

Background

In revisiting my “Buyback and Distribute” (BB&D) proposal from last year, [Buyback GMX: A Proposal for Reward Distribution Optimization](#) - Buyback GMX: A Proposal for Reward Distribution Optimization - March 2023, and considering the recent introduction and adoption of BB&D by Gains Network

, it has become clear that it is necessary to reassess and reintroduce this proposal. Additionally, feedback from the GMX community, especially the insights and discussion with Woju

, and a detailed analysis of GMX’s current situation support the need for this change.

Overview

This proposal suggests changing GMX’s current revenue distribution model from “Buyback ETH and Distribute ETH” to “Buyback GMX and Distribute GMX”. This change aims to leverage the advantages of “buyback

”, enhance GMX’s long-term value retention ability, and optimize user experience and protocol strategic flexibility while minimizing model changes and fully preserving the “real yield

” advantages.

Details

1. Buyback GMX

: (30%+70%) of fees from GMX V1 and 27% of fees from GMX V2 will be used to swapped to \$GMX , instead of the current \$WETH and \$WAVAX. This will create continuous buying pressure for \$GMX, promoting token price stability and growth.

1. Default Path to Distribute GMX

: \$GMX is obtained through swaps from GM Balanced GMX Pool, not minted.

1. Optional Path to Distribute ETH and AVAX

: When users Claim

or Compound

, “Convert GMX to ETH” and “Convert GMX to AVAX” will be provided to ensure the actual user experience remains aligned with before.

Implementation Comparison

(using GMX Arbitrum as an example)

Compound Rewards (Before):

Claim GMX Rewards

Stake GMX Rewards

Claim esGMX Rewards

Stake esGMX Rewards

Claim WETH Rewards

Convert WETH to ETH

Compound Rewards (After):

Claim GMX Rewards

Stake GMX Rewards

Claim esGMX Rewards

Stake esGMX Rewards

□ Convert GMX to ETH

Claim Rewards (Before):

Claim GMX Rewards

Claim esGMX Rewards

Claim WETH Rewards

Convert WETH to ETH

Claim Rewards (After):

Claim GMX Rewards

Claim esGMX Rewards

☐ Convert GMX to ETH

Data Insights

Average \$GMX price in the last 30 days: \$27.19

Total fees generated by GMX V1 (annualized/30d): \$17,902,288

Estimated 100% of fees from GMX V1 for buyback \$GMX (annualized): \$17,902,288

Total fees generated by GMX V2 (annualized/30d): \$69,370,908

Estimated 27% of fees from GMX V2 for buyback \$GMX (annualized): \$18,730,145

Estimated total fees for buyback \$GMX (annualized): \$36,632,433

Average daily purchase amount: \$100,362

CEX, DEX \$GMX Balance (current): 1,798,405 \$GMX

Equivalent \$GMX for buyback (annualized): 1,347,215 \$GMX

Estimated average daily buying pressure: 3,691 \$GMX

Model Impact

1. Maintains the ETH and AVAX narrative while preserving the “real yield” advantages and leveraging the advantages of “buyback”.
1. Lays a solid foundation for \$GMX to further become a general-purpose liquidity token and for potential large-scale deployment of GMX Single-sided GMX Pools.
2. Provides better liquidity for \$GMX itself, effectively attracting more long-term and large-scale capital.
3. Using \$GMX as the base for fee buyback instead of \$ETH and \$AVAX helps unify GMX’s solution for further deployment on more chains, compared to \$ETH, \$AVAX, \$SOL or \$BTC, etc.
4. Solves the issue of zombie addresses once and for all, no longer allocating \$ETH and \$AVAX to long-term inactive addresses, but using these fees to buyback \$GMX.
5. Better value retention. Users are allowed to choose “Convert GMX to ETH”, but as long as the funds not choosing “Convert GMX to ETH” are greater than 0, it’s a strictly positive gain for GMX and \$GMX.

Summary

‘Buyback GMX and Distribute GMX (or ETH)’ essentially strikes an exquisite balance between ‘Buyback GMX and Burn’ and ‘Buyback ETH and Distribute ETH’, positioning itself as a middle ground that harmonizes the advantages of both approaches.

More importantly, this change will not affect user experience but can significantly enhance GMX’s value retention, provide strong buying pressure for \$GMX, and fully leverage GMX’s advantage as one of the most important revenue sources in DeFi. This is likely to be fully reflected in GMX’s actual performance, breaking free from the long-term undervaluation situation.

Options:

1. Maintain Current Model

: Continue with “Buyback ETH and Distribute ETH.”

1. Adopt New Model

: Implement “Buyback GMX & Distribute GMX” (with the option to convert GMX to ETH).

Once again, thank you to Woju from the GMX community for their active feedback and discussion, to the GMX Core Contributors for their positive evaluation, and to Gains Network for their detailed explanation of BB&D and for being the first to introduce the BB&D experiment. As a GMX Delegate, it is my responsibility to bring forth numerous proposals and possibilities to GMX, which are then subject to democratic voting by the GMX DAO for decision-making. I believe GMX has always been blessed with a very responsible community, and we can work together to bring more innovative ideas to the development of the industry.

Q - [Q's Delegate Profile](#)