

TL;DR

Voltz is a new defi primitive that brings interest rate swaps to DeFi in a manner that is up to 3000x more capital efficient than alternative models. This is achieved through a variety of mechanisms, including the use of concentrated liquidity pioneered in Uniswap v3 ([ref](#)). However, since v3 is subject to a Business Source License, Voltz needs an Additional Use Grant to allow us to use aspects of the v3 code base within the Voltz AMM ([ref](#)).

We recognise the significant R&D that went into v3. As a result, we would like to offer the Uniswap Treasury 1% of Voltz's future token supply.

Beyond the financial benefit for Uniswap token holders, if approved, this will also represent a first for DeFi and set precedent for future Additional Use Grant requests. In addition, we also believe there are a number non-financial benefits to Uniswap, including:

1. Interest Rate Swaps are a core pillar of well-functioning financial systems.

By supporting Voltz, Uniswap is helping create a fundamental DeFi primitive, which will ultimately help fuel the growth of the entire sector. This will benefit everyone wanting decentralised finance to become the future financial system for billions of people around the world.

1. Uniswap continues to be seen as the grandfather of DeFi.

By allowing a non-competing and innovative protocol to leverage the Uni v3 codebase, not only will it help the whole sector grow, it will also further strengthen Uniswap's reputation as one of the core enablers of the decentralised finance movement.

1. Voltz will help amplify the ecosystem's understanding of how concentrated liquidity provisioning works.

Having a non-competing AMM leveraging Uni v3 code helps to further educate the market on how to LP via Uni v3. This should have a second-order impact on liquidity that ends up deployed on Uni v3 directly.

As a result, we humbly request Uniswap's community to consider this proposal in depth.

We look forward to having a fruitful conversation with the Uniswap community and look forward to answering your comments and questions.

About Voltz

Voltz is a noncustodial automated market maker for Interest Rate Swaps (IRS). The protocol uses a concentrated liquidity virtual AMM (vAMM) for price discovery only, with the management of the underlying assets performed by the Margin Engine. The combined impact of these modules means counterparties can create and trade fixed and variable rates through a mechanism that is up to 3,000x more capital efficient than alternative interest rate swap models.

Critically, Voltz has figured out how to trade fixed and variable rate exposures through a two-axis AMM, leveraging the concept of concentrated liquidity pioneered in Uniswap v3. Whilst Voltz uses some of the v3 code base, there are a large number of additional complex innovations that had to be unlocked in order to create an Interest Rates Swap specific AMM. These innovations have a number of important consequences when considering the merit of providing Voltz with an Additional Use Grant:

1. Voltz and Uniswap are complementary not competitive

Interest Rate Swaps are a core pillar of well-functioning financial systems. By bringing Interest Rate Swaps to DeFi, Voltz should help accelerate DeFi's displacement of traditional finance. In turn, this will help boost the growth of the sector, whilst also unlocking a new wave of financial primitives, structured products and trading strategies for the whole ecosystem.

Uniswap is not an Interest Rate Swap AMM. As a result, Voltz and Uniswap don't compete. Instead they can be complementary to each other - where one grows, the ecosystem grows, which in turn helps the other grow too.

By providing Voltz with an Additional Use Grant, Uniswap can help accelerate the growth of a fundamental primitive that's needed within DeFi.

1. Voltz cannot route trades via Uni v3, instead the code is native to Voltz AMM

There are numerous additional innovations required to create an Interest Rate Swap specific AMM. Whilst parts of the v3 code base are required to create the concentrated liquidity logic, trades can't simply be routed via Uni v3 since the v3 AMM is not designed for Interest Rate Swaps.

Instead the concentrated liquidity logic is native to the Voltz AMM, meaning an Additional Use Grant is required. It's possible for the Voltz Labs team to implement concentrated liquidity logic in a way that doesn't utilise some of the Uniswap v3 code base. However, the v3 code is battle-tested and already optimised to enable concentrated liquidity to exist in the most efficient way. As a result, the cleanest and most logical option is to request an Additional Use Grant.

1. Uniswap cannot adjust their AMM to create an IRS market

Following the above - the creation of an Interest Rate Swap specific AMM requires a significant amount of new code and innovation. As a result, we think it's highly unlikely Uniswap can simply adjust the v3 code base to enter the interest rate swap market - meaning Voltz and Uniswap will remain complementary rather than ever becoming competitors.

Alongside this, Voltz is also highly aligned with the values of Uniswap, decentralised finance and the broad web3 ecosystem more generally. Voltz Protocol will be managed by the VoltzDAO. This will enable Voltz to effectively become a public good that is owned and managed by the community that uses it. In turn this will continue to support the wider movement of DeFi to build a more transparent, more equitable and more efficient financial system.

Our Proposal

We recognise the significant R&D that went into developing the concentrated liquidity logic used within Uniswap v3. Therefore, we would like to offer the Uniswap Treasury 1% of Voltz's future token supply for the Additional Use Grant. Voltz Tokens will be provided to Uniswap Treasury following the Voltz Token Generation Event.

Beyond the financial benefit to Uniswap token holders, this will also represent a first for DeFi and set a precedent for future Additional Use Grant requests. In addition, we also believe there are a number non-financial benefits to Uniswap, including those outlined in the TL;DR.

Conclusion

We'd like Uniswap's community to consider this proposal in depth. Not just based on the merits of the proposal itself, but also on the precedent this sets as an industry first for DeFi.

We look forward to having a fruitful conversation with the Uniswap community and look forward to answering your comments and questions.

Note: we wanted to share this proposal with the community for digestion and feedback. If feedback is directionally positive, we'll initiate the Temperature Check on Snapshot in the new year.