# New fee structure for “long-tail” pools live now

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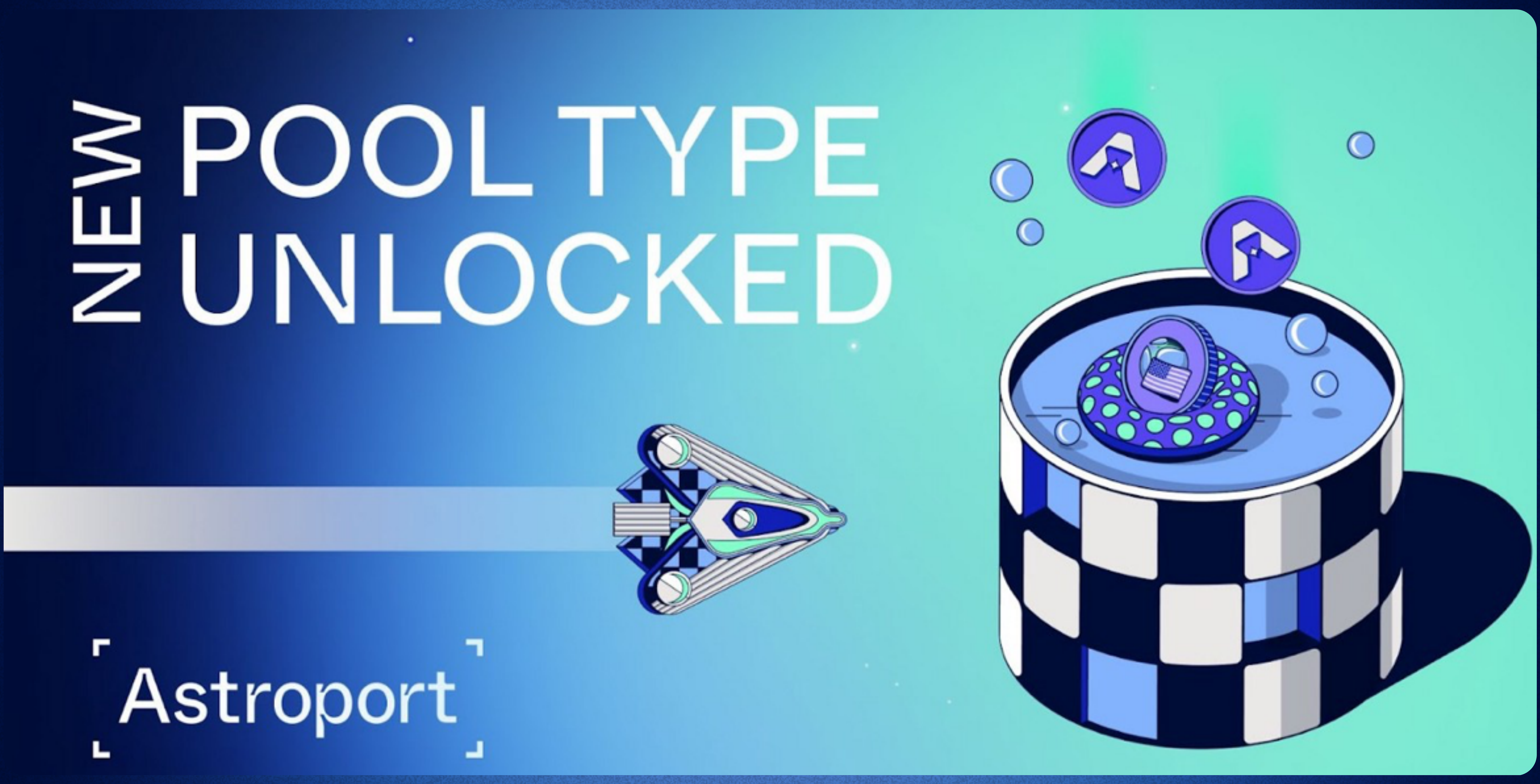


***Tldr:*** *Astroport now enables a custom constant product pool type for lower-volume assets that sends nearly all of the fees it collects to LPs.*

No single fee structure makes sense for all liquidity pools. That’s why Astroport launched with different fee structures for its two core pool types:

- **Stableswap pools:** 0.05% fee (with 50% going to LPs and 50% to ASTRO stakers)
- **Constant product pools:** 0.30% fee (with 66.6% going to LPs and 33.3% ASTRO stakers)

Today, Astroport takes this flexibility further by enabling a second constant product pool type that has a unique fee structure. These “Non-Boosted Constant Product Pools” work just like Astroport’s standard constant product pools. However, they send a much larger percentage of their fees to LPs as detailed in the table below.

**Astroport ✦ Pool Types**

| Pool type | Total fee | Fee split | Eligible for ASTRO emissions |
|---|---|---|---|
| ✦ Standard Constant Product Pool | 0.3% | 0.2% → LPs<br>0.1% → ASTRO stakers | Yes |
| ✦ Non-Boosted Constant Product Pool | 0.3% | 0.28% → LPs<br>0.02% → ASTRO stakers | No |

The option for users to create new pools of this type was enabled by adjusting paramaters of the Astroport smart contract system. The choice of whether to create new pools of this type is ultimately up to how users configure new liquidity pools they create – in most cases, these pool-creating users will likely be project teams looking to create liquidity for their newly launched tokens.

Q: Given the fees above, why would an LP choose a standard constant product pool?

A: Because they’re eligible for ASTRO emissions, which can more than make up reduced fee income. Currently, ASTRO emissions are being routed to LPs in 17 pools (as described here). When vxASTRO launches, the community will vote bi-weekly to send those ASTRO emissions to whatever pools they choose (initially that number will be fixed at 17 but it can be changed by governance).

Since 17 pools will earn all ASTRO emissions, many other pools will simply never be in the running to receive ASTRO emissions. That could be because they have niche use cases, small communities or low trading volumes.

These smaller pools make up Astroport’s “long tail” — that is a huge number of trading pairs with limited liquidity and volume. They may never capture the fee income or mindshare of the larger pools, but they’re no less important than the larger, more actively-traded pools on Astroport.

Altering the fee structure for these long-tail pools makes sense. Not only will it make Astroport competitive with other Terra dexes where fees go entirely to LPs, Astroport LPs and third-party projects will also get other advantages:

- Multi-hop swaps that automatically route trades through the most liquid assets on Astroport. This allows for more efficient trades and likely more volume over time
- Built-in time-weighted average price (TWAP) accumulators that give third-party projects the ability to construct oracles and easily integrate their liquidity into other DeFi protocols such as Mars

All new, small projects can choose to launch with this LP-friendly fee structure. Should they ever grow large enough to compete for ASTRO emissions, they’ll be able to migrate from non-boosted pool types to regular pool types. They can do this by creating a governance proposal in the Astral Assembly that deregisters their current pool and migrates their liquidity to standard constant product pool.

Unlike other DEXes with rigid structures, Astroport aims for flexibility that puts the power directly into the hands of projects, LPs and traders.

The future awaits.

✦

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