

Uniswap History ELI5: Tale of the Forest Villages

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This is a lighthearted and nontechnical version of the Uniswap protocol's history.

Once upon a time, there were only blueprints of structures and designs, dreamed up by visionaries. Some sketches were drafted even before the crypto land was discovered. Though the Uniswap villages could have been built elsewhere, the dark forests of crypto did turn out to be their natural home.

In those early days, when the first prototypes were assembled by explorer-architects, the crypto land was a remote wilderness, visited by few and inhabited by even fewer. But once these prototypes showed that the village designs were indeed possible, more explorers, architects and builders joined in. They dedicated themselves to crafting the homes and communal spaces of the first village.

Before long, the village opened its doors. Traders and visitors flocked in. The rules were straightforward: anyone could build a home here. For those who haven't visited the crypto land, it might be hard to imagine — there were no building permits to obtain or zoning laws to follow. Furthermore, once a trading house was built, not only the original builder but also anyone willing to abide by the rules could set up a trading desk and trade there.

The magic of crypto meant that rules are binding for all who wished to partake in village life. Although many dubious characters set up trading houses in these frontier villages, they could not evade the rules or disobey them. Thus, in a way, no wrongdoing could remain concealed for long.

First Village

The village was constructed from reinforced wood, a stylish yet uncommon building material in the crypto land. The houses are all connected through a central plaza; there are no direct paths between them except through this gathering place. In its early days, it served as a prominent frontier outpost of crypto. Now, as time has passed, almost all trading has shifted to its newer counterparts. However, the first village remains very much alive and will continue to do so indefinitely, even though access may become more challenging over time, as the roads and footpaths become overgrown.

Second Village

The architects of the second village chose brick for the construction of their houses. While wood is appreciated for its reliability and some even consider it the material of the future, certain advanced aspects of the house designs required components that, at that time, could not be made from wood.

The layout of the village also underwent significant changes, moving away from the concept of a central plaza. Instead, houses were connected directly or through smaller plazas. Although there is still a large plaza connecting many of the houses, the village features numerous smaller plazas, and its layout is flexible. Anyone can add new areas without relying on this central connection. The design of the houses was updated too. Each house was required to include a clock tower with a working clock, for the benefit of all. The traders operating within each house were responsible for its maintenance.

Third Village

To the passing eye, the third village might appear similar to its predecessors, yet beneath the surface, it represents a wholly distinct entity, with the interiors of its houses differing markedly from those before it. As in previous villages, traders could establish their trading desks in any house, and this flexibility continued in the new settlement. The significant innovation in the third village was the freedom it offered traders to customize their trading spaces. Unlike its forerunners, which mandated uniformity in the appearance of trading rooms, this village embraced diversity in design.

This shift, however, did not please everyone, as many traders lacked expertise in interior design. They discovered that while reverting to the simplistic designs of yesterday was possible, these failed to attract as much attention in the face of the more elaborate and often more costly designs favored by the less conservative traders. Initially, it was believed that this so-called room design problem would find its resolution through servicemen specializing in the design and outfitting of such spaces, catering to those traders either incapable of or uninterested in undertaking this task themselves. Yet, it quickly became

apparent that this solution fell short unless a trader's preferences were straightforward and easily articulated. For instance, designs focused on selling a portion of a trader's stock proved simple enough to delegate; however, aims as broad as "creating a profitable business" eluded the capabilities of these servicemen. In time, a potentially more effective strategy emerged, proposing that traders purchase automation as a service. This approach allowed traders to retain control over the strategic aspects of their design while outsourcing the technical execution.

Fourth Village

Even in the third village, where the interior rooms and desks varied, the exteriors of the houses largely remained uniform — differing only in size. The fourth village, however, marks a departure from this tradition, embracing diversity in house designs. Traders now will be empowered to modify and decorate their houses as they see fit. Balconies, ornaments, and flower pots could adorn the outer walls, enhancing their beauty, while roofs and walls could be painted in a myriad of colors. Even the core structure of the houses could be radically altered. The standard-issue clock tower was previously mandatory. It incurred costs for all traders, although it was made cheaper to maintain in the third village compared with the second. In the new village, it is no longer a requirement. Houses may feature towers with various styles of clocks, but only if their owners chose to build so.

Significant changes are also made to the communal spaces, though these might not be immediately apparent to a casual observer. Unlike in the earlier villages, where each house had its own plumbing and heating sources, the fourth village introduces a communal grid. As a result, construction of new houses is going to be more convenient and less expensive.

Conclusion

Years have passed since the inception of the first Uniswap village. Today, while it can still be visited, perhaps its best to treat it as a museum-like curiosity. Meanwhile, the second and third villages thrive with life and activity. The fourth village, with its diversity in design and communal advancements, is under construction, and represents the latest chapter in this ongoing story. For many who venture into the crypto land, the Uniswap villages serve as an essential first step on their journey.

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