

TLDR:

To enhance the optionality and utility of the \$UNI token, AlphaGrowth, stewards of the Uniswap Growth Program Trial, have been distilling opportunities throughout the DeFi ecosystem.

For this specific opportunity, we have collaborated with Nerite, a Liquity V2 style CDP protocol on Arbitrum. Today, we're presenting the opportunity for the DAO to list \$UNI as collateral on Nerite and use Nerite in our treasury management strategies.

This initiative aims to unlock new use cases for \$UNI holders, enabling them to further utilize their tokens as collateral for borrowing.

USDN Stablecoin:

Nerite issues the USDN stablecoin, backed in part by \$UNI.

USDN is the ideal stablecoin for use in treasury management because:

1. **Redemptions.** 1 USDN is always redeemable for \$1.00 of collateral, and Liquity has been rated as the safest stablecoin system by Bluechip.
2. **Streaming.** USDN is streamable over time to any address through a native superfluid integration. That means grants, salaries, strategies, vesting, and any payments can be made linearly as milestones are met. It is the only natively streamable stablecoin.
3. **Yield Bearing.** USDN earns sustainable yield from multiple sources while maintaining decentralization.

Nerite Protocol Overview:

Nerite is a "friendly" sanctioned fork of Liquity V2, and takes inspiration from Maker, Open Dollar, and other CDP protocols that have come before.

Nerite CDPs accepts multiple collateral types. Due to governance minimization, the protocol is immutable and new collaterals can not be added in the future, increasing security.

Yield for USDN comes from borrowers, as well as Protocol Owned Liquidations, which bolster Stability Pool staking returns. For most lending protocols, liquidation value is captured by MEV bots or others. Nerite directs that value toward USDN Liquity Pool stakers.

Yield is supported as well through the use of tranching redemptions, which allow for a discovery process for borrow rates: redemptions occur from whichever position on the protocol is the lowest yield. Tranching redemptions constantly incentivize arbitrage, which re-inforces the USDN peg, and increases demand for borrow rates.

Benefits to Uniswap DAO:

The Pilot Program would whitelist UNI as collateral, seed an initial UNI position within Nerite on behalf of the Uniswap DAO Treasury, then borrow and stake USDN.

The benefits are as follows:

1. USDN can be staked to earn a projected ~14% yield, before incentives.
2. Uniswap DAO will also earn a boosted position in the Nerite Governance token.
3. UNI holders will have the benefit of being a listed collateral on an immutable, and newly designed CDP protocol on Arbitrum.
4. Once UNI is listed, we will be able to build structured products, making it easier for UNI holders to earn yield through composable strategies built on top of Nerite.
5. The Uniswap DAO will also be able to use Nerite as a method to hedge treasury holdings in the future.

This Pilot Program represents a step toward putting Uniswap DAO Treasury assets to work, while supporting slow, and steady DeFi innovation on Arbitrum.

Call To Action:

The Nerite Pilot Program offers the Uniswap DAO strategic opportunities to initiate treasury strategies on Nerite by considering one of the following conservative deposit options:

1. Deposit \$5M, Borrow and Stake \$1M USDN.
2. Deposit \$10M, Borrow and Stake \$2M USDN.
3. Deposit \$15M, Borrow and Stake \$3M USDN.

We believe this to be a great opportunity for Nerite as well as for Uniswap DAO and her token holders, and, in order to make the most of this opportunity, we'd recommend listing \$UNI as a day 1 collateral.

We are eager to hear feedback from the DAO.

Reference:

Nerite was founded by Joseph Schiarizzi [[@cupojoseph](#)], a contributor to OpenSea, Open Dollar, Ethereum, Gitcoin, ConsenSys, HAI, Liquity, and others. Joseph is known as a relentless educator and innovator for DeFi.

Joseph never sold his UNI Airdrop, and you can learn more about his work here:

- Github: <https://github.com/cupOJoseph>
- X: <https://x.com/cupojoseph>

Learn more about Nerite here:

- Lite Paper: <https://www.nerite.org/writing/lite-paper>
- Github: <https://github.com/NeriteOrg/nerite/blob/main/README.md>

The following is a helpful video in explaining Tranching Redemptions:

- <https://www.youtube.com/watch?v=CQVmjFx987A>