

Dear dYdX Community,

As active contributors and proud members of this community, we are thrilled by the potential that the transition to a fully decentralised platform presents for all of us. As we all know, with the upcoming launch of v4, dYdX is taking a significant step into the future - a future in which we, the community, genuinely own and operate the platform.

In a recent community conversation with James from the foundation, Carl & Larry from Reverie, and Joanna, the topic of subDAOs and their importance in our transition to a fully decentralised platform was front and centre. We all agreed that this is a discussion we should be having as a community, particularly as we move closer to the launch of v4.

The operation of v4 in a seamless manner will require the involvement and commitment of all of us in the form of Decentralised Autonomous Organisations (DAOs). DAOs are the very embodiment of a genuinely decentralised protocol, placing decision-making power in the hands of the community - us.

To propel this collective thought process forward, we're initiating a discussion about the types of subDAOs that could be instrumental in managing various facets of the platform. Our shared goal is to form a governance structure that is decentralised, effective, and driven by the community.

Here are some subDAOs we propose for consideration:

#### Community subDAO

The Community subDAO is one of the most critical subDAOs, given that it is directly responsible for nurturing and growing the heart of dYdX: its user community. This group is tasked with fostering a vibrant, engaging, and inclusive environment that attracts new users and encourages existing users to actively participate and contribute.

Key responsibilities and areas of focus for the Community subDAO could include:

##### 1. Community Building and Engagement:

The Community subDAO would devise strategies to attract and retain community members. This could involve coordinating with the Marketing & Communication subDAO to promote the platform and its offerings, collaborating with the Product Development subDAO to gather user feedback on platform improvements, and working with other subDAOs to announce new features or changes that impact the user experience.

##### 1. Community Support and Advocacy:

The subDAO would be the community's voice within the larger governance structure. It would collect and relay user feedback to relevant subDAOs, advocate for changes or features that benefit the community, and ensure that the needs and interests of community members are considered in decision-making processes.

##### 1. Event Management:

The subDAO could organise community events such as AMAs (Ask Me Anything), webinars, workshops, and meetups to encourage interaction, learning, and collaboration within the community.

##### 1. Discord Channel Management:

The Community subDAO would manage the dYdX Discord channel, ensuring it remains a productive, respectful, and engaging space. This would involve moderating discussions, addressing user questions or concerns, and facilitating meaningful conversations about the platform and broader industry trends.

##### 1. Hedgies NFT Community Management:

The subDAO would oversee the Hedgies NFT community, organising events and activities specifically for NFT owners. This could also involve discussions about the role of NFTs on the dYdX platform.

##### 1. Rewards and Incentives:

In collaboration with the Treasury Management subDAO, the Community subDAO could devise and implement reward programs or incentives to encourage active participation within the community. This could involve token airdrops, exclusive access to new features, or special recognition for highly active or helpful community members.

#### Growth subDAO

The Growth subDAO is a key strategic component of dYdX's decentralised ecosystem. Its primary focus is on developing and executing strategies to drive user growth, increase platform adoption, and expand the platform's reach and influence within the broader DeFi and crypto markets.

Key responsibilities and areas of focus for the Growth subDAO could include:

##### 1. Market Analysis and Strategic Planning:

The Growth subDAO would conduct market research and trend analysis to identify growth opportunities and potential roadblocks. It would use these insights to develop strategic plans to expand the user base, increase trading volume, and enhance platform recognition.

#### 1. Partnerships and Integrations:

The subDAO would identify and pursue partnerships with other DeFi protocols, crypto projects, or relevant organisations. These partnerships could enhance the platform's offerings, increase liquidity, and attract new users. It also seeks opportunities for platform integration with other DeFi protocols, wallets, or crypto services to improve user experience and platform utility.

#### 1. New Market Opportunities:

The Growth subDAO would continually explore and evaluate new market opportunities, such as emerging crypto markets, new types of trading pairs, or innovative DeFi services. It would propose and implement strategies to capitalise on these opportunities and expand the platform's reach.

#### 1. User Retention and Expansion:

The subDAO would develop and implement strategies to retain and attract new users. This could involve collaborations with the Community subDAO for user engagement initiatives or with the Product Development subDAO for feature improvements based on user feedback.

#### 1. Performance Metrics and Reporting:

The Growth subDAO would track key performance metrics related to platform growth, such as user acquisition and retention rates, trading volumes, and liquidity. It would regularly report on these metrics to the community and use them to guide strategy development.

#### 1. Regulatory Compliance:

The subDAO would keep abreast of global regulatory developments in the crypto and DeFi sectors. It would propose strategies to ensure the platform remains compliant while pursuing growth, especially in jurisdictions with stringent regulations.

