

We are thrilled to mark the conclusion of Season 1 in the dYdX Launch Incentive program and to announce the start of Season 2. This post is dedicated to summarizing the achievements of Season 1 and outlining the enhancements and expectations for the upcoming season.

Recap of Season 1

Comprehensive End-of-Season Report

Chaos Labs has meticulously reviewed the first full trading season on the dYdX Chain, focusing on evaluating the impact of the Launch Incentives Program. The detailed analysis covers all facets of the exchange's performance and can be fully explored in Chaos Labs' latest blog post [here](#).

Key Stats:

- The platform has seen more than \$9.5b in trading volume spread across 34

different markets.

- Over 2265 traders and 1225 market makers are actively earning points through the

Launch Incentives Program.

- To date, there have been over \$19m in total liquidations, contributing

approximately \$100k to the insurance fund.

- Since November 28th, the majority of markets have experienced positive realized

funding rates.

- The dYdX Chain has attracted over 31m USDC in deposits.

Incentives Distribution Proposal

As presented to the community in our original proposal, the end of each trading season will result in a Chaos Labs recommendation for incentive distribution per account.

We plan to share this proposal for a community vote in the upcoming week, after a thorough analysis of the trading data from the season, with an emphasis on identifying and addressing any potential wash trading activities. Our objective in highlighting and countering such activities is to ensure the integrity and effectiveness of the program. By doing so, we aim to direct the trading incentives rightfully towards participants who engage in legitimate trading activities on the exchange. This approach is crucial in maintaining a fair and productive incentive structure, which not only rewards genuine contributions to the exchange but also discourages any practices that might compromise the program's long-term objectives and success.

Launch of Season 2

Season 2 of the dYdX Launch Incentives program is now officially underway! Building on the foundation of Season 1, it continues to offer trading and market-making rewards and introduces a new component - performance-based rewards.

Duration and Structure

The season is slated to span 6-8 weeks, concluding in the 10-day period between 2/14-2/24.

Introduction to Performance-Based Rewards

In Season 2, performance-based rewards will represent 20% of the total trading rewards, amounting to \$800,000 in DYDX tokens. This initiative is designed to incentivize profitable trading, particularly among leading retail traders. Performance is measured by percentage returns, with the top performers of each season earning a portion of this reward pool.

1. ROI Calculation

:

The Return on Investment (ROI) for each trader will be calculated using the following formula:

[

413225686_6663645680407981_3882899916480085528_n

1232x434 11.4 KB

](https://europe1.discourse-cdn.com/standard21/uploads/dydx/original/2X/a/a10db95c86db0c92f2d30fdb3ff9cbc04ac0f447.png)

1. Reward Allocation

:

Rewards will be allocated across different tiers, each with its criteria and prize pool, as illustrated in the provided charts.

[

Untitled - 2024-01-04T094431.231

1074x240 23.8 KB

](https://europe1.discourse-cdn.com/standard21/uploads/dydx/original/2X/5/5090b7261b260bd89b1b14053be6e051d144f15f.png)

The breakdown of prize distribution per tier can be found in the sheet [here](#)

The accounts competing in each tier in the coming trading season have been determined based on their account equity during the first trading season and can be found [here](#).

Because many traders were onboarded to dYdX v4 throughout season 1, the maximum of average equity and closing equity has been used to classify traders into the different leagues. Traders who either had average equity or closing equity in the equity threshold range of a tier are eligible to compete in that tier in season 2.

Promotion/Relegation criteria for season 3 will be based on top performance percentages. The top 50% of wallets, based on percentage return on investment, will be promoted to a higher tier, while the bottom 25% of performers will be relegated.

Going forward, new wallets will be assigned a tier in the following season based on their average equity in the current season.

Summary

We are eagerly anticipating Season 2 and the ongoing growth of the dYdX Chain! We encourage the community to keep sharing their valuable feedback, which we aim to integrate as the program moves forward.

We will continue maintaining our transparent communication with the community with consistent updates on the program's progress through periodic in-depth reports and weekly updates on Twitter. Should there be any immediate modifications to the program, we will ensure prompt and clear communication.