

Simple Summary

This is a parameter change proposal to reduce the `min_price_change_ppm`

(<https://docs.dydx.community/dydx-token-migration/dydx-chain-modules-and-parameters/governance-adjustable-parameters/markets>) parameter for long tail markets on the dYdX Chain by 5x, from 4000 to 800.

Abstract

This proposal seeks to reduce the `min_price_change_ppm`

parameter for long tail markets on the dYdX Chain from 4000 to 800. This parameter defines the minimum allowable price change that triggers a price update on the network, measured in parts per million (ppm). The adjustment aims to enhance the responsiveness and accuracy of price updates for these markets.

Motivation and Rationale

This proposal aims to provide more responsive price updates for long-tail markets, which are typically less liquid and have wider spreads. Several key points support this change.

1. More frequent and accurate price updates lead to better market responsiveness, ensuring that the prices quoted on the dYdX Chain better reflect the current market conditions.
2. By decreasing the `min_price_change_ppm`

, vaults can operate with a tighter spread and avoid stale prices. The vault spread has to be greater than $2 * \text{min_price_change_ppm}$

to be a viable product.

1. With the integration of [Slinky](#) (oracle side-car), price updates are no longer tied to validator consensus. A 5x decrease is an incremental step (from 4000 to 800) to assess any impact on chain throughput. Given that this change has the potential to slow chain throughput, I will be monitoring the chain block times after this change goes into effect to ensure that they do not meaningfully increase. If there is an observable effect on chain block times, then I will submit a follow-up proposal to revert these changes.

Specification

This proposal will update the `min_price_change_ppm`

parameter for the following markets from 4000 to 800:

- MKR-USD
- COMP-USD
- APE-USD
- BLUR-USD
- LDO-USD
- SEI-USD
- JUP-USD
- AAVE-USD
- BNB-USD
- JTO-USD
- ORDI-USD
- ICP-USD
- DYM-USD
- STRK-USD

- WOO-USD
- PYTH-USD
- BONK-USD
- RNDR-USD
- INJ-USD
- IMX-USD
- HBAR-USD
- ALGO-USD
- MANA-USD
- RUNE-USD
- AXL-USD
- AEVO-USD
- ASTR-USD
- SNX-USD
- ARKM-USD
- CHZ-USD
- ETHFI-USD
- TON-USD
- W-USD

Next Steps

I plan to launch an on-chain vote as an expedited proposal today (June 12th). Expedited proposals can pass in 1 day (86400s) if they meet the expedited threshold (0.75) and quorum (0.334). If the expedited proposal is unsuccessful the vote automatically transitions into a regular [parameter change governance proposal](#).

Test Cases and Implementation

This parameter change has been [tested](#) on dYdX Chain testnet.

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