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Abstract

This is a proposal for the Uniswap community to support important Ethereum Public Goods through the Protocol Guild: a vested split contract which goes to 110 core protocol contributors.

We propose that 500k UNI (~$2.5mm @ $5.19 UNI) be allocated to support the ongoing work of these core contributors in the initial Protocol Guild Pilot.

Participating in the 1 year Pilot allows guild members to engage with Uniswap in a way that is values- and incentive-aligned. Simultaneously, it will allow them to continue the important work of scaling our shared infrastructure and making it as resilient as possible for the applications on top of it.

Useful links

- [Protocol Guild Docs](#)

- [1 Year Vesting Contract](#)

- [Initial Announcement - Dec 2021](#)

- [List of Members](#)

- [PG twitter account](#)

Context

1. As a credibly neutral, maximally uncapturable infrastructure with no block reward, the Ethereum base protocol doesn't offer the same token incentives to contributors as applications or L2s can. However, the protocol still needs to attract and retain talent to continue to evolve. As the broader ecosystem continues to grow, competition for talented individuals will only increase. This isn't to fault individuals for rationally weighting financial incentives, or protocols for leveraging the power of tokens - this is just the reality of the current context. We also acknowledge that financial motivations aren't the only or best motivator for people, it's just one tool in our toolset that is currently underleveraged.

2. Existing public goods funding solutions tend to be either too narrow or broad in scope, fail to exclusively target core protocol contributors, or depend on an intermediating institution, which often leads to organizations, and not individuals, being recipients of funds.

3. The Protocol benefits from contributor continuity. Transferring institutional knowledge between cohorts is more likely to happen successfully the more overlap there is.

Here's a longer exploration of the [project rationale](#).

If we believe what we are building is important, then we should structure the incentives to attract more smart people to work on it. After all - "Ethereum is an unprecedented arena for playing cooperative games"; we should try to manifest the novel possibilities made possible by this arena. ([Griffith, 2019](#))

What is the Protocol Guild?

The Protocol Guild aims to address the challenges mentioned above with a simple tool: a weighted split contract that includes vesting. Members will solicit sponsorships in the form of tokens from applications & protocols that build on Ethereum, which gives core contributors exposure to success at the application layer:

- current contributors are rewarded for past work through [time-based weighting](#)

- current contributors contribute for longer periods, resulting in less contributor churn, better institutional knowledge transfer, and more stable core infrastructure

- new contributors are incentivized to join core protocol work, protocol evolution and maintenance is more robust

To date, the membership includes over 110 Ethereum protocol contributors, including researchers, client maintainers, upgrade coordinators, and more, all self-curated (member list [here](#)). This is a broad-based ecosystem effort: members come from 22 different teams and 9 organizations. Only 30% of members are directly employed by the EF. The membership is continuously curated and there are quarterly updates to the split contract.

The Guild contracts will act as an autonomous value routing mechanism, operated independently from any existing

institution, purpose-built for incentivizing long-term core protocol work. At no point does PG take custody of funds on behalf of members, it is all handled trustlessly. The diagram below and the [docs](#) have more information.

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PG Pilot

Since starting the project in Nov 2021, we've built norms around member onboarding, refined the splitting and vesting mechanisms, and have created extensive documentation on how PG operates. At this point, we're ready to test the mechanism's efficacy with a 1 year / $10-20mm Pilot. We want to make sure the mechanism operates smoothly before graduating to a larger round with longer vesting periods. We are currently outreaching to 5-10 prominent Ethereum-based projects to get commitments for this important first milestone. We want to ensure there is a healthy diversity of contributing protocols both in terms of USD value as well as domain (eg. DeFi, staking, etc). The first commitment is from Lido to contribute [2,000,000 LDO](#), and the [vote](#) ([forum post](#)) to contribute 200k ENS will conclude in the next few days.

The funds for the Pilot would be vested directly to Guild members over one year: see the [Pilot vesting contract here](#). Note that funds would not replace salaries for core contributors, and each recipient would be making an independent decision about how to use their tokens once vested.

Proposal

We are inviting the Uniswap community to be part of this inaugural Pilot in the form of a 500k UNI transfer to the Protocol Guild's vesting contract. We think this is an appropriate amount which balances between the current size of the treasury ([$1.2b as of May 16, 2022](#)), the number of beneficiaries, and the scope and intent of the Pilot.

There are a few reasons why supporting the Protocol Guild benefits the Uniswap community:

- Uniswap's long-term success is tightly coupled with the continued evolution and maintenance of the Ethereum protocol. These are projects that often have multi-year timelines. Contributing to the Pilot meaningfully increases the incentive to contribute to the core protocol, including:

- [The Merge](#): moving from PoW to PoS, increasing security and sustainability

- EVM improvements: new functionality for developers like [EOF](#)

- [Statelessness](#): sustainable management for state growth

- Supporting L2 scaling: [EIP-4844](#), [EIP-4488](#)

- [Proposer Builder Separation](#): reducing centralizing incentives for consensus participants

- Continuous client maintenance: improving sync, exploring new database types, researching modular clients

- Coordinating network upgrades: making sure the community helps to shape and is aware of network upgrades

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- Having exposure to UNI allows protocol contributors to engage more with Uniswap governance. Members will be encouraged (but not obligated) to use the vested tokens in their respective governance framework.

- Uniswap should be among the protocols maximally aligned with the Public Goods of the largest ecosystem it operates in. Pilot participation maintains and expands the Uniswap community's existing reputation for funding Public Goods.

- Diverse funding sources from the community further decentralizes protocol governance and prevents influence from pooling with any single entity.

Next Steps

If [the Temp Check Snapshot vote](#) has a positive outcome, we will move to a consensus check, and then an onchain vote.