The transition to v4 marks a major milestone in dYdX given the creation of a new app chain on COSMOs. Tldr, the COSMOs ecosystem relies heavily on delegation where users delegate their tokens to the validators of their choice, in return for staking rewards. As for validators, apart from validating transactions, they are also empowered to take part and vote in governance discussions. More info on the gov sdk can be found here: [Gov Overview | Cosmos SDK](#) (which I'd highly recommend to read, esp on the auth, authz, group modules)

Given the relevance and urgency of the upcoming migration, this thread was created to start a discussion as a community on possible ways for community governance, in particular the support for endorsed delegates

. As to my knowledge, there has been no precedent set for this in the ecosystem.

Furthermore, a foreseeable future will likely be organizations with sufficient DYDX tokens being able to set up validators and absorb these tokens for governance – which has been a recurring observation for protocols such as Osmosis .

[

Screenshot 2023-04-20 at 8.54.59 PM

1312×765 60.8 KB

](https://europe1.discourse-cdn.com/standard21/uploads/dydx/original/1X/2af64e1db25f6e5e4c40f3735fa51ccc638eb406.png)

*** Nakomoto Coeffecient - measures the number of validators needed to take control of a network.*

Now, the main issue is that this will require existing endorsed delegates to hold x number of dYdX tokens to spin up a validator, and receive tokens delegated from users. This also incurs capital expenditures of setting up a validator which may be difficult for delegates without technical expertise.

Therefore, I would like to kickstart this with possible solutions to discuss with the community to ensure a seamless transition of endorsed delegates and maintain our relevance in dYdX, post migration. Some recommendations include:

1. Endorsed delegates coming together to spin up validators

Considerations : Cost, Multi-sig structures?

Note : Preferable NOT to involve the Foundation in obtaining loans for validators, meaning endorsed delegates will bear the variable costs

1. Dual Token System - Governance remains on ETH, Validators remain on COSMOs to validate trading activities

Considerations: Creates a wrapped token on COSMOs, with the existing ERC20 DYDX. However, requires guards against double spending

1. Work on the x/authz module in COSMOS sdk → Get teams to build it

tldr: "Authorization for accounts to perform actions on behalf of other accounts", by controlling the type of msgs – votes, delegate etc.

Considerations: Provides a highly configurable governance system to specify parameters Endorsed delegates will also NOT be required to spin up validators.

However, this is subject to the team to integrate and build this interface.

Example: [Resolute (By Witval validator)](#)

x/authz technical explanation : [Github Repo](#)

ELIM5 x/authz : [Hackernoon Explanation](#)

As you can see, any of the suggestions entail different considerations. The list above is definitely not exhaustive and we should explore all possible ways with the remaining months ahead.

Edited: The post will be constantly revised with new recommendations based on community discussions.