Exploring the dYdX Operations subDAO's near future

Context

The dYdX ecosystem is approaching a critical juncture: the potential launch of dYdX V4 mainnet is approaching, and the initial 6-month term of the dYdX Operations Trust ("DOT") is set to expire on June 19, 2023. Consequently, the dYdX Foundation is releasing this blog post about the current situation and potential near future of the DOT, so the dYdX community may discuss the capabilities and resources that the DOT could require to be prepared for the potential mainnet launch of dYdX V4 and beyond.

TL;DR

- The dYdX ecosystem is approaching a critical juncture: the potential launch of dYdX V4 mainnet is approaching, and the initial 6-month term of the DOT is set to expire on June 19, 2023.

- To best position the dYdX DAO for the potential mainnet launch of dYdX V4, it is probably in the dYdX community's best interest to start discussing the future scope of the DOT.

- The DOT may need to recruit external contributors, including some technical capabilities, to scale effectively in anticipation of the potential mainnet launch of dYdX V4.

Introduction

On November 2, 2022, the dYdX Foundation published "A Take on the dYdX DAO's Near Future" to inspire the dYdX community to initiate discussions about the future of the dYdX DAO. Since then, dYdX Trading has released updates about completing Milestone 2 and Milestone 3. We encourage the dYdX community to review these posts in detail.

On December 19, 2022, the proposal to create the DOT as a dYdX subDAO passed, and 225,000 DYDX were transferred from the dYdX community treasury to fund the DOT's operations during an initial 6-month term. The vote represented "DYDX Consent" (as defined in the Trust Instrument) to form the DOT, a Guernsey non-charitable Purpose Trust, with Reverie Reserves, LLC, Joanna Pope, and Callen Van Den Elst appointed as trustees, and George Beall appointed as the enforcer. For more information about the Guernsey Purpose Trust structure, we encourage the dYdX community to review "Legal Framework for Non-U.S. Trusts in Decentralized Autonomous Organizations"

To best position the dYdX DAO for the potential mainnet launch of dYdX V4, it is probably in the dYdX community's best interest to start discussing the future structure and scope of responsibilities of the DOT and, if applicable, to start working on a plan for the DOT's immediate future.

Potential next steps for the DOT

Since the inception of the DOT, considerable progress has been made in establishing the infrastructure required for the dYdX DAO to be prepared for the potential mainnet launch of dYdX V4 and beyond.

The dYdX community should consider whether the DOT should continue operations for another term, potentially with expanded responsibilities. If the community decides to extend the DOT's mandate into a second term, the team that leads this second mandate of the DOT could focus on scaling the DOT's main activities, including, among other things:

- managing a DAO communications platform,

- managing accounting, payroll, and payments infrastructures,

- creating and executing a strategy to increase transparency of dYdX DAO communications and decision-making, and

- developing and operationalizing a budget and transparently publishing documentation to justify spending.

Further, on March 27, 2023, dYdX Trading Inc. announced that it will "publish open-source deployment configurations and scripts (where applicable) for the validator (protocol), indexer, and front-end services." Given this information, it would likely be in the dYdX community's best interest if the DOT's potential second mandate included the necessary technical capabilities to properly position the dYdX DAO for the potential mainnet launch of dYdX V4.

Conclusion

The dYdX ecosystem is approaching a critical juncture: the potential launch of dYdX V4 mainnet is approaching, and the initial 6-month term of the DOT is set to expire on June 19, 2023. To best position the dYdX DAO for the potential mainnet launch of dYdX V4, it is probably in the dYdX community's best interest to discuss the future scope of the DOT and consider entrusting the DOT with a second mandate, which may include technical enablement and capabilities for the DOT to increase the likelihood that the dYdX DAO is prepared for the potential mainnet launch of dYdX V4.