### Governance subDAO

The Governance subDAO forms the backbone of the decentralised decision-making process within the dYdX ecosystem. It facilitates a fair, transparent, and effective governance system that empowers community members to shape the platform's future.

Key responsibilities and areas of focus for the Governance subDAO could include:

#### 1. Proposal Management:

The Governance subDAO would handle the process of submitting, discussing, and voting on governance proposals. This includes setting guidelines for proposal submission, coordinating community discussions on proposals, and managing the voting process to ensure it is fair and transparent.

#### 1. Platform Rules and Regulations:

This subDAO would oversee key decisions about the protocol, such as fee adjustments, trading pairs, and changes to platform rules. It would ensure these decisions align with the platform's mission and the community's interests.

#### 1. subDAO Coordination:

The Governance subDAO would play a central role in coordinating between different subDAOs. This could include setting up regular meetings or communications, helping to manage inter-subDAO dependencies, and facilitating collaboration on shared goals.

#### 1. subDAO Evolution:

The Governance subDAO would oversee the process of subDAOs evolving, splitting, or merging as needed. This would involve assessing the performance and scope of existing subDAOs and proposing changes when necessary.

#### 1. Community Education:

The Governance subDAO would be crucial in educating the community about the governance process. This could involve creating resources to explain how the governance system works, how to submit proposals, and how to vote.

#### 1. Transparency and Communication:

The subDAO would ensure that all governance-related information is communicated transparently to the community. This could involve regular updates about ongoing or upcoming votes, detailed explanations of proposal outcomes, and open discussions about contentious decisions.

#### 1. Conflict Resolution:

The Governance subDAO could work closely with the Dispute Resolution subDAO in cases where governance decisions lead to disputes within the community. It could help mediate these situations and ensure all community members feel their voices are heard.

#### 1. Recruitment and Admin:

The Governance subDAO will also manage recruitment and admin-related tasks to ensure that the dYdX ecosystem continues to run smoothly.

### Security subDAO

The Security subDAO is tasked with the critical responsibility of safeguarding the dYdX platform and its users. In the world of DeFi, where transparency and trust are paramount, the role of the Security subDAO cannot be overstated.

Key responsibilities and areas of focus for the Security subDAO could include:

#### 1. Smart Contract Audits:

The Security subDAO would oversee regular audits of the platform's smart contracts to ensure they are secure and function as intended. This could involve collaborating with external audit firms or building an in-house team of experts.

#### 1. Bug Bounties and Vulnerability Disclosure:

The subDAO could set up and manage bug bounty programs, incentivising the global developer community to identify and report potential security vulnerabilities in the platform's codebase. It would also establish clear procedures for responsibly disclosing discovered vulnerabilities.

#### 1. Platform Security Enhancements:

The Security subDAO would continuously enhance the platform's security infrastructure. This could involve implementing advanced security measures, developing automated security systems, and staying up-to-date with the latest security best practices in the DeFi space.

#### 1. Threat Management and Incident Response:

The subDAO would monitor for potential security threats and coordinate responses to security incidents. This could involve real-time threat detection, immediate mitigation of security breaches, and transparent communication with the community about incidents and remediation efforts.

#### 1. Security Education:

The subDAO would educate the community about security best practices when using the dYdX platform. This could involve creating resources about safe wallet management, avoiding phishing attacks, and understanding smart contract risks.

#### 1. Regulatory Compliance:

The Security subDAO would ensure the platform complies with relevant security regulations in the jurisdictions it operates. It would stay abreast of changes in regulatory requirements and implement necessary changes to maintain compliance.

### Product Development subDAO

The Product Development subDAO is a vital component of the dYdX ecosystem, focusing on improving the platform and its offerings in line with user needs and market trends. Its mission is to ensure that dYdX remains a leading, innovative, and user-friendly decentralised trading platform.

Key responsibilities and areas of focus for the Product Development subDAO could include:

#### 1. Product Strategy and Roadmap:

The Product Development subDAO would define the product strategy and roadmap, ensuring they align with the platform's mission and the community's needs. It would keep track of market trends, community feedback, and technological advancements to inform product planning and development.

#### 1. Feature Development and Improvement:

The subDAO would work on developing new features and improving existing ones based on user feedback and strategic objectives. This could involve introducing new trading pairs, improving the user interface, or developing innovative DeFi

services.

#### 1. User Experience (UX) and Interface Design:

The subDAO would focus on optimising the platform's user experience and interface design. It would ensure the platform is intuitive, user-friendly, and accessible for new and experienced users.

#### 1. Integration with Other DeFi Protocols:

The Product Development subDAO would explore and implement integrations with other DeFi protocols to enhance platform functionality and user experience. This could involve integrating with lending protocols, yield farming platforms, or other DeFi services.

