

Quick Updates

- 25 grants approved with \$1.5M in funding
- \$1.75M deployed to LP vaults for liquidity support
- Adding new wallet support with Phantom and Keplr
- Improving trading performance with dedicated infrastructure
- Developing support for the upcoming affiliate program
- +\$4M in available funding remains for new grants

New Grants

Below, we highlight a few of our recent grant approvals. More detailed information and a full list of approved grants can be found [here](#).

As a reminder, the program allocates funding between two categories, Strategic Initiatives and Community Initiatives. Doing so improves the program's efficiency and allows for more contributors, each with a focus on specific areas of development. Community initiatives focus on projects that grow the dYdX ecosystem and contributor set. Strategic initiatives target larger scale projects that contribute to the development, growth, and improvement of the dYdX protocol.

Strategic Initiatives

Affiliate Program Frontends – Kuyen Labs

We are excited to support the launch of a dYdX affiliate program, which is set to go live with the dYdX Unlimited [release](#), with the goal of onboarding more users and increasing trading volumes. Kuyen Labs will design and develop two custom frontends: one integrated with the dYdX Exchange to display affiliate metrics, and another standalone UI to track protocol-wide activity.

Phantom and Keplr Wallet Integrations – Femi/Napas and Chainapsis

Users onboard to the dYdX Exchange platform through personal wallets. Once connected, they can generate dYdX accounts, deposit funds, and use their wallets to execute trades. We are working with Phantom engineers (Femi and Napas) and the Chainapsis team to add Phantom and Keplr – two leading wallets in the Solana and Cosmos ecosystems, respectively. Supporting additional wallets increases accessibility to a larger user base, and improves the onboarding experience for new users.

Gateway Node – Newmetric

Trade execution for programmatic traders can vary depending on the RPC or node used to submit a trade. Our goal is to democratize access to highly performant RPC nodes by deploying a dedicated full node with the majority of validators persistent peering to it. Traders won't have to worry about where to send their orders, they can submit all orders to the Gateway RPC endpoint.

Connectivity Node – Crosnest

We have seen a slight degradation in network performance and block production speeds following a few recent upgrades to dYdX. With this grant, our goal is to improve network connectivity by introducing an additional networking layer that increases gossiping performance and consensus across the majority of validators, again through persistent peering with the node.

dYdX Web App and Indexer Pentest – Halborn

We partnered with Halborn to perform an in-depth penetration test, a form of auditing used to find potential bugs or threats, on both the dYdX web application and the Indexer API repositories. Our goal is to improve the application's security and protection of users by regularly reviewing the application code through audits.

Community Initiatives

dYdX Merch Renewal – Toyoji Ltd

We're excited to continue supporting [dYdX Merch](#), a custom-made, community-owned, merchandise initiative to help promote the dYdX brand. The extension comes with new product offerings, improvements to existing items, and continued efforts to reward contributors and event attendees with their own set of dYdX goods.

Validator Tools Support – Silk Nodes

We are continuing our efforts to support dYdX validators with custom tools including a Discord bot and web tooling suite. These tools offer validators improved alerting, chain snapshots, node setup and upgrade guidelines, proposal notifications, and more. Our goal is to make life easier for all dYdX operators.

Project Updates

Below, we share a few updates from ongoing projects, including milestones achieved and completed deliverables.

Hummingbot Support for dYdX v4

Hummingbot, the leading framework for market making and algorithmic trading, completed its connector for dYdX v4, allowing users to start trading on the new protocol.

Long-tail Liquidity Support

We had previously funded leading market makers, including Raven and Velar Technologies, to bootstrap liquidity and tighten spreads on newly listed long-tail markets. We also began experimenting with the newly launched [LP vaults](#) product as an alternative method for accomplishing the same goals. Given early success with vaults, and the added support for up to 200 vaults, we've now transitioned this initiative to work entirely through vaults, sunsetting our work with market makers. Live vaults and the capital deployed can be tracked [here](#).

Python Trading Client

Nethermind completed their development of a full-feature Python trading [client](#) for dYdX v4. With this release, dYdX now supports clients in Typescript, Python, and C++, allowing traders interested in trading programmatically to onboard through different preferred languages. The Nethermind team is now working on a Rust client, which should be our final language supported for the time being.

MEV Dashboard Migration and Committee Renewal

The MEV dashboard developed by Skip through a previous grant was migrated to [Observatory](#), a platform run by the RockawayX team dedicated to providing analytics and insights on everything pertaining to the dYdX protocol. With this migration, we are consolidating all the data necessary to analyze validator behavior and on-chain activity, improving operations for the MEV committee. The committee was also renewed with a smaller contributor set and refined scope to improve efficiency.

New Initiatives

Below, we highlight new initiatives published that are open for applications. These RFPs (request for proposal) invite contributors to apply for specific projects and ideas that we think could have a positive impact on the protocol.

Megavault Operator

On Aug 6, 2024, dYdX Trading published a deep dive on the MegaVault. MegaVault is an upcoming user-facing feature on the dYdX Chain that enables users to deposit USDC in exchange for yield while providing liquidity to various markets on the dYdX Chain. The deposited USDC will be utilized in automated market-making strategies across markets on dYdX Chain.

MegaVault will operate using multiple "sub-vaults," each running an automated market-making strategy for a specific market. The initial version of MegaVault will require an "operator," elected via governance, to manually perform critical operational tasks such as moving USDC between sub-vaults and adjusting parameters that control the vault's quoting strategies. Future iterations may automate these tasks, potentially removing the need for an operator.

The operator will be responsible for managing USDC allocations, adjusting sub-vault parameters, monitoring and managing risk, providing reports, and coordinating with the community on the product growth.

Operational Updates

Financials

Balance

DYDX: 1,173,481.98

USDC: 5,545,372.64

Total USDC Balance (at current DYDX price): \$6,589,771.60

Payables

Outstanding Funding Approved: \$2,390,492.85

Outstanding Operational Budget: \$1,593,000.00

Outstanding Receivables: \$1,750,000

Total Budget Remaining: \$4,356,278.75

Expenses

Operational Expenses (databases, hosting, admin, etc...): \$10,980.07