6 (Buffer yield pool, MarketStats PDA) still in progress; no timelock; Immunefi bug bounty live (up to \$100K)
	Architecture & Oracles	Strong	SPL Token, PDA mint authority, Apex-attested asset side, underwriting accrual self-reported; timelock in progress, road-mapped
	Dependency Quality	Strong	Custody/audit/attestation stack unchanged: Squads v4 + Coinbase Prime + Clarien Trust (encompassing BNY Mellon sub-custody) + Apex + SOC2; USDG concentration on the Boss Account vault has grown to ~31% of AUM
	Dependency Resilience	Strong	BMA SAC ringfencing + Clarien Trust + tangible net worth buffer
Operational & Governance	Governance Structure	Strong	Two Squads v4 3-of-6 vaults with separated functions; no enforced timelock on either
	Centralization	Adequate	Regulated reinsurer; no external signer; same 6-of-6 shared Vote+Execute set across both vaults
	Incident Response	Adequate	Four DeFi liquidity events absorbed cleanly; the catastrophe payout path is untested at scale
	Team & Continuity	Strong	6+ years reinsurance track; SOC2; single-operator dependency
	Regulatory & Legal	Strong	Dual BMA licenses; BSCR compliant; SAC statutory ringfencing

1. Market & Liquidity

1.1 Volatility / Peg Stability

As of June 30, 2026, the most recent date on which OnRe has confirmed claims activity, there have been no underwriting losses in ONyc. Claims have been paid on one specialty line: \$142K on a financial loss policy against \$153K of net premium received on that policy. That policy remains net positive, at a ~93% loss ratio. No other claim has been paid and no claim notification has been received on any other policy. No catastrophic event to date suggests a claim is likely. OnRe states that this policy predates the underwriting strategy it adopted in January 2026, and that risk selection and underwriting standards have since been tightened.

Specialty lines of this type generate premiums and claims continuously, and OnRe underwrites them targeting claims paid below premiums received. That is a different pattern from a property catastrophe policy, where a claim is a low-probability event that usually signals a loss on the policy. Paid claims on a specialty line are therefore expected activity. The catastrophe books remain untested by a realized loss. Observed NAV movements are consistent with yield accrual and on-chain liquidity dynamics.

ONyc NAV Stability & Peg Analysis

NAV vs DEX VWAP

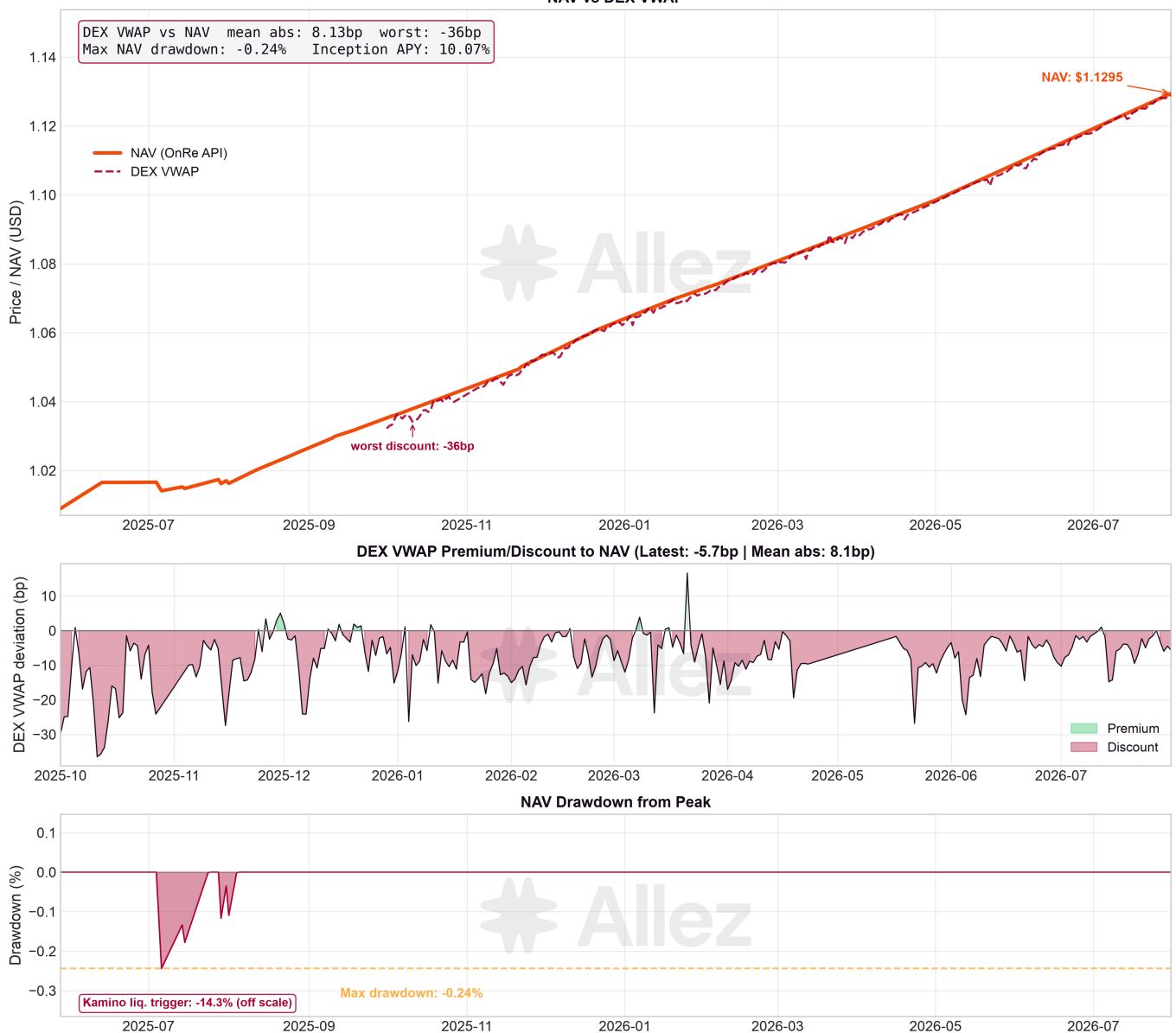


Fig 2. ONyc NAV (full 429-day history, OnRe API) vs DEX VWAP, showing premium/discount to NAV and drawdown from peak.

ONyc market price continues to track NAV closely. NAV has moved from \$1.0000 at launch to \$1.1295 over 429 days. Maximum single-session drawdown remains -0.24%, with no negative months.

Market-making concentration. One wallet (2tGNCBysAWdyLCtSxyiNPMuLHcxAd9BN5xVWYEDBwHEz), identified by OnRe as its market maker Elemental, has been actively managing concentrated-liquidity positions on the Orca ONyc-USDC pool since June 22, 2026. Allez

Labs has verified the wallet's on-chain activity but not the identity behind it. As of July 31, two positions from this wallet hold ~91% of the pool's total liquidity. This carries through into the DEX-depth recovery covered in §1.2.

Yield source. ONyc's NAV appreciation combines two income streams: reinsurance underwriting returns and investment income on the reserve portfolio. Both accrue into the NAV; a major cat loss would compress NAV by the net claims paid. No realized cat loss has occurred to date.

Stream 1: Underwriting premium. As of July 31, OnRe has \$144.34M of capital deployed to reinsurance underwriting (Bound \$130.89M + Offered \$13.45M, ~58.3% of AUM), up from \$112.7M (57.4% of AUM) in June. This is distinct from the ~\$165.09M gross reinsurance exposure reported in §1.4: gross exposure is the aggregate treaty limit OnRe is on-risk for, while deployed capital is the collateral actually committed to back that book. Aggregate limit exceeds funded capital by design, and the gap is catastrophe diversification: the treaties span perils and regions that do not exhaust simultaneously, so capital is sized to probable maximum loss plus a solvency margin rather than to the gross notional. Premium accrues in benign months; a cat loss would compress first the premium then the NAV by the net claims paid.

The underwriting book draws on the same collateral pool that backs ONyc's redemptions and DeFi positions. OnRe estimates underwriting return based on projected loss ratios and finalises it at contract end once loss certainty is established.

Stream 2: Investment income on the collateral portfolio. On top of the underwriting leg, AUM carries a dedicated Liquidity Layer (\$37.12M, the 15% guaranteed floor) and a broader Unallocated collateral pool. Per the [OnRe Transparency page](#) "Yield Composition" table (July 31, 2026), the Liquidity Layer's USDG holding earns 3.60% APY, and the Unallocated pool (\$111.95M per this table, itemized below and in Fig 3) spans Short-Term US T-Bills (3.66%), USDG (3.60%), sUSDS/Sky (3.52%), syrupUSDC (5.00%), sUSDe (4.00%), USCC (2.40%), two Kamino lending positions (USDG-lending 7.59%, USDC-lending 7.58%; see §2.3), USYC (3.14%), and non-yielding USDC/USD cash. The two streams combine to produce this ~11.64% reported APY (roughly 3.37% collateral + 8.27% underwriting, Fig 4).

The two Kamino lending-position rates above (7.59%/7.58%) are on-chain base rates for the reserves this \$4M position sits in. Lending rates move with utilization, so every rate in this report is a July 31 month-end reading.

The on-chain reserve breakdown on the Boss Account vault reads USDG ~\$77.28M, syrupUSDC ~\$11.04M, sUSDe ~\$5.80M, USCC ~\$5.01M, and USDC ~\$1.80M (July 31, 2026 live query); the dashboard's sUSDS/Sky line item is held separately on OnRe's Ethereum sleeve (~\$18.12M). USDG concentration has grown: from ~20% of AUM in June to ~31% in July, matching the transparency dashboard's own Liquidity Layer (\$37.12M) plus Unallocated (\$39.52M) USDG line items. This concentration is covered as a dependency-risk item in §2.3.

The two streams are anchored to different things. Collateral yield tracks the macro rate environment, through money market rates and regulated stablecoin yields. Underwriting return tracks reinsurance pricing and catastrophe experience, so it moves with rate-on-line and with whether cat events occur. Underwriting income is variable: it accrues steadily in benign months but can reverse sharply if a large claim is paid, compressing the NAV. The collateral portfolio acts as a performance floor and boost.

ONyc Collateral Portfolio Composition

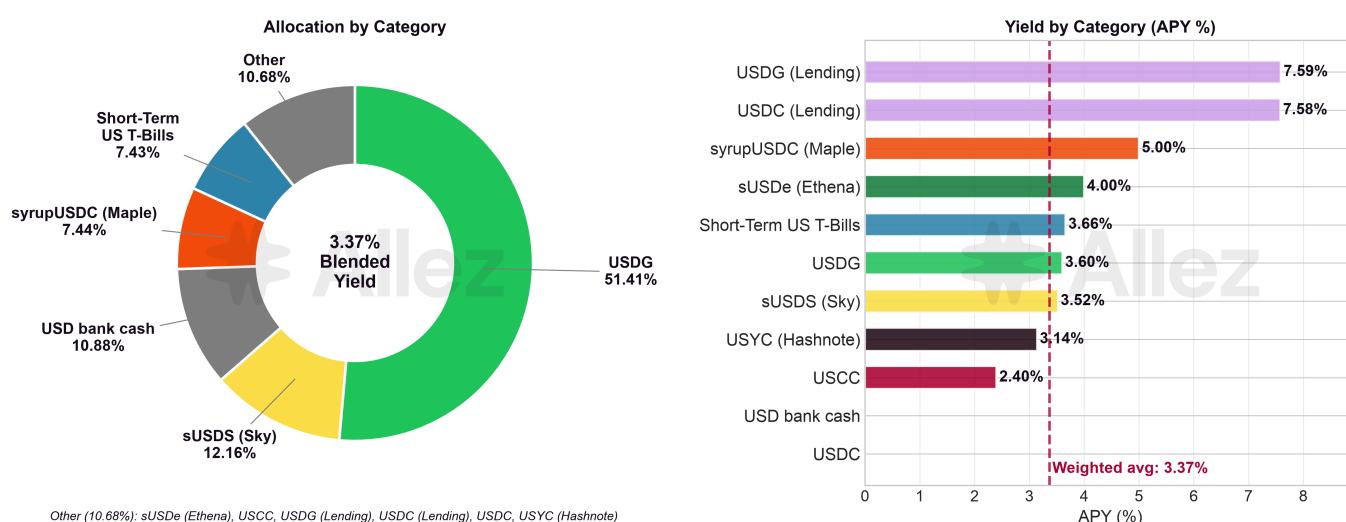


Fig 3. ONyc collateral portfolio composition ([OnRe Transparency dashboard](#) "Yield Composition" table, July 31, 2026), scoped to the Liquidity Layer + Unallocated buckets: the custody collateral backing this chart. Reinsurance-deployed capital is tracked separately as underwriting exposure.

ONyc Yield Decomposition

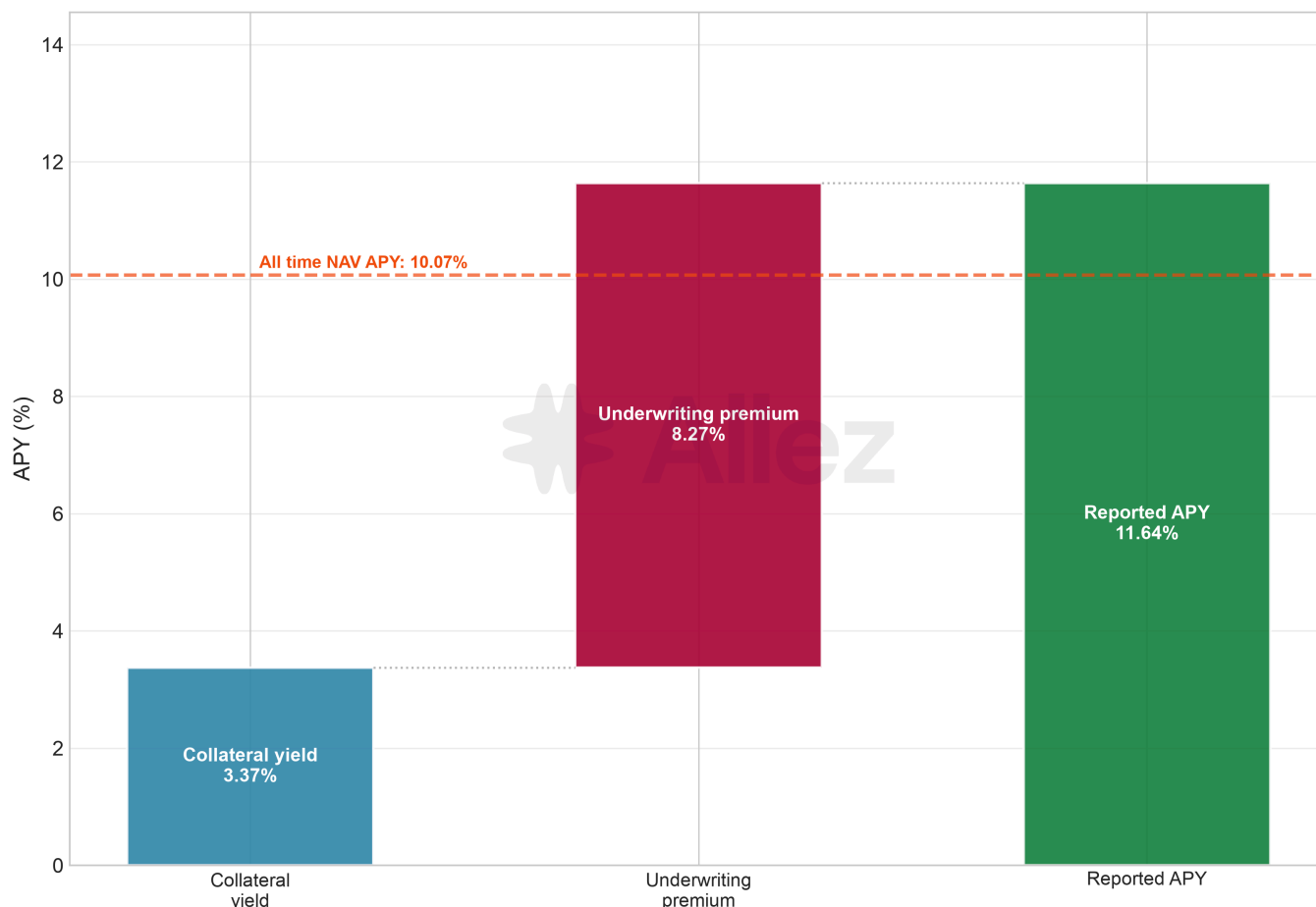


Fig 4. ONyc yield decomposition: reported 11.64% APY = 3.37% collateral yield (weighted average across the Liquidity Layer + Available Capital pool, Fig 3) + 8.27% underwriting premium.

Reserve portfolio dependency quality (counterparty risk per stablecoin issuer) is covered in §2.3; collateral liquidity under redemption stress is covered in §2.4.

Daily return standard deviation remains low and consistent with June's profile. The 429-day track record spans one partial cat season. No reinsurance loss has propagated through the NAV; four stress events (see §1.4) tested the on-chain redemption path. A full cat cycle (3 to 5 years) is the standard underwriting data horizon for validating loss picks against actual experience.

Oracle and price-feed behavior. NAV is computed and stored in OnRe's Solana program state. Two oracle providers publish this value on-chain for protocol consumption:

- **Pyth** (market pricing): low-latency price feed, push-based, published by the Pyth program ([FsJ3A3u2vn5cTVofAjvy6y5kwABJAqYWpe4975bi2epH](#)).
- **Chainlink OCR** (NAV publication): structured NAV reference feed via OCR-based decentralized node operators ([HEvSKofvBgfaev23kMabbYqxasxU3mQ4ibBMEJWHny](#)).

Neither is an independent pricing source; both publish values derived from the OnRe contract state, tracking it by construction. DeFi venues read the contract directly or via these two feeds with no dependence on market price.

A separate, third feed, **Chainlink Data Streams** (DEX market price, [onyc-usd-dexprice-streams](#)), publishes real-time ONyc market price derived from DEX activity, a distinct value from NAV. No independent feed exists to dislocate NAV itself, so the manipulation surface moves to the contract input the two NAV-publishing feeds both rely on.

Allez Labs assesses this as Strong. The assessment reflects 429 days of track record without a peg break or a catastrophe claim; specialty-line claims have been paid and stay below the premium earned on that line, while the XoL/ILW books' tail risk remains untested by a realized loss. The asset side of NAV is corroborated through several independent channels: live on-chain reads of the Boss Account multisig, the Ethereum sleeve, the ONyc SA Redemption Vault, and the Kamino lending position (~50.1% of AUM combined, July 31), Clarien Trust statements (encompassing BNY Mellon sub-custody) and the Radix ILS capital (~40.4% of AUM combined, as of the June 30 statement cycle), and the periodic Apex Group attestation (most recent dated June 30, 2026). Combined, ~90.5% of AUM is documented (see [Annex 1: Proof of Reserve](#)); the residual is consistent with this cycle's new capital inflows outrunning the attestation cycle (see [Annex 1: Proof of Reserve](#)). The element that remains self-reported is the underwriting premium-accrual loss-pick estimate between deal binding and contract settlement; that remains the dominant input-quality risk.

1.2 Liquidity Infrastructure

ONyc DEX Pool Liquidity

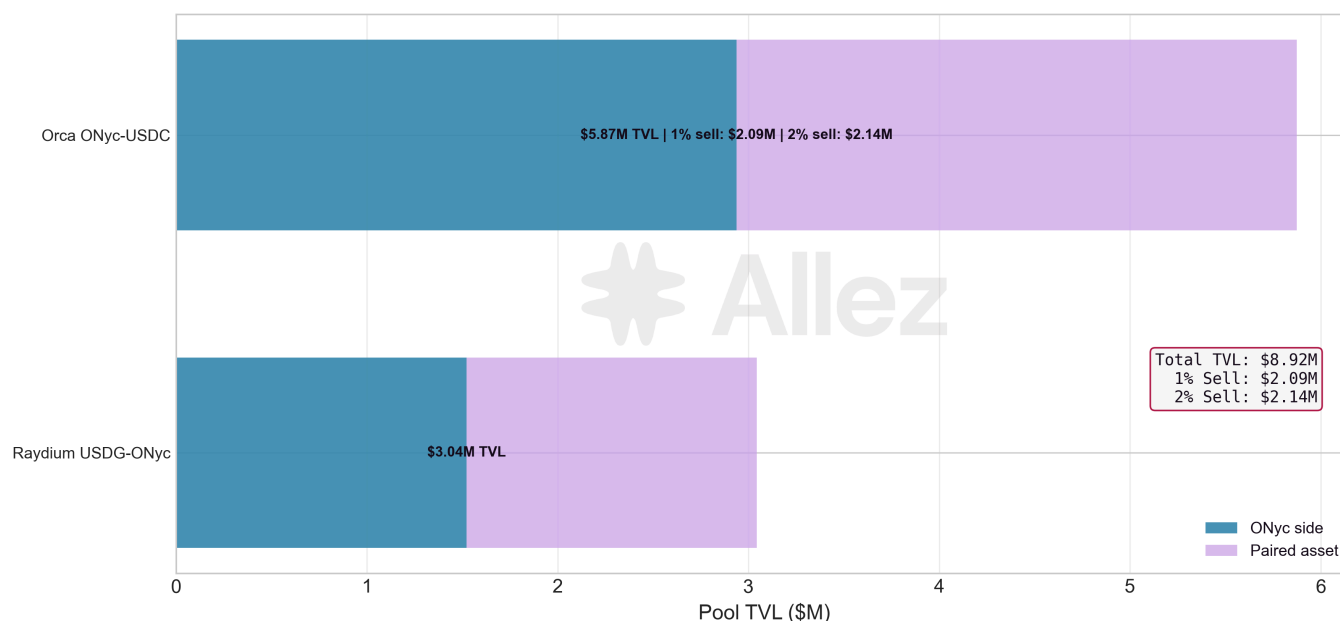


Fig 5. ONyc DEX pool liquidity at July 31, 2026: per-pool TVL and slippage capacity. Two further pools, Orca ONyc-jitoSOL and Meteora ONyc-USDC, are dormant and excluded; both were verified by direct on-chain read (see Annex 3).

Total DEX TVL is \$8.92M across the two live pools, up from \$8.02M in June on the same basis, concentrated in the Orca ONyc-USDC pool (\$5.87M TVL, ~\$2.09M of sell-side at 1% slippage and ~\$2.14M at 2%). Orca ONyc-USDC supplies all of the usable sell-side depth, so the combined figure is its own: ~\$2.09M at 1% and ~\$2.14M at 2%, a substantial recovery from June's thin ~\$0.73M. This recovery is consistent with Elemental's ongoing market-making activity on the Orca pool, independently verified on-chain back to June 22, 2026 (see §1.1, §1.3). The Raydium USDG-ONyc pool (\$3.04M TVL) shows no usable ONyc depth. Two further pools are dormant and excluded from the total: Meteora ONyc-USDC held ~\$23 on the snapshot date, and Orca ONyc-jitoSOL was last measured at \$0.12M on July 14, holding ~\$28K when re-read on August 19.

