

GMX Multiplier Points

MPs have been an integral part of the GMX bootstrap process, rewarding loyal long-term staking in the protocol with increased power in governance and fee earning. Over the last 18+ months, as a protocol, we have continued to evolve the economic aspects and tokenomics of the protocol with emissions for esGMX, fee splits between GMX-GLP staking, and the introduction of referral/trader incentives.

During this time, MPs have continued to emit at a rate of 100% APR for GMX (and esGMX) staking and have been burned pro-rata to the amount of GMX unstaked from the platform. As of this date, across Arbitrum and Avalanche, we have these approximate staking balances:

Token Balance Percentage

GMX 6.73m (42.2%)

esGMX 1.77m (11.1%)

MPs 7.44m (46.7%)

The above shows the split of weekly fees, with MPs approaching nearly 50% of all fee distributions

MPs act as an incentive for long-term staking but also have the effect of diminishing the governance power and fee reward share of new stakers that have yet to accumulate MPs. It is essential to balance these incentives in a way that reflects the contribution of long-term stakers in guiding the protocol to this stage while ensuring that the protocol welcomes new voices and token holders into the flywheel of the GMX ecosystem.

Below are a series of proposals and discussions to evolve the MP system. Feedback has been taken from development contributors to ensure the proposed changes, while possibly requiring new contracts, will be possible with a manageable migration.

Proposal One – MPs @ 50% APR

Adjust APR for accrual of MPs from 100% to 50%, lowering the dilution of governance power and protocol fee participation that would result from future MP distribution. The proposed alternate rate is 50%, but any specific percentage can be considered - dependent on governance support.

This proposal would not result in any change to the MPs already accrued before the proposal's passing. This proposal can be permanent, or until governance can make longer-term modifications to the MP program.

Proposal Two – MP Caps

Implementing caps on MPs must be reviewed carefully to ensure they don't materially change the incentive structure that aligns the protocol toward long-term holders.

This provides a clean and simple-to-understand approach. The additional benefit is that MPs continue to accrue, so a wallet that has already maximized its usable MPs can acquire additional GMX/esGMX and quickly achieve a max boost on those new tokens. This creates a new opportunity for long-term stakers to benefit from investing in growing their current GMX and/or esGMX positions in the protocol.

This means that stakers can still enjoy a significant boost in their governance and protocol fee participation but with CAPS, and long-term stakers are rewarded with significant benefits that long term stakers can maximize by adding to their staked GMX.

Combined with proposal #1

a 150% maximum boost would result in a three year period until new stakers reach maximum benefits.

Next Steps

The above are simply ideas so that as a community we can evaluate if updating the MP system makes sense, and then identify proposals that can be voted on, the specific proposals above are provided as examples.