

With the imminent launch of full trading of dYdX Unlimited, Chaos Labs presents the following summarized explainers of the re-launch points structure.

Trading Points

Traders earn points by paying taker fees. Taker fees in non top 5 markets will earn twice as many points as fees in top 5 markets.

At the end of the season, the value of DYDX tokens earned by a trader will be calculated as their share of total trading points in the season multiplied by the \$600k trading reward pool.

A 7 day TWAP of the DYDX price will be used to convert the allocated dollar reward amounts into DYDX tokens distributed.

Market Maker Points

Market makers earn points by fulfilling taker orders and providing liquidity to the order book. The closer the spreads on this liquidity, the higher its weighting.

At the end of each hour, each makers total maker volume satisfied, V

, and liquidity score, L

, will be calculated in each market, i

. The number of maker points earned over the hour in all markets will then be computed as: $\text{points_}\{Maker\} := \sum_i \{\kappa_i \times V^{0.7} \times L^{0.3}\}$

where $\kappa_i \begin{cases} 1 & \text{in top 5 markets} \\ 2 & \text{otherwise} \end{cases}$

is computed as the total dollar value of maker volume in market i

in the hour

L_i

is computed as follows:

1. The dollar value of each market makers' orderbook liquidity in each market is sampled frequently throughout the hour within 25bps, 50bps, and 100bps of the market price. The lesser of the bid liquidity and the ask liquidity are used each sampling as L_s

.

1. The liquidity score is calculated in each market as follows: $L_t := 16 \times L_{25} + 4 \times L_{50} + L_{100}$

.

Only makers satisfying over 0.25% of total maker volume over a season will earn maker rewards at the end of a season.

At the end of the season, the value of DYDX tokens earned by a market maker will be calculated as their share of total market maker points in the season multiplied by the \$900k market maker reward pool.

A 7 day TWAP of the DYDX price will be used to convert the allocated dollar reward amounts into DYDX tokens distributed.

Season 7 will run for 1 month from the launch of dYdX Unlimited. There will be four seasons in this iteration of the incentive program.

The top 5 markets in season 7 that will not receive points multipliers are:

- ETH
- BTC
- SOL
- DOGE
- XRP