ONyc DEX Sell-Side Slippage: Realized On-Chain Trades

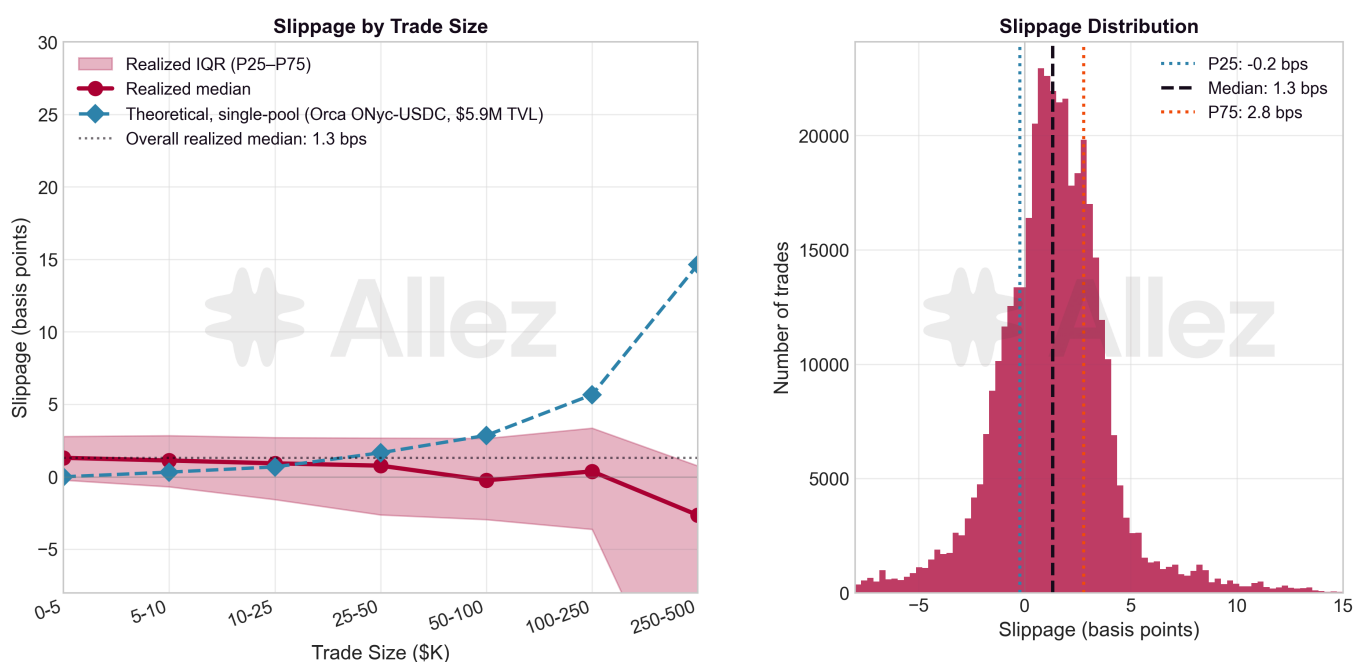


Fig 6. Realized sell-side slippage across on-chain sell trades (May 21, 2025 - July 31, 2026; 806,245 trades total, 413,853 sell-side). Sell-side P25 ~0 bps, median ~1.3 bps, P75 ~2.8 bps; realized falls below theoretical at larger sizes because Jupiter routes across all ONyc pools.

DEX trading volume. Average daily volume: ~\$1.86M over the trailing 91 days (May 2 - July 31; max ~\$9.35M, on June 5). Daily volume as a share of AUM averages ~1%. Largest single-day net outflow: -5.90% of AUM on Apr 2, 2026, immediately after the Drift-hack

contagion event (see §1.4); it remains the largest single-day decline on record through July 31.

DEX slippage improved this cycle. Depth is the clearest gain in the July book. Sell-side capacity at 2% slippage went from ~\$0.73M in June to ~\$2.14M, roughly tripling, and 1% capacity now stands at ~\$2.09M where June had almost none below the 2% band. Realized execution improved alongside quoted depth: sell-side trades cleared at a median ~1.3 bps with a P75 of ~2.8 bps across 413,853 sell-side fills. The driver is identifiable rather than incidental, since Elemental's market-making wallet has run concentrated-liquidity positions on the Orca ONyc-USDC pool since June 22 and holds ~91% of that pool's liquidity. That improves the exit for ordinary size while concentrating it in one provider: if that wallet withdraws, most of the new depth goes with it.

ONyc DEX Volume

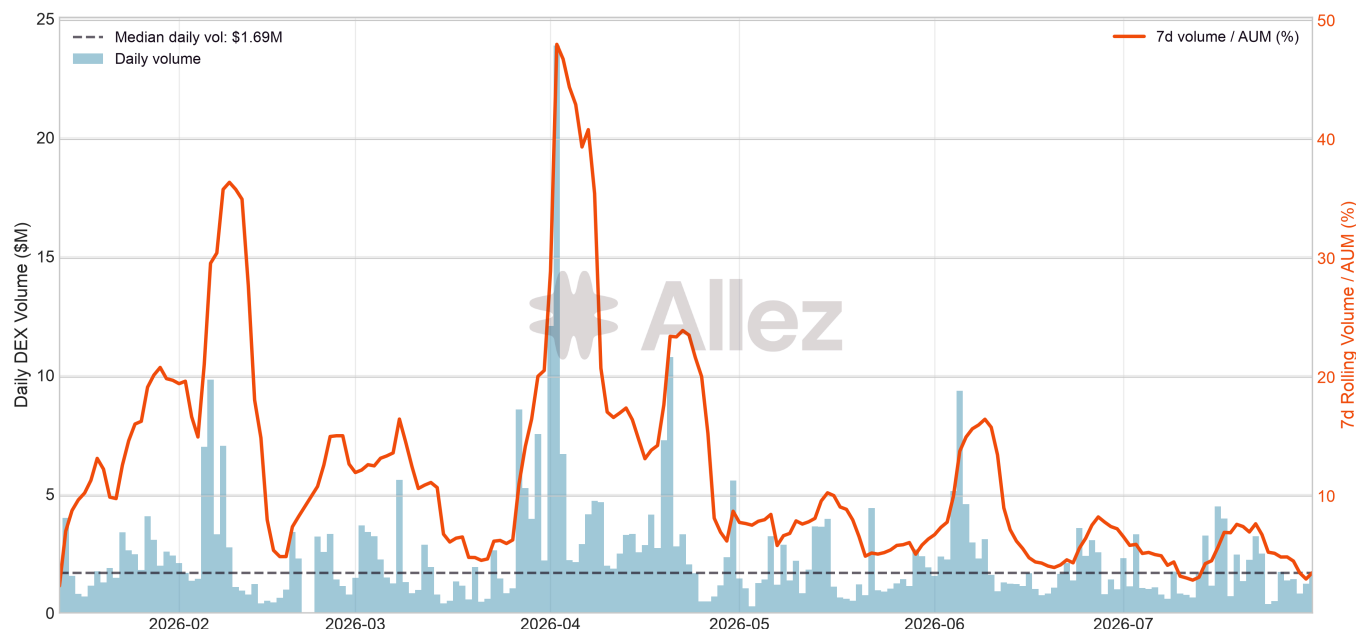


Fig 7. ONyc DEX volume and daily volume as share of AUM. Apr 2, 2026 produced the largest single-day outflow on record (~5.90% of AUM), still the peak of the 429-day history through July 31.

Exit Routes

DEX (immediate). ~\$2.09M sell-side at 1% slippage and ~\$2.14M at 2% slippage on the July 31 snapshot, all of it in Orca ONyc-USDC (\$5.87M TVL), available without KYC. This is a substantial recovery from June's thin ~\$0.73M at 2% slippage, consistent with Elemental's market-making. No other pool contributes usable sell-side depth: Raydium USDG-ONyc (\$3.04M TVL) shows \$0 at either band, and the two small pools, Orca ONyc-jitoSOL and Meteora ONyc-USDC, are dormant. Orca ONyc-USDC is, in practice, the only pool with real two-sided depth, and the primary exit path for DeFi-native holders.

Off-chain redemption (monthly, best effort). KYC-gated. Processed from the OnRe Liquidity Layer (OLL), which commits a minimum 15% of AUM and currently is \$37.12M. The OLL is accessible monthly for end-investor redemptions (25bp fee, waived for market makers); on top of that, whitelisted market makers and arbitrageurs can tap the OLL on shorter timescales for intraday and short-term liquidity, keeping the DEX in close peg-tracking range during normal flow. Processing is best-effort and not guaranteed within a fixed window; per OnRe, these redemptions are in practice often processed within hours. If the OLL lacks sufficient USDC/USDG to fill a request, per OnRe's own documentation the redemption remains queued until liquidity becomes available.

On-chain verification of the Boss Account multisig vault ([45YnzauhsBM8CpUz96Djf8UG5vqq2Dua62wuW9H3jaJ5](#)) confirms continued active use as the redemption routing point as of July 31. Two material movements occurred in the vault's ONyc token account: on July 27, its full balance of 4,340,318.94 ONyc (~\$4.9M at that day's NAV) was burned, consistent with a large redemption; circulating supply did not contract that day. On July 31, the account received 1,500,000 ONyc (~\$1.69M) from Elemental's market-making wallet ([2tGNCBysAWdyLcTxyiNPMuLHcxAd9BN5xVWYEDBwHEz](#), see §1.1/§1.2), leaving it at its current 1,500,000 ONyc balance. The vault's USDC account runs dozens of transactions per day, consistent with active treasury/MM/OTC use rather than simple redemption servicing.

Off-chain redemption (quarterly). KYC-gated. Processed from OnRe liquid reserves. No fee. Maximum redemption 10% of AUM per quarter (~\$24.75M), netted out by new supplies. Since June 22, the ONyc SA Redemption Vault ([Df2s8BbohRw8rF8PSGGiaCNXPMgeiCU4thzarELbv8oF](#)) processed 4 redemptions totaling ~\$983K, consistent with steady redemption pressure.

Cascade sell pressure vs available backstops. Under the partial liquidation model (10% of collateral per wave, 5% bonus; see §1.4 for full methodology), the joint Kamino + Loopscale cascade run clears with zero bad debt. Loopscale's highest-LTV loan is at its 75% threshold, with a broader cluster tripping from -7.2%, reaching ~\$0.11M of collateral sold by the XL 5 tail (-8.1% NAV); Kamino's own first liquidations begin at its -12.0% LLTV. By -12.0% the combined book has ~\$0.67M of collateral sold (Loopscale ~\$0.57M, Kamino ~\$0.10M), rising to ~\$17.27M through a -20% Sandy-grade tail. The OnRe Liquidity Layer commits a guaranteed minimum of 15% of AUM (\$37.12M); on the guaranteed layer it covers the -12.0% wave ~55.7x but only ~2.15x of the -20% tail.

Allez Labs assesses this as Adequate. DEX 2% sell-side depth grew from \$0.73M to \$2.14M over the cycle, and large transactions or a liquidation cascade route through the OnRe Liquidity Layer rather than the open market; the cascade coverage those routes provide is quantified in §1.4. The remaining structural gap is settlement atomicity: OLL access is available today but not yet a same-block on-chain primitive.

1.3 Market Cap & Scale

OnRe-level metrics

Metric	Value
AUM	\$247.47M
Circulating supply	219.10M ONyc
Holders (direct addresses)	7,426 (July 31, 2026)
Entities (disaggregated, the basis used here)	7,798
Deployed capital (underwriting)	\$144.34M (~58.3% of AUM)
Liquidity Layer (guaranteed 15% floor)	\$37.12M (15.0% of AUM)
Available Capital	\$66.01M (~26.7% of AUM)
Policy target	15% Liquidity Layer floor

OnRe Total AUM

AUM Has Grown Since Launch, Now at \$247M

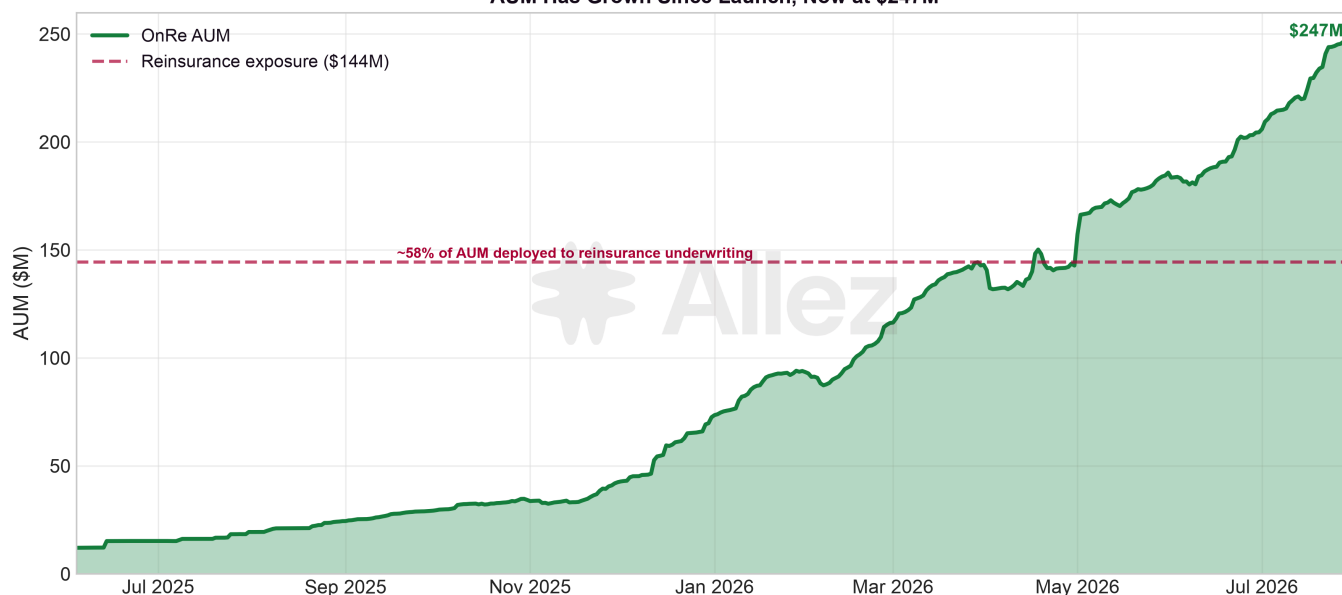


Fig 8. OnRe total AUM with reinsurance deployment reference.

AUM grew 26.1% month-over-month to \$247.47M. Underwriting deployment held essentially steady as a share of AUM (57.4% in June to 58.3% now) even as the dollar amount grew by ~\$31.6M (\$112.7M in June to \$144.34M now).

Holder distribution. ONyc has 7,798 users on the disaggregated basis (July 31, 2026), counting the wallets behind each venue rather than the venue address itself.

The direct-address count feeds that figure: 7,426 addresses hold ONyc, up from 6,461 in June (+15.0%), but the two largest are venue contracts. The Kamino lending reserve vault ([FsvTiXTUFDc4aLbrov4PrvDTjXCWCnILdxTukZ1T2ss](#)) holds 52.6% of supply and the Exponent contracts hold 16.7% across the PT/YT vault and the risk-tranching escrow. Reading those two as holders produces a direct-holder Gini of ~0.99 and a top-10 share of 81.0%, both of which describe where ONyc is deposited rather than who owns it.

Holder Count & Supply Share by Wallet Size

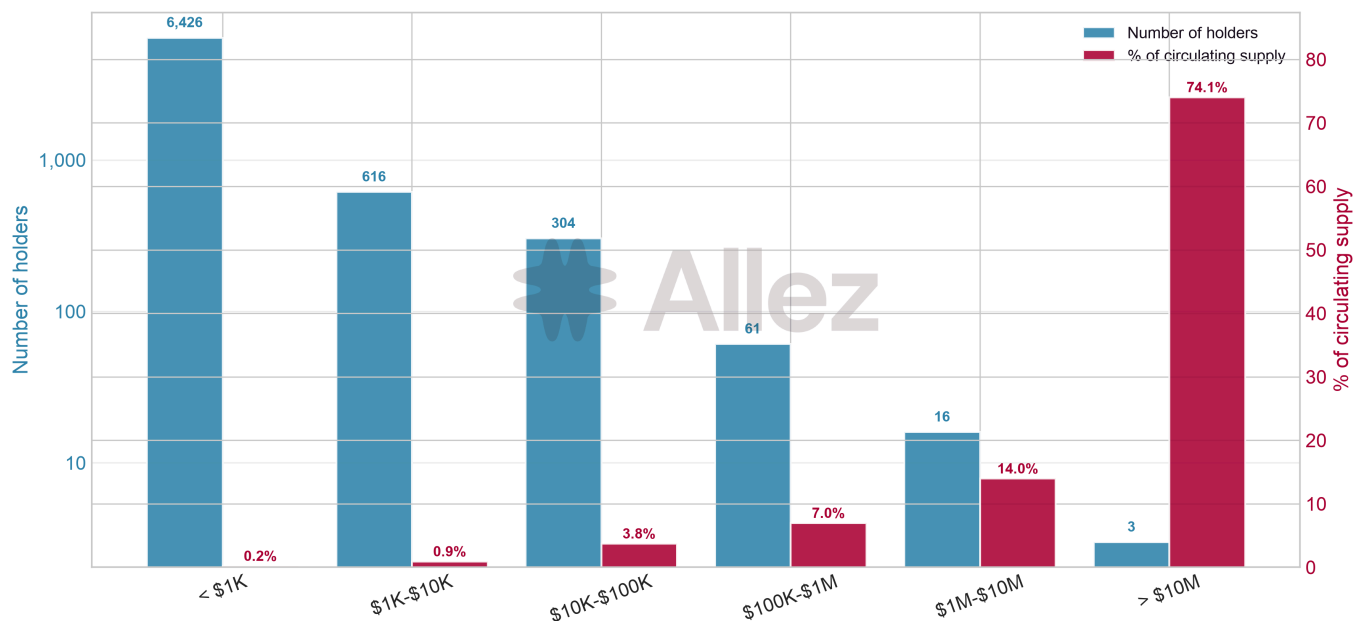


Fig 9. ONyc holder distribution by bracket, on the direct-address basis (7,426 addresses, July 31, 2026). Left: holder count per size bracket. Right: supply share per bracket. 3 wallets control 74.1% of the supply, each holding over \$10M.

ONyc Supply Concentration: Kamino Disaggregated

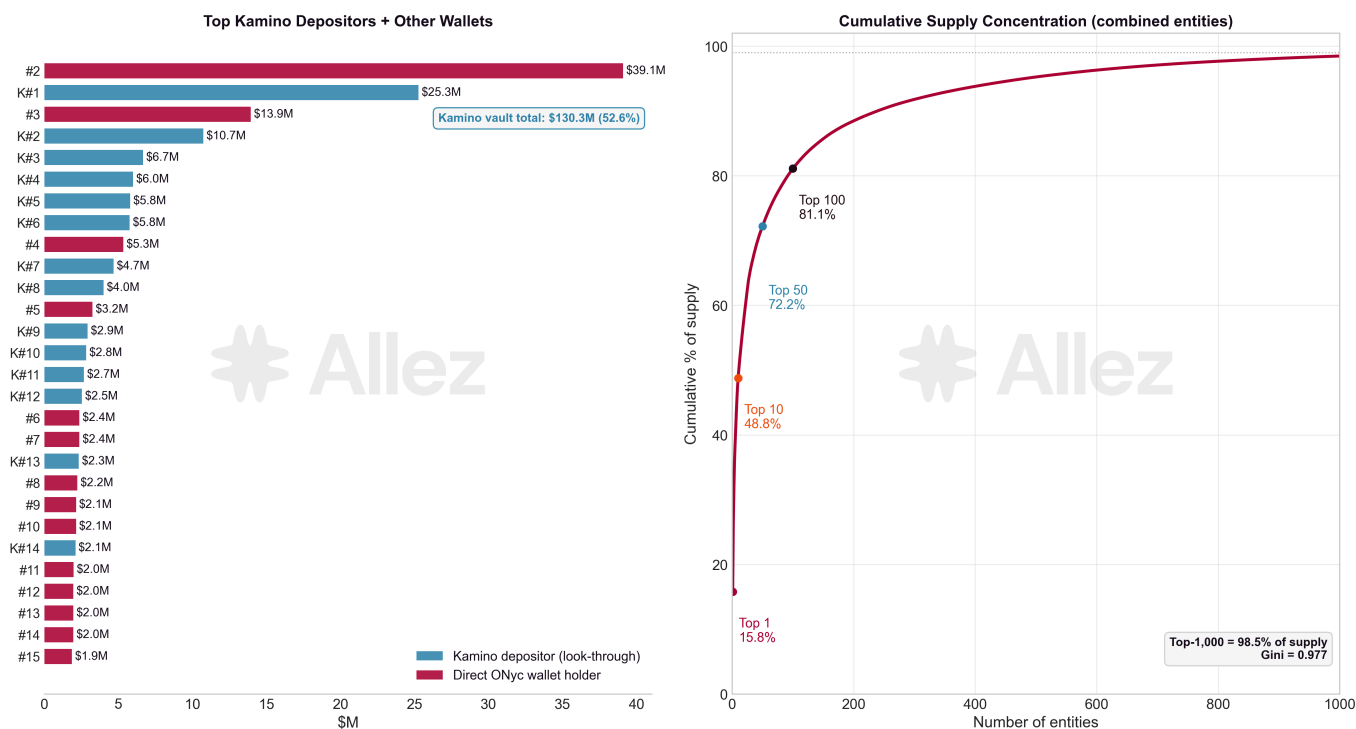


Fig 10. Left: top Kamino depositors (look-through of the 52.6% Kamino vault) alongside the top direct wallet holders. Right: cumulative supply concentration across the 7,798 combined entities: largest entity 15.8%, top-10 48.8%, top-50 72.2%, top-100 81.1%, Gini 0.977.

Kamino pool disaggregated. Looking through the Kamino vault into its 1,439 ONyc-supplying wallets and combining with the 7,425 direct holders excluding the vault itself (1,066 overlaps deduped) gives 7,798 combined entities. The largest single entity holds 15.8% of supply; top-5 38.7%, top-10 48.8%, top-20 58.4%, top-30 65.4%.

Only ONyc depositors are counted. The OnRe market also carries roughly 900 USDC, USDG and USDS lenders who hold no ONyc; including them would inflate the entity count and understate concentration.

Basis of the entity count. Venues custody ONyc differently, so a raw address count treats a lending market holding half the supply as a single holder. Kamino pools all deposits into a single reserve vault, which is disaggregated here into its 1,439 ONyc suppliers. Loopscale escrows collateral per loan, so its \$36.4M currently appears as roughly 1,661 loan addresses rather than the ~1,162 borrowers behind them, and a borrower with three loans counts three times. Exponent holds \$39.1M at one vault address that stands for an unknown

number of PT, YT and tranche holders. Correcting Loopscale would lower the count by roughly 500 and raise measured concentration, since per-loan escrows pad the long tail; correcting Exponent would move it the other way. Both are open items for the next edition, and the figure above should be read as direct addresses with Kamino disaggregated rather than as a fully venue-neutral user count.

Bucket	Entities	Supply share
>\$1M	34	67.1%
\$100K - \$1M	180	22.0%
\$10K - \$100K	683	9.1%
\$1K - \$10K	1,152	1.7%
<\$1K	5,749	0.2%

Buckets are computed on the deduped combined list and sum to the 7,798 entities used throughout this section. An entity holding ONyc both directly and through Kamino is counted once, at its combined balance.

Metric	Combined (7,798 entities)
Top-1 share	15.8%
Top-5 share	38.7%
Top-10 share	48.8%
Top-20 share	58.4%
Gini	0.977

The long tail of small holders is equally stark: the 5,749 entities holding under \$1K each combine for ~0.2% of supply, while the 34 entities holding over \$1M account for 67.1%.

ONyc DeFi Ecosystem

ONyc circulates across lending venues, DEX pools, and holder wallets. For a real-time view, see the [ONyc DeFi dashboard](#).

