Summary

Wintermute is proposing the following:

1. The dYdX community will adopt the dYdX v4 open-source software (if and when deployed on mainnet) as the next version of the dYdX protocol (Snapshot),

2. The dYdX community will adopt DYDX as the L1 token of the dYdX Chain (if and when deployed on mainnet) (Snapshot),

3. The dYdX community will adopt the [Ethereum smart contract (the "Ethereum Smart Contract") commissioned by the dYdX Foundation](#) that, if deployed, would enable a permissionless and autonomous one-way bridge for the DYDX token to be migrated from Ethereum to the dYdX Chain (Snapshot),

4. The dYdX community is recommending that dYdX Chain validators should reference the Ethereum Smart Contract commissioned by the dYdX Foundation when distributing DYDX on the dYdX Chain (Snapshot), and

5. wethDYDX will have the same governance and utility functions as Ethereum-based DYDX ("ethDYDX") on dYdX v3 (On-Chain: Long Timelock).

Proposal items 1-4 do not require any smart contract changes and as such, can be ratified by a Snapshot vote. Note, we are planning to include proposal items 1-5 in the same Snapshot vote given that there is significant overlap in the subject matter of each proposal item.

A [Long Timelock](#) proposal requires 20M DYDX of proposing power. Currently, Wintermute has 10,022,389.47 DYDX proposing power - meaning we still need ~9,977,611 proposing power. If the Snapshot vote is successful, please consider delegating the proposing power associated with your DYDX to Wintermute (at the following address: 0xB933AEe47C438f22DE0747D57fc239FE37878Dd1), so we can create the Long Timelock vote!

Note, DYDX holders have the option of [delegating proposing power](#), while retaining the voting power associated with their DYDX tokens.

Description

The potential mainnet launch of the dYdX Chain is quickly approaching. On August 3, 2023, dYdX Foundation [published](#) "Exploring the Future of DYDX: A take on the Potential Migration of DYDX from Ethereum to the dYdX Chain" and explained that, as a Proof-of-Stake blockchain network, the dYdX Chain, if and when deployed on mainnet, will require a Layer 1 ("L1") protocol token for staking to validators in order to secure the chain and for stakers of the L1 token to govern the network.

As a result, the dYdX Foundation announced that it has commissioned the development of an Ethereum Smart Contract that, if deployed, would enable a permissionless and autonomous one-way bridge for the DYDX token to be migrated from Ethereum to the dYdX Chain. In return for bridging, users will receive wethDYDX which will have the same governance and utility functions as Ethereum-based DYDX ("ethDYDX") on dYdX v3 (On-Chain: Long Timelock).

We are in support of the dYdX v4 open-source software - dYdX Chain becoming the next version of the dYdX protocol and the current DYDX token, an Ethereum-based ERC-20 token, being migrated from Ethereum to the dYdX Chain to be adopted as the L1 token of the dYdX Chain. Therefore, we are putting this proposal forward for the dYdX community's consideration.

Implementation

Proposal items 1-4 do not require any smart contract changes and as such, can be ratified by a Snapshot vote. Note, we are planning to include proposal items 1-5 in the same Snapshot vote given that there is significant overlap in the subject matter of each proposal item.

Under proposal item (5) - wethDYDX governance and utility functionality, we will create and share the on-chain implementation if the Snapshot vote is successful.

Next Steps

We'd love to request feedback from the community surrounding these changes. Pending community discussion, we are targeting the following vote creation dates (subject to change):

- Snapshot vote creation - August 27-28, 2023

- Onchain vote creation: Long Timelock - September 1-8, 2023

The Snapshot vote will be a binary vote, with voting options:

- Yes - Implement the proposed changes

- No - Do nothing.