

# Simple Summary

A proposal to distribute \$5M in DYDX tokens from the dYdX Chain Community Treasury to [qualifying users](#) in trading season 2 of the dYdX Chain Launch Incentives Program.

## Motivation

In line with the [initial proposal](#) shared with the community regarding the Launch Incentives Program, Chaos Labs will provide recommendations on the distribution of incentives to individual accounts.

These recommendations are derived following a detailed analysis of the season's trading data, specifically looking to identify and address any artificial or wash trading. Our aim in this is to maintain the integrity and effectiveness of the program, ensuring that the incentives are fairly given to those participating in genuine trading activities on the platform. For a deeper understanding of how Chaos Labs identifies wash trading, please refer to our detailed blog post [here](#).

The recommendations, the end-of-season report, and relevant data are openly published on the dYdX Chaos Labs Risk Portal. This transparency allows community members to see that accounts receiving substantial rewards contribute significant volume and generate actual fees on the platform. Those in the community who wish to verify this data independently can do so, as all information is verifiable on-chain.

The recommendations are posted publicly, along with the [end of season report](#) and supporting data on the [dYdX Chaos Labs Risk Portal](#) for community members to observe. Utilizing these, community members should be able to easily confirm that accounts receiving significant rewards drive significant volume and accrue real fees on the platform. In addition, for any community member preferring to verify the data independently, everything can be confirmed on-chain.

## Specification

In this allocation, \$5M in DYDX tokens are proposed to be distributed across 2,091 accounts.

The value of DYDX in USD for this allocation is based on a 7-day Time-Weighted Average Price (TWAP) as of the last day of trading season 2 (02/22/23), where 1 DYDX equals 3.12 USD.

The complete list of accounts and their respective proposed incentive allocations is available [here](#).

To view the historical trading data for each account, please visit the Chaos Labs portal [here](#).

## Implementation

The DGP will help create the proposal payload using these addresses and reward amounts. Once complete and after sufficient time for the community to discuss this proposal it will be submitted for an on-chain vote.

## Next Steps

Chaos Labs will sponsor a dYdX Chain on-chain proposal for the community to vote on the proposed incentive distribution early next week.

## Copyright

Copyright and related rights waived via [CC0](#).

### Disclaimer

This post is for informational purposes only and does not constitute an offer to sell, a solicitation to buy, or a recommendation for any security, nor does it constitute an offer to provide investment advisory or other services by Chaos Labs. No reference to any specific security constitutes a recommendation to buy, sell, or hold that security or any additional security. Nothing in this report shall be considered a solicitation or offer to buy or sell any security, future, option, or other financial instrument or offer or provide investment advice or service to any person in any jurisdiction. Nothing contained in this report constitutes investment advice or offers any opinion with respect to the suitability of any security, and the views expressed in this report should not be taken as advice to buy, sell, or hold any security. The information in this report should not be relied upon for investing. In preparing the information in this report, we have not considered any particular investor's investment needs, objectives, and financial circumstances. This information has no regard for the specific investment objectives, financial situation, and particular needs of any specific recipient of this information, and the investments

discussed may not be suitable for all investors. Any views expressed in this report were prepared based on the data available when such views were written. Changed or additional information could cause such views to change. All information is subject to possible correction. Information may quickly become unreliable, including market or economic changes.

Throughout the program, Chaos Labs' role is confined to providing recommendations regarding the allocation of rewards. The actual implementation and distribution of said rewards are subject to the formal approval process of the dYdX Chain governance votes. Any actions pertaining to reward distribution shall only be executed following affirmative governance votes within the dYdX Chain framework.