#### 1. Platform Performance and Scalability:

The subDAO would monitor platform performance and enhance its scalability. This could involve optimising smart contracts and improving transaction efficiency.

#### 1. Collaboration with Other subDAOs:

The Product Development subDAO would work closely with other subDAOs, such as the Community subDAO for user feedback, the Security subDAO for product security, and the Growth subDAO for market expansion strategies.

### Marketing & Communication subDAO

The Marketing & Communication subDAO would be crucial in promoting the dYdX platform, engaging the community, and managing the platform's public image. It ensures that dYdX maintains a strong presence in the DeFi market, reaches potential users, and communicates effectively with its community.

Key responsibilities and areas of focus for the Marketing & Communication subDAO could include:

#### 1. Marketing Strategy and Campaigns:

This subDAO would develop and implement marketing strategies to promote the platform, attract new users, and retain existing ones. It could organise marketing campaigns, leveraging various channels such as social media, blogs, newsletters, and industry events.

#### 1. Affiliate Program Management:

The subDAO could manage and run the dYdX affiliate system, incentivising community members to promote the platform and attract new users. It would handle the administration of the affiliate program, including tracking, payouts, and communications.

#### 1. Brand Management and Public Relations:

The Marketing & Communication subDAO would manage the dYdX brand, ensuring it is consistently represented across all channels. It would also handle public relations, respond to media inquiries, manage press releases, and proactively shape public perception of the platform.

#### 1. Community Outreach:

The subDAO would actively engage with the community through various platforms, including social media and forums. It could organise Q&A sessions, share regular updates, and foster a dialogue between the platform and its users.

#### 1. Education and Content Creation:

The subDAO could collaborate with the Community and Product Development subDAOs to create educational content about the platform's features, updates, and tutorials. This could include blog posts, videos, webinars, and guides.

#### 1. Partnership Development:

The subDAO would identify and build relationships with potential partners, influencers, and industry leaders to broaden the platform's reach and influence.

#### 1. Performance Metrics and Reporting:

The subDAO would monitor and report key marketing metrics, such as user acquisition rates, brand awareness, and campaign effectiveness. It would use these insights to inform future marketing strategies and efforts.

### Risk Management subDAO

A Risk Management subDAO would also play a vital role in the dYdX ecosystem, ensuring the platform's financial stability and protecting users from potential market risks. Its mission is to implement effective risk management strategies that align

with the platform's risk appetite and the community's expectations.

Key responsibilities and areas of focus for the Risk Management subDAO could include:

1. Market Risk Management:

The subDAO constantly monitors market conditions and volatility to evaluate and mitigate potential risks. For example, this could involve adjusting collateral ratios and leverage available.

1. Asset Listing and Delisting:

The Risk Management subDAO would oversee listing or delisting assets on the platform. It would evaluate potential assets based on various risk factors, including liquidity, volatility, and regulatory compliance. It would also monitor the performance of listed assets and recommend delisting if necessary.

1. Risk Modelling and Analytics:

The subDAO would develop and maintain sophisticated risk models to assess and quantify various risks. It would leverage advanced analytics to predict potential risk scenarios and devise effective mitigation strategies.

1. Risk Policy and Guidelines:

The Risk Management subDAO would define the platform's risk policy and guidelines. This would set the tone for how the platform perceives and handles risk, providing clear guidance to its users.

1. Risk Communication and Education:

The subDAO would communicate risk-related information to the community in a transparent and timely manner. It would also educate users about potential risks and how to manage them when using the platform.

1. Collaboration with Other subDAOs:

The Risk Management subDAO would work closely with other subDAOs, such as the Security subDAO for platform security risks, the Governance subDAO for governance-related risks, and the Product Development subDAO for product-related risks.

## Treasury Management subDAO

The Treasury Management subDAO plays a crucial role in the financial health and sustainability of the dYdX platform. It manages the platform's financial resources and ensures that funds are allocated effectively and responsibly.

Key responsibilities and areas of focus for the Treasury Management subDAO could include:

1. Financial Strategy and Planning:

The Treasury Management subDAO would devise the financial strategy for the platform, ensuring it aligns with its long-term objectives and sustainability. This could involve planning for future expenditures, setting financial targets, and determining the optimal use of financial resources.

1. Management of Platform Income:

The subDAO would manage the income generated by the platform, such as trading fees or interest earned. It would ensure these funds are allocated effectively and transparently per the platform's priorities and community expectations.

1. Reward Distribution:

The Treasury Management subDAO would oversee the distribution of rewards to users, such as trading rewards, staking rewards or liquidity mining incentives. It would ensure that the reward distribution process is fair, transparent, and aligns with the platform's growth strategy.