ONyc DeFi Ecosystem Distribution

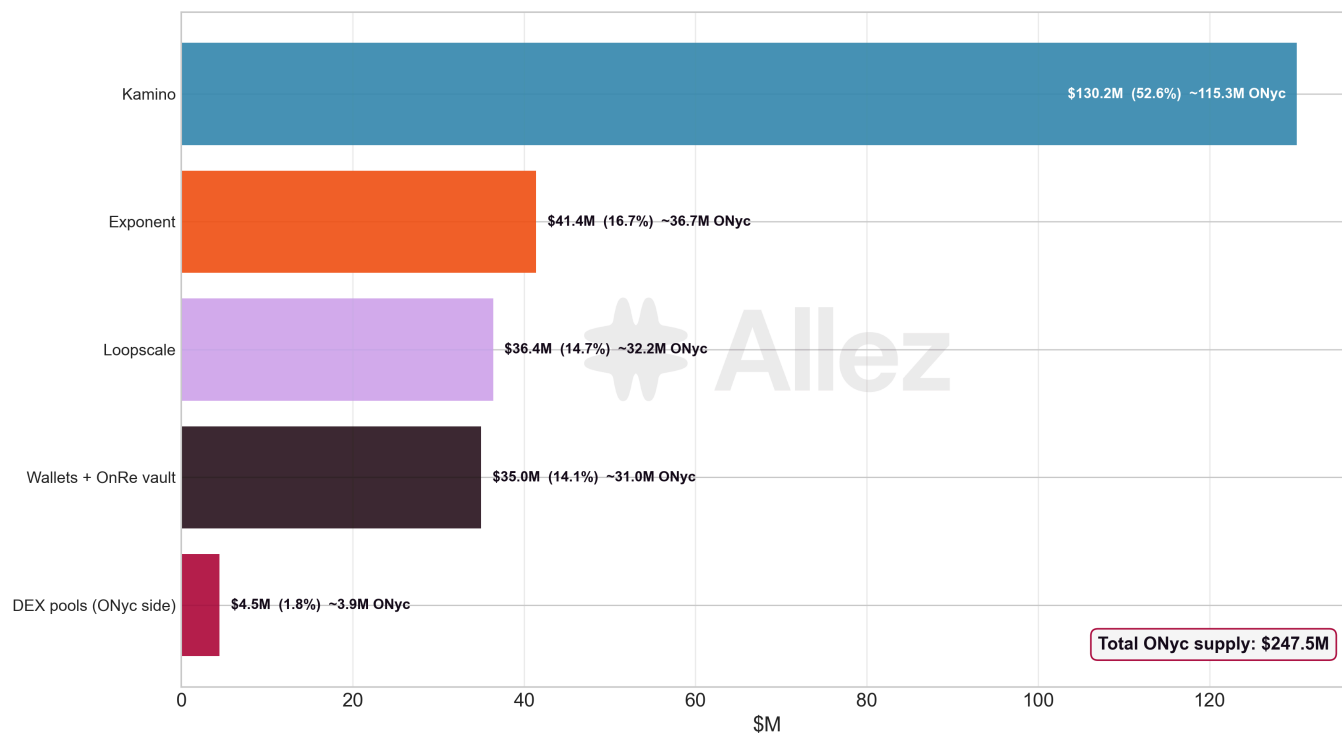


Fig 11. ONyc DeFi ecosystem distribution: venue mix vs total supply. Kamino dominates ONyc's DeFi footprint at ~52.6% of supply.

Kamino. Largest holder and venue at ~52.6% of ONyc supply. 2,248 suppliers on the market overall; ~1,726 ONyc-collateralized obligations specifically, \$130.2M ONyc collateral, \$70.9M debt against that collateral, overall LTV ~54.4%. Kamino's main ONyc reserve runs 66% max LTV / 75% liquidation threshold, putting its liquidation trigger at -12.0% NAV; Loopscale, at a higher LTV, triggers earlier (see §1.4). A new reserve, [PT-ONyc-10SEP26](#) (\$1.96M supplied, 60% max LTV / 75% liquidation threshold), has been live on the market

since June 12; like Loopscale's own PT-ONyc-10SEP26 exposure (see below), this collateral is Exponent-minted PT tokens already counted in Exponent's \$41.4M vault figure, not incremental raw ONyc, so it is excluded from the \$130.2M above.

Two collateral bases, used deliberately. Kamino collateral appears in this report on two bases. ONyc-only collateral (\$130.2M) is used wherever the question is how much ONyc sits on the venue: supply share, the DeFi footprint, and cross-venue comparison. Total obligation collateral (\$131.0M) is used for loan-to-value, distance to liquidation, and the cascade, because a borrower's LTV is measured against everything backing the loan, not against one reserve. The \$0.8M difference is collateral those borrowers hold in other reserves of the OnRe market. Debt follows the same split: \$70.9M against ONyc collateral, \$71.3M across the 1,347 debt-bearing positions in the risk view.

Three caps rose together on July 16: the ONyc reserve's supply cap from 100M to 120M ONyc, and the USDC reserve's supply cap from \$55M to \$75M and borrow cap from \$50M to \$70M. Kamino also raised ONyc reserve's max LTV / liquidation threshold from 60%/70% to 66%/75% on June 17.

Kamino OnRe Market Growth

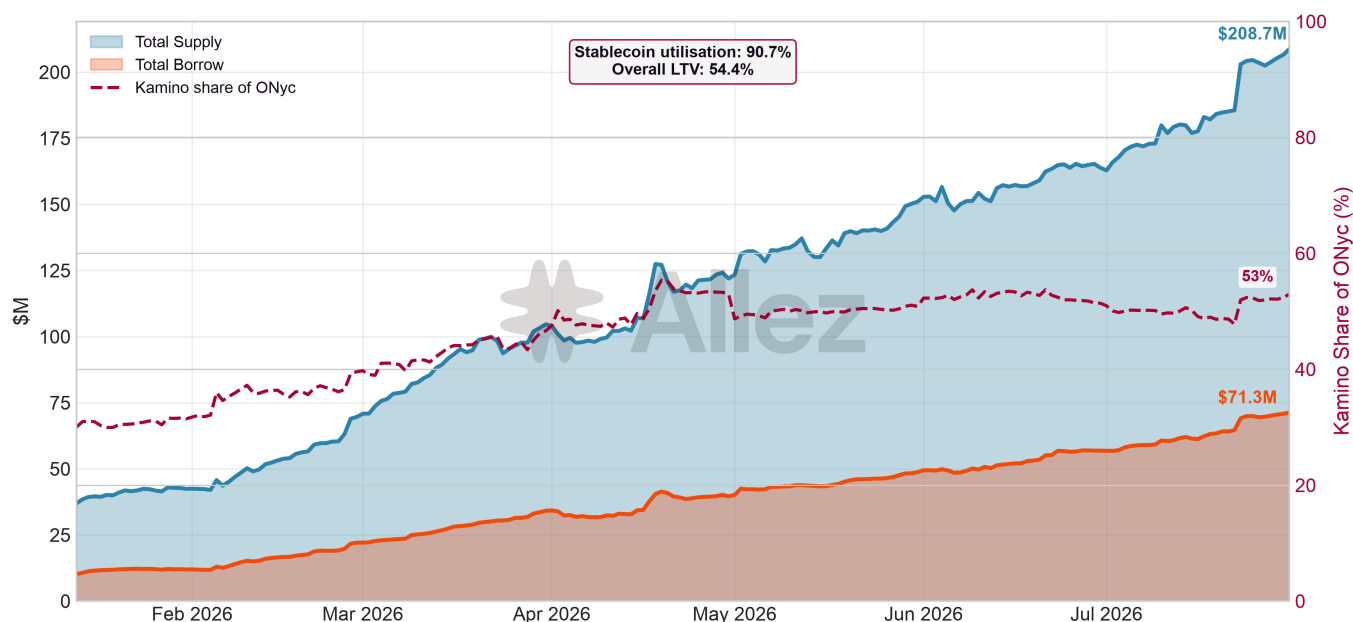


Fig 12. Kamino ONyc market: supply, borrow, and share of ONyc supply over time.

ONyc Exposure on Kamino

1,726 obligations | 1,439 borrowers | \$130.2M ONyc collateral | \$70.9M debt | Overall LTV 54.4%

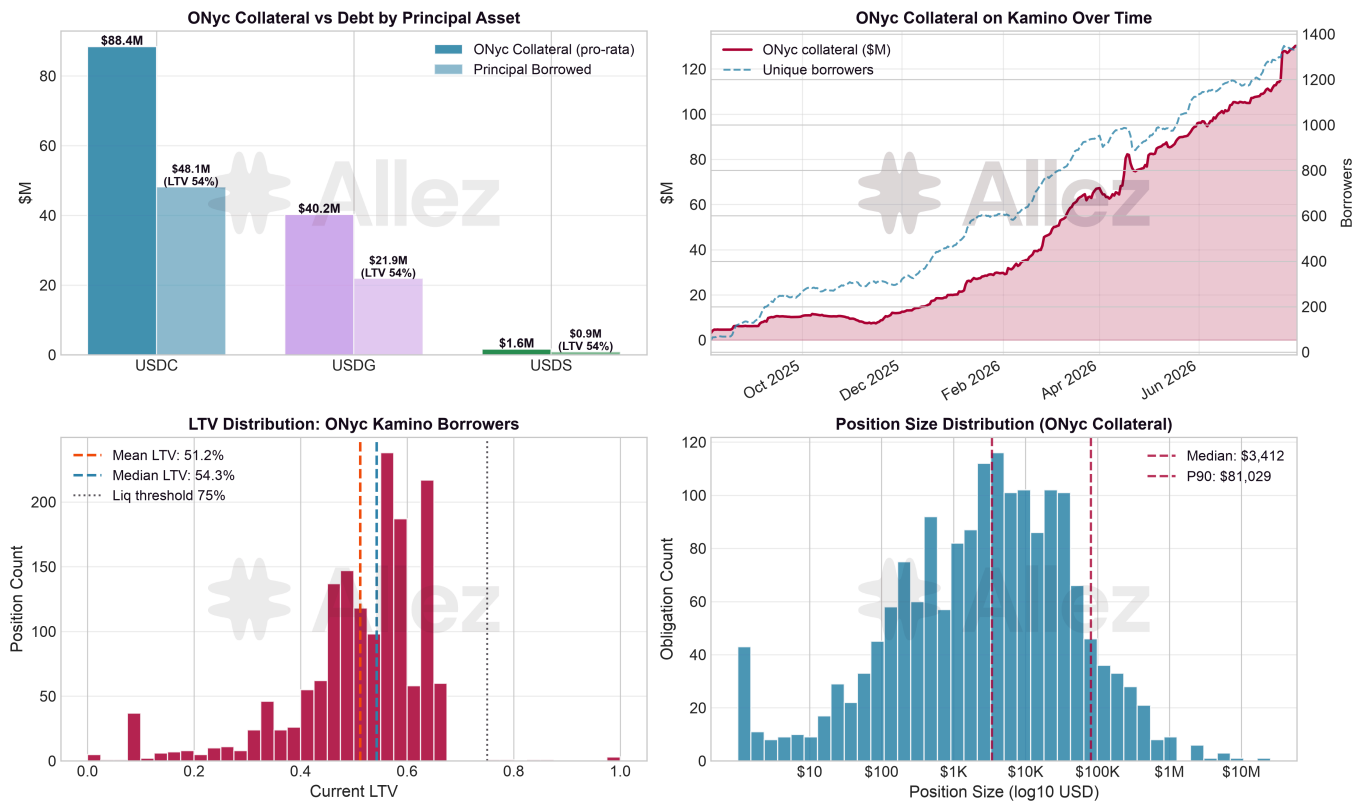


Fig 13. ONyc exposure on Kamino (July 31, 2026): collateral vs debt by principal stablecoin, collateral and borrower count over time, LTV distribution, and obligation size distribution. \$130.2M ONyc collateral, \$70.9M debt, overall LTV ~54.4%.

Exponent. ONyc yield tokenization market, now the second-largest venue with \$41.4M in total ONyc TVL (~16.7% of ONyc supply), up from \$14.94M in June: the single largest growth story across ONyc's DeFi integrations this cycle. That \$41.4M splits across two products: the main PT/YT vault holding ~\$39.1M and a newer risk-tranching market (srONyc/jrONyc, detailed below) holding ~\$2.32M in its own separate on-chain escrow. The share covers all ONyc locked in the Exponent contracts, so it spans PT, YT and the tranching escrow together rather than PT alone.

Exponent also runs an OnRe growth strategy vault on Loopscale that this report excludes from ONyc TVL. That vault takes USDC and allocates it across various ONyc opportunities, so counting it would double-count ONyc already captured at the venue where it lands.

Exponent ONyc Market: Growth & Maturity Dynamics

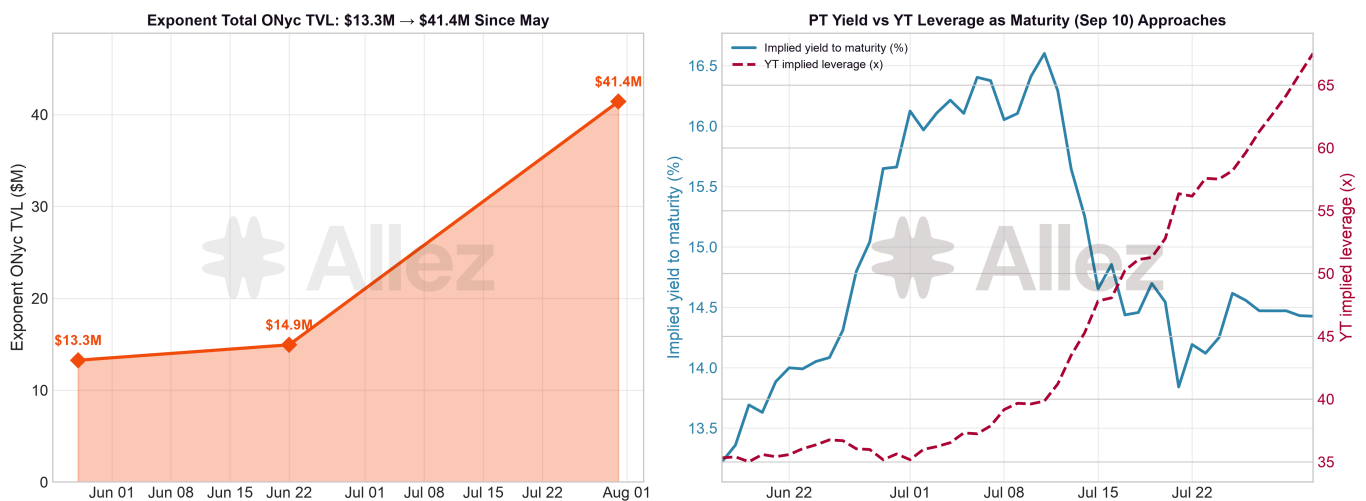


Fig 14. Left: Exponent's overall ONyc TVL (main vault plus risk-tranching), monthly snapshots, May 28 - July 31, 2026. Right: implied PT yield vs. YT leverage, June 17 inception through July 31, 2026.

Two distinct strategies trade in the main vault. PT-ONyc holders lock in a fixed 14.4% APY (up from ~13.2% at the market's June 17 open) at a discount to the Sep 10, 2026 maturity. YT-ONyc holders take the other side, paying for leveraged exposure to ONyc's future yield stream itself. That leverage has risen sharply as maturity approaches: from ~35x in mid-June to ~68x by July 31, a mechanical effect of

PT price converging toward par (98.5% of face value on July 31, up from ~97.2% at the market's June 17 open) as the time value split between PT and YT shrinks toward zero. A separate secondary market lets PT tokens trade before maturity: this AMM market grew from \$7.6M to \$31.9M over the same window, which is what improves the cost of entering and exiting a PT position before maturity rather than being locked to it.

The risk-tranching market splits the vault's yield into a senior tranche (srONyc, 20% minimum principal protection, earning 7.9% APY) and a junior tranche (jrONyc, absorbs first losses, earning 25.39% APY). The senior tranche holds ~\$1.40M and the junior tranche ~\$0.92M (~\$2.32M combined), small next to the main vault, but jrONyc holders carry more downside than a plain PT-ONyc holder.

Loopscale. Third-largest venue at ~14.7% of ONyc supply (\$36.4M collateral, 32.23M ONyc). \$22.9M debt against the \$36.4M collateral, overall LTV ~62.9%. 1,668 loans.

ONyc Exposure on Loopscale

1,668 loans | 1,162 borrowers | \$36.4M ONyc collateral | \$22.9M debt | Overall LTV 62.9%

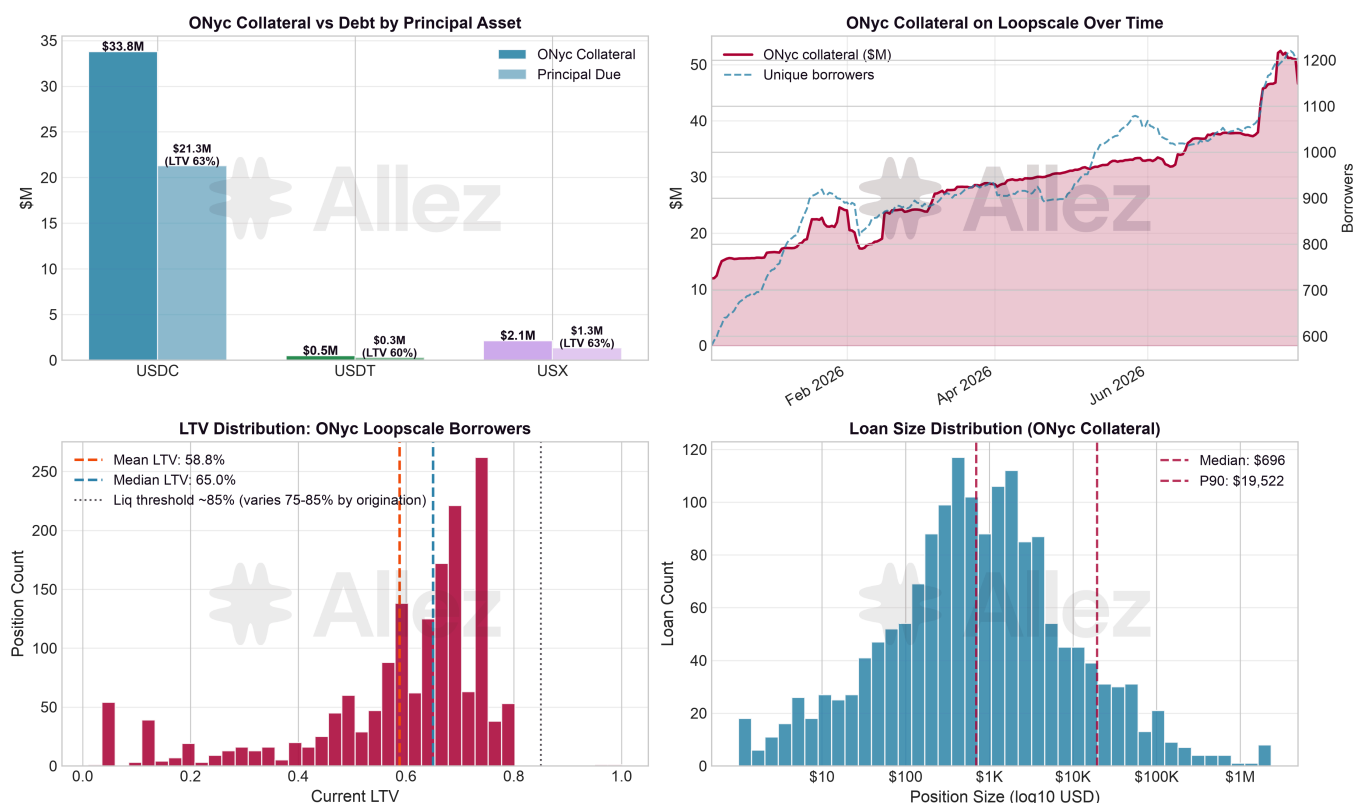


Fig 15. ONyc exposure on Loopscale (July 31, 2026): collateral vs debt by principal asset, collateral over time, LTV distribution, and loan size distribution. 1,668 loans, \$36.4M ONyc collateral, \$22.9M debt, overall LTV ~62.9%. Each loan's liquidation threshold is fixed at origination and varies by loan - 75%, 80%, or 85% depending on Loopscale's ONyc terms at the time - so the LTV-distribution panel's single ~85% reference line (the most common value, covering 87.6% of loans) is illustrative only; some loans' real threshold sits lower.

Exponent's vault and Loopscale's PT-ONyc-10SEP26 collateral are related but not double-counted: Exponent's 15.8% share is the raw ONyc locked to mint PT/YT specifically (the risk-tranching pool above is held in its own escrow, excluded from this raw-ONyc comparison); Loopscale's own 14.7% share is raw ONyc collateral only and excludes PT-ONyc-10SEP26 entirely. Holders who deposit PT-ONyc-10SEP26 as loan collateral on Loopscale add a second, incremental layer of leverage on top of the already-locked Exponent position (see §1.4).

Elemental. Elemental's market-making wallet has been actively managing Orca ONyc-USDC liquidity positions since June 22, 2026. This is the likely driver behind the DEX 2% sell-side depth recovery (\$0.73M → \$2.14M) covered in §1.2, and the improved peg tracking noted in §1.1.

Allez Labs assesses this as Strong. AUM reached \$247.47M across 7,798 combined entities, with continued broadening of ONyc's DeFi footprint across Solana lending, yield tokenization and market-making.

Reinsurance market positioning

Reinsurance is a ~\$720B global capital sector. Alternative capital (ILS, cat bonds, collateralized reinsurance, sidecars) accounts for ~\$115B, with cat bonds at ~\$50B. At \$247.47M AUM, ONyc represents ~0.22% of alt capital and ~0.03% of global reinsurance capital, both modestly larger shares than June's ~0.16%/~0.02% on the back of AUM growth alone.

Segment	Scale (est.)	Relevance to ONyc
Global reinsurance capital	~\$720B	Addressable universe; ONyc pulls from the alt sleeve
Alternative capital (ILS + sidecars + collateralized re)	~\$115B	Direct peer set; tokenized reinsurance lives here
Cat bonds outstanding	~\$50B	Adjacent product; pricing reference for ILW placements
ILS manager AUM (median)	\$500M - \$5B	ONyc's ILS sleeve delegates into this stack
ONyc AUM	\$247.47M	~0.22% of alt capital; ~0.03% of global re capital

ONyc competes with other alternative capital vehicles for underwriting capacity. The relevant risk is manager selection: ROL discipline, loss picks, combined ratio. Property-cat rate-on-line has sat at multi-year highs since the 2022-2023 dislocations; alt capital has grown roughly 10% per year while traditional reinsurance capital has been rangebound. ONyc's regulatory posture (Bermuda Class IIGB + Class F DABA + SAC ringfencing) is the institutional stack that caters to cedents.

Seasoning and scale. A more mature portfolio produces more data on cat-year behavior, NAV response to claims, and redemption-book resilience. As OnRe writes more deals with more cedents across more perils, single-treaty concentration fades as a relative concern: the XL 5 tail (still \$20M in absolute terms) now represents a smaller -8.1% NAV impact than June's -10.6%, purely a function of the larger AUM base. Seasoning and diversification are the two inputs that move the Volatility, Stress, and Incident Response assessments higher; both remain early relative to a full observed cat cycle. At \$500M to \$1B of AUM, OnRe hits capacity constraints that require either retro support or a broader deal pipeline than the current Bermuda + US-cat focus.

1.4 Stress Performance

The four documented stress events remain the full record; all were absorbed without peg break or bad debt.

Event	Type	Window	AUM at Start	Net Redemption Size	% of Then-AUM	NAV Impact
Nov 2025 broader market volatility	Industry-wide	Oct 30 - Nov 12	\$34.7M	\$1.2M net (on-chain, net of inflows)	3.1%	+3bp (NAV continued accruing)
Dec 2025 DDoS incident	OnRe-specific	Nov 30 - Dec 7	\$41.9M	No net outflow (AUM +\$3.3M)	-	+3bp
Apr 1-2 2026 Drift-hack aftermath	Industry-wide	Apr 1-2	\$143.1M	\$10.8M / 9.96M ONyc (Apr 2 alone: \$8.3M / -5.90%)	7.5%	+3bp
Apr 18-22 2026 Kelp DAO incident	Industry-wide	Apr 18-22	\$150.2M	\$8.5M / 7.9M ONyc	5.7%	+3bp (NAV held 2.65 bps/day)

The November, April 1, and April 18 events were broader DeFi market incidents rather than OnRe-specific. The December event was directly linked to OnRe: a DDoS attack caused a brief period of inaccessibility but no NAV impact. In all four cases NAV continued accruing and no bad debt was created.

