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Reference: <https://uniswap.org/blog/uni/>

Summary:

This proposal offers the continuation of UNI Liquidity Mining, with reduced incentives to the same four liquidity pools as the genesis program.

Abstract:

This proposal aims to maintain the status quo, as suggested by [@rleshner](#) during the first 'unofficial' community call. ([See 1:00](#))

The thought process behind ongoing liquidity mining is as follow:

- Liquidity mining is useful for distribution of UNI
- Distribution of UNI is useful for the decentralization of the protocol
- Decentralization of the protocol is useful for effective governance.

To maintain the status quo, we propose to incentivize the same liquidity pools.

However, the biggest change to this proposal is to reduce the total monthly UNI allocation by half from 10M UNI per month to 5M UNI per month.

Current Liquidity Program:

In its current form, 10M UNI was distributed each month for a total of two months.

This meant that 20M UNI was allocated from September 18th to November 17th. The four pools include in the genesis liquidity mining program included:

- [WBTC/ETH](#) - 2.5M UNI/month
- [USDC/ETH](#) - 2.5M UNI/month
- [USDT/ETH](#) - 2.5M UNI/month
- [DAI/ETH](#) - 2.5M UNI/month

This breaks down to each pool receiving roughly 83,333 UNI per day or 13.5 UNI per block.

Proposed New Liquidity Program:

We propose to reduce the liquidity allocation to 5M UNI per month, for another two months.

These tokens should be allocated across the same four pools, meaning 10M UNI would be distributed in total as follows:

- WBTC/ETH - 1.67M UNI/month
- USDC/ETH - 1.25M UNI/month
- USDT/ETH - 1.25M UNI/month
- DAI/ETH - 0.83M UNI/month

This means each pool would receive 41,666 UNI per day or 6.75 UNI per block.

The new Liquidity Mining incentives should begin from the day this proposal is executed, marked by passing an onchain governance vote subject to the [UNI governance standards](#).

Initially, this proposal will be reviewed by the community via the temperature check process. A 3 day Snapshot poll will be created for UNI holders, and if the poll passes with a minimum 25,000 UNI support it can move on to the next step.

After receiving soft consensus via the temperature check process, this proposal will be posted on Snapshot for off-chain voting in a consensus check poll. Should the proposal pass with more than 50,000 UNI worth of voting weight, it will be moved to an onchain proposal.

Motivation:

Ongoing liquidity mining incentives allows UNI to be allocated to the community while we search for optimizations to distribution, including vesting and redirection towards other pools and programs like grants, governance participation and third-party integrations.

As more UNI enters the circulating supply, the potential for governance votes to pass quorum thresholds becomes more realistic, allowing the community to have a greater impact on the future evolution of Uniswap and the UNI token.

There is no need to drastically change the structure of the liquidity program, especially given the timing around incentives ending and the intent to start the next cycle as close to Nov 17th as possible.

We recognize that parties feel strongly on increasing and decreasing incentives, and view this proposal as a happy medium to maintain the status quo in lieu of more detailed incentive programs in the near future.

Benefits:

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

Drawbacks:

- 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.

Specifications:

The specifications for this proposal should be updated in line with development support. We are currently looking for a party to lead the development of this proposal

, and are open to researching different iterations of its implementation. General Requirements of Liquidity Mining include:

- New distributor
- Distribution to 4 covered pools (WBTC, USDC, USDT, DAI)
- UNI distributed evenly per block over 60 days (or estimated block equivalent)
- 2.5 million UNI distributed to USDT/ETH and USDC/ETH pool, 1.25 million UNI per month per pool
- 3.33 million UNI distributed to WBTC/ETH pool, ~1.67 million UNI per month
- 1.67 million UNI distributed to DAI/ETH pool, ~0.83 million UNI per month
- 2.5 million UNI distributed to USDT/ETH and USDC/ETH pool, 1.25 million UNI per month per pool
- 3.33 million UNI distributed to WBTC/ETH pool, ~1.67 million UNI per month
- 1.67 million UNI distributed to DAI/ETH pool, ~0.83 million UNI per month
- LPs receive UNI in proportion to liquidity provided
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- Uniswap proposal
- Transfer 10 million UNI from governance treasury to distributor
- (possible) Autonomous proposal that is able to accept vote delegations
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- Community review / testing / auditing as appropriate
- Potentially less review necessary if simple Mintr fork is used
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We invite those interested in leading development to comment on the proposal below or to reach out on Twitter.

