

The proposal below is intended to create stability and help smooth out volatility in GLP fee distribution especially after the phasing out of esGMX incentives. This should create help ensure that liquidity remains strong in all market conditions, not focused on specific weeks with high distributions.

The fees available in any given week can be affected by a combination of factors most notably through open/close fees and distribution of accumulated borrow fees when open positions close (including those open over multiple distribution periods), which add to volatility.

In the event that the fees collected for payout to GLP holders exceed [20% APR], half of the incremental fee over the threshold will be directed to a Yield Stabilization Reserve (YSR).

Additionally, a minimum of [0%] of the YSR balance will be distributed and up to [20%] of the YSR will be added to the weekly distribution up to a maximum [20% APR] cap.

Below is a google sheet of the proposal with the assumptions shared, look forward to the community undertaking its own assessment, utilizing the attached information and their own research and perspectives. The numbers utilize are from stats.gmx.io and do vary from the actual weekly distributions on account of volatility on realization of tokens for distributions, precise timing of weekly switchover, plus accounting for referrals which are averaged out.

docs.google.com

[

](<https://docs.google.com/spreadsheets/d/1BMaFXVVz5aE6AG0jpCeCvVEWtNZWKiXTQVwM9I08mf8/edit?usp=sharing>)

Governance Proposal - GLP Smoothing

Weekly

Date , ETH Price , ETH Change , AUM , GLP Supply , GLP Supply Change , Distributable Fees ,Normal,YSR Adjusted, YSR Open , YSR + , YSR - , YSR Close , YSR Close (USD) 1 Sep 2021, 3,441 , 2,087,627 , 1,620,503 ,76.65%, 3,966 ,10.1%,9.9%,...

Notes

- YSR is for GLP distribution and not for distribution to GMX staking, although similar models can be evaluated if the DAO finds them appropriate.
- YSRs for each chain's GLP will be distinct.
- YSRs will be an asset of the DAO, and modification of its usage or distribution structure will be subject to DAO governance.
- YSRs may or may not exist in GMX v2 or take a different form given their isolated market structures and yield distribution mechanisms.
- The accounting for this proposal will be automated together with the weekly fee distribution.