April 18, 2026 Kelp DAO incident, detail. ONyc circulating supply contracted from 137.2M to 129.3M over four days, a net reduction of 7.9M ONyc (\$8.5M). Kamino absorbed 80% of it: deposits there fell 9.3% to 61.1M tokens and the depositor count dropped from 1,052 to 967, with the top 10 redeemers accounting for \$4.4M (65%) of the venue's outflow. The largest depositor added 945,670 ONyc (+\$1.1M) during the same window. Oracles held at NAV throughout, with no ONyc-related liquidations recorded. AUM recovered to \$166.8M by May 4 and has continued growing to \$247.47M by July 31.

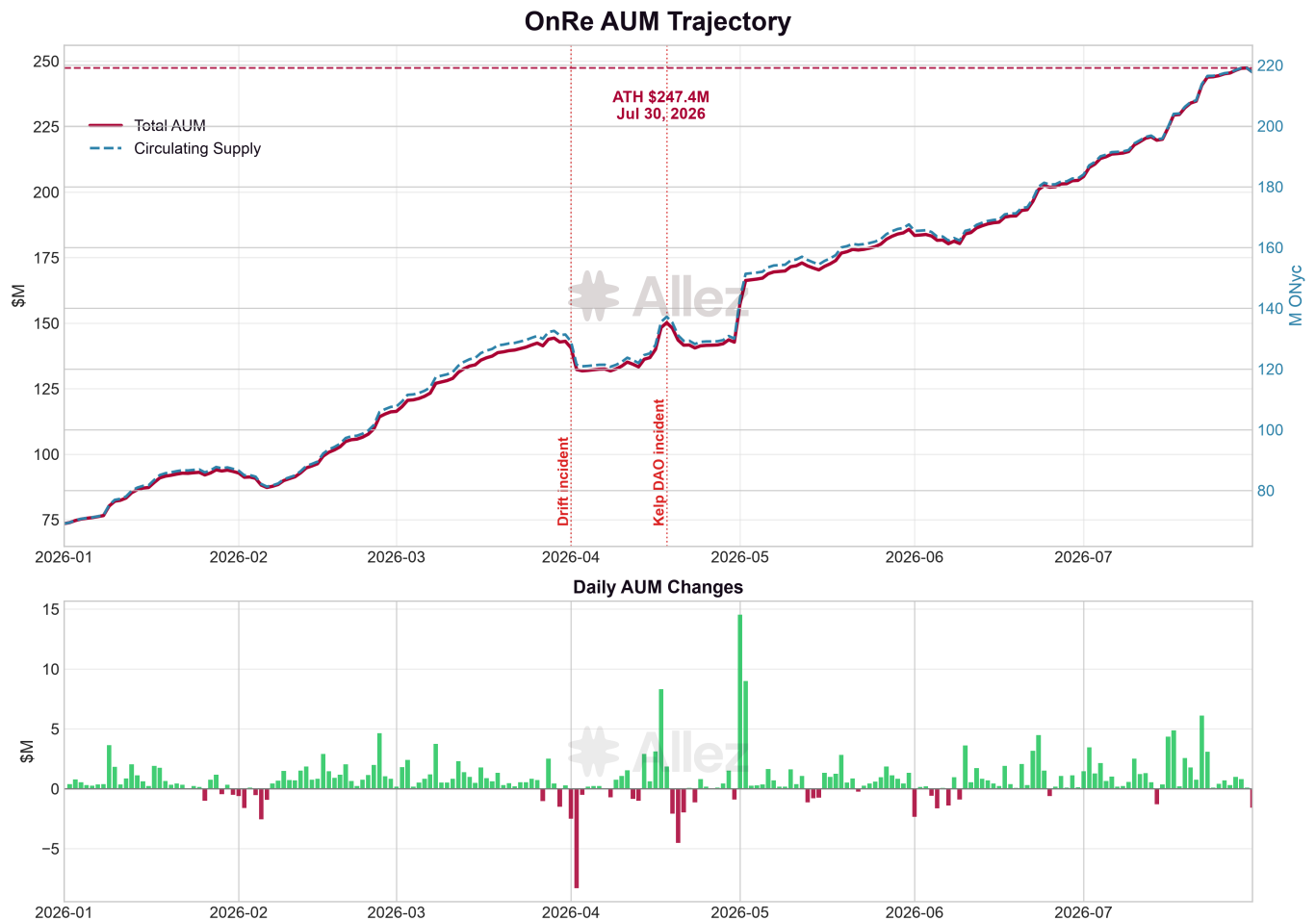


Fig 16. OnRe AUM across 2026 to July 31. AUM contracted during the April 18-22 Kelp DAO event, recovered by early May, and has continued growing to \$247.47M by July 31.

Underwriting Portfolio

Data from the Reinsurance Data Room (OnRe).

Metric	Value
Gross Exposure (Active + Allocated, in-force)	~\$165.09M
GWP (Active + Allocated)	~\$27.95M
NWP (Active + Allocated; Diversified 1's premium is TBD in the source register)	~\$25.46M
ROL (Rate on Line, portfolio)	16.93%
Active Contracts	13
Allocated (binding/closing)	6

In-force figures only; four Closed treaties (D&O 1, ILW 1, ILW 2, Travel 1; ~\$12.7M combined exposure) are excluded from the totals above. Each of the four closed out with its full Net Written Premium realized as return and zero claims paid.

Deal Type	Share	Description
Retrocession (Retro XoL/XL)	36.0%	XL 7, 9, 10, 11, 12, 13, 14
XoL (direct Excess of Loss)	32.3%	XL 1, 2, 3, 4, 5, 6, 8
ILS Fund Manager	18.2%	Diversified 1 (Radix ILS, North American perils, ~\$30M)
ILW (Industry Loss Warranty)	9.6%	ILW 3 (Japan), ILW 4 (USA), ILW 5 (Australia + USA)
Facultative / Contingency	4.0%	Contingency 1 (lottery, Europe)

Retrocession is now the largest single bucket by deal type (36.0%, up from 22.6% in June), driven by three newly allocated retro layers this cycle (XL 12, XL 13, XL 14).

Region	Share	Key Contracts
Worldwide / Multi-peril	52.1%	XL 1, XL 2, XL 4, XL 6, XL 9, XL 11, XL 12, Diversified 1
USA / North America	40.4%	ILW 4, ILW 5 (USA leg), XL 3 (USA/NZ), XL 5, XL 7, XL 8, XL 10, XL 13, XL 14
Europe	4.0%	Contingency 1 (lottery)
Australia	2.0%	ILW 5 (Australia leg, ANP)
Japan	1.5%	ILW 3 (Wind + EQ)

Lloyd's 2023 benchmarks. Lloyd's of London posted its strongest result in over a decade in 2023: \$66.2B (£52.1B) gross written premium, up 11.7% year-on-year, an 84.0% combined ratio, and a 25.3% return on capital. The property reinsurance segment (which includes property catastrophe excess-of-loss, the closest direct comparator to OnRe's core book) achieved a 72.8% combined ratio in 2023 (2022: 95.6%), its best result in recent memory, on £8.6B of premium. Major cat losses across the Lloyd's market fell sharply to £1.28B from £4.1B the prior year, driven by higher attachment points and tighter aggregate structures following the 2022-2023 repricing cycle. Specialty reinsurance (marine, energy, aviation) returned an 83.5% combined ratio on 25.0% premium growth. The Lloyd's-wide underlying combined ratio, excluding major claims and prior-year movements, held at 80.5%, consistent with sustained pricing discipline through the year. These results benchmark the market environment in which OnRe built its current ~\$165.09M book at 16.93% portfolio ROL: a hard market that produced the strongest property-cat underwriting margins in at least a decade.

Underwriting benchmarks.

Metric	ONyc	Diversified ILS fund	Concentrated ILS fund	Cat bond (diversified)	Major reinsurer	Source
Rate on Line	16.93%	10-15%	12-20%	6-12%	5-15%	Artemis, Guy Carpenter 2025, Swiss Re Cat Bond Index
Typical-year net return	~10.2% (proj.)	8-12%	10-14%	8-11%	8-12% (ROE, through-cycle)	Fermat Capital historical, Prequin ILS composite, Lane Financial indices; Munich Re / Swiss Re 10-K 2020-2024
Average return (5Y)	n/a (~1Y history)	9-10%	7-9% (vol drag)	~8%	~10%	Prequin ILS composite 2020-2024, Swiss Re Cat Bond Index (arith. avg 2020-2024 ~7.6%; 2021-2025 ~9.4%)
Best year	n/a	+15-18%	+20-25%	+12-14%	+10-12%	Artemis post-2018 repricing; 2023 cat bond index +20%
Worst year	n/a	-8 to -12% (2017 Irma)	-20 to -40% (2017 HIM, 2022 Ian)	-5 to -10% (Irma 2017)	-2 to -5% on PML year	Fermat, Aeolus 2017; Guy Carpenter 2017 cat bond post-mortem
Single-event max loss	~8.1% (XL 5 full)	8-15% bad year	20-40% single peril	50-100% of triggered tranche	1-3% per event	Allez derivation
Combined ratio (target)	~80-90% (untested)	85-95%	80-100%	n/a	90-98%	Guy Carpenter 2025 outlook, reinsurer 10-K reviews
Cat budget / NWP	~25-40%	30-45%	40-60%	n/a (binary)	15-25%	Aon Reinsurance Market Dynamics 2025

Sources: Artemis Deal Directory, Swiss Re Cat Bond Index, Guy Carpenter Global Reinsurance Market Outlook 2025, Aon Reinsurance Market Dynamics 2025, Fermat Capital Management historical returns, Prequin ILS fund benchmarks, Lane Financial LLC ILS indices, Lloyd's Annual Report 2023.

The 16.93% portfolio ROL is at the top of the XoL band (10-15%), at the median of diversified ILS funds, and reflects a mix shift toward the larger ILS sleeve (Diversified 1, ~18.2% of exposure) which carries ~25% expected ROL. The XoL-only book ROL runs above 20% on average, consistent with prior disclosures. The ~10% projected net return is consistent with an ILS peer set. The combined ratio target is achievable for a well-underwritten cat book in a non-event year; the structural risk is a cat year where combined ratios spike past 120%.

Single-event tail. The largest single-treaty exposure is XL 5 (US Wind/EQ XoL) at \$20M full limit, equivalent to a -8.1% NAV impact at current AUM, down from -10.6% in June purely from AUM growth (the underlying \$20M exposure is unchanged). Diversified 1, at \$30M, is the largest gross figure in the register, it represents a diversified ILS-fund allocation across many underlying risks rather than a single treaty, so no other single treaty in the book reaches the XL 5 threshold. No outward retrocession is in place on this exposure as of July 2026.

Vehicle	Typical single-event max loss	Source
Major reinsurer (Munich Re, Swiss Re, Hannover)	1-3% of capital per event; 5-10% on 1-in-100 PML	2023 annual reports; Fitch reinsurance sector review
Diversified ILS fund	8-15% in a bad year (Irma 2017, Ian 2022)	Fermat Capital, Aeolus historicals; Preqin ILS fund benchmarks
Concentrated ILS fund	20-40% on a single-peril hit	2005 KRW triple-hit, 2017 HIM
Cat bond tranche	50-100% on triggered event (binary)	Artemis cat bond indices
ONyc (this book)	~8.1% single event (XL 5, current AUM)	Allez derivation

Reinstatement provisions. OnRe's general practice is to avoid automatic reinstatement provisions on XoL treaties. Per OnRe disclosure, only one XoL deal carries reinstatement terms: a single reinstatement at 100% of original premium, applying to the smallest layer of that deal only. As a result, after a first qualifying event, the book retains underwriting capacity across the vast majority of XoL layers without needing to pay additional reinstatement premium.

Cat concentration, illustrated with a named-event stress test. US property-cat exposure through XoL and ILW means a major hurricane or earthquake season hits multiple lines: the 2017-style scenario at 80% utilization produces a ~-16% drawdown, and concentrated ILS funds (Fermat Capital, Aeolus) recorded 20-40% drawdowns during the 2005 KRW triple-hit and 2017 HIM seasons. OnRe's multi-line, multi-geography structure is a mitigant: the XoL+ILW mix and regional spread reduce the probability of simultaneous full-limit events. But the tail is not bounded without a full observed cat cycle.

Projecting a specific historical event onto the book makes this concrete: Hurricane Sandy (October 2012, \$18.75B PCS insured loss, Northeast US landfall) produces a Sandy-grade NAV impact in the -13.1% to -22.1% range, with XL 5 (Wind & EQ, USA) alone contributing -8.1% at its full \$20.0M limit, a certain trigger. The -13.1% floor reflects every currently active treaty whose attachment is below Sandy's \$18.75B PCS estimate; the -22.1% ceiling adds treaties allocated but not yet active at the same threshold. Through -20% NAV, collateral clears debt at liquidation (no bad debt), but absorption is the constraint: the combined Kamino + Loopscale wave cascade (including PT-ONYC-10SEP26 collateral posted on Loopscale) sells \$17.27M of collateral, against a guaranteed OnRe Liquidity Layer of 15% (\$37.12M, 2.15x).

ILS fund-of-fund sleeve. The external ILS allocation (Diversified 1, notional in the \$30M range per the deal sheet) targets North American natural perils, an exposure set that is partially correlated to the direct XoL/ILW book. The external ILS manager acts as an ILW buyer to hedge the sleeve's own tail risk, partially offsetting the North American cat correlation at the sleeve level. Lock-up terms map onto the risk release period, with the bulk of obligations passing before end of 2026.

Expected loss ratio completeness. Several entries in the deal sheet carried TBD expected loss ratios. This reflected gaps in the underwriting documentation process prior to OnRe's formal review protocol. OnRe confirmed that a structured multi-disciplinary review (actuarial, underwriting, and legal sign-off before any deal is bound) is now in place. Populated loss picks across all treaties are a prerequisite for independently validating the combined ratio targets in the benchmark table above; this remains an open item for the upcoming methodology review.

DeFi Cascade Analysis

A catastrophe at the reinsurance level propagates through ONyc's DeFi integrations. The cascade path: a reinsurance claim compresses ONyc NAV, the NAV drop compresses every lending-looping strategy's equity, liquidations drive ONyc sell pressure into DEX liquidity, and any market-price dislocation feeds back into NAV via the oracle or redemption queue.

Liquidation model. This assessment uses a partial-liquidation cascade: each wave seizes 10% of current collateral value, with debt repaid = seized / (1 + 5% bonus). Waves repeat until LTV falls below LLTV (or the position is exhausted). The 10% wave size matches the Kamino ONyc market close factor by design and is empirically conservative against Kamino's realized liquidation behavior over the last year: 10% lands at ~P78 of realized per-event seizure, with median 7.5% and p90 15.0% across 178,623 events. Only 22% of historical liquidations seize 10% or more of position collateral in a single event. The 10% wave size itself is still applied uniformly to Loopscale as a proxy, pending empirical close-factor data from Loopscale's own liquidations. Sell-pressure figures below represent cumulative ONyc collateral sold across all waves as NAV falls monotonically to the stated level. Fig 17 shows the live Kamino ONyc book that feeds the cascade. The tables below report both notional collateral exposure and collateral sold. The Liquidity Layer absorbs collateral sold, and coverage is measured against it.

Coverage is measured against collateral sold rather than notional exposure, because the Liquidity Layer absorbs sales rather than the face value of the positions that breach.

Kamino ONyc Market: Position Risk Distribution

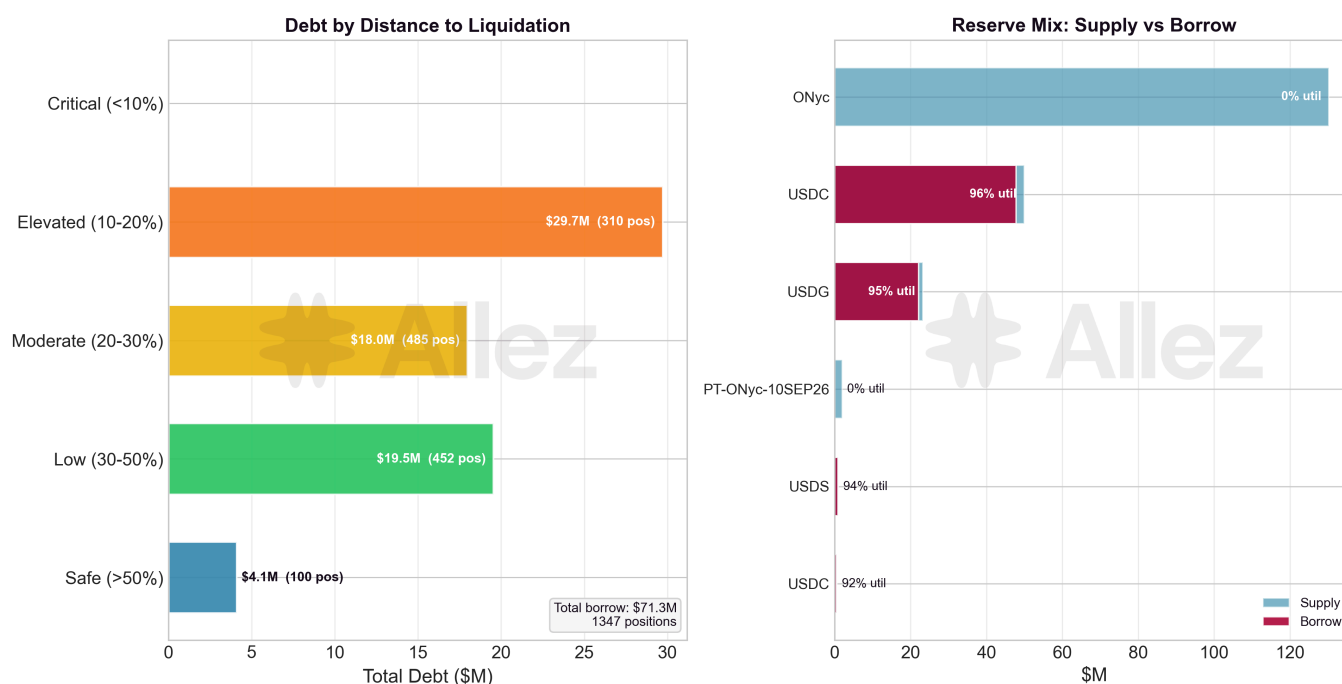


Fig 17. Kamino ONyc risk positions (July 31, 2026): debt by distance to liquidation, and reserve mix. 2,248 suppliers to the OnRe market across all assets, of whom 1,439 supply ONyc. Position-level figures are on the risk basis: \$71.3M debt across 1,347 debt-bearing positions, measured against \$131.0M of total obligation collateral (see the two-bases note in §1.3).

Kamino book concentration. Overall LTV moved from ~53.9% (June 22: \$56.6M debt / \$105.0M collateral) to ~54.4% now, essentially flat. The distribution underneath it moved more. In June, the largest concentration of debt sat in the 20-30% distance-to-liquidation band (\$22.66M); by July, that band shrank to \$18.0M while the 10-20% band, closer to the liquidation threshold, grew from \$12.07M to \$29.7M, more than doubling and becoming the largest band in the book. The same shift shows up by LTV: positions in the 60-70% range (nearest Kamino's 75% liquidation threshold, and currently the top occupied band) grew from 85 to 310, while the 50-60% band, still the largest single band by count, shrank from 709 to 593 positions. The book is more concentrated near its liquidation threshold than it was in June, even though the average LTV hasn't moved.

Kamino obligation concentration. Collateral is also concentrated among a small number of borrowing positions: the top 10 obligations account for 51.3% of the pool (\$66.80M), and the top 30 account for 65.7% (\$85.53M). The long tail of obligations below \$10K each accounts for a small share of the pool (~1.8%, 1,134 obligations), a large number of small positions contributing little to aggregate collateral-at-risk.

Joint Kamino + Loopscale stress test. Kamino (~\$130.2M ONyc collateral, ~54.4% aggregate LTV) plus Loopscale (~\$36.4M, ~62.9% aggregate LTV, modeled at each loan's own real liquidation threshold - 75%, 80%, or 85% depending on when the loan originated, see Fig 15). Loopscale's aggregate LTV is higher, so it liquidates first and is the larger at-risk book at every level. The Kamino-side figures below are obligation-level: they include ~\$2.09M of PT-ONyc-10SEP26 collateral and ~\$0.14M of USDG/USDS held alongside ONyc in the same debt-bearing positions, on top of the pure-ONyc \$130.2M cited elsewhere in this report.

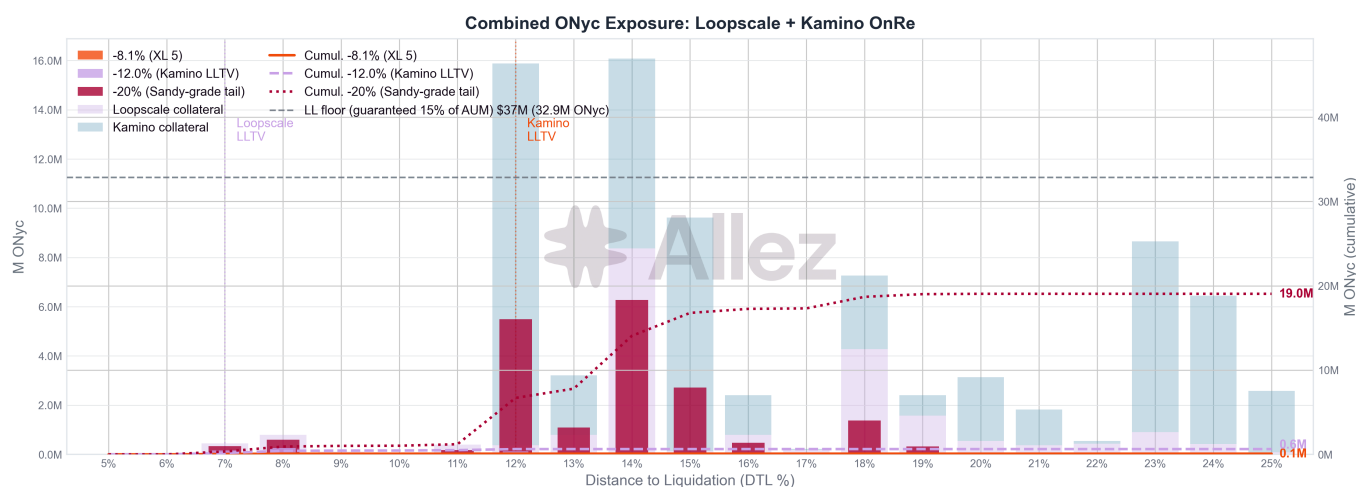
NAV drop	Positions triggered	Debt exposure (notional)	Collateral exposure (notional)	Debt sold	Collateral sold	Guaranteed OLL (15%, ~\$37.12M) coverage	Bad debt
-8.1% (XL 5 full single-event)	46 (Loopscale)	\$0.82M	\$0.96M	\$0.11M	\$0.11M	~324.7x	0
-12.0% (Kamino LLTV)	142 (1 Kamino + 141 Loopscale)	\$2.56M	\$3.10M	\$0.63M	\$0.67M	~55.7x	0
-20% (deep Sandy-grade tail)	1,061 (310 Kamino + 751 Loopscale)	\$44.77M	\$53.61M	\$16.44M	\$17.27M	~2.15x	0

The single-event XL 5 tail, now -8.1% of NAV at the larger AUM, is below Kamino's -12.0% liquidation threshold, so Kamino itself is untouched. Loopscale runs at a higher LTV (~62.9% aggregate vs. Kamino's ~54.4%) and is already liquidating by this level: 46 loans carry \$0.96M of notional collateral exposure, of which \$0.11M actually sells before curing, comfortably covered at 324.7x.

