Fungible Votes (veVC)

Up until now, most votes that we have observed within robustly forked projects have been Non-Fungible Tokens (NFTs). While the original Curve was based on the ERC-20 standard, the introduction of the voting power decay concept transformed it into an NFT. However, this change has led to several challenges and inefficiencies.

Due to decay, voting rights that are locked for identical durations have different values based on the remaining period. This inconsistency prevented them from being converted into fungible tokens, leading to their status as NFTs. Typically, NFTs, given their varying values, cannot be traded within a single, large pool like ERC20 tokens, necessitating separate NFT marketplaces for trading. This partitioning of liquidity impedes active trading and discourages locking up, as once locked, NFTs can't be released until the end of the period.

This situation has resulted in an increased dependency on wrapper projects to liquidate NFTs, which:

1. Amass voting power over time, voting for their own gain in influence rather than supporting the pool that truly promotes trading on the DEX.

2. Acting as an intermediary, earning fees and causing a significant drain on the ecosystem.

Although transitioning to the ERC-20 standard won't completely eliminate wrappers - in fact, Convex, a wrapper for Curve, was an originator of ERC-20 voting blocks - it will provide inherent convenience without a wrapper, thereby diminishing their influence and associated fees.

Additionally, with no need to split NFTs, managing votes and rewards becomes significantly more convenient. Furthermore, the previous requirement of recording and managing checkpoints for each NFT system and number necessitated numerous loops, cold storage usage, and wasted gas. By eliminating these, we can streamline usability and management.

By easing liquidation and promoting more lock-ups, the fair valuation of tokens can be better realized in this new fungible voting environment.

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