Rationale:

Since the original proposal to introduce a 1bp fee tier last fall [[Discussion] Adding 1 Basis Point Fee Pools in v3](#) there appears to be overwhelming data in support of the effectiveness of a 1bp fee tier on increasing swap volume for Uniswap. The 1bp fee tier was so successful at attracting swap volume through Uniswap that Curve governance moved to change the 3pool base fee to 1bp as well in order to stay competitive ([Proposal: Reduce 3pool fee to 1 bps - Proposals - Curve.fi Governance](#)), despite paying millions in incentives for liquidity prior to the change.

Currently the Uniswap 1bp fee tier is only on L1 and on Polygon [Polygon 1bp Fee Tier](#)) but I believe there is logic to deploying this fee tier to every chain that Uniswap is deployed to, given how impactful it is on stable swap volume.

Competitive advantage

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The Curve 3pool on all L2s and sidechains is still set to the 4bps base fee that it was originally deployed with

and although Curve governance can at anytime make changes to the fee structure of these pools, there is no urgency for them to do so since Uniswap's lowest fee tier on these L2s/sidechains is 5bps.

It makes a lot of sense for Uniswap governance to give Layer 2 LPs this optionality to provide liquidity in a competitive way with sustainable swap volume.

Why Optimism?:

With the launch of the $OP token recentlyhttps://twitter.com/optimismPBC/status/1519001562345005057?s=20&t=zCzxLgmV6xmN9onaNgBTGw, many projects on Optimism are encouraged to attract usage and liquidity to the rollup by way of $OP incentives. Stablecoin liquidity (among other things) will be one of the primary targets for liquidity rewards due to the necessity of a healthy stablecoin market in any ecosystem which aims to gain mass adoption.

Until now we have not seen many implementations of the uniswapV3staker.sol rewards contract on L1 partly due to the nature of liquidity bribing schemes that protocols have adopted with Curve. Those bribing schemes however have lost their efficiency in recent months and are no longer highly attractive for projects looking to create stablecoin liquidity on demand. In light of the complexity behind bribing schemes, the UniswapV3 factory reward contract is a refreshingly simple alternative for projects looking to build up liquidity with token incentives.

There are many projects on Optimism which recognize the potential of liquidity mining via uniswapV3staker.sol (in particular for stablecoins) and it would be great to offer these protocols the optionality of a 1bp fee tier so they may build long term liquidity utilizing these pools and bootstrap it with the UniswapV3 factory rewards contract. Given the 5bps minimum fee tier that is currently on Optimism, Curve pools are still slightly more attractive for projects to build liquidity with despite the added complexity of initiating bribe based CRV emissions.

Additionally, once protocols begin using bribes for CRV rewards to attract stablecoin LPs, it becomes increasingly less likely that they switch to an alternative model. Thus I am proposing that Uniswap Governance approve a 1bp fee tier for deployment on Optimism, in lock step with the upcoming $OP distribution to projects deployed on OP.

Conclusively the passing of this proposal by Uniswap gov would be very timely in regards to creating Uniswap dominance (specifically for stablecoins) on Optimism.

Uniswap Cross-chain Governance on Optimism

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It's recognized that Uniswap's cross chain governance process is slightly more complicated than the deployment on mainnet, however members of Synthetix's Core Contributors are willing to take on the task of creating, testing and deploying the proposal (with details to come in a consensus check) if this discussion post is met with positive feedback.