

Simple Summary

A proposal to distribute \$5M in DYDX tokens from the dYdX Chain Community Treasury to qualifying users. in trading season 3 of the dYdX Chain Launch Incentives Program.

Motivation

In line with the [initial proposal](#) shared with the community regarding the Launch Incentives Program, Chaos Labs will provide recommendations on the distribution of incentives to individual accounts.

These recommendations are derived following a detailed analysis of the season's trading data, specifically looking to identify and address any artificial or wash trading. Our aim in this is to maintain the integrity and effectiveness of the program, ensuring that the incentives are fairly given to those participating in genuine trading activities on the platform. For a deeper understanding of how Chaos Labs identifies wash trading, please refer to our detailed blog post [here](#).

The recommendations, the end-of-season report, and relevant data are openly published on the dYdX Chaos Labs Risk Portal. This transparency allows community members to see that accounts receiving substantial rewards contribute significant volume and generate actual fees on the platform. Those in the community who wish to verify this data independently can do so, as all information is verifiable on-chain.

Specification

In this allocation, \$5M in DYDX tokens are proposed to be distributed across 3,777 accounts.

Taking community feedback from the end of season 2, and recently into account, the value of DYDX in USD for this allocation is based on a 5-day Time-Weighted Average Price (TWAP) as of the day prior to this proposal (04/15/24), where 1 DYDX equals 2.31 USD. This process of using a 5 day TWAP up to CoB the day before the proposal gets posted will continue going forward.

The complete list of accounts and their respective proposed incentive allocations is available [here](#).

To view the historical trading data for each account, please visit the Chaos Labs portal [here](#).

Implementation

We will create the proposal payload using these addresses and reward amounts. This will undergo the usual testing on the dYdX Testnet before being submitted for an on-chain vote.

Next Steps

Chaos Labs will sponsor a dYdX Chain on-chain proposal for the community to vote on the proposed incentive distribution on Thursday 18 April.

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changes.

Throughout the program, Chaos Labs' role is confined to providing recommendations regarding the allocation of rewards. The actual implementation and distribution of said rewards are subject to the formal approval process of the dYdX Chain governance votes. Any actions pertaining to reward distribution shall only be executed following affirmative governance votes within the dYdX Chain framework.