

Proposal

This proposal outlines a comprehensive VIP Affiliate Program for dYdX Chain, designed to drive sustainable growth, increase trading volume, and enhance community engagement. Building upon [dYdX's prospective Affiliate initiative](#), this potential program proposes a VIP Affiliate tier with enhanced rewards, robust governance oversight, and strategic marketing efforts.

Background & Objectives

dYdX Trading recently published a [blog post](#) unveiling the dYdX Unlimited software and the launch of an on-chain Affiliate Program. This program is strategically designed to catalyze growth for retail and onboard affiliates and key opinion leaders (KOLs). The current design of the Affiliate Program offers:

- **Lucrative Affiliate Earnings:** Standard Affiliates can earn up to 15% of taker fees generated by users they refer, with potential earnings of up to \$3,000 per referral per 30-day rolling period.
- **Referral Discounts:** Referred users will start at fee tier 3, saving up to \$300 on taker fees and \$250 on maker fees.
- **Instant, On-Chain Payments:** Affiliates will receive their earnings instantly on-chain, with payments settled every block in a fully permissionless, disintermediated, and automated manner, ensuring real-time transparency and quick access to funds.

We are proposing to activate and manage an additional VIP component of the dYdX Chain Affiliate Program:

- **Competitive Rates for VIP Affiliates:** Based on our experience of managing affiliate programs, we propose that VIP affiliates who qualify can earn up to 50% of referred users' taker fees, with a maximum of \$10,000 per referral per 30-day rolling period.

The dYdX Unlimited software update is expected to include the functionality required for the dYdX community to launch the VIP Affiliate Program, and this represents a timely opportunity to secure a leading market position, driving unprecedented growth and community engagement around the launch of dYdX Unlimited.

Proposal Overview

Kuyen Labs is proposing to oversee the VIP Affiliate Program on dYdX Chain.

1. VIP Affiliate Tier
2. VIP Affiliates will qualify to earn up to 50% of referred user taker fees, with a maximum of \$10,000 per referral per 30-day rolling period.
3. Kuyen Labs has received a [grant](#) from the DEP to build a transparent dYdX community affiliate dashboard. This dashboard will enable transparent and detailed performance tracking of referred users, volume, and affiliate fees.
4. VIP Affiliate Program Management
5. Kuyen Labs to oversee the VIP affiliate program.
6. Implement a rigorous vetting process for VIP affiliates, such as (note that additional criteria may be considered, and the requirements listed above are subject to change based on the evolving needs of dYdX Chain and the Affiliate Program).
7. Proven track record in referrals across centralized or decentralized exchanges
8. Minimum of 30,000 legitimate followers across social media platforms
9. Large social impact and following
10. Evidence of a significant amount of referred WAUs to the protocol
11. Demonstrated understanding of dYdX products and DeFi landscape
12. Affiliates must not be a professional market maker or trading firm
13. Proven track record in referrals across centralized or decentralized exchanges
14. Minimum of 30,000 legitimate followers across social media platforms
15. Large social impact and following
16. Evidence of a significant amount of referred WAUs to the protocol

17. Demonstrated understanding of dYdX products and DeFi landscape
18. Affiliates must not be a professional market maker or trading firm
19. Commitment to compliance with regulatory requirements (see bottom of the proposal)
20. Provide ongoing support and resources to affiliates
21. Governance and Oversight
22. Weekly governance proposals for whitelisted VIP affiliate approval, as necessary
23. Monthly and Quarterly performance reports and community feedback sessions
24. Marketing and Growth Initiatives
25. Targeted marketing campaigns to attract high-quality affiliates
26. Develop and maintain up-to-date affiliate resources

Detailed Proposal

Reward Structure:

Standardized Reward Structure for affiliates is:

- Up to 15% of taker fees from referred users for standard affiliates, with potential earnings reaching up to \$3,000 per referral in a 30-day rolling period.
- Up to 50% of taker fees from referred users for VIP affiliates, with potential earnings reaching up to \$10,000 per referral in a 30-day rolling period.