Kamino's ONyc reserve runs a 66% max LTV / 75% liquidation threshold, putting its LLTV checkpoint at -12.0% NAV. At this level, the combined book carries \$3.10M of notional collateral exposure, of which \$0.67M needs selling to bring those positions back below their

liquidation threshold, for 55.7x coverage against the guaranteed Liquidity Layer. Kamino barely participates at this depth; its concentration risk shows up meaningfully only at the deeper Sandy-grade tail below.

Through -20% NAV, a deep Sandy-grade tail, the combined book carries \$53.61M of notional collateral exposure across 1,061 positions (310 Kamino + 751 Loopscale, including PT-ONYC-10SEP26 positions crossing Loopscale's threshold at this depth), of which \$17.27M actually sells. The liquidation mechanics still clear with zero bad debt; what limits the deep tail is absorption capacity rather than solvency, and coverage holds at 2.15x.



Partial-liquidation wave model (10% of collateral per wave, 5% bonus). Cumulative \$ actually sold. LL floor: guaranteed 15% of AUM (matches \$1.4).

Fig 18. Combined Kamino + Loopscale ONyc exposure by distance-to-liquidation bucket (bars, left axis) and cumulative collateral sold under three NAV drawdown scenarios (XL 5, Kamino LLTV checkpoint, Sandy-grade tail) overlaid with the OnRe Liquidity Layer + DEX liquidity backstop (right axis). Partial-liquidation wave model (10% of current collateral per wave, 5% bonus; Loopscale and Kamino: both per-position, from each loan's/obligation's own real LTV and distance-to-liquidation).

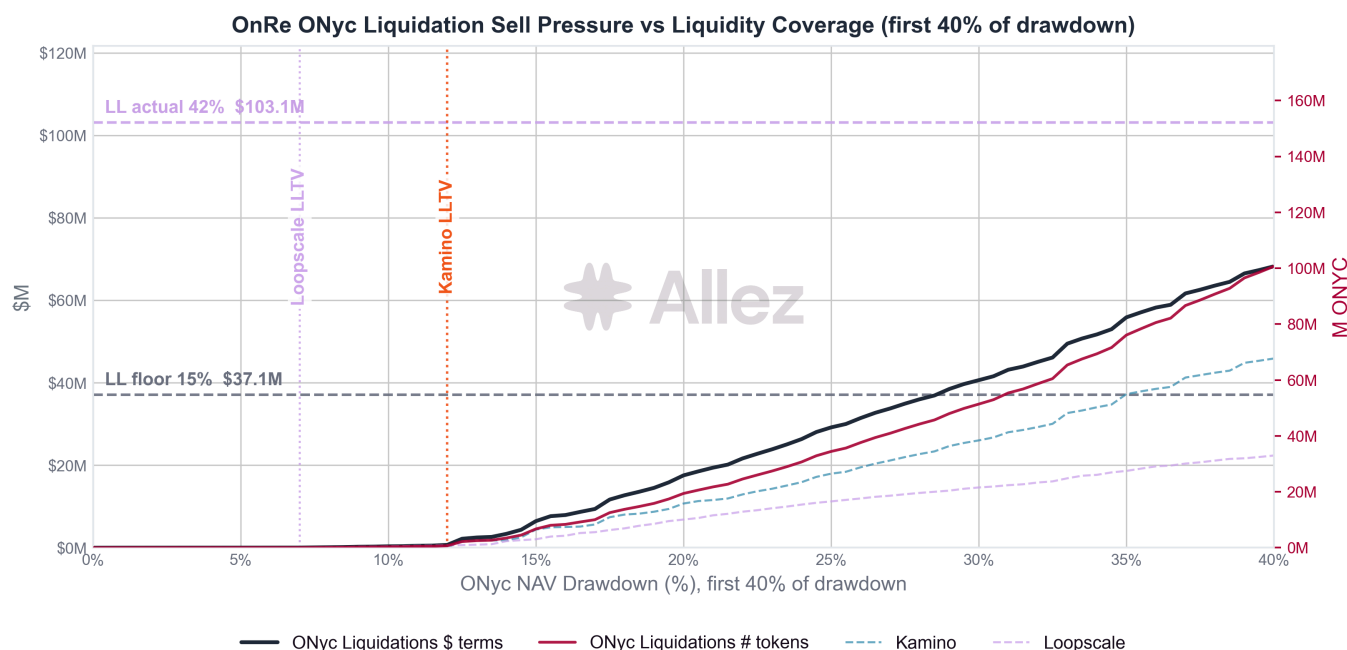


Fig 19. Combined Kamino + Loopscale cumulative ONyc sell pressure vs exit liquidity backstop, zoomed to the first 40% of NAV drawdown. Partial-liquidation wave cascade (10% of current collateral per wave, 5% bonus). Horizontal line: OnRe Liquidity Layer, guaranteed 15% floor (matches the \$1.4 table).

Pace of NAV compression. Unlike a sudden price-oracle shock, reinsurance losses are not necessarily reflected in NAV all at once: a loss reserve can be booked once a qualifying cat event occurs and preliminary loss estimates firm up, ahead of final claims settlement (which can lag the event by months to years). How much warning lending position holders actually get before a NAV-driven liquidation cascade depends on how quickly OnRe's own reserving process moves relative to the event, a timeline neither independently verified nor tested by a realized event. The cascade figures above represent a worst-case in which holders do not act to protect their positions regardless of the actual pace.

Allez Labs assesses this as Adequate. The modeled liquidation mechanics clear with zero bad debt across the tail, so the DeFi lending cascade is well covered. The primary remaining uncertainty is a payout path that has not yet been tested by a realized cat-season loss,

compounded by the absence of outward retrocession on the XL 5 exposure.

Market & Liquidity section summary. Section assessment: Adequate. ONyc has built a larger market presence at \$247.47M AUM across 7,798 ONyc-holding entities, and has demonstrated resilience through four industry-wide liquidity events, including the April 2026 Kelp DAO incident (\$8.5M / 7.9M ONyc outflow over four days, NAV held). The July 31 wave-cascade run against the Liquidity Layer floor shows both the XL 5 single-event tail and the -12.0% Kamino LLTV checkpoint comfortably covered, while the deep Sandy-grade tail leaves the least headroom at 2.15x coverage. Two structural gaps keep this from Strong: DEX sell-side depth remains modest relative to the \$166.6M of ONyc posted as lending collateral, and OLL access is not yet a same-block on-chain primitive; and no realized cat loss has yet tested the reinsurance payout path.

2. Technical & Counterparty

ONyc's on-chain footprint is narrow: a single Solana program handles minting, NAV computation, and redemption. The underwriting is off-chain. Risk concentrates in the bridge between on-chain token mechanics and the off-chain reinsurance portfolio.

2.1 Smart Contract Security

The OnRe Solana program is a single-purpose Anchor-based architecture: mint, NAV update, offer, and redemption.

Audit	Firm	Date	Scope
#1	Quantstamp	April 2025	Offer & redemption
#2	Quantstamp	May 2025	OnRe Solana program
#3	Quantstamp	September 2025	Diff review
#4	Ackee Blockchain	November 2025	Full program audit
#5	Quantstamp	January 2026	V3 re-audit
#6	Quantstamp	In progress	Buffer yield pool, MarketStats PDA, daily compounding, redemption fee routing, RFQ redemptions

Build stack: Anchor 0.32.1, Solana v2.2.16, LiteSVM testing, Trident v0.12.0-rc.2 fuzzing on CI. Source MIT-licensed at github.com/onre-finance/onre-sol. No material findings were disclosed across the five completed engagements.

Bug bounty remains live on Immunefi, up to \$100,000. Benchmarked against 8 comparable DeFi protocols by bounty-as-%-of-TVL ([Annex 4](#)), ONyc's cap sits above the peer median (0.04% vs. ~0.03%) even though it's the smallest absolute dollar figure in the set, simply because ONyc is the smallest protocol in it by orders of magnitude.

Allez Labs assesses this as Strong; the one item holding it from the top of the band is the absence of a deployed timelock.

2.2 Architecture & Oracles

Token. Legacy SPL Token (82-byte mint, no Token-2022 extensions). Mint: [5Y8NV33Vv7WbnLfQ3zBcKSdYPrk7g2KoiQoe7M2tcxp5](#). Mint authority held by a program-derived address ([AbpE5YLpdpxj2jRczG9P341Jicf67NvZsaZYrATbMnNX](#)), off-curve and owned by the OnRe program; no unilateral EOA mint possible. Freeze authority held by the Boss Account multisig ([45YnzauhsB...3jaJ5](#), Squads v4 vault PDA backing Multisig [922xY8im...G5AfR](#), 3-of-6 Vote+Execute threshold with 5 additional Initiate-only signers as of July - see §3.1, verified on-chain).

Allez Mint Authority Risk Ladder classification. ONyc lands at Tier 3 on the mint surface (a PDA owned by a well-audited program), with Tier 2 upstream on both the program upgrade authority and the freeze authority (both Squads v4 3-of-6 Vote+Execute multisigs, verified on-chain July 31, 2026):

- **Mint authority:** an off-curve PDA owned by the OnRe program [onreuGhHHgVzMWSkj2oQDLdtvvGvoepBPkqyauBfcwe](#); no unilateral EOA mint is possible.
- **Program upgrade authority:** the OnRe program runs under BPFLoaderUpgradeable; its upgrade authority resolves via ProgramData PDA [91o8wFyxszM4DeQ5R6X6wJdyn9e8VRnsreVBTLb7Yrpg](#) to the Technical Governance vault [Fvmh...De25f](#).
- **Freeze authority:** resolves to the Boss Account vault [45Ynz...3jaJ5](#).
- **Multisig thresholds:** Technical Governance is 3-of-6 (all six members Vote+Execute); Boss Account is 3-of-6 by effective voting power, plus 5 additional signers holding Initiate-only permissions as of July (down from 6 in June, split 5 Initiate-only and 1 no-permission; see §3.1); they can propose but cannot vote or execute. Both report `time_lock = 0`.
- **Token-2022 extensions:** none (no permanent delegate, transfer hook, default-frozen, or mint-close authority).

Separation of duties is asymmetric: the mint surface is gated by Technical Governance, while the freeze surface and reserve inventory are on Boss Account, so the two power surfaces stay isolated. **Observation on voter overlap:** the six Vote+Execute members on Boss Account are the same six keys as the six members on Technical Governance: the two-vault architecture separates functions but not the human signer set. The residual mint-surface risk is the absence of an enforced timelock; a 3-of-6 signing event can swap program logic in the same block as approval.

NAV and price feeds. NAV is computed and persisted in OnRe's Solana program state; the contract is the canonical source.

- **Pyth** - low-latency market pricing ([FsJ3A3u2vn5cTVofAjvy6y5kwABJAqYWpe4975bi2epH](#)).
- **Chainlink (OCR)** - NAV published as a structured reference feed ([HEvSKofvBgfaexv23kMabbYqxasxU3mQ4ibBMEmJWHny](#)).
- **Chainlink Data Streams** - a separate feed ([onyc-usd-dexprice-streams](#)) publishes real-time ONyc market price derived from DEX activity.

All three are downstream of contract state, not independent pricing sources. With no independent feed to dislocate, the manipulation surface moves to the contract input.

Underwriting NAV estimation. ONyc's NAV has two components with very different verifiability profiles:

- **Asset side (verifiable):** the collateral portfolio, cash, trust accounts, and premium receivable. ~90.5% of AUM is independently documented this cycle across on-chain reads, custodian statements, and the Apex Group attestation (see §1.1 and Proof of Reserve for the full channel breakdown).
- **Underwriting side (self-reported):** the premium-accrual estimate between deal binding and contract settlement. OnRe books premium earned in real time from projected loss ratios; the final figure settles only at contract end, once loss certainty is established.

Pyth and Chainlink publish whatever is in the contract, but neither independently prices the underwriting leg, and the Apex attestation does not opine on the loss-ratio methodology. A systematic misjudgment of expected losses would surface only at contract maturation or after a cat event. This loss-pick assumption, self-reported by OnRe, is the dominant input-quality risk for this architecture. The upcoming Allez methodology review will be the first independent examination of the loss-pick methodology specifically.

Upgradeability. Anchor program under BPFLoaderUpgradeable. Upgrades go through build → local deploy → internal test → external audit (when core modules change) → CTO sign-off → Squads propose → threshold signers execute.

Operational load. Direct redemptions carry a high human operational load, since each off-chain redemption is processed on a per-case basis by the OnRe team. Reducing this dependency, whether through deeper DEX liquidity, a committed redemption facility, or on-chain redemption capacity, would lower operational risk on the exit path. DEX depth improved this cycle (§1.2), but monthly off-chain redemption remains the primary exit route for size.

Timelock. Timelock deployment remains in progress and road-mapped. `time_lock = 0` on both multisigs, verified July 31.

Allez Labs assesses this as Strong. The foundation is sound (PDA-owned mint, no independent oracle to dislocate, structured upgrade path), with one structural constraint: the oracle inputs are only as accurate as OnRe's real-time underwriting estimates, which remain unverified until contract settlement or independent methodology review. Path to a stronger assessment: timelock deployed, independent underwriting/NAV methodology review completed, and meaningful progress on redemption capacity or DEX depth.

2.3 Dependency Quality

ONyc depends on external counterparties for custody, attestation, audit and price publication. Each is rated below on institutional credibility, operational maturity and regulatory standing. for custody, attestation, audit, and price publication.

Dependency	Counterparty	Role	Quality Assessment
On-chain reserve custody (primary)	Squads v4: Boss Account vault 45Ynz...3jaJ5	Sole on-chain reserve/treasury custodian. 3-of-6 Vote+Execute with 5 additional Initiate-only signers as of July (down from 6); also holds the ONyc mint freeze authority	Squads v4 is used across major Solana protocols. Holds the bulk of the on-chain reserve portfolio
Protocol governance multisig	Squads v4: Technical Governance vault Fvmh...De25f	Smart contract upgrades and changes to core on-chain logic only. Does not custody reserves. 3-of-6 Vote+Execute	Pure governance vault; separated from the reserve custodian at the account layer
Fiat off-ramp + USYC custody	Coinbase Prime	Holds the USYC sleeve (Ethereum) and acts as the offboarding path from on-chain to OnRe's fiat treasury accounts	Coinbase Prime is a publicly traded custodian; not the primary reserves custodian
MPC operational keys	MPCVault	Operational signing and MM workflows	Adds MPC key management for operational tooling
Off-chain custody	Clarien Bank (Bermuda)	Liquidity reserve banking	Bermuda-licensed bank; standard for offshore reinsurance banking
Sub-custodian	BNY Mellon	Off-chain asset sub-custody	\$47T+ AUC; systemically important financial institution
Reinsurance collateral	Clarien Trust	Bermuda reinsurance collateral trust	Standard Bermuda cedent-facing collateral trust structure
NAV attestation	Apex Group	Periodic attestation (most recent dated June 30, 2026)	Global fund administrator; \$3T+ in assets serviced; Big Four alternative
Financial audit	Harris and Trotter (UK)	Unqualified opinions FY23-24, FY24-25	Established UK chartered accountants; not Big Four but credible for this AUM scale
Operational audit	Barr Associates	SOC2 Type II certification (Jan 2026)	Reputable SOC2 audit firm; AICPA-accredited

Dependency	Counterparty	Role	Quality Assessment
Program audits	Quantstamp, Ackee Blockchain	Smart contract security	Quantstamp is a Solana auditor; Ackee provides independent second opinion
Price publication	Pyth, Chainlink	Market-facing price from contract state	Two of the three dominant oracle networks; downstream of contract NAV, not independent price sources
Sponsor	RockawayX (25.6% UBO)	Capital sponsor	European crypto VC with 6+ year track record
Reserve asset: USDG	Paxos (Global Dollar)	~\$77.28M on-chain (~31% of AUM, up from ~20% in June)	NYDFS-regulated issuer; 1:1 USD-backed. Concentration growth flagged below as a watch item
Reserve asset: USDS/sUSDS	Sky (formerly MakerDAO)	~\$18.12M on-chain (Ethereum sleeve, as sUSDS)	Yield-bearing USDS via Sky's savings vault; smart-contract risk on Sky
Reserve asset: syrupUSDC	Maple Finance	~\$11.04M on-chain	Yield-bearing USDC via Maple Syrup pools; smart-contract risk on Maple
Reserve asset: sUSDe	Ethena	~\$5.80M on-chain	Basis trade yield; carries funding rate reversal risk in sustained negative funding environments
Reserve asset: USCC	Superstate	~\$5.01M on-chain	Permissioned yield-bearing stablecoin; priced via Chainlink NAVLink, the same feed Kamino's Scope oracle uses for USCC
Reserve asset: USDC	Circle	~\$1.80M on-chain (Boss Account) plus \$378.2K at the ONyc SA Redemption Vault	Non-yielding; zero-friction exit asset; largest regulated stablecoin
Reserve asset: USYC	Hashnote	Small allocation (RWAs category)	Tokenized T-Bill; small allocation; Hashnote is SEC-registered investment adviser
Reserve asset: USDT	Tether	~0% of reserves	Non-yielding; zero-friction exit asset
Reserve asset: T-Bills	US Treasury / Clarien Trust and BNY Mellon	Short-Term US T-Bills \$11.08M	Sovereign credit; lowest risk allocation in the reserve book
Reserve asset: USD cash	BNY Mellon	\$16.22M per dashboard; BNY Mellon's own Trusts 010-015 show ~\$42.38M in cash - see Proof of Reserve	Non-yielding bank cash; dashboard figure does not match BNY Mellon's own trust statements. The same unreconciled gap applies to T-Bills
Reserve asset: Kamino lending position (new)	Kamino Finance (OnRe market)	\$2.00M USDC + \$2.00M USDG supplied, zero borrows, live since July 22, the first execution of a newly BMA-approved Available Capital lending policy (see below)	OnRe is the lender, not the borrower. New counterparty-risk surface: smart contract risk on Kamino itself

New: a regulator-approved lending policy is now live for unallocated capital. A newly BMA-approved policy lets OnRe deploy Available Capital (capital not needed for underwriting or the Liquidity Layer) into overcollateralized, fixed-term stablecoin lending, capped at the lesser of 25% of unallocated capital or 10% of AUM. OnRe lends as senior claim, with Kamino's own borrowers liquidated well before OnRe's principal is at risk. First execution: wallet [5Y9qamhwStG9MQUvMWiQqDKD5LWzFcSfQv7dEGxy5D86](#) opened its first Kamino activity July 22 and supplies \$2.00M USDC + \$2.00M USDG at zero borrows (7.58%/7.59% base rate, see §1.1).

The exposure is liquidity risk rather than credit risk. Borrower default is absorbed by collateral before OnRe's principal, but withdrawal depends on utilization at the moment of the request, so at high utilization the position cannot be recalled on demand. That makes this capital less liquid than the same capital held as stablecoins, drawn from the pool that would otherwise fund redemptions.

Collateral portfolio dependencies. The on-chain reserve sleeve now skews far more heavily to a single stablecoin: the USDG holding grew from ~\$38.0M (~20% of AUM) in June to ~\$77.3M (~31% of AUM) in July. Paxos (USDG's issuer) remains NYDFS-regulated. The USDS/sUSDS position is held at OnRe's Ethereum sleeve as sUSDS (~\$18.12M); syrupUSDC, sUSDe, and USCC are all modestly larger in dollar terms but roughly stable as a share of the on-chain sleeve. The new Kamino lending position adds Kamino smart contract risk on the treasury side, though the protocol exposure itself is not new given the majority of ONyc already sits on Kamino. Two reserve lines do not reconcile against the custodian statements obtained this cycle, in both cases with the custodian showing more than the dashboard: T-Bills read \$11.08M on the dashboard against ~\$40.78M across the Clarien Trusts 001-009 and the On Re SAC Ltd Investment Account, and USD cash reads \$16.22M against ~\$42.38M in BNY Mellon's own Trusts 010-015. The Proof of Reserve coverage figure is built on the custodian statements, the higher of the two readings in each case. The gap is most likely one of scope, with the dashboard reporting a subset of accounts, but OnRe has not confirmed that and it is an open item for the next edition - see [Annex 1: Proof of Reserve](#).

Allez Labs assesses this as Strong. The counterparty stack is strong for a protocol at this scale: on-chain custody (Boss Account Squads v4), off-chain trust sub-custody (Clarien/BNY Mellon), Coinbase Prime for USYC and fiat off-ramp, and Apex Group as periodic NAV attester. Two items are watch flags: USDG concentration has grown to ~31% of AUM, and neither the USD cash sleeve (\$16.22M per the dashboard against BNY Mellon's ~\$42.38M) nor the T-Bill sleeve (\$11.08M against Clarien's ~\$40.78M) reconciles against the custodian statements this cycle.

2.4 Dependency Resilience

BMA Segregated Accounts Companies Act provides statutory ringfencing between segregated accounts. Claims against one SAC do not reach another. Reinsurance collateral is in a Clarien Trust administered structure, the standard Bermuda reinsurer posture for cedent-facing collateral security.

Structural equity. Tangible net worth at September 30, 2025: ~\$29M (Harris and Trotter audited). BSCR compliant per BMA capital requirements.

No first-loss tranche sits below ONyc holders, so underwriting losses reach NAV directly rather than being absorbed by equity first. The ~\$29M is On Re SAC Ltd's regulatory and going-concern capital, supporting BSCR compliance and the operator's solvency; it is not a buffer standing between a cat loss and the token. What protects holders is the SAC ringfencing, which stops other segregated accounts' claims reaching this one, and the Liquidity Layer, which funds exits.

The figure is dated September 30, 2025 because it comes from the last audited financials. A more current tangible-net-worth figure is an open request to OnRe.

Redemption capacity. Monthly off-chain redemption (KYC) + DEX exits; if the Liquidity Layer lacks sufficient USDC/USDG to fill a request, the redemption queues until liquidity is available, with DEX exit as the faster but higher-slippage alternative (see §1.2). Four stress events have cleared without gating.

Collateral liquidity under stress. Cash and residual USDC/USDT remain the zero-friction exit assets. The stablecoin sleeve (USDG, syrupUSDC, sUSDe, USCC) and the RWA sleeve (USYC) must be unwound on their own redemption timelines (lock-ups, queues, withdrawal caps vary by issuer). The 10%-of-AUM quarterly redemption cap now scales to ~\$24.75M, a size reachable on-chain against current DEX liquidity without waiting on a redemption queue or a custodian settlement window. T-Bills are liquid within standard settlement windows. A cat loss that draws down reinsurance collateral and triggers redemptions at the same time would test whether the collateral book absorbs both demands simultaneously; this scenario analysis remains an open item for a future independent methodology review.

Allez Labs assesses this as Strong; the ~\$29M equity buffer is modest and thinning in relative terms against a growing AUM and exposure base. The structure is sound, but the absolute buffer is small.

Technical & Counterparty section summary. Section assessment: Strong. ONyc's on-chain architecture is narrow and well-audited, with a PDA-owned mint and no independent oracle to dislocate. Primary on-chain reserve custody is in a single Squads v4 multisig (Boss Account, now with a cleaned-up 5-signer auxiliary roster); off-chain custody and operational counterparties remain in place (BNY Mellon, Clarien, Coinbase Prime for USYC + fiat off-ramp, Apex, most recently dated June 30, 2026). The Immunefi bug bounty remains live with rewards up to \$100,000 (benchmarked above in §2.1). Two genuine developments this cycle: USDG concentration on the Boss Account vault has grown to ~31% of AUM, and a confirmed, regulator-approved unallocated-capital lending policy is now live via a traceable \$4M Kamino position (see §3.2). Redemption capacity remains operationally constrained to the monthly off-chain window and DEX exits, though DEX depth recovered sharply this cycle (\$0.73M → \$2.14M at 2% slippage, §1.2).

