Date Created - 7th March 2024

Simple Summary

We aim to adjust the equity tier limits to allow for an increased number of open orders for sub accounts within specific net collateral ranges. For net collaterals of $20-$100, we suggest changing the limit from 1 to 4 open orders, and for those between $100-$1000, from 5 to 8. This adjustment would apply to both short-term and long-term order types.

Abstract

The [equity tier/net collateral limit](#) plays a critical role in determining the number of open orders a sub account can hold simultaneously on the dYdX Chain.

Under the current framework:

- Subaccounts with net collateral between $20-$100 are restricted to a single open order, and

- Subaccounts with net collateral between $100-$1000 can have up to four open orders.

This proposal intends to modify these restrictions to improve trading flexibility and access.

Motivation and Rationale

The initial setting of equity tier limits was designed to reduce order book spam and manage the blockchain state's size effectively. Although these goals have been met, the existing limits overly restrict the trading capabilities of sub accounts with lower net collaterals, especially those between $20 and $100. Such limitations hinder the ability to place simultaneous stop-loss and take-profit orders—a crucial risk management strategy.

By increasing the open order limits for net collaterals between $20 and $1000, we aim to:

1. Improve the trading experience for individuals with smaller collateral amounts.

2. Lower the barriers for entry for traders with minimal net collateral on the dYdX Chain.

3. Provide these traders the opportunity to utilize various order types.

We see this proposal as a balanced approach to incrementally raise the equity tier limits, maintaining order book integrity while offering the necessary flexibility for traders to effectively engage with the dYdX Chain.

Specification

We propose the following updates to the [equity_tier_limit_config](#) parameter (indicating old versus new parameters):

"equity_tier_limit_config": {

"short_term_order_equity_tiers": [

{"limit": 0, "usd_tnc_required": "0"},

{"limit": "1 to 4", "usd_tnc_required": "20000000"},

{"limit": "5 to 8", "usd_tnc_required": "100000000"},

{"limit": 10, "usd_tnc_required": "1000000000"},

{"limit": 100, "usd_tnc_required": "10000000000"},

{"limit": 1000, "usd_tnc_required": "100000000000"}

],

"stateful_order_equity_tiers": [

{"limit": 0, "usd_tnc_required": "0"},

{"limit": "1 to 4", "usd_tnc_required": "20000000"},

{"limit": "5 to 8", "usd_tnc_required": "100000000"},

{"limit": 10, "usd_tnc_required": "1000000000"},

{"limit": 100, "usd_tnc_required": "10000000000"},

{"limit": 200, "usd_tnc_required": "100000000000"}

]

}

Next Steps

Cipher Labs will not initiate this proposal on-chain. Following feedback and further iterations, we encourage a community member with sufficient unstaked DYDX to submit an on-chain proposal.

{"limit": 100, "usd_tnc_required": "10000000000"},

{"limit": 200, "usd_tnc_required": "100000000000"}