Past discussion:

Current Proposal:

[Live On-Chain Governance Proposal Here](#)

Uniswap Governance is at a major crossroads, struggling with how to deploy larger tranches of capital from its treasury with effective oversight.

It is in the DAO's best interest to define and deliver on a model that activates more substantial grants appropriately while maintaining decentralized protocol management.

As such, we have constructed a grant proposal that:

1. Establishes a "No Negative Net UNI" ethos, whereby the initial grant amount is maintained

2. Uses Uniswap's own yield mechanisms to sustainably self-fund the program

These two items enable a much more substantive value-alignment mechanism. It ensures assets remain close to the ecosystem itself, and can be monitored directly. It also sets up the long-term capacity for the program to fund itself.

In addition, we have structured the proposal to include an Oversight Committee, whose sole responsibility is to ensure the program delivers value. In the event it is deemed ineffective, the Oversight Committee may return the initial grant to the governance process for reassignment to other opportunities.

Grant Request - $15M Year 1, $10M Year 2

With community member feedback, we have updated our $25M recommendation to a $15M grant in year 1, with a $10M additional grant triggered at the first anniversary with program success. With $15M of UNI the model can be proven at near-break even; if successful, the remaining $10M will allow for a longer-term commitment. Note that all commitments must be reviewed for efficacy [EDIT: annually] by the Oversight Committee [the Committee can call for a review at any time].

Assuming a 30% yield target is achieved, the $15M will generate approximately $2,250,000 in yield each year, or $187,500 per month. The application of the $187,500 will look as follows:

50% of this will be delivered to ecosystem community members as bounties ($93,750 per month)

Flipside's value proposition begins with analytics, but its true purpose is to drive ecosystem acquisition and retention:

Ecosystem acquisition:

Utilizing a series of educational programs (see [Terra scavenger hunt](#), [SQL training solutions](#)), and a hands-on community and analytics team, we activate new members into the ecosystem. This teaches new users how to actually use a complex protocol, how to think about the underlying mechanics, and even how to start becoming adept at using SQL to build queries and public-facing outcomes.

For our pilot Uniswap program, 69% of bounty recipients had never held UNI before (37 / 54).

Using this baseline data, this larger scale program will continue to deliver new participants to the Uniswap ecosystem at a projected rate of more than 900 per year [out of 1300 total].

Ecosystem retention:

The guiding metric for bounty flows is the percent of distributed tokens that are not sold or swapped after they are received. This reflects a traditional retention metric: the community member has chosen to remain involved in and supportive of the ecosystem.

Across our pilot program for Uniswap, 77% of the bountied UNI remained within the ecosystem (2,026 / 2,631).

Using this baseline data, this larger scale program will retain $900K UNI [50K Tokens] out of $1.125M UNI [64K Tokens] bountied per year.

Of the $93,750 in bounties per month, $25-$50k would be utilized to drive acquisition and $40k-$75k to motivate sophisticated analysts to drive substantive outcomes. This latter portion is critical as historically speaking, "power users'' of analytics have kept the most impactful insights to themselves. Enabling sophisticated solutions to enter the public domain - like the [Uniswap V3 Fee Calculator](#) - enables ecosystem health and growth.

All bounties are delivered through weekly programs: Flipside sources questions from the Community and Uniswap Labs,

prepares a bounty construct, releases to the community, QAs all results, and distributes bounties to the most effective outcomes. This is a complex and very time consuming process, but the return is significant: extremely directed results that serve community needs with immediacy. Bounties range from $40 to $650 each, determined by the complexity of the request.

Bounties for Flipside + Dune Analytics, TheGraph and others

Another significant clarification from our initial proposal is that bounties may be constructed for engagement of analysts across other analytics platforms such as Dune Analytics, The Graph and others. We believe strongly in the overall analytics ecosystem. We are excited to contribute to effective analysis wherever it may occur. We will deliver a variety of programs that emphasize the ultimate development of results wherever users are interested in congregating.

As it relates to the Uniswap Grant Program, these bounties would be focused solely on analytics solutions, while the UGP would provide grants for a broader array of opportunities.

Year 1 Program Expectations:

Given the pilot program data, the expected results from a year of bounties would be as follows:

- ~ 900 new community members [acquisition]*

- ~ 49,500 UNI retained in ecosystem [retention]

- ~ 350+ dashboards and visualizations [+premium interactive solutions]

*recognizing that the entire program is funded by yield, there is a $0 CAC on the acquisition. If you use the yield rate, the CAC is ~$1,250 per analyst.

The other 50% ($93,750 per month) is Flipside's Fee To Operate the Program:

Again, this fee is paid by the yield, not by the grant itself. This aligns with Flipside's belief that the grant is meant to support the community, and the assets are the community's tokens. In that way, Flipside's role is to hold these assets on behalf of the DAO and to distribute the yield to the community, per the terms of the Program.

Program costs are approximately $100k-$115k per month, excluding taxes. This includes:

Salaries:

- One Data Engineer (100%)

- One Data Scientists (100%)

- One Full Stack Engineer (100%)

- One Business Intelligence Analyst (100%)

- One Community Manager (100%)

- One Marketing Manager (100%)

- One Content Manager (100%)

- One Designer (50%)

- One Product Manager (10%)

- Head of Engineering (10%)

- Head of Marketing (10%)

- Head of Data Science (10%)

- Head of Finance (10%)

- Financial Controller (10%)

Tech Infrastructure

Additionally, our cost estimates conservatively include a 10% allocation of our projected infrastructure costs, inclusive of node management (ETH), compute / storage needs (AWS), data warehousing (Snowflake) needs and a variety of other software / architecture tooling requirements to sustain and make the Flipside Velocity database freely available to analysts of all levels.

