I used the term “unfair” to describe the distribution of rewards, even though they were allocated according to a specific formula. This highlights the need for a better method to distribute trading rewards. I have been investigating the distribution of trading rewards and discovered a large group of interconnected accounts receiving the majority of these rewards. Their activity began soon after the Trading Rewards formula was altered to place greater emphasis on fees and less on Open Interest (OI). Following the change to the formula, where W=F, these accounts began to receive a disproportionately large share of tokens.

[

2481×1523 359 KB

](https://europe1.discourse-cdn.com/standard21/uploads/dydx/original/1X/63775d779fbdb55cc77e0eaaaf50fb216dd36d90.png)

For my research, determining the exact amount of Liquidity Provider (LP) rewards received by these addresses posed a challenge. I utilized the data from Liquidity Provider Rewards | Datadog (datadoghq.com) to analyze the rewards distribution over the past three months. At its peak, the 0x…2d92 address received 17% of LP rewards. I used this figure to estimate their LP rewards, which amounted to approximately 200,000 dydx tokens per epoch.

In summary, based on my assumptions about the LP rewards, the group of connected accounts received the following percentages of trading rewards for each epoch:

Epoch

Trading Rewards Percentage

Epoch 14

35.87%

Epoch 15

28.50%

Epoch 16

24.56%

Epoch 17

27.24%

Epoch 18

39.34%

Epoch 19

29.00%

Epoch 20

34.00%

Epoch 21

26.89%

On average, they obtained 30.67% of all trading rewards across these eight epochs.

Max Holloway conducted an original study on trading rewards, which subsequently led to a change in the formula. I am interested in hearing his perspective on the current situation. It appears that Max is not registered here, so I will tag his colleague @tncintra instead

If someone wants to play with the dataSheet link