

GovMills Proposal - Add \$dYdX as Anchor collateral

Following an approach from a community member to the dYdX team, Inverse Finance has the opportunity to add \$dYdX to the suite of collateral assets listed on Anchor money market.

This is an excellent prospect for Inverse Finance to establish a working relationship with a well established and well positioned protocol. Listing dYdX could be the start of a partnership that could lead to additional benefits such as deepening liquidity, direct treasury buys, new DOLA feds, joint marketing, to name a few. The DYDX Grant Program (<https://dydxgrants.com/request-for-proposals-list>) states successful integrations of \$dYdX as collateral on decentralized lending protocols will be rewarded with \$25,000+.

Thus, this integration can bring new visibility to DOLA and Inverse Finance and potentially lead us into other treasury diversification and lending protocol opportunities.

From a Risk perspective, the dYdX Foundation is compliant with our partner prerequisites. That is,

- Protocol does not suffer from key-person dependency.
- Protocol has addressed the potential for smart contract exploits by having their code audited by reputable third-party services
- Protocol operates in a space where there is healthy competition. It is not a “one-of-a-kind”
- Protocol has addressed market risks inherent to operating their product (is well set up to survive a prolonged bear market)
- Protocol is not currently at risk of being shut down by regulators
- Protocol has a healthy governance process.
- A sizeable amount of tokens are not being held by a less-than-reputable centralized exchanged (at risk of getting hacked)
- Protocol has a healthy public roadmap with a loyal userbase
- Protocol is generating revenue
- Protocol has a positive or neutral reputation in the crypto space
- Protocol is integrated with a reputable oracle (StarkEx)

Furthermore, with an aggregate score of 0.67, \$dYdX as an asset is graded “Fair” according to our Safety Score, a metric that accounts for market cap, liquidity, volatility, and swap and transfer values. \$dYdX, albeit a relatively novel asset, has never had a Safety Score less than 0.66. Therefore, \$dYdX can be deemed a relatively safe asset to add to Anchor. The Inverse Finance risk team will continue to monitor the ‘health’ of \$dYdX, as well as all other assets listed on Anchor.