

Alastor received a grant from the Uniswap Foundation to provide strategic analysis and recommendations regarding any potential future fee switch implementation that Uniswap Governance might consider. We have pulled together some analysis (found [here](#)) and are excited to share with you what we've found. A few TL;DR takeaways below...

Before determining the "right" approach, it's first important to define the key objectives. It is our belief that \$UNI holders should think about the goals of the protocol in this order:

1. Growth - Driving Protocol Volume
2. Liquidity - Maintaining / Deepening Protocol TVL
3. Ecosystem Sustainability - Generating Fees

Given the early-stage of the protocol (and DEX trading generally) fee generation should only be implemented if it doesn't materially disrupt volume and liquidity. In our opinion, ceding market share in exchange for fee generation at this stage is not a wise tradeoff. With that being said, we do not believe these objectives to be mutually exclusive and that the ability to prove fee generation potential at this stage is important.

In the near term, we recommend that \$UNI holders use the fee switch as a tool to incentivize LPs to allocate capital efficiently on the protocol. To that end, we believe that implementing a fee switch on the 0.30% and 1.00% pools for at-scale volatile pairs and the 0.05% pools for at-scale stablecoin pairs would be a prudent place to begin. More detailed recommendations on specific pools are included in our attached analysis.

To that end, we would suggest the community deliberately implement a fee switch in four phases:

1. Higher Fee Tier Pilot Program
2. Higher Fee Tier Broad Rollout
3. Lower Fee Tier Pilot Program / Increased Fee Split for Higher Fee Tiers
4. Lower Fee Tier Broad Rollout

Our report contains a high-level look at Uniswap's place in the market, supporting analysis for our conclusions and process recommendations, and specific v3 pool guidance for initial experimentation. We also interviewed a number of Uniswap v3 LPs and recorded some key takeaways from those conversations as well as feedback from a targeted survey we distributed, which can be found in the appendix. Lastly, we've posted a companion video walking through the analysis (found [here](#)) and we'll also be hosting a Twitter Space, co-hosted with [@UniswapFND](#) on Wednesday at 11 AM EST this week to answer any questions.

Looking forward to thoughts and feedback from the community.

Jordan & Sam

Alastor