1. Fund Allocation:

The subDAO would decide on fund allocation for various platform initiatives. This could include allocating funds for platform development, marketing campaigns, security audits, community events, or other initiatives. It would ensure that funds are distributed to maximise the platform's growth and value.

1. Investment and Capital Management:

The Treasury Management subDAO could also manage the platform's surplus funds, deciding on investment strategies or capital management practices to grow the platform's treasury and ensure financial sustainability.

1. Transparency and Reporting:

The subDAO would maintain transparency in all financial matters, providing regular financial reports to the community. It would ensure that all financial decisions are made transparently and accountably, fostering trust within the community.

#### 1. Collaboration with Other subDAOs:

The Treasury Management subDAO would work closely with other subDAOs, such as the Risk Management subDAO for financial risk management, the Governance subDAO for financial decision-making, and the Growth subDAO for revenue generation strategies.

#### Dispute Resolution subDAO

A Dispute Resolution subDAO would be essential in the dYdX ecosystem, serving as a decentralised “court” to mediate and resolve conflicts or disputes that may arise within the community. Its mission is to ensure a fair, transparent, and effective process for dispute resolution that respects the rights and interests of all parties involved.

Key responsibilities and areas of focus for the Dispute Resolution subDAO could include:

##### 1. Dispute Mediation:

The Dispute Resolution subDAO would mediate conflicts between users or between users and the platform. This could involve disputes over transactions, rewards, governance decisions, or other issues. It would facilitate discussions between the parties, aiming for an amicable and fair resolution.

##### 1. Dispute Resolution Procedures:

The subDAO would establish clear and transparent procedures for dispute resolution. This would include processes for filing a dispute, the timeline for resolution, methods of mediation, and other relevant details.

##### 1. Fair Representation:

The Dispute Resolution subDAO would ensure that all parties involved in a dispute have a chance to present their case and are fairly represented. It would respect the rights of all users and strive for fair outcomes.

##### 1. Community Guidelines Enforcement:

The subDAO would also play a role in enforcing community guidelines and platform rules. It would handle cases where these guidelines have been violated and decide on appropriate actions or penalties.

##### 1. Transparency and Reporting:

The subDAO would maintain transparency in its operations, providing regular reports on dispute resolution cases (while respecting privacy considerations). This would foster trust in the dispute-resolution process and ensure accountability.

##### 1. Collaboration with Other subDAOs:

The Dispute Resolution subDAO would work closely with other subDAOs, such as the Community subDAO for community guideline enforcement, the Governance subDAO for disputes related to governance decisions, and the Security subDAO for disputes about platform security.

#### Market Maker or Validator Business Development subDAO

The Market Maker or Validator BD subDAO is established to foster and manage relationships with market makers and validators in the dYdX ecosystem. It is critical in supporting liquidity and promoting efficient market operations on the platform.

Key responsibilities and areas of focus for the Market Maker or Validator BD subDAO could include:

##### 1. Market Maker and Validator Acquisition:

The subDAO would be responsible for identifying and attracting potential market makers and validators to the dYdX platform. This would involve developing and executing strategies to convince them of the benefits of partnering with dYdX.

##### 1. Partnership Management:

The subDAO would handle the ongoing management of partnerships with market makers and validators. This includes handling inquiries, resolving potential disputes, and facilitating open lines of communication.

##### 1. Onboarding and Training:

The subDAO would ensure a seamless onboarding process for new market makers and validators. It would provide necessary training and resources to help these entities understand and navigate the dYdX platform efficiently.

##### 1. Community Engagement:

The subDAO would be tasked with effectively communicating with the broader dYdX community about the role and value of market makers and validators in the ecosystem. It would also collect and address feedback regarding these entities from the community.

#### 1. Strategic Planning:

In order to ensure the dYdX platform remains attractive to market makers and validators, the subDAO would engage in strategic planning, taking into account market trends, competitive landscape, and the evolving needs of these entities.

We'd like to invite all of you to join this conversation to critique, refine, and expand upon these ideas.

Are there other types of subDAOs you think will be needed? Do the proposed subDAOs cover all the essential aspects of the platform? What structure and governance rules should these subDAOs adopt?

To facilitate deeper discussions, we propose opening dedicated channels for each proposed subDAO both here and on the official dYdX discord. This would allow interested community members to delve into more specific discussions, share insights, and contribute to the formation of these subDAOs. We highly encourage everyone to participate, whether you are interested in getting involved with setting up, managing, or running these subDAOs, or just want to share your thoughts and ideas.

As we embark on this journey towards decentralisation, remember that this is not just about shaping the future of dYdX but also about building a model for how a decentralised trading platform can operate effectively and inclusively. We have an opportunity to set a new standard for DeFi governance, and each of us has a role to play in this process.

So let's get the ball rolling and start building the decentralised future of dYdX together!