

Deploy Uniswap v3 to Kava EVM Network

FranklinDAO Governance (previously PennBlockchain) and Kava Labs are submitting this proposal to deploy Uniswap v3 on Kava Network.

Kava Labs: [@tommykavalabs](#)

Stage

Current Stage: Request for Comment

Snapshot Check: TBD

On-Chain Vote: TBD

Summary

We believe Kava's co-chain architecture will be highly beneficial to the Uniswap ecosystem. Furthermore, Kava's programs and newly implemented multi-chain Ethereum bridge positions the Kava Network for extraordinary growth in the next coming years. Through this deployment, both Uniswap and Kava can mutually benefit from operating within one another's ecosystems.

We welcome feedback from the community on the proposal, including suggestions on how it can be improved.

About Kava

Kava Chain is a L1 blockchain built with Cosmos SDK that implements a co-chain infrastructure that leverages the capabilities of both Cosmos and Ethereum. The Cosmos co-chain is highly scalable and allows Kava to connect to the over 35 chains and over \$60B within the Cosmos ecosystem through its Inter Blockchain Communication (IBC) protocol. It is optimized for Cosmos SDK developers and incorporates Cosmos' security and speed in Kava's infrastructure. The Ethereum co-chain supports EVM smart contract compatibility that enables Kava to execute the majority of current smart contracts. The Kava translator module allows both of these co-chains to operate and communicate with each other seamlessly, enabling developers to develop projects in their choice of execution environment.

Kava Labs is the developer team responsible for launching and maintaining Kava's native protocols. These protocols are the following:

- Kava Mint: Kava Mint is a CDP protocol that allows users to deposit tokens as collateral and receive the Kava native stablecoin USDX. This loan usually has interest rates hovering between 0-5%. USDX can be used in the Kava DeFi ecosystem to earn rewards.
- Kava Lend: Kava Lend is the borrowing and lending platform on Kava where users can supply or borrow tokens accepted by the network. Supply or borrowing tokens gives users the opportunity to earn APY.
- Kava Swap: Kava Swap is a DEX protocol that allows users to swap tokens accepted by the network. Providing liquidity in these pools gives users the chance to earn extra APY.
- Kava Earn: Kava Earn is a protocol that allows users to invest in complex DeFi strategies with a simplified supply/withdrawal system.

Kava's latest updates are Kava 11 and Kava 12, which both add additional improvements to growth incentives and network security. In terms of growth, Kava is launching Kava Liquid, which will be its first fully convertible staking protocol. Kava Liquid will unlock all staked bKAVA for use in DeFi protocols that operate on the Kava Network. This will be further supported by new protocol Kava Boost which will let users "supercharge" their Kava rewards with bKAVA. In terms of security, the Kava Network is forming the Kava Foundation to enhance network security and aid in critical infrastructure development. The Kava Foundation will determine how to use the Kava community pool to improve critical infrastructure on the network.

Proposal

Uniswap's deployment on Kava would be immensely beneficial to the Uniswap Foundation, becoming an early pillar in the core infrastructure of a rapidly growing network. As a proven L1 network with a highly active user-base, the Kava network provides many benefits currently unrealized to the Uniswap network. Below are some critical improvements that Uniswap deployment on Kava would bring:

- Developer Incentive Programs: In early 2022, Kava launched its Kava Rise program, a \$750M on-chain developer incentive program. The program funding model distributes rewards to developers building on Kava's Ethereum co-chain and Cosmos co-chain. The top 100 DeFi protocols on Kava receive pro-rata rewards distributions every month based on user activity on that protocol. Uniswap's deployment on Kava would allow Uniswap projects to acquire a significant amount of this \$750M allocation. Becoming active on the Kava Network early in this program's lifespan

would enable Uniswap based projects to thrive on this rapidly growing network.

