

Thesis:

This proposal seeks to deploy a 1bp fee tier for UniswapV3 on Arbitrum. This will allow users to trade with lower fees, making it more accessible and competitive with other decentralized exchanges.

Since the launch on mainnet, there seems to be enough data to prove the effectiveness of a 1bp fee tier in increasing swap volume for Uniswap.

Currently, the Uniswap 1bp fee tier is live on the mainnet, Optimism and Polygon. Based on data and the impact it'll have on the trading volumes, there's no reason for it not to exist for Arbitrum.

Benefits:

1. Lower fees will make Uniswap more accessible to new users and traders on Arbitrum, who may have been deterred by higher fees.
2. As liquidity is more concentrated, 1bp pools will be more capital efficient too.
3. Lower fees may also encourage traders to engage in more frequent trading, which can help to increase the overall volume and earnings for liquidity providers.

Why Arbitrum:

Given the positive outcome from the deployment of the 1bp fee tier for UniswapV3 on the mainnet, Optimism and Polygon, there's no logical reason why Arbitrum must be left behind.

Arbitrum has a thriving ecosystem of DeFi dapps that will benefit from this. With Curve's liquidity bribing mechanism losing efficiency, it is ideal for dapps to seek greener pastures. An easy and straightforward alternative to attract on-demand liquidity is to couple native token incentives with the option of 1bp pools. Without this, the devs may decide to use another DEX to build liquidity for their token.