Introduction

During the Delegates Workshop at Uniday Bangkok, we received an insightful introduction to the DAO's privileged roles of governance and explored various examples to better understand the on-chain actions currently being executed by the DAO. I want to extend my gratitude to Kristen for laying the foundation that inspired this article. Below is the main slide from the presentation:

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image

1216×685 54.6 KB

](https://us1.discourse-cdn.com/flex016/uploads/uniswap1/original/2X/6/6095f5085fa4f6fbdc8ddbd20edf050eafaa1d59.png)

Following the event, I began reflecting on the Treasury Research presentation and the associated proposal. While I respect the effort put into it, I find myself disagreeing with its direction. I wanted to offer a counterpoint to spark thoughtful discussion within the DAO. My aim is to encourage us to focus on what I believe is our ultimate goal: building initiatives that align with our vision and mission. Neither of these, in my view, should involve creating a separate business (like an asset manager) that could jeopardize our core objectives. But lets not get ahead of ourselves this soon.

This is one of many posts aimed at laying the foundation for my reasoning as a delegate within the DAO. This time, I'm contributing to the DAO's general understanding of its own capabilities and how we can leverage them—taking an out-of-the-box approach to provide a counterpoint to the Treasury Management proposal.

On Minting

The Uniswap DAO's mint()

function is a built-in capability that allows the DAO to create new UNI tokens. This function serves as an alternative mechanism for funding initiatives without relying on a centralized treasury. Here's how it works, the annual minting limit, and why it's essential for Uniswap's governance and funding model:

1. What is the Mint Function?

The mint()

function in Uniswap is a protocol-level feature that enables the DAO to create new UNI tokens. This power is decentralized and can only be accessed through a successful governance proposal and vote by UNI holders, ensuring that any minting is a community-driven decision.

1. How the Mint Function Works

2. Governance-Driven Process:

To mint new UNI tokens, a proposal must be introduced through Uniswap's governance process, similar to any other DAO proposal.

- Voting Requirement:

The proposal to mint tokens requires majority approval by UNI token holders, following Uniswap's quorum and voting thresholds. This ensures that any decision to create new tokens has strong community backing.

- Minted Token Allocation:

Once approved, the DAO can direct newly minted tokens toward specific initiatives, such as funding development projects, incentivizing contributors, providing liquidity, or supporting other essential protocol functions.

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1. Minting Limit: Maximum Mintable UNI per Year

To ensure responsible management of the UNI supply, Uniswap's protocol limits the amount that can be minted each year. The DAO has the ability to mint up to 2% of the total UNI supply per year

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- Current Annual Minting Cap:

As of the current UNI supply, which is 1 billion tokens, this means the DAO could mint a maximum of 20 million UNI tokens per year

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- Adjustable Cap Over Time:

As the circulating UNI supply changes over time, the 2% limit will scale accordingly, maintaining a consistent percentage cap relative to total supply.

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1. Benefits of the Mint Function as a Flexible Funding Tool

2. On-Demand Funding:

The mint function allows the Uniswap DAO to create funding only when it's needed, rather than maintaining a large central treasury. This can help ensure that UNI tokens are only introduced to circulation with clear purpose and community approval.

- Decentralized Oversight:

Since minting requires a governance vote, the community has full control over whether and how new tokens are created, promoting transparency and accountability.

- Capped by Community Governance and Supply Limit:

The Uniswap community ultimately decides how frequently and in what amounts the mint function is used, while the 2% annual limit ensures that minting cannot introduce excessive inflation, supporting sustainable token supply management.

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By retaining access to the mint function, Uniswap can support future growth and adaptability even without a centralized treasury, aligning with the DAO's commitment to a lean, community-driven governance structure.