3. Operational & Governance

3.1 Governance Structure

Two Squads v4 multisigs hold every privileged authority over ONyc. What follows verifies their configuration, the separation between them, and what constrains unilateral action by any single party. unilateral action by any single party.

Check	Claimed (OnRe)	Verified (On-chain, July 31, 2026)	Status
Multisig architecture	Two Squads v4 3-of-6 vaults: Boss Account (treasury/MM/OTC, ONyc freeze authority) and Technical Governance (upgrades + core on-chain logic)	Boss Account vault 45Yn...3jaJ5 backed by Multisig 922xY8imV8NC1FXbaR9VftNZV7RxQiq19gC42fQG5AfR : 3-of-6 Vote+Execute plus 5 additional signers, all Initiate-only. Technical Governance vault Fvmh...De25f backed by Multisig 2AD4×72wXvjZVxSQPct77NYZGXNdMbFvtD5F3mcUAtcN : 3-of-6 Vote+Execute , no auxiliary signers. time_lock = 0 on both.	Independently re-derived via Squads v4 PDA reverse-scan, July 31
Boss Account signer roster	12 members (June)	11 members (July): member EVJRoxfp7N1YbXgypvQfUGFj9bGdFsG9tLrHrsdn3cW (zero permissions, could not propose/vote/execute) cleanly removed; residual dust swept to the Boss Account treasury beforehand	Verified on-chain July 31; no functional/operational impact, since the removed signer held no permissions
Voter overlap between vaults	Not disclosed	The 6 Vote+Execute members on Technical Governance are the same 6 keys as the 6 Vote+Execute members on Boss Account.	Verified on-chain July 31
Program Upgrade Authority	Technical Governance multisig	FvmhydbpHGQzMU51GmhB1fwsrkyfmrRsTg7oPwDe25f , resolved from ProgramData PDA 91o8wFyxszM4DeQ5R6X6wJdyn9e8VRnsreVBTlB7Yrpg for OnRe program onreuGhHHgVzMWskj2oQDLdtvvGvoepBPkqyaubFcwe	Verified on-chain July 31, 2026.
ONyc Mint Authority	Program-owned PDA	AbpE5YLpdpj2jRczG9P341Jicf67NvZsaZYrATbMnNX ; program-owned	Verified on-chain, unchanged
ONyc Freeze Authority	Boss Account	45YnzauhsBM8CpUz96Djf8UG5vqq2Dua62wuW9H3jaJ5	Verified on-chain, unchanged
OnRe Program	Deployed	BPFLoaderUpgradeable, executable	Verified
Timelock	None	time_lock = 0 on both multisigs	In progress and road-mapped
Supply Cap	Program-managed (no public cap disclosed since April 2026 raise)	219.10M supplied (July 31 on-chain query)	Supply verified; cap not verifiable. The supplied figure is read on-chain, but the cap itself is a program-managed value OnRe has not published, so there is no disclosed ceiling to check the supply against

Boss Account membership change. The Boss Account multisig's signer roster shrank from 12 members in June to 11 in July. The removed member ([EVJRoxfp7N1YbXgypvQfUGFj9bGdFsG9tLrHrsdn3cW](#)) held zero permissions on the multisig (could not propose, vote, or execute). With this removal, the Boss Account's non-voting auxiliary signers are now a clean set of 5, all Initiate-only (able to propose but not vote or execute), down from 6 in June (5 Initiate-only + 1 with no permissions).

Responsibility split. OnRe operates two Squads v4 multisigs, both at 3-of-6 Vote+Execute, with separated duties verified on-chain July 31 by independent Squads v4 PDA reverse-scan:

- **Boss Account** vault ([45YnzauhsBM8CpUz96Djf8UG5vqq2Dua62wuW9H3jaJ5](#), index 0) - backing Multisig [922xY8imV8NC1FXbaR9VftNZV7RxQiq19gC42fQG5AfR](#). 3-of-6 Vote+Execute. Five additional signers are listed on the Multisig, all Initiate-only; they can propose transactions but cannot vote or execute. Holds the on-chain collateral inventory and the ONyc mint freeze authority; used as the redemption routing point.
- **Technical Governance** vault ([FvmhydbpHGQzMU51GmhB1fwsrkyfmrRsTg7oPwDe25f](#), index 0) - backing Multisig [2AD4×72wXvjZVxSQPct77NYZGXNdMbFvtD5F3mcUAtcN](#). 3-of-6 Vote+Execute, all six members carry full Initiate+Vote+Execute, no auxiliary signers. Verified on-chain as the OnRe program's Upgrade Authority via the ProgramData PDA [91o8wFyxszM4DeQ5R6X6wJdyn9e8VRnsreVBTlB7Yrpg](#).

Voter overlap (verified on-chain). The six Vote+Execute members on Technical Governance are the same six keys as the six Vote+Execute members on Boss Account: [2HGJuU5L...4dJH](#), [5xmqrUqK...78s6](#), [8dk5KyDA...oAhz](#), [96yg1uaz...8bsSk](#), [DiNi78eq...mDQe](#),

[J7nrqDcS...A59e](#). The two-vault architecture separates *functions* (treasury vs program upgrade) at the account layer; the underlying signer set is shared by design per OnRe. The structural protection therefore rests on the 6-of-6 dispersion of those keys across hardware/MPC and jurisdictions plus the function-layer scoping of each vault, rather than on disjoint human committees.

Time lock. Both multisigs continue to report `time_lock = 0` on-chain, verified live July 31, 2026. There is still no enforced delay between proposal acceptance and execution; a three-of-six signing event can settle and execute in the same block. Timelock deployment remains in progress and road-mapped.

Two-step authority handover (`propose_boss` → `accept_boss`) prevents unilateral authority transfer at the OnRe-program layer (independent of Squads).

Kill switch. The halt mechanism is deliberately asymmetric: up to 20 admin keys can stop operations unilaterally, while lifting the halt requires Technical Governance consensus at the 3-of-6 threshold. The asymmetry is the right way round for a safety control, since stopping is cheap and reversible while restarting is the decision that carries risk, and it means a single compromised or mistaken key can cause an outage but cannot resume a halted protocol on its own.

Underwriting authority. Deal selection, pricing, and concentration limits are set by the OnRe underwriting team. No external underwriting committee or independent risk officer reviews deal flow before binding. The Boss Account controls reserve deployment but does not gate individual treaty decisions. The treaty register pull obtained this cycle (\$1.4, Underwriting Portfolio) puts the in-force book at ~\$165.09M gross exposure across 13 Active + 6 Allocated contracts, up from June's ~\$136.6M across 14 active + 3 allocated, growth driven by newly allocated retrocession layers. Underwriting governance is one of the areas the upcoming methodology review will examine.

Allez Labs assesses this as Strong. The two-multisig architecture is sound, with separated functions (treasury and freeze authority on Boss Account; program upgrade authority on Technical Governance), 3-of-6 Vote+Execute thresholds verified on-chain on both July 31, and the two-step OnRe-program-level handover. Keeping it from the top of the band: the timelock is not yet deployed (`time_lock = 0` on both multisigs), the same six voters control both vaults (function-layer separation without signer-layer separation).

3.2 Centralization

Signing keys across both the Boss Account and Technical Governance multisigs are on hardware wallets and MPC wallets distributed across at least three jurisdictions per OnRe. OnRe has confirmed there is no external signer on either multisig; all signers across the two 3-of-6 vaults are OnRe-affiliated. Allez Labs's independent on-chain verification (July 31) confirms the six Vote+Execute members are the same across the Boss Account and Technical Governance vaults; Boss Account now carries 5 additional Initiate-only signers (down from 6 in June, following the roster cleanup in §3.1) that can propose transactions without voting power. The structural protection therefore rests on the 6-of-6 voter dispersion across hardware/MPC and jurisdictions plus the function-layer scoping of each vault, rather than on disjoint human committees.

A reinsurance business carries structural centralization at the UW and claims level. OnRe externalizes the right functions: Apex attests NAV (most recently June 30, 2026), BNY Mellon and Clarien custody assets, Harris and Trotter audit the financials, Barr Associates certified SOC2 controls. The underwriting function remains centralized: OnRe's team selects deals, sets pricing, and manages concentration without an external underwriting committee or independent risk officer in the approval chain. This is standard for a reinsurer at this scale, but it means the portfolio's risk profile depends on a single team's judgment. Moving higher requires an independent review of underwriting calc, NAV calc, and internal risk models.

ILS manager delegation. One instance of that externalization carries its own layer of delegated risk: the Diversified 1 ILS sleeve (18.2% of exposure by deal-type share this cycle - see §1.4 Underwriting Portfolio; \$30M committed) is managed by Radix ILS under a "High Performing Deals + Hedges" strategy targeting North American natural perils. The strategy analyzed 70 layers and targets a \$30-60M capital range. Radix's projected metrics (manager-reported, not independently validated): 15.7% expected net return, 6.4% volatility, 1.92 Sharpe ratio, >95% profit probability. Tail risk hedging is achieved through cost-effective ILW (Industry Loss Warranty) market instruments. The sleeve's risk earning schedule is concentrated in Q3-Q4 2026 (hurricane season), with 72% of risk earned by end of Q3 2026 and 91% by year-end. Distributions are projected to start June 2027; capital may remain trapped in trust accounts until claims settle, extending beyond the stated timeline. Investment period is 12-18 months; risk earning period is 6-12 months per contract. The ILS sleeve is partially correlated to OnRe's direct portfolio (shared North American peril focus). In a Sandy-type scenario, Radix's internal ILW hedges partially absorb the sleeve's North American hurricane exposure, limiting estimated net loss contribution to OnRe to \$0-1.5M. The Radix capital is now documented as ~\$16.87M held with Radix Alpha Ltd (the Bermuda ILS vehicle for the "Curator-I" sleeve under manager Radix ILS), per the June 30, 2026 Apex attestation cycle (see [Annex 1: Proof of Reserve](#)). Against the \$30M commitment, that leaves ~56.2% called and ~\$13.13M uncalled. Apex verifies this row via third-party documents (Capital Call Notices plus Clarien wire confirmations) provided by OnRe. Per-deal correlation analysis and full fund-level breakdown remain outstanding for the upcoming methodology review.

Reserve allocation authority. Reserve allocation carries a similar governance gap: the reserve portfolio (\$1.1, \$2.3) spans nine assets across T-Bills, yield-bearing stablecoins, and cash. OnRe has not disclosed the general selection criteria, concentration limits, or rebalancing triggers for reserve assets. OnRe's team makes these allocation decisions without an external investment committee or published risk limit framework. This cycle, OnRe did disclose one concrete data point bearing on this question: a BMA-approved investment policy governing deployment of Available Capital (capital not needed for underwriting or the Liquidity Layer) into overcollateralized, fixed-term stablecoin lending, now live via a traceable \$4M Kamino position (see §2.3), the first disclosed criterion for a specific reserve-allocation decision, though the broader selection/concentration/rebalancing framework for the rest of the reserve

portfolio remains otherwise undisclosed. A full review of reserve allocation governance remains an open item for a future independent methodology review.

Self-reported underwriting accrual. Separate from who controls allocation is whether the resulting numbers can be independently checked: the asset side of NAV is independently checkable. ~90.5% of AUM is documented this cycle across on-chain reads, custodian statements, and the Apex Group attestation (see §1.1 and Proof of Reserve). What remains self-reported is the underwriting premium-accrual loss-pick estimate between deal binding and contract settlement, which depends on OnRe's projected loss ratios; that loss-pick methodology is the dominant input-quality risk and the centralized input Allez Labs will review in the upcoming methodology engagement.

Kamino concentration. A different kind of concentration is outside OnRe's own governance entirely: at the protocol level, ~52.6% of ONyc supply is in a single Kamino lending market. This creates a secondary centralization layer independent of OnRe's governance: a sufficiently large Kamino unwind (coordinated or not) could compress DEX liquidity faster than the redemption queue could absorb. This compounds the liquidity-side concentration already noted in §1.2, and reinforces the case for deeper DEX liquidity or formal redemption channels scaled to the Kamino collateral base.

Allez Labs assesses this as Adequate. No external signer exists across either 3-of-6 vault (all voters are OnRe-affiliated), the voter set is shared across the Boss Account and Technical Governance vaults, and underwriting centralization is high. The Boss Account roster cleanup and the newly disclosed reserve-allocation policy are both incremental positives but do not change the assessment. The path to Strong runs through an independent methodology review (underwriting governance, NAV calculation, reserve allocation controls, not yet confirmed as scheduled or completed) and deployment of the planned timelock.

3.3 Incident Response

Four stress events remain the complete documented record:

- **Oct 30 - Nov 12, 2025.** Redemption pressure. \$1.2M net outflow (on-chain, net of concurrent inflows). NAV continued accruing through the window.
- **Dec 3, 2025.** Front-end DDoS. No smart contract impact, no fund loss, no NAV impact. Resolved through traffic mitigation and infrastructure rotation.
- **Apr 1-2, 2026.** \$10.8M / 9.96M ONyc net redemption across the two days following the Drift-hack contagion. 7.5% of then-AUM; the Apr 2 single-day outflow of \$8.3M (~5.90%) is the largest single-day outflow on record. 3bp NAV impact. AUM rebounded through early April.
- **Apr 18, 2026.** Kelp DAO incident. ONyc circulating supply contracted from 137.2M to 129.3M over four days (~7.9M ONyc, ~\$8.5M); Kamino absorbed ~80% of the outflow. The Pyth oracle held at NAV throughout, with no ONyc-related liquidations; AUM recovered to \$166.8M by May 4 (see §1.3 for full per-event detail, including the Kamino depositor-level breakdown).

Allez Labs assesses this as Adequate. Four DeFi stress events have been handled cleanly, but all four were market-wide liquidity events rather than tests of the mechanism that matters here. No catastrophe claim has tested the claims and payout path at scale. The claims settled to date are routine specialty-line activity (\$142K on a financial loss policy through June 30, 2026), which exercises the payout mechanics but not at a size that stresses them, so the record covers the incident type ONyc is least exposed to and leaves the one that carries the loss unobserved.

3.4 Team & Continuity

OnRe team brings 6+ years of reinsurance underwriting track record pre-token. The signer set spans two Squads v4 3-of-6 multisigs: Boss Account (Multisig [922xY8imV8NC1FXbaR9VFtNZV7RxQiq19gC42fQG5AfR](#), 3-of-6 Vote+Execute plus 5 Initiate-only signers as of July) and Technical Governance (Multisig [2AD4x72wXvjZVxSQPCt77NYZGXNdMbFvtD5F3mcUAtcN](#), 3-of-6 Vote+Execute), both verified on-chain July 31. The six Vote+Execute members are the same across the two vaults. Key personnel identified through OnRe's diligence questionnaire responses and public team disclosures:

- **OnRe management team:** reinsurance underwriting, claims, and operations. Specific names and bios are documented in the OnRe website team page. DPO: Matthew Wixon.
- **RockawayX** (25.6% UBO via RBCH II Ltd): capital sponsor. European crypto VC with a 6+ year track record.
- **Institutional service providers:** Harris and Trotter (financial audit, unqualified opinions FY23-24 and FY24-25), Barr Associates (SOC2 Type II, Jan 2026), Apex Group (NAV administration, most recently dated June 30, 2026), BNY Mellon (off-chain sub-custody), Clarien Bank (Bermuda banking and trust), Coinbase Prime (USYC custody and fiat off-ramp). Primary on-chain reserve custody is in the Boss Account Squads v4 multisig.

Allez Labs assesses this as Strong. The institutional service provider wrap is strong, but the token is tied to one underwriting shop. A successor-operator plan or second-underwriter capability would strengthen it further.

3.5 Regulatory & Legal

On Re SAC Ltd holds two BMA licenses: Class F Digital Asset Business Act (DABA) and Class IIGB (reinsurer). The Segregated Accounts Companies Act provides statutory ringfencing between segregated accounts. BSCR compliance confirmed in the audited FY24-25

financials; no newer audited figure has been published as of this edition. Registered entity: On Re SAC Ltd, Crawford House, 50 Cedar Avenue, Hamilton HM11 Bermuda (registered number 55347).

KYC and AML. All direct minters and redeemers must complete identity verification through Sumsb. Participants must qualify as Qualified Acquirers under Bermuda law: individuals need USD 200K annual income or USD 1M net assets; corporations need USD 5M in total assets. Capital enters through a Participation Agreement, a binding Bermuda contractual structure that vests legal title in the segregated account and restricts fund use to (re)insurance claims and liabilities. AML/ATF screening includes sanctions checks, jurisdiction reviews, and activity monitoring.

Terms of Use. Bermuda law governs. Disputes are subject to the exclusive jurisdiction of Bermuda courts. Content disclaimer: the platform provides no financial, legal, or investment advice. Liability capped at the greater of \$10,000 or 12 months of fees paid. OnRe reserves the right to suspend or terminate access without notice.

Privacy and data protection. DPO: Matthew Wixon (privacy@onre.finance). Standard data collection for insurance operations: general, contact, identification, financial, and policy data. Personal information may be shared with reinsurers, brokers, auditors, regulators (including BMA), and law enforcement. International transfers governed by contractual safeguards.

SOC 2 Type II. Examination conducted by BARR Advisory across five control areas: access controls and identity management (MFA, RBAC, semiannual access reviews), change management (branch protection, mandatory peer review, automated vulnerability scanning), data protection (AES-256 at rest, TLS 1.2+ in transit), infrastructure resilience (multi-AZ architecture, daily automated backups), and risk management (monthly internal assessments, annual vendor reviews). Allez Labs assesses this as Strong. This is one of the strongest regulatory postures observed among Allez-reviewed RWAs: dual BMA licenses, BSCR compliance, SAC statutory ringfencing, Qualified Acquirer KYC gating, and SOC 2 Type II certification all contribute. The binding Participation Agreement provides a contractual ringfencing mechanism for token holder capital to the segregated account (subject to Bermuda SAC law and the terms of the relevant agreements).

Operational & Governance section summary. Section assessment: Strong. OnRe's governance structure is sound: two Squads v4 3-of-6 Vote+Execute vaults with separated functions (Boss Account treasury/MM/OTC + ONyc freeze authority; Technical Governance program upgrade authority verified on-chain via ProgramData PDA), asymmetric kill switch, and a two-step OnRe-program-level handover. Independent on-chain verification confirmed the 3-of-6 Vote+Execute thresholds on both vaults July 31; the six voters remain shared across the two vaults (function-layer separation, signer-layer concentration); both still report `time_lock = 0`. Kamino concentration remains at ~52.6% of ONyc supply in a single lending market. The regulatory posture remains among the strongest of the Allez-reviewed RWAs (dual BMA licenses, BSCR compliance, SAC ringfencing, SOC 2 Type II), all unchanged and unrefreshed to a newer cycle this edition. Keeping this from the top of the band: centralization is high (no external signer; all voters OnRe-affiliated; shared voter set across both vaults; underwriting governance not yet independently reviewed); no timelock currently enforced on either multisig; incident response lacks a tested reinsurance claim event. OnRe disclosed one new, concrete reserve-allocation data point this cycle (the BMA-approved Kamino lending policy, §2.3) but the broader methodology review needed to move Centralization above Adequate has not been confirmed as scheduled or completed.

Conclusions

Allez Labs assesses ONyc as High Quality Collateral, in line with regulated T-Bill-backed and yield-bearing references among Allez-reviewed RWAs. The assessment reflects a regulated reinsurer with audited, licensed counterparties, a sound on-chain architecture, and a track record of absorbing four industry-wide liquidity events without NAV break, against 429 days of seasoning and zero realized cat losses.

Directions that could strengthen the assessment: timelock deployment on the on-chain governance stack; an independent underwriting / NAV methodology review of the loss-pick framework; and a clean absorption of a material cat loss that validates the modeled payout path. Deeper DEX liquidity, or formal fast-redemption channels (committed redemption facility or on-chain capacity) scaled to the Kamino collateral base, would support the Liquidity Infrastructure line. None of these are commitments to any particular future assessment; changes depend on the full body of evidence at the time of the next review.

Kamino concentration: the pressure point in this cycle's own liquidity stress test (§1's deep Sandy-grade tail, where Kamino supplies 310 of 1,061 at-risk positions and coverage falls to its lowest point, 2.15x), the newest disclosed counterparty exposure (§2's \$4M OnRe lending position on Kamino's own market), and the largest concentration risk named in governance (§3's ~52.6% of ONyc supply in that same lending market) all trace to the same protocol. A single Kamino-specific shock would touch liquidity, counterparty, and concentration risk at once.

The underwriting tail is outside every control. The custody and governance controls verified in §2 and §3 make the Liquidity section's own gaps survivable. The underwriting book's own tail risk is untouched by either: a 2017-style season at 80% utilization would produce a ~-16% NAV drawdown, and a Sandy-equivalent event -13.1% to -22.1%, regardless of how the on-chain architecture or governance multisigs perform (see §1.4).

Annex 1: Proof of Reserve (July 31, 2026)

This section documents the verifiable on-chain footprint of ONyc as of the July 31, 2026 snapshot. It separates facts that can be independently confirmed on-chain from facts that depend on off-chain attestation.

All on-chain values in this section (token balances, NAV, oracle prices, lending market parameters) are point-in-time snapshots from live on-chain queries on the date noted; balances and prices change continuously. Custodian and third-party attestation values are stale by their statement/attestation date, cited explicitly per row. Re-query the cited program addresses and oracles to verify at any future point in time.

On-chain Verifiable (live, July 31)

The following positions are directly readable from Solana program state and public DEX pools. Any holder can reproduce these figures using the program address ([onreuGhHHgVzMWSkj2oQDLDTvvGvoepBPkqyaubFcwe](#)) or standard Solana on-chain queries.

Item	Value (July 31, 2026)	Source
NAV	\$1.1295	On-chain program state; Chainlink feed HEvSKofvBg...JWHny
Circulating supply	219.10M ONyc	SPL Token mint 5Y8NV33Vv...tcxp5
AUM (supply x NAV)	\$247.47M	Derived from above
Kamino ONyc collateral	\$130.2M	Kamino lending reserve FsvTiXTUF...T2ss ; on-chain SPL balance
Loopscale ONyc collateral	~\$36.4M	Loopscale on-chain loan data (Allez pipeline); token count x July 31 NAV
Exponent vault (main PT/YT)	~\$39.1M (~34.61M ONyc)	Exponent vault BmLiVHRb9...dxzu ; PT-ONyc yield-tokenization pool
Exponent risk-tranching escrow (srONyc/jrONyc)	~\$2.32M	Escrow HZ7iDTzNcR...fVdt ; separate from the main vault above, combined = \$41.4M total Exponent TVL
Orca ONyc-USDC pool TVL	\$5.87M	Orca Whirlpool program; on-chain liquidity tick data
Raydium USDG-ONyc pool TVL	\$3.04M	Raydium AMM; on-chain reserve accounts
Orca ONyc-jitoSOL pool TVL	\$0.12M as last measured July 14; ~\$28K re-read on-chain August 19	Orca Whirlpool program
Meteora ONyc-USDC pool TVL	~\$23, dormant	Direct on-chain read of the pool's token accounts
Total DEX TVL	\$8.92M	Orca ONyc-USDC + Raydium USDG-ONyc; the two dormant pools are excluded
DEX sell-side at 2% slippage	~\$2.14M	Static depth-curve snapshot, Orca ONyc-USDC only (July 31); realized sells clear at a few bps
Technical Governance vault	FvmhydbpH...De25f	Squads v4 vault PDA (index 0); backing Multisig 2AD4x72w...UAtcN , threshold 3-of-6 (all members Vote+Execute), <code>time_lock = 0</code> . On-chain Program Upgrade Authority for OnRe program (resolved via ProgramData PDA 91o8wFy...Yrpg).
Boss Account vault (collateral)	45YnzauhsB...3jaJ5	Squads v4 vault PDA (index 0); backing Multisig 922xY8im...G5Afr ; 3-of-6 Vote+Execute plus 5 additional Initiate-only signers; <code>time_lock = 0</code> . Protocol collateral vault; ONyc freeze authority. Six voters are the same as the Technical Governance voter set.
Mint authority	PDA AbpE5YLpd...MnNX	Program-owned; no unilateral mint possible
Pyth price feed	FsJ3A3u2v...2epH	Live; downstream of contract NAV
Chainlink NAV feed	HEvSKofvBg...JWHny	Live; OCR-based; publishes contract NAV by construction

Boss Account multisig vault holdings ([45YnzauhsBM8CpUz96Djf8UG5vqq2Dua62wuW9H3jaJ5](#), July 31, 2026 live query). Amounts read from Solana mainnet via a live [getTokenAccountsByOwner](#) query, independently re-queryable by anyone using the vault address above.