This section will be updated with details of implementation when available.

Proposed Timeline and Governance Process:

We'll try to hew as closely as possible to the proposed governance process posted [here](#). However, with the imminent ending of the first liquidity incentive program we feel that it will benefit the community to take action sooner rather than later.

Given the timeframe around the incentives ending on November 17th, we've decided to pull the following pieces:

This timeline is tentative and subject to change

16 Nov 2020 -

- Post plan overview document to Uniswap forum
- Begin temperature check process
- [Forum post](#)
- [Snapshot poll](#) - 3 day total duration, 25,000 UNI minimum quorum required to move forward
- [Forum post](#)
- [Snapshot poll](#) - 3 day total duration, 25,000 UNI minimum quorum required to move forward

17 Nov 2020 -

- Genesis liquidity incentive program ends

19 Nov 2020 -

- Snapshot poll concludes for temperature check at 20:00 UTC
- [Final temperature check poll results](#)
- [Final temperature check poll results](#)

23 Nov 2020 -

- Begin consensus check process
- [Forum post](#)
- [Snapshot poll](#) - 5 day total duration, 50,000 UNI minimum quorum required to move forward
- [Forum post](#)
- [Snapshot poll](#) - 5 day total duration, 50,000 UNI minimum quorum required to move forward

28 Nov 2020 -

- Snapshot poll concludes for consensus check

- Poll passed with sufficient quorum
- Poll passed with sufficient quorum

TBD -

- Submit Uniswap proposal 3 for on chain UNI voting
- 10 million UNI required to submit proposal and begin vote
- Voting period lasts ~6 days and 4 hours (40,320 blocks)
- 40 million UNI required to meet quorum
- 10 million UNI required to submit proposal and begin vote
- Voting period lasts ~6 days and 4 hours (40,320 blocks)
- 40 million UNI required to meet quorum

7 days later -

- Voting period ends
- If proposal passes, 2 day timelock before execution

2 days later -

- Timelock period ends
- Proposal is executed
- New liquidity incentive program begins

60 days later -

- New liquidity incentive program ends

Development goals timeline

17 Nov 2020 -

- Solicit contribution from interested parties
- Request for comment on specification

20 Nov 2020 -

- Finalize specifications
- Begin development work

27 Nov 2020 -

- Target to complete development work and testing
- Deploy distributor contract
- Solicit community / professional feedback as appropriate

TBD -

- Submit governance proposal

Future Developments:

Governance would benefit from a more flexible distribution method for liquidity mining. Ideally, governance should be able to increase or reduce distribution speed, and change covered liquidity pools, without needing to deploy a new distributor contract each time. However, this would likely require substantially more development and review work. For this reason, we're proposing to use a simpler distribution mechanism for the new 2 month incentive program, which will give the community time to build consensus around a long term solution.

References:

- Governor alpha repo: <https://github.com/Uniswap/governance/blob/master/contracts/GovernorAlpha.sol>
- Uniswap community call 1: <https://www.youtube.com/watch?v=6OXMPX2kbsw>
- UNI token blog: <https://uniswap.org/blog/uni/>
- Current UNI distributor: <https://github.com/Uniswap/liquidity-staker>
- Uniswap governance process: [Community Governance Process](#)

Change Log:

19 Nov 2020 - Updated timeline

22 Nov 2020 - Change to proposed distribution:

- Reduce monthly DAI/ETH incentives from 1.25M UNI to ~0.83M UNI
- Increase monthly WBTC/ETH incentives from 1.25M UNI to ~1.67M UNI
- Total UNI distributed remains unchanged at 5M per month, 10M total over 2 months

28 Nov 2020 - Updated timeline

29 Nov 2020 - Updated timeline