

Hello dYdX Community,

As many of you are aware, dYdX has recently launched v4 for trading. While this is an exciting development, there are critical aspects of the new fee structure that we need to discuss. Our goal should be to make dYdX not only competitive but also more attractive than centralized exchanges. To achieve this, it is crucial to have a fee structure that encourages high volume and user base growth.

Comparing v3 and v4 Fee Structures

v3 Fee Structure:

- Tier I (< \$1m): Maker: 0.020%, Taker: 0.050%
- Tier II (≥ \$1m): Maker: 0.015%, Taker: 0.040%
- Tier III (≥ \$5m): Maker: 0.010%, Taker: 0.035%
- Tier IV (≥ \$10m): Maker: 0.005%, Taker: 0.030%
- Tier V (≥ \$50m): Maker: 0.000%, Taker: 0.025%
- VIP (≥ \$200m): Maker: 0.000%, Taker: 0.020%

v4 Fee Structure:

- Tier 1 (>\$0): Maker: -0.011%, Taker: 0.050%
- Tier 2 (>\$1m): Maker: -0.011%, Taker: 0.045%
- Tier 3 (>\$5m): Maker: -0.011%, Taker: 0.040%
- Tier 4 (>\$25m): Maker: -0.011%, Taker: 0.035%
- Tier 5 (>\$125m): Maker: -0.011%, Taker: 0.030%
- Tier 6 (>\$125m, exchange market share >1%): Maker: -0.011%, Taker: 0.025%
- Tier 7 (>\$125m, exchange market share >1%, market maker share >1%): Maker: -0.011%, Taker: 0.025%
- Tier 8 (>\$125m, exchange market share >1%, market maker share >2%): Maker: -0.011%, Taker: 0.025%
- Tier 9 (>\$125m, exchange market share >1%, market maker share >4%): Maker: -0.011%, Taker: 0.025%

Points of Concern

Fee Disparity: The most glaring issue is the significant increase in fees from v3 to v4. For a platform aiming to increase its market share and volume, having higher fees than its predecessor is counterintuitive.

Tier Structure: The jump in trading volume requirements between tiers is considerably larger in v4. For instance, moving from a 30-day trading volume of \$5m to \$10m in v3 is now a jump from \$5m to \$25m in v4. This wide gap could deter traders from striving for higher tiers.

Taker Fees: There's an increase in taker fees in v4 compared to v3. For example, at \$5m in v3, the taker fee was 0.035%, while in v4, it's 0.040%.

Suggestions for Improvement

- **Align Fee Structure:** At a minimum, v4's fee structure should align with that of v3, if not offer better rates, especially during its initial phase to attract more users.
- **Revise Tier Requirements:** The tier structure based on trading volume in v4 needs reconsideration. More accessible tier jumps would incentivize traders to increase their trading volume.

We understand the complexities involved in structuring fees that balance the platform's sustainability with user attractiveness. However, addressing these concerns is crucial for dYdX's growth and competitiveness in the market.

What we propose:

New v4 Fee Structure:

- Tier 1 (<\$1m): Maker: 0.020%, Taker: 0.050%
- Tier 2 (>\$1m): Maker: 0.015%, Taker: 0.040%
- Tier 3 (>\$5m): Maker: 0.010%, Taker: 0.035%
- Tier 4 (>\$10m): Maker: 0.005%, Taker: 0.030%
- Tier 5 (>\$25m): Maker: 0.004%, Taker: 0.025%
- Tier 6 (>\$100m, exchange market share >1%): Maker: 0.002%, Taker: 0.020%
- Tier 7 (>\$125m, exchange market share >1%, market maker share >1%): Maker: 0.000%, Taker: 0.020%
- Tier 8 (>\$150m, exchange market share >1%, market maker share >2%): Maker: -0.005%, Taker: 0.020%
- Tier 9 (>\$200m, exchange market share >1%, market maker share >4%): Maker: -0.010%, Taker: 0.020%

Looking forward to a constructive discussion around this with the aim of a proposal being created if the community agrees on the new fee structure for v4.

Best regards,

Kagan

- No, I support the current fee structure
- Yes, I support the suggested fee restructure

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voters