Taxes on Yield

Note that Flipside will also be covering 30% tax rate on all yield, which also impacts the final margin.

It Does Not Include

Any fee for the IP developed to provide historical state-ready analytics.

Also note that no general G&A costs are included in this (ie: human resources, operations, employee benefits).

Margin

At the $15M grant level, Flipside is operating at a near BE margin. We are willing to operate at this level to prove the model in year 1 (note that we expect to compound our fees to generate additional yield, which should help us to mitigate margin pressure).

In year 2, with a $10M additional grant, Flipside's margin would be able to increase to 18%.

Automated Investment Strategy

We outlined an approach in our temperature check that will generate perpetual yield for a continuous CEA program while mitigating negative effects on the UNI token. Based on feedback from key community participants, we have made slight revisions to our strategy, and recommend the following:

- 100% of the UNI be deposited into AAVE protocol as collateral

- Borrow against 50% of the collateral in the form of ETH

- A DeFi Saver Smart Wallet will be used to manage the position

- 50% of the borrowed ETH to be swapped into UNI, and both assets will be deposited as liquidity in the WETH-UNI 0.3% pool symmetrically

- A custom Visor vault developed with Gamma Strategies will be used to manage the liquidity position

To optimize yield and minimize risk, we will partner with Gamma Strategies and Visor Finance to automatically manage our position in the Uniswap V3 pool. Automated position management ensures we can optimally realize & compound rewards to maximize yield for the program, while minimizing risks of human error.

Each time that the LP position is rebalanced, 50% of the accrued fees will be distributed to a wallet designated for bounties, while the other 50% (due to Flipside) will be compounded back into the LP for the first year. This will result in additional yield generation for the program over the course of time through the power of compounding.

Concurrently, we will be utilizing DefiSaver to automatically manage our leveraged position on AAVE. In the event of meaningful divergence between UNI and ETH prices, DefiSaver will minimize any risks of liquidation by optimizing for collateralization via programmatic debt paydown using AAVE's flash loans. Any fees incurred for utilizing flash loans will be more than offset with the yield generated from the LP.

While the overall yield generated through the use of collateralization is less than investing the entire grant position outright directly into the LP, we believe there are numerous benefits to this approach:

- No requirement to sell UNI, since we will be borrowing ETH against the UNI collateral. In light of recent events, we believe this is a desirable outcome for the community

- Deepens the liquidity of UNI on AAVE, a major DeFi protocol

Finally, the risk of obtaining the most effective yield - and the bounties for participants and fees for Flipside - are entirely the responsibility of Flipside. In the event the yield contribution is below expectations, the fees and bounties will reduce symmetrically. In the event there is consistent reduction, the Allocation Committee (as noted below) will be able to evaluate other investment strategies for consideration, and approve changes.

Fiduciary Responsibility and Accountability to the DAO

It's critical that assets are managed effectively and are delivering value to the ecosystem. In the event the assets are not delivering value, they should be repurposed for other initiatives to enable ecosystem stability and growth. Full details on oversight in the Consensus Check.

Three components provide effective checks and balances to ensure maximum accountability to the Uniswap ecosystem:

Allocation Committee:

whose purpose is to oversee fund execution strategy utilizing Gnosis Safe's industry standard multi-sig technology to ensure both effective management and protection/safety of funds (longer-term, we would aim to migrate to Tally's Failsafe solution once enabled, which is built on top of Gnosis).

The Allocation Committee will be comprised of:

- [Will Price](#) / DeFi Citizen; Data Scientist

- [Nathan Howard](#), Index Coop

- 2 Individuals from University Blockchain Orgs. To be Identified and Announced Post On-Chain Vote so as to not influence voting.

- 3 Members of Flipside's Team

Oversight Committee:

whose purpose is to ensure that the grant proceeds are applied in a manner consistent with its design.

The Committee will meet and take a vote annually to evaluate the continuation of the program.

On the first anniversary of the program, the Committee may take a vote to remove the trigger of the second $10M grant. The $10M grant will reside in the Gnosis Safe address where funds are delivered following governance execution, and will require requisite approval to facilitate a transfer of the assets into the contemplated strategies. Funds will be redirected towards other uses through the standard governance process should the program prove unsuccessful.

In the event the Oversight Committee determines the program to be ineffective, at any voting junction, the $25M grant would be submitted as a proposal to Uniswap Governance to be evaluated and re-assigned to other programs.

The Oversight Committee will be comprised of:

- [Nic Carter](#), Supreme Being

- [Boris Stanic,](#) Uniswap/TheStable

- [Dave Balter,](#) CEO Flipside

Transparency Dashboard:

Tracking fund performance and transaction activities will be broadcast live via a custom dashboard for the Uniswap community.

Summary: Community-Enabled Analytics for Uniswap

The purpose of the grant is to utilize yield to acquire and retain new community members, by funding a sophisticated education and analytics platform. [Full details in the temperature check.](#)

- Provides free historical state-ready, transformed Uniswap v3 data for SQL analytics - as well as visualization and API solutions.

- Produces educational content for analysts of all levels to activate within the Uniswap ecosystem. Beginners can learn SQL, advanced users can optimize results to deliver sophisticated solutions like the [Uniswap v3 Fee Calculator](#).

- Sources analytics requirements from Uniswap Labs as well as the community, and turns them into bountyable requests, which may be offered on multiple platforms including Flipside, Dune, The Graph or others.

- Runs structured bounty programs activating analysts to produce outcomes. Includes quality control of results to ensure the data is effective and correct.

- Delivers bounties rewards (in UNI tokens) into the hands of community members, activating new members and retaining participation.

All of this is funded through yield generation, maintaining the initial grant and ultimately delivering no negative net Uni.

[Official On-Chain Governance Proposal can be reviewed here](#)