

Disclosure

: I do hold a small amount of YFI.

For

: Reducing UNI rewards to USDT/ETH, USDC/ETH, and DAI/ETH pools by 33% and direct these incentives to the yUSD/ETH pool.

Against

: Incentives structure remains the same.

My proposal is simple. To increase the usage of interest bearing tokens in liquidity pools instead of vanilla stable coins, we should reduce (not completely remove) the incentives for vanilla LPs and use it to fund incentives for interest bearing LPs. This benefits both LPs and end users since it makes it easier to use these new interest bearing tokens and LPs continually earn interest on their tokens locked in the pool.

I suggest yUSD as the first interest bearing stablecoin to incentivize because it has the highest interest rate and is the biggest basket currency reducing risk from any one stablecoin collapsing.

Why incentives should be cut:

1. Existing stablecoin pools are less valuable so should obviously receive less rewards
2. Keeps emissions constant so we do not deplete treasury reserves as quickly

Would love feedback on this proposal.