Simple Summary

We propose renaming the original Mid-Cap liquidity tier to Small-Cap and adding three new liquidity tiers (Mid-Cap, FX and Isolated). We also propose updating SOL's liquidity tier to the new Mid-Cap tier and the liquidity tier for isolated markets to a new Isolated tier.

Abstract

The proposal aims to improve the trading experience by adding new liquidity tiers to dYdX Chain and adjusting the existing ones. By renaming the original Mid-Cap tier to Small-Cap and introducing three new liquidity tiers (Mid-Cap, FX and Isolated), we can better categorize assets and enhance market functionality. This adjustment includes moving SOL to a new Mid-Cap tier and updating the liquidity tier for isolated markets to a newly defined Isolated tier. These changes are designed to provide more accurate leverage and risk management options across different asset categories.

Motivation and Rationale

The current liquidity tier system does not adequately distinguish between different asset classes, limiting the ability to offer differentiated leverage and risk profiles. By introducing new liquidity tiers and refining existing ones, we can improve user experience by providing more tailored trading conditions for Mid-Cap assets like SOL and isolated markets. This adjustment aligns with the goal of offering a more versatile and user-friendly trading environment.

Specification

The following are the proposed changes in this proposal:

New Liquidity Tiers

Liquidity Tier

ID

Initial Margin (ppm)

Maintenance Margin Fraction

Impact Notional

Open Interest Lower Cap

Open Interest Upper Cap

Isolated

4

50000

600000

2500000000

500000000000

1000000000000

Mid-Cap

5

50000

600000

2500000000

40000000000000

100000000000000

FX

6

10000

500000

5000000000

500000000000

1000000000000

Changes to Existing Liquidity Tiers

- SOL

(Ticker: SOL-USD) will be updated to the new Mid-Cap

liquidity tier.

- The original Mid-Cap tier will be renamed to Small-Cap

.

Markets Changed to Isolated Tier

The following markets will be updated to the new Isolated

liquidity tier:

- MOTHER-USD
- MOG-USD
- TREMP-USD
- BODEN-USD
- TLOS-USD
- ONDO-USD
- ENA-USD
- IO-USD
- AR-USD
- KAS-USD
- NOT-USD
- TAO-USD
- SAFE-USD
- TAIKO-USD
- AKT-USD
- CAKE-USD
- BRETT-USD
- SATS-USD
- XMR-USD

- THETA-USD
- ENJ-USD
- XTZ-USD
- UMA-USD
- CVX-USD
- SUSHI-USD
- ZRX-USD
- DEGEN-USD
- MNT-USD
- JASMY-USD
- CORE-USD
- GMX-USD
- POPCAT-USD
- PRIME-USD
- GALA-USD
- AXS-USD
- XAI-USD
- MEW-USD
- BEAM-USD
- NEO-USD
- EGLD-USD
- ALT-USD
- PIXEL-USD
- TURBO-USD
- BOME-USD
- TRB-USD
- ZEN-USD
- BICO-USD
- OM-USD
- DMAIL-USD
- MAVIA-USD
- ZERO-USD
- VRTX-USD
- MICHI-USD
- AURORA-USD
- FOXY-USD
- PAXG-USD

Next Steps

We plan to submit the mainnet proposal on August 29, 2024.