There have been recurrent requests from community members to allow higher leverage on the GMX protocol. The contributing developers, risk committee, and security partners have evaluated this possibility, and concluded that it is feasible.

The risk committee was earlier delegated the ability to evaluate and update various parameters to support the proper functioning of markets on GMX V2. ([Snapshot](#) and [Snapshot](#))

On GMX (v1) well before the formation of the risk committee, there was a governance vote to increase leverage to 50x.

Accordingly, to avoid confusion and out of abundant caution, the following ratification/rejection and guidance on future updates to a parameter that has the practical effect of increasing maximum permissible leverage are sought:

Updating the minCollateralFactor adjusts the minimum collateral before positions are liquidated. This simultaneously has the effect of increasing or decreasing the maximum possible leverage on the GMX V2 contracts for that market.

To date, the reference front-end design linked at app.gmx.io has limited opening leverage to 50x, and no market has supported more than a theoretical 100x maximum leverage directly on the contracts.

The updated risk recommendations for minCollateralFactor allow for materially higher leverage with an intention to enable contract level leverage up to 200x on certain markets; specifically, gmBTC, gmBTC+, gmETH, and gmETH+, due in part to their deep liquid reference markets. (Note: gmBTC+ and gmETH+ refer to the recently launched Single-Asset Markets for BTC and ETH)

Chaos Labs' updated recommendations:

https://www.notion.so/chaos-labs/minCollateralFactor-maxLeverage-recommendation-4792f6befe63442d99d884e2e53bad3f

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This proposal consists of two questions. The proposal seeks (1) confirmation from the community that this parameter should be updated beyond the current, and (2) re-ratifying that updates affecting collateral and leverage are also delegated to the risk committee in a manner consistent with other parameters.

Please allocate your voting power between both questions. For each question, the option that gets the most votes will be considered ratified.

Question 1) ratify or reject the implementation of updated risk parameters:

- Confirm change to min collateral, allowing higher leverage

- Reject change to min collateral

Question 2) who determines updates to parameters affecting max leverage in the future:

- Future updates by Risk Committee

- Future updates by Governance

These questions are being put up directly for vote in parallel with this discussion, to ensure the Risk committee, has the needed clarity in a timely manner.