Combined Liquidity Incentivation Proposal

Link to onchain vote: [Tally | Uniswap Proposal](#)

Summary

This is a joint proposal combining [Gauntlet's proposal](#) and [Gamma Strategies' proposal](#). It was written with input from the Angle, Arrakis, Open Block Labs, and 0xPlasma teams; the DefiEdge and BrincX teams have reviewed and approved and will join as liquidity managers. All active liquidity management protocols are welcome to review and participate.

Broadly speaking, Gauntlet will perform the analysis to determine which pools receive how much $ARB rewards and for what duration. Angle Protocol will use its Merkl root solution to distribute those incentives to all liquidity providers, including those who provide to an LP NFT or to active liquidity managers.

Liquidity Manager Analytics

OpenBlock Labs will leverage their data intelligence platform to deliver comprehensive analytics for the liquidity management protocols participating in Uniswap's incentive management program on Arbitrum. These analytics will offer detailed insights into the user base of each liquidity manager, assessing the distribution of their liquidity providers (LPs) and capturing important attributes regarding their behavior. The analysis will further evaluate the stickiness of these LPs, thereby gauging the effectiveness of the rewards system. Armed with this data, liquidity management protocols could tweak their parameters to increase their efficacy.

Background

For more in-depth background on each proposal, please read each individual proposal linked above.

[Gauntlet](#) has built an optimization engine which takes in both on and off-chain data to generate recommendations for incentive distributions which aims to generate long-term benefits to the incentivizing protocol. In the case of Uniswap, it will aim to choose parameters which will maximize expected future protocol benefit per $ of incentive spent. Market data used for their models include historical price trajectories, competitor data, and user level cohort data.

Angle Protocol developed [Merkl](#) which is based on an off-chain script that computes the rewards for all LPs of these pools according to specific preferences. The script aggregates onchain LP NFTs and active manager LP positions and records eligible rewards based on a uniform criteria. It then compresses this information into a Merkl root and posts on-chain allowing LPs to claim their rewards.

Why are we combining both proposals?

The proposals are complementary in that they provide the mechanism of distribution and the plan of distribution. The Angle Merkl proposal distributes rewards in a capital efficient manner that is fair and inclusive to all LPs. Gauntlet's models determine the allocation of incentives, including pairs, amounts, and durations, all tracked through a public dashboard for live visibility into performance.

Combining proposals allows for multiple teams to be involved in the distribution of this ARB, and for the distribution to be done in a thoughtful, measured manner that will result in a more productive incentive campaign and empirical insights to inform future campaigns.

What are the next steps?

Pending the results of the Temp Check, the proposing teams will coordinate to define the relevant operational details before posting an on-chain vote that would send funds to a multisig composed of Gauntlet, Angle, Gamma, and Erin from the UF to execute the program.

Details

- Distribution amount: 2M $ARB

- Gauntlet Fee: 150k ARB

- OpenBlock Fee: 15k ARB

- Angle Merkle Fee: 3% of distributed ARB

- Total ARB used for liquidity incentives: (2m -150k - 15k * .97) = 1,779,950

- Liquidity Manager fees: Vary, charged to depositors

- Duration: 8 months