- **Entry into Cosmos Ecosystem:** Uniswap's deployment on Kava would also enable access to the Cosmos project ecosystem. Cosmos is one of the most widely utilized execution environments, with Kava's use of its IBC protocol allowing access to the 35+ chains and \$60B on the Cosmos ecosystem. Uniswap would gain access to this wide range of users and projects to improve its own ecosystem.
- **Unlocking Liquidity:** The recent Kava 11 update launched Kava Liquid, which establishes a foundation for unlocking all staked bKAVA on the network for use in protocols. Converting staked KAVA to bKAVA and supplying bKAVA to new protocols to boost APY improves the performance of all protocols on the Kava network. By deploying Uniswap on Kava, Uniswap protocols can take advantage of these new features to boost their own returns and increase their user activity.
- **Reinforces Ethos:** Kava 11 and 12 recently launched new initiatives that encourage Uniswap's ethos of decentralization and security. Kava Liquid allows users to select validators and retain voting power even while staking. This ensures that users are still decentralized and possess their own voting rights. Kava 12 also announced its implementation of Cosmos DAO technology to assist in emission control for the Kava Community Pool. The community pool will be utilized to address critical infrastructure needs as the network continues to scale. Both of these elements support key characteristics of Uniswap's DAO ethos.

Security

Given all the discussion and somewhat ambiguity around the bridging solution, we would like to proceed with first a snapshot check on the deployment onto Kava Chain itself, followed by that respective on-chain vote. Then, if this passes, we will have a snapshot vote to finalize what bridging solution will be used. Below, we highlight Axelar bridge, a solution proposed and recommended by the team. However, to be clear, this bridge will be voted on after (if) the deployment vote itself passes and then, incorporating community feedback, a snapshot vote will happen to finalize this.

Axelar: Axelar is a decentralized interchain protocol implemented in Byzantine systems like that used in Kava. It contains a dynamic validator set that connects across a diverse set of consensus mechanisms with arbitrary payloads. Some of the core features of Axelar include:

- A permissionless set of 60 validators based on delegated proof-of-stake consensus on the Cosmos SDK.
- Security policies for validators like mandatory key rotations and network suspension function in the case of malicious activity.
- Completion of over 20 audits and bug bounties to ensure the network is at its most secure.

Axelar also provides a wide variety of other functions that serve interoperability needs. These include token transfers that allow the sending and retrieving of tokens across chains. It additionally includes general messaging passing that enables any function to be called on EVM chains from within dApps. Axelar also supports gas services that assist in prepaying the estimated cost for any generally messaging passing action.

Details for Incentivized Adoption

Upon deployment, Uniswap would be enrolled into the \$750M Kava Rise incentive program. This is a TVL based liquidity mining program, where each protocol on the Kava chain receives incentives in proportion to the amount of TVL on the chain. Current reward distribution is 1M Kava/month. The reward distribution amount will also increase as the ecosystem grows, based on governance vote. Rewards are distributed monthly, usually by the second half of the following month.

Because of this important deployment, the team is allocating at least \$3M over the next 3 years to these Uniswap pools, from the Kava Rise incentive program. We expect the real allocation to be much higher over the year, depending on how much market share Uniswap attracts.

As an example, DefiLlama currently reports Uniswap v3 to have \$66.94M TVL on Optimism.

If Uniswap had the same amount of TVL on Kava, we can do the math:

$(\$66.94M / \$305.39M - \text{total Kava TVL}) = 21.91\%$ of total TVL on Kava

Uniswap would essentially be getting 21.91% of monthly rewards for that month, which is $1M \text{ Kava} * 21.91\% = 219,100 \text{ Kava}$ that month.

These rewards are paid out every single month, and the Kava Rise program is planned to run for several years. A weighted average of TVL reported by DefiLlama is used for calculation of rewards. There are no lock ups for the rewards. Rewards will be administered by the Kava Labs team.

License Exemption

We are requesting an exemption via an Additional Use Grant (license change enacted via the ENS domain [uniswap.eth](https://ens.domains/uniswap.eth)) that would allow Kava Labs to use the Licensed Work to deploy it on Kava provided that the deployment is subject to Ethereum

layer 1 Uniswap Protocol governance and control. Uniswap V3 will be deployed on Kava by Kava Labs through the “Deploy Uniswap V3 Script 21” albeit, possibly modifying the compilation step with approval from the Uniswap Labs team.

Timeline

After passing the initial Snapshot Check to deploy to Kava EVM, we are looking forward to an on-chain vote, and granted that is passed, we will then have a snapshot vote to determine and finalize what bridging solution we will be using. Then we will be ready to deploy Uniswap v3 onto the Kava EVM network.