Affiliate Program Management

Responsibilities of Kuyen Labs:

- Manage VIP affiliate onboarding and vetting process. Kuyen Labs will leverage software that allows VIP applicants to verify ownership of their X account. Interested and eligible users can apply to become a VIP affiliate [here](#).
- Monitor affiliate activity for compliance and potential abuse
- Develop and update affiliate marketing materials
- Offer regular training and education sessions for affiliates
- Own relationships with VIP affiliates via various means (i.e., creating, managing, and engaging in a TG chat or Discord channel with all VIP affiliates)

Governance and Oversight:

Governance Proposals:

- VIP Whitelisting: Kuyen Labs commits to submitting weekly proposals, as necessary, for VIP Affiliate whitelisting approval
- Proposals to include:
 - Profiles of proposed VIP Affiliates
 - Profiles of proposed VIP Affiliates
- The dYdX community can create a governance proposal at any time to modify or terminate the standard affiliate program and/or the VIP Affiliate Program or remove certain VIP affiliates.

Quarterly Reports:

- Kuyen Labs will produce a comprehensive performance analysis of the Affiliate Program
- Key metrics will include: User acquisition, trading volume, revenue impact
- Proposed optimizations based on data and community feedback

- Performance metrics of existing VIP affiliates
- Any proposed changes to the program structure

Risk Assessment and Mitigation

Affiliate Fraud Prevention:

- Regular audits of VIP Affiliate accounts and referral patterns
- Clear terms of service with penalties for fraudulent behavior
- Affiliates must not be a professional market maker or trading firm.

Financial Risk Management:

- Monthly review of affiliate payouts
- Ability to adjust reward tiers based on market conditions (subject to governance approval)

Regulatory Compliance:

- The VIP whitelisting process will not be made available to users in restricted jurisdictions, including the U.S., Canada, and sanctioned territories.
- [Terms & conditions](#) must be adhered to

Resource Allocation

Kuyen Labs Team:

- 1 full-time equivalent (FTE) staff dedicated to program management
- 1 PTE for technical integration and support
- 1 PTE for marketing and content creation

Total Budget Request:

- Kuyen Labs will apply to the dYdX Ecosystem Program for a 12-month grant to operate this program pending a successful governance vote.
- Note that Kuyen Labs has received a [grant](#) to: 1) Build the front-end for the on-chain affiliate program and 2) build a transparent dYdX affiliate dashboard

Success Metrics and Evaluation

Key Performance Indicators (KPIs):

- Increase in daily active users attributed to affiliates
- Growth in trading volume from referred users
- Revenue generated from affiliate-referred transactions
- Affiliate satisfaction rate (measured through quarterly surveys)

Evaluation Timeline:

- Monthly: Review of KPIs and adjustment of tactical approach
- Quarterly: Comprehensive program review and community feedback session
- Annually: Full audit of program performance and strategic alignment

Why Kuyen Labs?

Kuyen Labs, accelerated by a16z CSX, is a key contributor to the Fuul protocol, an advanced tool enabling crypto projects to acquire, engage, and retain users through sophisticated [web3 incentives programs](#). Fuul is trusted by top DeFi projects like Vertex, Hashflow, Nektar, and Clipper to deploy affiliate programs, align incentives, and drive growth. Our expertise positions us as the ideal partner to enhance a VIP Affiliate Program.

Managing affiliate programs is not a “set and forget” task; it requires ongoing commitment, strategic planning, and active relationship management to ensure continued success. Kuyen Labs brings a wealth of expertise in affiliate marketing, with a proven track record of managing affiliate programs for Web2 brands and developing the Fuul protocol for DeFi projects since late 2023. Our experience spans dozens of DeFi initiatives, helping them launch and scale their affiliate programs effectively. Fuul has been instrumental in driving growth for top DeFi projects such as Vertex and Hashflow, achieving impressive outcomes like 43% and 31% of total trading volume driven by referred users. This extensive experience makes us uniquely qualified to elevate dYdX’s Affiliate Program to new heights.

Conclusion

This proposal addresses the community’s concerns while maintaining the core objective of enhancing dYdX Chain’s growth through a robust affiliate program. By implementing strict oversight, clear success metrics, and an aggressive approach to rewards, we aim to create a sustainable and effective VIP affiliate ecosystem for dYdX Chain.

We welcome further feedback from the community and are committed to refining this proposal to best serve the interests of all dYdX stakeholders.