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Background:

Uniswap's genesis liquidity incentive program ended on Nov 17. The program distributed 20 million UNI to LPs over 2 months, split evenly between the WBTC/ETH, USDC/ETH, USDT/ETH, and DAI/ETH pools. This worked out to 2.5 million UNI per pool, per month.

Benefits of UNI distribution to LPs:

- Ongoing incentives allows UNI to be distributed to those providing value in the form of liquidity

- The incentivized pools are likely to remain the most liquid DEX pair on Ethereum, providing a venue to trade against ETH at virtually any size with zero slippage.

- Reduced incentives prevents UNI from being distributed 'too fast', marked by all tokens being distributed before the Foundation's four year vesting has passed.

Drawbacks of UNI distribution to LPs:

- Ongoing incentives result in UNI largely being 'farmed and dumped' to earn yield. See ETH USD Yield Farm, Pickle, Harvest and Alpha.

- Reduced incentives means UNI is distributed slower.

- Incentivizing the same pools can be seen as choosing 'winners' by selecting WBTC as THE Bitcoin on Ethereum and favoring certain stablecoins over others.

Proposed new distribution:

Distribute UNI for an additional 2 months from the time this proposal is adopted and executed by governance, but at half the rate of the previous distribution (5 million UNI per month instead of 10 million UNI per month). Note that pool distributions were adjusted slightly from the previous temperature check process

. Reasoning behind this adjustment can be foundhere.

UNI will be distributed to the following 4 pools:

- WBTC/ETH - 1.67 million UNI per month, ⅓ of total

- USDC/ETH - 1.25 million UNI per month, ¼ of total

- USDT/ETH - 1.25 million UNI per month, ¼ of total

- DAI/ETH - 0.83 million UNI per month, ⅙ of total

Please see the liquidity incentive governance plan document for full details and timelines.

Consensus check question:

Should Uniswap distribute UNI to liquidity providers per the specifications outlined above?

Snapshot poll

Next steps:

The previous temperature check process passed with sufficient support of UNI voters. The following consensus check poll is the second phase of Uniswap's governance process.

The snapshot poll will be live for 5 days, from 20:00 UTC on 23 Nov to 20:00 UTC on 28 Nov. If the poll passes with a minimum of 50,000 UNI in support, this initiative will move forward as a formal governance proposal.