Token	Symbol	Mint	UI Balance	Est. USD Value	Notes
Global Dollar (Paxos)	USDG	2u1tszSeq...jGWH	-	~\$77.28M	Token-2022; Paxos-issued; NYDFS-regulated
Syrup USDC (Maple Finance)	syrupUSDC	AvZZF1YaZ...ZeUj	-	~\$11.04M	Yield-bearing USDC via Maple Syrup pools; priced at live accrual rate
Staked USDe	sUSDe	Eh6XEPHsw...N2sN	-	~\$5.80M	Ethena sUSDe; also held on Ethereum
Superstate Crypto Carry Fund	USCC	BTRR3sj1B...UCaK	-	~\$5.01M	Token-2022; priced via Chainlink NAVLink; Scope uses the same feed
USD Coin	USDC	EPjFWdd5A...TDt1v	-	~\$1.80M	Operational liquidity
Sky USD	USDS	USDSwr9Ap...wca	-	\$0	Moved to the Ethereum sleeve as sUSDS; see below
OnRe Tokenized Reinsurance	ONyc	5Y8NV33Vv...tcxp5	-	~0 (negligible)	Own token held in reserve/treasury; redemption-routing inflow
Tether	USDT	Es9vMFrza...wNYB	-	operational dust	Operational liquidity

Ethereum sleeve (0xb3525a7D5bAC0a2Fe946b4fA9da0a3f951b64A58, July 31, 2026 live query via [eth_call balanceOf](#)). sUSDS now dominates the wallet; USYC, sUSDe, USDC, and native ETH are the remainder.

Token	Contract	UI Balance	Est. USD Value	Notes
Sky USDS (savings)	sUSDS 0xa3931d71...7fbD	16,476,624.86	~\$18.12M	Moved from the Boss Account vault (Solana) in early July
Hashnote US Yield Coin	USYC 0x136471a3...49f2b	-	~\$432.7K	Priced via on-chain USYC/USD aggregator; maps to the RWAs category on the OnRe Transparency dashboard
Ethena Staked USDe	sUSDe 0x9D39A5DE...3497	4.30	~\$5	Residual; main sUSDe sleeve is on Solana
USD Coin	USDC 0xA0b86991...eB48	5.00	~\$5	Dust
Native ETH	-	0.0498	~\$105	Gas reserve

ONyc SA Redemption Vault - on-chain Solana, USDC, account [Df2s8BbohRw8rF8PSGGiaCNXPMgeiCU4thzarELbV8oF](#), ~\$0.38M.

Kamino lending position (OnRe market) - on-chain Solana, account [5Y9qamhwStG9MQUvMWiQqDKD5LWzFcSfQv7dEGxy5D86](#), USDC \$2.00M + USDC \$2.00M supplied, zero borrows (see §2.3), ~\$4.01M.

Squads v4 Multisig member sets (verified on-chain, July 31). Parent Multisig accounts independently re-derived from the vault PDAs by enumerating Squads v4 Multisig accounts and matching against the canonical PDA seeds ["multisig", multisig.key, "vault", index].

Boss Account - Multisig [922xY8imV8NC1FXbaR9VFtNZV7RxQiq19gC42fQG5AfR](#), 3-of-6 Vote+Execute (with 5 additional Initiate-only signers below, down from 6 in June), time_lock = 0:

#	Member key	Permissions
1	2HGJuU5LhHoxn1oaRiQWc9wAsVaFSRbrgtMcomu4dJH	Initiate+Vote+Execute
2	5xmqRUqK33A2oBRxjyG36HgMjjM19Nrt8gYEBT9u78s6	Initiate+Vote+Execute
3	8dk5KyDAttJYT4pa9nSQYqLEK85w7ZbcHZdZjBMHoAhz	Initiate+Vote+Execute
4	96yg1uazqxt4R4mTKPDcLSfbp3AAJiXJFMKZj28bsSk	Initiate+Vote+Execute
5	DiNi78eqYxVdwXiAiran2Fh4sPAbvQA4oDTq2a6mDQe	Initiate+Vote+Execute
6	J7nrqDcSul77TPr1Vz7n8RC4VUeN4pXfx6Xx9E4SA59e	Initiate+Vote+Execute
7	PV5tfXh295EpmPiYNHsEEEBymZ9325G14LgNukJ2EC	Initiate only
8	9TjKHL4YGYKv7HUEZatSw1mjx83CWq8bwbBYmrNxnNL	Initiate only
9	BYrKMVrru625aQbGuhdz6ojixAYHNLbwFaE4KTFfx3QS	Initiate only
10	CPHXoWwGQ129uoCNpv7Sp8W6Z326s7iB5eGGEZYTfveD	Initiate only
11	GvsR2FpHTHQ4QfC5JTVofGotfzYVbpYUTGNrbnJKC7Wo	Initiate only

Technical Governance - Multisig [2AD4x72wXvjZVxSQPct77NYZGXNdMbFvtD5F3mcUAtcN](#), threshold 3-of-6, time_lock = 0:

#	Member key	Permissions
1	2HGJuU5LhHoxn1oaRiQWc9wAsVaFSRubrgtMcomu4dJH	Initiate+Vote+Execute
2	5xmQRUqK33A2oBRxyG36HgMjjM19NRt8gYEBT9u78s6	Initiate+Vote+Execute
3	8dk5KyDattJYT4pa9nSQYqLEK85w7ZbcHZdZjBMHoAhz	Initiate+Vote+Execute
4	96yg1uazqtxT4R4mTKPDcLSfbp3AAJXJFMKZj28bsSk	Initiate+Vote+Execute
5	DiNi78eqjYxVdwXiAiran2Fh4sPAbvQA4oDTq2a6mDQe	Initiate+Vote+Execute
6	J7nrqDcSuL77TPr1Vz7n8RC4VUeN4pXfx6Xx9E4SA59e	Initiate+Vote+Execute

Voter overlap. Boss Account members 1-6 are identical to Technical Governance members 1-6. The same six keys are the only members who can vote+execute on either vault.

Combined on-chain verifiable: ~\$123.87M (~50.1% of AUM) - Boss Account vault (~\$100.93M) + Ethereum sleeve (~\$18.56M) + ONyc SA Redemption Vault (~\$0.38M) + Kamino lending position (~\$4.01M).

Custodian Attested (Off-chain)

The off-chain portion of the collateral portfolio is held across separate trust and operating accounts at BNY Mellon (cash and short-term, Trusts 010-015), Clarien Trust Limited (T-Bills, segregated CTL atf Trusts 001-009 plus the On Re SAC Ltd Investment Account), and Radix Alpha Ltd (the Bermuda ILS vehicle under manager Radix ILS; ILS capital).

BNY Mellon trust accounts (010-015) - the June 2026 statements total ~\$42.38M (cash and short-term across the trust accounts).

Clarien T-Bills - Trusts 001-009 (appraisals as of July 1, 2026) total ~\$29.71M plus the On Re SAC Ltd Investment Account (July 1, 2026) ~\$11.06M (3-month T-Bills), for ~\$40.78M of Clarien-held T-Bills.

Radix ILS capital - ~\$16.87M held with Radix Alpha Ltd (Bermuda ILS vehicle, "Curator-I" sleeve under manager Radix ILS), per the June 30, 2026 Apex attestation cycle; verified by Apex via third-party documents (Capital Call Notices + Clarien wire confirmations) provided by OnRe, rather than obtained directly from Radix, a weaker verification chain than a direct custodian statement.

Combined off-chain and ILS documented value: ~\$100.03M (BNY ~\$42.38M + Clarien T-Bills ~\$40.78M + Radix ILS ~\$16.87M; ~40.4% of AUM). Apex's own June 30 attestation states a somewhat larger combined figure for its analogous categories (~\$88.95M for "Cash and cash equivalents" plus "Restricted amounts held in trust" alone, before Radix). The gap likely reflects accounts beyond the statements obtained this cycle, not a discrepancy in the accounts shown above.

Total Documented Backing

Source	Detail	Amount	% of AUM
On-chain (Solana + Ethereum)	Boss Account vault, Ethereum sleeve, Redemption Vault, Kamino lending position; live on-chain query	~\$123.87M	~50.1%
Clarien T-Bills	Trusts 001-009 + On Re SAC Ltd Investment Account, July 1, 2026	~\$40.78M	~16.5%
BNY Mellon cash / short-term	Trusts 010-015, June 2026	~\$42.38M	~17.1%
Radix ILS capital	Capital Call Notices via OnRe, June 30, 2026	~\$16.87M	~6.8%
Documented total		~\$223.90M	~90.5%
Undocumented	Recent inflow between statement dates	~\$23.57M	~9.5%
Total AUM		\$247.47M	100%

AUM grew from \$204.48M (June 30, per OnRe's own live NAV feed) to \$247.47M (July 31), about \$42.99M in one month. Roughly 36.35M new ONyc were minted over the period, which at the period's average NAV (~\$1.124/unit) accounts for ~\$40.87M of new capital; the remaining ~\$1.93M reflects NAV appreciation on the existing 182.75M units. The ~\$23.57M undocumented residual is well within that ~\$40.87M inflow estimate, consistent with new deposits arriving after the respective statement cutoffs and not yet reflected on a custodian statement.

Supporting documentation. The BNY Mellon trust statements and Clarien iPortfolio appraisals referenced above, along with the Harris and Trotter audited financials and Apex Group NAV attestation, are available to authorized recipients on request. The on-chain footprint can be independently re-queried at any time using the program and account addresses cited above.

Third-Party Attested (Other)

Item	Value (as reported)	Attestation Source
AUM (full collateral portfolio)	\$247.47M	OnRe Transparency dashboard
Stablecoins category	~39.4% of AUM (~\$97.5M)	OnRe Transparency page; led by Paxos USDG (~\$77.28M live on-chain), NYDFS-regulated
Reinsurance exposure (gross, Active + Allocated)	~\$165.09M	OnRe Reinsurance Data Room deal sheet (July 31, 2026); self-reported
GWP (Active + Allocated)	~\$27.95M	OnRe Reinsurance Data Room; self-reported
Structural equity (tangible net worth)	~\$29M (as of Sep 30, 2025)	Harris and Trotter audited financials FY24-25
NAV attestation	Most recent dated June 30, 2026	Apex Group
SOC 2 Type II	Certified January 2026	Barr Associates
BSCR compliance	Confirmed FY24-25	Harris and Trotter / BMA

Coverage summary. ~90.5% of AUM (~\$223.90M) is documented across three verification tiers of differing strength:

- **On-chain, Allez-verified - ~50.1% (~\$123.87M):** the Boss Account vault, Ethereum sleeve, Redemption Vault, and Kamino lending position, all re-queryable live at any time.
- **Custodian-attested - ~33.6% (~\$83.16M):** the BNY Mellon and Clarien statements (cash, short-term, and T-Bills including the On Re SAC Ltd investment account), which Allez Labs holds but has not independently confirmed with the custodians.
- **Third-party document-attested - ~6.8% (~\$16.87M):** the Radix ILS capital, evidenced by Capital Call Notices and matching Clarien wire confirmations rather than a direct custodian statement.

The ~9.5% residual (~\$23.57M) is recent inflow that arrived after the respective statement cutoffs, expected to clear once the next custodian and attestation cycle catches up. Apex Group's most recent published attestation is dated June 30, 2026, about one month behind this report, the expected cadence given the attestation cycle's structural lag. What remains structurally undocumented independent of attestation timing is the underwriting book itself (Capital Deployed, \$144.34M): no attestation, Apex's included, has ever itemized this figure directly, only pieces adjacent to it (the restricted trust securing cedant obligations, the ILS diversification sleeve).

Annex 2: DEX Trading Activity Detail

ONyc DEX Realized Slippage: Actual Trade Experience

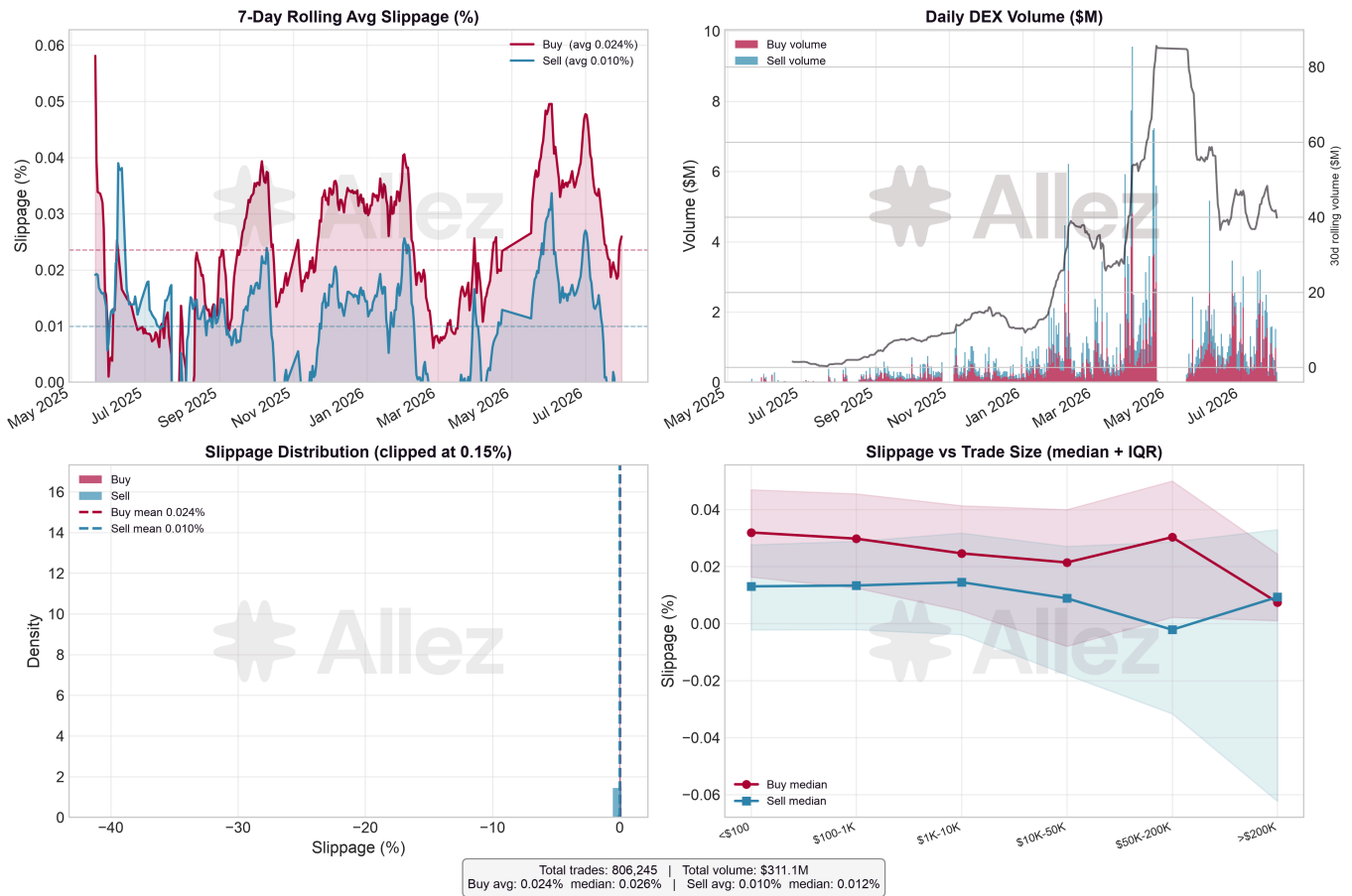


Fig 20. ONyc realized DEX slippage detail: rolling average over time, daily volume, slippage distribution, and slippage vs trade size. 806,245 trades total (May 2025 - July 2026). Sell-side median ~1.3 bps.

Data note: Realized slippage data (Figs 6 and 21) covers May 21, 2025 - July 31, 2026 (806,245 trades total). The series is refreshed live on every report build.

Annex 3: Data Sources and Confidence

All data inputs used in this assessment are tabulated below with last-verified date, validation approach, and confidence level.

DEX pool freshness. Pool metrics come from a latest-state table that retains the last successful measurement of each pool indefinitely. Two ONyc pools had stopped being refreshed and were carrying stale rows: Orca ONyc-jitoSOL last measured July 14, 2026, and Meteora ONyc-USDC last measured January 28, 2026. Both were re-read directly on-chain for this edition and are reported at their verified balances. DEX pool figures in this edition are filtered on measurement date and cross-checked against a direct read of each pool's token accounts.

#	Source (date / validation)	What It Provides	Confidence
1	OnRe Transparency Dashboard - July 31, 2026; cross-checked vs Chainlink NAV feed	NAV, AUM, circulating supply, collateral portfolio allocation ("Yield Composition" table)	High
2	Kamino on-chain dataset (Allez pipeline) - July 31, 2026	Lending supply, borrow, position health, LTV distribution, cascade triggers	High
3	Loopscale on-chain dataset (Allez pipeline) - July 31, 2026	Loan count, collateral, debt, LTV, loan size distribution	Medium
4	On-chain DEX transaction data (Solana) - July 31, 2026; 806,245 trades total May 2025-July 2026	Realized slippage, trade size, buy/sell direction, volume	High
5	DEX pool TVL and full 1/2/3/5/10% slippage-depth snapshots (Allez pipeline) - July 31, 2026	Pool TVL, slippage capacity at 1/2/3/5/10% depth	High
6a	Transparency-page 29-deal table - July 2026; self-reported, not independently verified. Capital Deployed \$144,339,074 across 29 deals, verified to sum exactly to the stated total	Per-deal Capital Deployed, Net Premium, Expected Loss, Expected Yield; no per-deal exposure/limit column on the public page	Medium
6b	OnRe reinsurance treaty register (Google Sheet, access-gated) - 19 distinct Active + Allocated treaties (13 Active, 6 Allocated), self-reported by OnRe, not independently audited	Per-treaty exposure, GWP, NWP, brokerage/fee, ROL, deal type, region, layer structure	Medium
7	Pyth oracle - Live (sub-second); publishes contract NAV by construction	ONyc market price feed; used by Kamino liquidation engine	High
8	Chainlink NAV feed - Live (OCR cadence); publishes contract NAV by construction	Published NAV; OCR-based, 8-decimal precision	High
9	APY / yield data (OnRe transparency + Allez computation) - July 31, 2026; independent replication via daily compound	Reported APY, daily accrual, 30/60/90-day trailing APY	High
10	ONyc holder distribution (full getProgramAccounts scrape, unaggregated) - July 31, 2026; 7,426 unique owners	Total holders, Gini coefficient, top-N concentration	High
11	Underwriting benchmarks (Artemis, Guy Carpenter 2025, Aon, Swiss Re Cat Bond Index, Fermat, Prequin, Lloyd's 2023) - ONyc's own ROL refreshed this cycle from source 6b	Comparable ROL, combined ratio, return data for ILS funds, cat bonds, major reinsurers	Medium
12	ARF assessments (Allez Risk Framework) - July 31, 2026; analyst judgment applied to the above sources	Section and overall assessments (M&L Adequate, T&C Strong, O&G Strong; overall High Quality Collateral)	Medium
13	On-chain governance re-verification (Squads v4 PDA reverse-scan) - July 31, 2026	Multisig thresholds, signer rosters, time_lock values, voter overlap	High
14	Apex Group NAV attestation extracts (June, May, April, March 2026) - self-reported by OnRe, cross-checked against on-chain reads and prior report figures	Total Assets, NAV, on-chain stablecoin totals, custodian verification language, cross-month position rotation	High
15	Exponent vault (on-chain query) - July 31, 2026; ~\$39.1M, ~15.8% of supply	PT-ONyc vault balance	High
16	Kamino historical liquidation distribution (Allez pipeline) - last year, 178,623 events, all markets	Empirical support for the 10% partial-liquidation wave-size assumption	High
17	Chainlink NAVLink USCC/USD (proxy 0xAfFd8F5...) - Live (daily OCR); July 31, 2026; Kamino Scope uses same feed	USCC NAV per share; used for Boss Account multisig USCC valuation	High
18	Chainlink Data Streams (onyc-usd-dexprice-streams) - Not validated for this report; cross-check relies on Pyth + DEX trade data (source 4)	Real-time ONyc DEX market price	N/A
19	Proof of Reserve (on-chain scrape + OnRe custodian/ILS statements, July 31, 2026)	Tiered documented-backing breakdown; see Proof of Reserve section	High
20	Exponent risk-tranching market (Allez Pipeline) - July 31, 2026; ~\$2.32M (srONyc + jrONyc); history in this table starts July 29, 2026 only	Tranching-market senior/junior LP balances, SY-ONyc price	High

Confidence key: - **High:** primary or independently validated source; cross-referenced against at least one other data point; deviations <2% - **Medium:** single-source or self-reported; directionally verified but not independently audited; reconciliation pending - **Low:** estimated or derived from incomplete data; clearly flagged where used in the report

Annex 4: Bug Bounty Peer Benchmark

Immunefi max bounty against DefiLlama TVL, referenced in §2.1.

Protocol	Immunefi max bounty	TVL (DefiLlama)	Bounty as % of TVL
Sky (MakerDAO)	\$10.0M	\$5.86B	0.171%
Ethena	\$3.0M	\$4.08B	0.074%
Compound	\$1.0M	\$1.23B	0.081%
Morpho	\$2.5M	\$7.70B	0.033%
Ondo Finance	\$1.0M	\$3.44B	0.029%
Pendle	\$0.25M	\$1.20B	0.021%
Lido	\$2.0M	\$17.98B	0.011%
Aave	\$1.0M	\$14.57B	0.0069%
ONyc	\$0.1M	\$247.47M	0.0404%

ONyc's \$100,000 cap is close to the peer median (~0.03% of TVL) and within the same range as Morpho, Ondo Finance, and Pendle. Immunefi's own guidance proposes a ceiling of up to 10% of TVL at risk for critical bugs.

Annex 5: Integrator Parameter Guidelines

Prepared by Allez Labs, July 2026.

Summary. Allez assessed ONyc, the participation token in On Re SAC Ltd, and rates it high-quality real-world-asset collateral. This note gives integrators a venue-agnostic parameter range for listing it. Two constraints govern the choice: ONyc is priced by net asset value, so the oracle is the primary control and the loan-to-value settings set the buffer to a NAV markdown; and on-chain exit is thin relative to the collateral deployed, so the supply cap should be sized to the exit, not to headline demand. A resilient setup keeps a lender's first loss beyond the worst catastrophe OnRe has modeled (about a 16% NAV decline) and far beyond anything it has realized (zero to date).

