I want to propose something new – I think it hasn't been brought up here.

So after having watched the second Community call, where it was discussed that we needed new models of distribution of the UNI supply to the public that wasn't good old LM (Liq. mining, which favors large funds), I had this idea of incentivize the "client side" of Uniswap.

It may sound crazy at first… but… here's the way I see it. At the current stage, I think it's food for thought and discussion and I'm not sure of the technical feasibility of this idea.

Rationale :

- At first glance, the metrics of success for us should be seen as [volume

](https://twitter.com/haydenzadams/status/1300034164830408704). But volume

is to a certain extent dependant on liquidity

or what is for us TVL

. No liquidity no volume.

Volume also attracts liquidity, and liquidity attracts volume. The two are intertwined. Therefore both Liquidity

and

volume

are the ingredients of success.

- The current, standard and fashionable way to compete for the 1st rank in DEX is with liquidity mining campaigns. We can define LM as a direct incentive for liquidity

(or what amounts to TVL

). Liquidity providers get attracted by bonus APY in the form of tokens they can either sell or hold.

- What would then be a direct incentive of the other cause of success : volume

? Instead of liquidity mining, we would have client-side mining, or what we could maybe call Swapmining.

Pros

:

- Users are encouraged to use Uniswap rather than the competition because of this, even if the reward you get for a swap aren't a lot, there is a psychological aspect to it and people love it.
- UNI gets distributed to actual swappers. These users are probably more diverse than LPs. LM can also happen simultaneously.
- As a consequence, it could drive volume (we don't have data for this, yet, so Swapmining would be an experiment) mainly by "luring" customers from other competing DEXes or CEXes
- Technically, it offsets a portion of the gas fees
- Cost to distribute UNI fairly is lower because we can't give too much UNI per swap
- Last but not least, It's another publicity stunt for us.

Cons

:

- The system could be gameable under many aspects : volume between valueless/fake pairs, bots executing useless trades and introducing unforeseen effects in the market.
- Claiming UNI could be hard/not worth it for a lot of people, because of gas prices.
- It could mean we need to decide of a preset list of incentivized pairs (whitelisted), which is always arbitrary to some extent.

I am fairly certain that we could factor parameters so as to reduce those risks.

The essential parameter being : amount of UNI mined per trade and USD value of this amount of UNI. A good way to mitigate gameability is to calculate the rewards and make them available only something like a month later. We would need to look at the data of average swaps per days and months, etc, VS what budget we want to allocate. Then, make sure it doesn't become a way to buy cheaper UNI (which it should not be, because of gas mainly) or a way to subsidize useless trades. It would be important that a potential bad actor doesn't exactly know what he's gaining from a trade in terms of bonus UNI until after the rewards are allocated and made available to users.

Also, I think excluding contract addresses would be somewhat essential (exclude a lot of bots and non-end-user addresses). (This would also have the benefit of disqualifying 1inch, etc., but alas wallets like Argent would probably not be able to participate).

Thanks for reading this ! Curious to hear your thoughts !

PS : I don't really like the term "swap mining",…

Liquidity mining is supply-side mining

demand-side mining is… Volume mining ?