

Consensus Check Snapshot Poll: Snapshot will be put up next week. I've had a chance to discuss this with some members of the community but would like more feedback if possible.

- Initiate the process to create 30 Day Average Volume KPI Options
- Make no change

Link to temperature check governance forum post: <https://gov.uniswap.org/t/temperature-check-should-we-be-managing-systemic-risk-in-uniswaps-community-treasury-using-kpi-options/12624>

Link to temperature check snapshot poll (passed w/201k \$UNI):
<https://snapshot.org/#/uniswap/proposal/QmXDNKm4feLGUXCdtHjHZYrNTMsyEhP34nRYFSM3HhKVT>

Summary

Problem

During the temperature check we explored the issue of systemic risk in a treasury of 100% \$UNI tokens, where there can be and have been significant drawdowns that directly effect the spending power and run way of the community treasury.

There are additional issues with paying grants with a volatile asset like \$UNI:

1. Grant value is determined in USD, but paid in \$UNI Tokens.

Value of \$UNI token is determined at the time tx is submitted to be approved by the multi-sig. There is minor price risk to the grantee as they get the approximate USD value in \$UNI tokens after approval. The majority of the price risk is allocated to the treasury, as the grants budget will grow or shrink depending on what happens to the price of \$UNI.

1. Almost all \$UNI that has been awarded to the grantee is market sold.

Most of the grants are used to fund actual people/projects/business and most of these people require stable coin cash flow to operate.

1. An example:

A recent grant of 10 million \$UNI tokens was awarded for a DEFI Education Fund. Allocation was supposed to be over 4-5 years, but the grant was awarded entirely at one time. The awardee publicly declared that it would be a problem to sell the entire award at once to allay fears of dilutive effect of 10 million \$UNI tokens. Shortly after they received the award, they sold the entire award. This could have been avoided by the treasury divesting themselves in a controlled manner and awarding in stablecoins when necessary.

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1. We do not know what and when spending will be required.

Crypto is volatile, prepare for the worse, expect the best. If there is a significant outlay of funds at the low of the market, it will be devastating for the treasury's long term prospects. We've seen this happen with ICOs from 2017, where they were forced to sell assets at a significant loss to cover expenses.

Solution

The purpose of this proposal is to initiate the process of building a KPI option using UMA's battle tested EMP contracts (more details at the bottom) in order for the Uniswap Community Treasury (or anyone that wants to) to mint KPI options using \$UNI as collateral to purchase stablecoins from the community.

KPI options can be created from any number of defined metrics/indicators, from feedback from the UNI community, the best metric to align stake holders with long term goals of Uniswap's platform is to track the Volume across Uniswap.

The beauty of KPI options is that it creates a win-win situation between Uniswap Stakeholders and the platform itself. Stakeholders that hold KPI options has the direct incentive to continue to support Uniswap platform because the value of the options increase as the overall value of the Uniswap platform grows.

KPI - 30 Day Average Trade Volume across Uniswap

Specifications

General details on how KPI options work have been detailed in the temperature check:

<https://gov.uniswap.org/t/temperature-check-should-we-be-managing-systemic-risk-in-uniswaps-community-treasury-using-kpi-options/12624>

1. KPI Metric = 30 day average volume across Uniswap.
2. Target = 2x of the starting KPI - The closer to target the higher the value of the option with a cap of 2x from starting KPI.
3. Optional: Target goal high water mark = If 30DMA Volume reaches the 2x goal, the option can be settled for 1 \$UNI at expiry no matter what the 30DMA Volume expires at.
4. Expiry = Can be quarterly, monthly, 6 months ect.
5. At expiry the final value of the KPI option will be determined by the final 30 DMA volume or optional target goal high water mark.
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7. Collateral = 1 \$UNI Token - Collateral requirement to mint 1 KPI option.
8. Initial Pricing = .5 \$UNI Token - Starting value of minted KPI option.

Treasury Divestment Options - TBD

After creating the 30 DMA Volume KPI option, there are several options on how to divest, which we will can be discussed more in detail after this consensus check.

1. Gnosis auction
2. Creating an LP on Uniswap (requires stablecoins to pair)
3. Suggestions welcome

Additional Details

[Yam.finance](#) has extensive knowledge on building synthetics on UMA's platform via our development of [degenerative.finance](#), V2 of site to be launched soon. Combined with our experience in DAO treasury management, it allows us to have a unique perspective to create this proposal.

Links:

<https://claim.umaproject.org/>

<https://medium.com/uma-project/the-uma-kpi-options-airdrop-is-now-claimable-and-the-super-uman-campaign-is-live-7e9baa5c1669>

<https://medium.com/uma-project/badgerdaos-rebase-mining-kicks-off-now-using-uma-s-kpi-options-cd75f71dc1fa>

<https://forum.sushi.com/t/build-kpi-options-with-uma-to-speed-kashi-adoption/3940>

<https://etherscan.io/token/0x1f9840a85d5aF5bf1D1762F925BDADdC4201F984?a=0x1a9c8182c09f50c8318d769245bea52c32be35bc>