What governs the parameters. ONyc is not a volatile market asset. On a sound oracle its price moves only on a real markdown in OnRe's published NAV, not on secondary trading, so the oracle is the main line of defense and the loan-to-value and threshold set how large a markdown the position absorbs before a lender is exposed. The reference stress is the reinsurance catastrophe tail: the largest single treaty, XL 5 (US Wind and EQ), models to -8.1% of NAV on its own for a Hurricane Sandy analogue, against -13.1% to -22.1% for the book as a whole, and roughly -16% in a severe multi-layer event (see §1.4). Exit is the other constraint: ONyc leaves through a modest DEX market plus a KYC-gated issuer redemption and liquidity layer, so the supply cap, not the loan-to-value, bounds forced-sale risk and should be set against the combined exit over a realistic liquidation window.

Recommended parameter ranges:

Parameter	Range	Conservative end	Aggressive end
Maximum loan-to-value	50 to 75%	50%	75%
Liquidation threshold	60 to 80%	60%	80%
Liquidation bonus	2 to 12.5%	higher	lower
Utilization cap (borrowed stablecoin)	90 to 100%	90%	100%

The liquidation bonus is a trade-off for a thinly traded RWA: a higher bonus attracts liquidators and improves the odds a position clears through a shallow book, at the cost of a slightly earlier first loss. Where exit is thin, lean high.

Two buffers do the work, and both should cover the modeled drawdown. The gap from the maximum loan-to-value to the liquidation threshold governs how far NAV falls before the engine acts. The gap from the threshold to solvency, net of the bonus, is the room to sell before the position turns underwater. The test is that this distance to solvency exceeds the deepest modeled drawdown, so even the -16% catastrophe clears by liquidating borrowers in full rather than crystallizing bad debt.

What the calibrations imply, as the NAV decline needed to reach each point for a borrower at the maximum loan-to-value:

End	Max LTV	Liq. threshold	Liq. bonus	Liquidation begins	Lender first loss
Conservative	50%	60%	10%	~-17%	~-45%
Very Aggressive	75%	80%	5%	~-6%	~-21%

Both first-loss points are beyond the ~-16% catastrophe, so each end is defensible. The aggressive end is tight: first loss near -21% leaves only about five points of headroom, so pair it with a tighter cap and closer monitoring. The conservative end leaves a wide buffer.

Oracle. Price ONyc off a net-asset-value oracle bounded to a composite of two independent institutional feeds, both downstream of OnRe's on-chain program state:

Feed	Address (Solana)
Pyth NAV	FsJ3A3u2vn5cTVofAjvy6y5kwABJAqYWpe4975bi2epH
Chainlink OCR NAV	HEvSKofvBgfaexv23kMabbYqxasxU3mQ4ibBMEJWHny

A separate DEX-price feed (Chainlink Data Streams, [onyc-usd-dexprice](#)) must not be the liquidation input.

Fixed-maturity (PT) tokens. A principal token converges to par at maturity, which in principle supports a higher loan-to-value than spot; Loopscale lists PT-ONyc at about 80%/85% against spot's 70%. That holds only if the position reaches maturity. Before then, a PT still bears ONyc's NAV drawdown, and its secondary and redemption liquidity is thinner than spot, so a forced pre-maturity sale is harder to clear. We would be more conservative: keep the supply cap tight, price with a deterministic lower-bound (linear-discount) oracle, and allow a loan-to-value above spot only where a pre-maturity liquidation can realistically clear. (This is directly relevant to the PT-ONYC-10SEP26 collateral now live on both Kamino and Loopscale, discussed in §1.3 and §1.4 of the main report.)

Monitoring. Review parameters against three exposures on an ongoing basis: OnRe's health and portfolio (NAV trajectory and attestation cadence, treaty-book composition and concentration, deployed capital versus the liquidity layer, catastrophe-loss events); the venue's own loan book (average loan-to-value of the ONyc collateral, borrower concentration, debt near the threshold); and the ecosystem's aggregate exposure (total ONyc pledged as collateral across all venues versus circulating supply and exit liquidity, and each venue's share, so no single market relies on an exit the whole ecosystem would need at once).

Disclaimer: this note is for informational purposes only and is not investment advice, an offer, or a solicitation. Parameters are indicative and should be calibrated to each venue's oracle and liquidity. Figures are current as of July 2026 and change over time. Lending against any collateral carries risk of loss, including smart-contract, oracle, and liquidation-execution risk.

Annex 6: Lender Risk in the OnRe Market on Kamino

Prepared by Allez Labs. Balances refreshed to the July 31, 2026 snapshot, consistent with the body of this report.

Summary. Allez assessed ONyc against its Asset Risk Framework, found it high-quality collateral, and recommended it for lending on Kamino under parameters calibrated to the reinsurance risks it carries. A lender supplying stablecoins to this market ranks senior to borrowers: borrower positions are liquidated first, and a lender absorbs a loss only after a decline in net asset value above OnRe's modeled or realized losses. Two distinct risks govern a lending position: a credit event (loss of principal) requires a real NAV markdown of a magnitude the reinsurance balance sheet makes remote; a liquidity crunch event (temporary inability to withdraw) is a duration exposure the interest rate curve compensates for and that resolves as borrowers repay or new supply arrives.

Market state (July 31, 2026 snapshot):

Reserve	Supplied (July 31)	Borrowed (July 31)	Utilization (July avg)	Supply APR (July avg)
ONyc (collateral)	\$130.2M	none	n/a	n/a
USDC	\$49.9M	\$47.8M	91.4%	6.48%
USDG	\$23.2M	\$22.1M	95.2%	7.77%
USDS	\$0.9M	\$0.9M	92.4%	6.86%

Balances are month-end. Utilization and supply rates are July averages across 744 hourly observations per reserve, since both move continuously with borrowing demand and a single month-end reading overstates what a lender actually earned over the month.

Total stablecoin debt is about \$70.8M against \$130.2M of ONyc collateral, a blended market loan-to-value of ~54.4% at July 31.

Loss waterfall. Two layers stand between a lender and a loss: borrower equity (max LTV 66%, so every borrower funds at least 34% of the position as first losses) and the liquidation engine (at the 75% threshold, liquidators repay debt and seize collateral for a 5-10% bonus, which repays the lender). Bad debt, and therefore lender loss, arises only when liquidation fails to recover the full debt.

Lender first loss starts from a -31% NAV drawdown. That is the borrower at Kamino's 66% maximum loan-to-value, measured net of the liquidation bonus. No lender on this market is impaired by a smaller decline.

Borrower cohort	Debt	Avg LTV	Liquidation begins	Lender first loss
At the 66% loan-to-value ceiling	n/a	66.0%	-12%	-31%
Riskiest cohort currently on the book (60-70% LTV)	\$29.7M	63.9%	-15%	-33%
Largest block of debt (50-60% LTV)	\$33.6M	55.9%	-26%	-42%

First-loss figures are net of a 4% effective liquidation cost, the same basis as the Loopscale memo. Kamino's parameters allow a 5-10% bonus; at the top of that range the ceiling case moves in to -27%.

Kamino ONyc book: lender loss begins at a -31.2% NAV decline and rises slowly from there
\$71.3M debt, 1,347 positions, 66% max LTV / 75% LLTV, July 31 2026

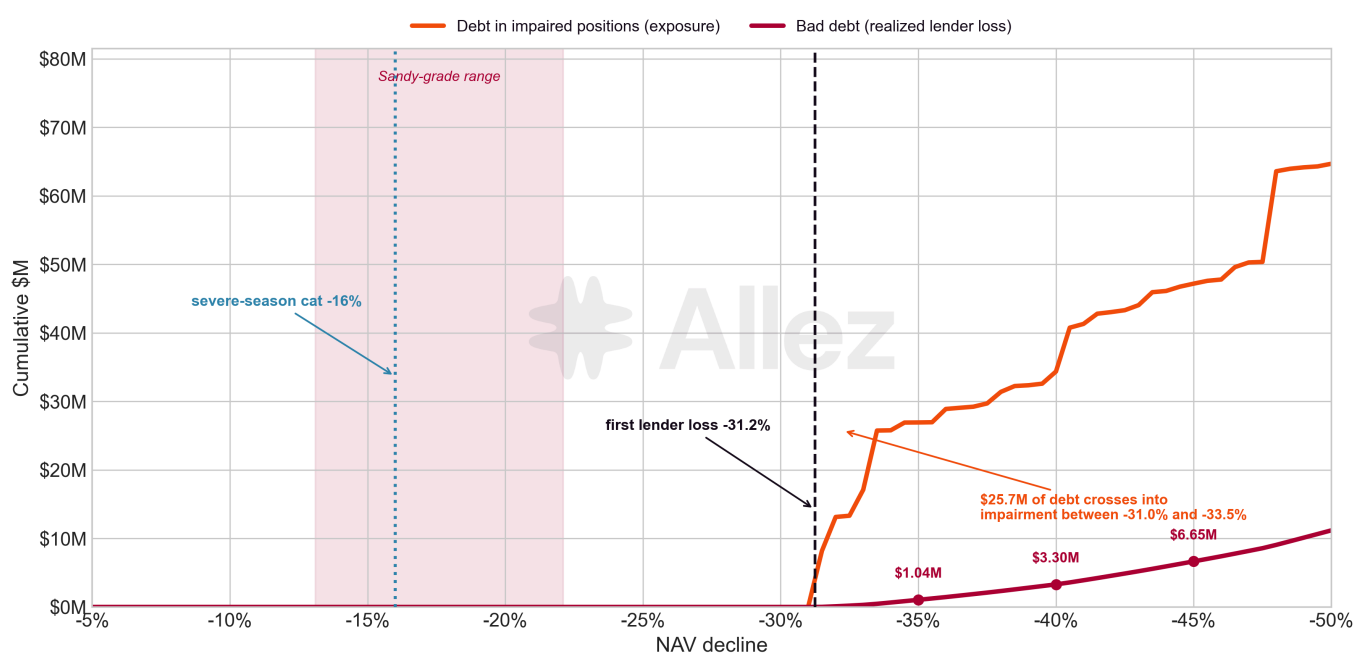


Fig 21. Kamino ONyc book at July 31, 2026, on the risk basis (\$71.3M debt across 1,347 debt-bearing positions, measured against total obligation collateral; 66% max LTV / 75% LLTV). Cumulative exposure (debt in impaired positions) against realized bad debt, by NAV decline.

Nothing is impaired anywhere inside the -13.1% to -22.1% Sandy-grade range, nor at the -16% severe-season catastrophe. The first impairment appears at -31.2%, and \$25.7M of debt crosses in over the 2.5 points that follow. Bad debt stays at zero through -30% and reaches \$3.30M at -40%. Positions below \$100 of collateral are excluded. Same basis as Fig 23, so the two venues can be read against each other.

Oracle. Kamino's Scope oracle pins the collateral price to a NAV composite taking the more recent of two independent feeds (Chainlink, Pyth), requiring agreement within a tight deviation band and rejecting stale readings; the composite acts as both ceiling and floor, so secondary-market price cannot move collateral value away from NAV. A dislocation in the ONyc secondary price cannot trigger liquidations; only a real NAV markdown can.

Liquidation engine record. Across all Kamino markets (which the OnRe market inherits), the engine processed 178,623 liquidations for \$115.9M of debt seized over the twelve months to July 31, 2026, with zero flagged bad debt protocol-wide. The OnRe market itself had had no liquidations as of July 31, 2026; the only entries on record were dust (a handful of sub-\$2 amounts). OnRe additionally maintains a liquidity layer committing a portion of its 15%-of-AUM floor to support liquidations of up to 5% of Kamino-deposited ONyc (roughly \$6.5M at the July 31 deposit level).

Insurance capital bound (July 31, 2026): AUM \$247.47M; insurance capital deployed \$144.34M (58.3% of AUM); aggregate treaty limits \$165.09M; liquidity buffer \$103.13M (41.7% of AUM: Liquidity Layer \$37.12M plus Available Capital \$66.01M) against the 15% policy floor of \$37.12M.

Modeled US wind/EQ event	OnRe loss at full limit	NAV impact at July 31 AUM
Largest single treaty (XL 5, US Wind & EQ)	\$20M	-8.1%
Sandy-equivalent (~\$19-22B industry loss), XL 5 alone	~\$20M	~-8.1%
Sandy-equivalent, all treaties attaching below \$18.75B PCS (see §1.4)	\$32.4M - \$54.7M	-13.1% to -22.1%
Severe event, multiple US layers burn (upper bound)	~\$35M	-14.1%

The two Sandy rows measure different things: the first is the XL 5 treaty on its own at full limit, the second is the whole book, and §1.4 carries the full derivation. Even the -14.1% upper bound on a single severe event would liquidate the most leveraged borrowers and protect lenders while staying well short of the 31-41% NAV decline a lender loss requires.

Liquidity risk. Utilization runs in the mid-90s; new borrowing is capped below 100% (90% on USDC/USDS, 95% on USDG), so a squeeze toward full utilization is driven by lender withdrawals, not new leverage. At 100% utilization the borrow rate reaches ~14% and the supply rate ~13%. A lender caught at full utilization is paid a premium (~3-5 points above a typical hurdle) for the wait, and the exposure is one of duration, not loss of principal, unless a NAV drawdown coincides with the squeeze.

Allez assessment. High quality collateral, resting on the strongest regulatory posture in Allez's RWA coverage (dual BMA licenses, statutory segregated-account ring-fencing, SOC 2 Type II) alongside an institutional custody/attestation stack and a NAV that has risen monotonically with no depeg. Two risks govern the parameters: the catastrophe payout path is untested by a real loss and no outward reinsurance cover was in place as of July 31, 2026; and on-chain exit liquidity is thin relative to collateral deployed. Both are absorbed by the liquidity layer and by keeping loan-to-value, liquidation thresholds, and supply caps conservative.

Top OnRe Stablecoin Lenders on Kamino by Return on Position

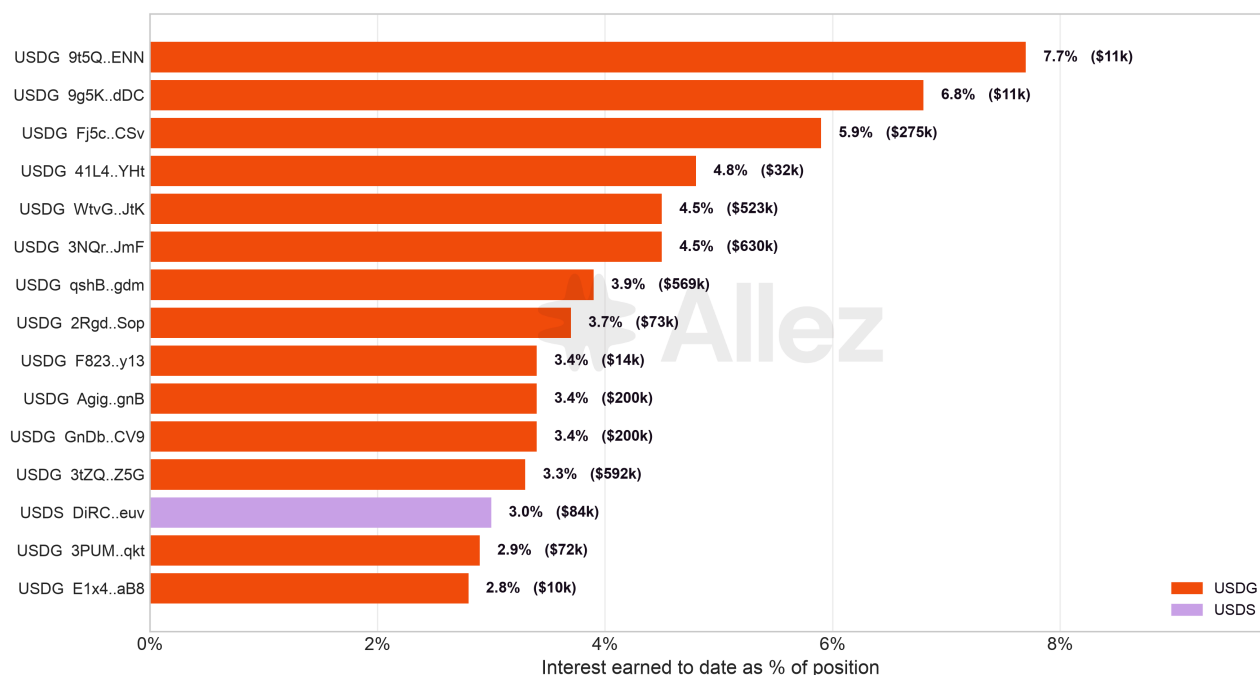


Fig 22. Top OnRe stablecoin lenders on Kamino by return on position: interest earned to date as a percentage of position size, as of the July 31, 2026 snapshot. Positions under \$10k excluded.

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Annex 7: Lender Risk in the OnRe Market on Loopscale

Prepared by Allez Labs. Balances refreshed to the July 31, 2026 snapshot, consistent with the body of this report.

Summary. Allez assessed ONyc against its Asset Risk Framework, found it high-quality collateral, and recommends it for lending under conservative parameters. A lender supplying stablecoins against ONyc on Loopscale ranks senior to the borrower: the borrower is liquidated first, and a lender absorbs a loss only after a NAV decline beyond about 20%, not a material one until around 25%, beyond OnRe's worst modeled catastrophe and far beyond anything it has realized. Unlike Kamino's pooled venue, Loopscale's duration exposure is explicit and chosen rather than a tail risk: each loan is fixed-rate and fixed-term (up to three months), at a rate known in advance.

Market state (July 31, 2026 snapshot):

Metric	Value
ONyc collateral on Loopscale	\$36.4M across 1,668 loans, 1,162 borrowers
Debt against ONyc	~\$22.9M, overall LTV ~62.9%
ONyc maximum loan-to-value / liquidation threshold	~70% / ~85% (USDC)
USDC lending on Loopscale, all collateral	~\$32.6M outstanding
Loopscale total, all debt assets	\$57.1M supplied, \$51.0M lent

ONyc is the largest single collateral on the venue at July 31, after the ~\$4.4M withdrawal event documented in this edition's changelog.

Loss waterfall. ONyc's 94% USDC-denominated book runs a 70% max LTV / 85% liquidation threshold, higher than a conservative pooled venue, leaving less room between liquidation and insolvency. The stress test below applies a uniform NAV decline and the ~4% liquidation fee observed in practice.

Lender first loss starts from a -17.8% NAV drawdown. That is the highest-LTV loan on the book (78.9% LTV), at the point where collateral net of the ~4% liquidation fee stops covering its debt.

NAV decline	Collateral liquidated	Bad debt (lender loss)	Debt in impaired loans
-10%	\$0.3M	\$0	\$0
-15%	\$2.5M	\$0	\$0
-17.8%		first loss	
-20%	\$8.3M	\$0.02M	\$1.19M (5.2%)
-25%	\$13.7M	\$0.24M	\$9.14M (39.9%)
-30%	\$15.5M	\$0.99M	\$13.99M (61.1%)

Liquidations begin around a -7% decline and the bulk clears between -15% and -20%, repaying lenders in full. Past the first-loss point the realized loss stays small, reaching \$0.24M only at -25%. The last column separates exposure from realized loss, since a loan can be underwater without the shortfall being large. Figures exclude 340 loans holding under \$100 of collateral (\$7.6K of debt, one already underwater), which would otherwise place first loss at 0% on a dust position.

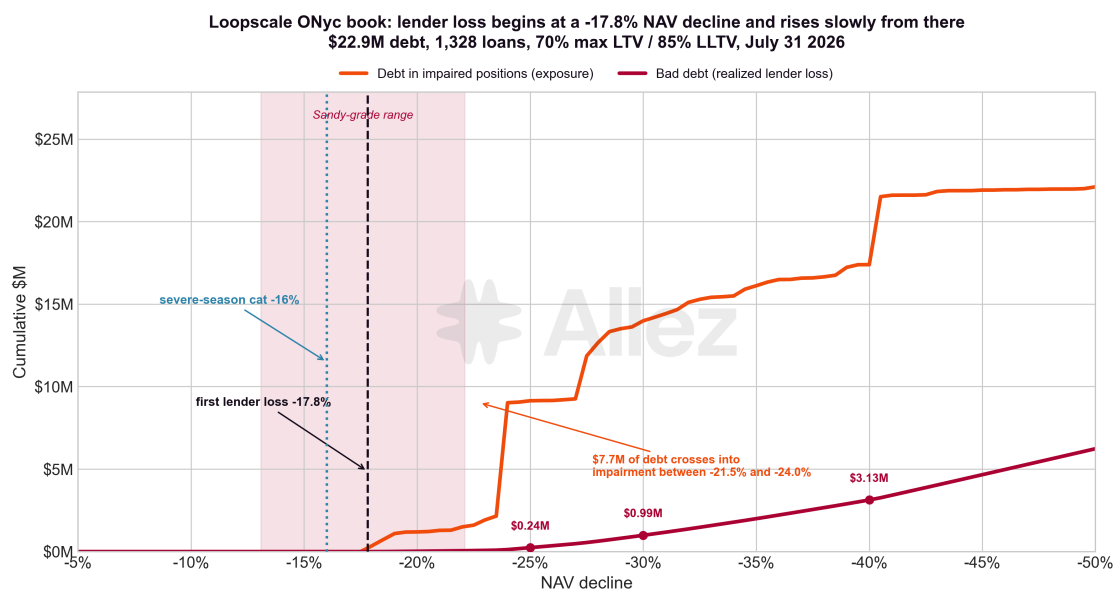


Fig 23. Loopscale ONyc book at July 31, 2026 (\$22.9M debt, 1,328 loans, 70% max LTV / 85% LLTV). Cumulative exposure (debt in impaired loans) against realized bad debt, by NAV decline. First loss appears at -17.8%, inside the Sandy-grade range, but the two series diverge sharply:

\$7.7M of debt crosses into impairment between -21.5% and -24.0% while realized bad debt is still only \$0.24M at -25%, because those loans are underwater by a narrow margin. Bad debt reaches \$0.99M at -30%. Loans below \$100 of collateral are excluded. Same basis as Fig 21.

Oracle. Loopscale prices ONyc collateral through its own oracle referencing OnRe's published NAV, the same design principle as Kamino: liquidations are driven by a real NAV markdown, not secondary-market dislocation.

Liquidation engine record. Loopscale had originated \$14.3B of loans cumulatively and paid \$3.25M of interest to lenders as of 17 July 2026, the last date on which those protocol-wide totals were pulled. The engine was tested once at scale (6 February 2026: a 64-second cascade liquidated 116 loans for ~\$255K with effectively no bad debt, though entirely on other collateral: sHYUSD and JLP, not ONyc). Across its history Loopscale recorded about \$16K of bad debt on 27 loans; none on ONyc, which has had no realized liquidations. At July 31, 2026, \$1.5M across 64 loans sat within 10% of the liquidation threshold.

Insurance capital bound (July 31, 2026): AUM \$247.47M, insurance capital deployed \$144.34M (58.3% of AUM), aggregate treaty limits \$165.09M. The severe-season catastrophe (~-16%) sits below the -17.8% first-loss point by under two points, and the Sandy-grade range for the book as a whole (-13.1% to -22.1%, see §1.4) straddles it: at the upper end of that range Loopscale lenders would be impaired, though the modeled loss there is ~\$0.06M against a \$22.9M book.

Duration and liquidity. On Loopscale the duration exposure is explicit and chosen: a lender is matched to a fixed-rate, fixed-term loan of up to three months and repaid at maturity, with no pooled queue or utilization squeeze. The only event that converts this into a credit concern is a NAV drawdown deep enough to impair the collateral during the loan term, bounded above.

Allez assessment. High quality collateral, resting on the same strongest-in-coverage regulatory posture as the Kamino memo. On Loopscale specifically, two features govern the parameters: ONyc was the largest collateral on the venue, and the 85% liquidation threshold leaves less room than a lower-threshold venue: the stress test places first lender loss at a -17.8% NAV decline, inside the -13.1% to -22.1% Sandy-grade range for the book rather than beyond it. The realized loss at that depth is small, but the margin over the modeled catastrophe is thin. Both are managed by keeping caps conservative and watching the average loan-to-value of the ONyc book.

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