

Proposal summary

In light of the Uniswap DAO's vote to deploy on the Polygon zkEVM ([Tally | Uniswap Proposal](#)), we propose a partnership between the Uniswap DAO and Zero Protocol. This collaboration centers on the concept of a "friendly fork."

A friendly fork refers to the creation of a new version of an existing protocol that retains a cooperative and synergistic relationship with the original. Unlike contentious forks, which often lead to competitive divergence, a friendly fork seeks to align with the parent protocol.

In this context, the below proposal will outline how the partnership entails integrating Zero Protocol as a friendly fork of Uniswap on the Polygon zkEVM chain. Zero Protocol will utilize Uniswap's established backend infrastructure as its foundational engine and be granted access to ecosystem funded tooling. To align interests, the DAO will benefit from the open R&D taking place and receive a 10% token allocation detailed below. This approach resonates with Uniswap V2's historical challenges of dealing with competitive forks and this scenario into an opportunity.

Overview of proposal

Description:

We propose a visionary partnership between the Uniswap DAO and Zero Protocol, focusing on the integration of Zero Protocol as a friendly fork of Uniswap on the Polygon zkEVM chain. This collaboration draws inspiration from Uniswap V2's history and aims to transform past challenges into future opportunities. By leveraging this partnership, Uniswap can harness the advantages of Zero Protocol while ensuring that both projects benefit mutually and contribute to the evolving DeFi landscape.

What is Zero:

Zero Protocol introduces an innovative ve(3,3) decentralized exchange (DEX) concept that aims to optimize the efficiency and sustainability of liquidity for protocols and liquidity providers on Polygon zkEVM. Utilizing Uniswap V3 as its core trading engine, Zero Protocol distinguishes itself by building unique infrastructure and features around this foundation.

Zero is a direct fork of the existing Retro project on Polygon POS, which already relies on Uniswap V3 for trading. Using Angle Lab's Merkl SaaS, we have been able to create a unique emissions distribution system which allows integration of multiple Active Liquidity Managers via Zero's ALM Marketplace for liquidity management, a first in the DeFi space.

Since Retro's launch on July 27th:

- TVL is at an ATH of ~\$15M
- Volume from most recent epoch ~\$20M
- Average voter APR for veRETRO holders - ~150%
- \$RETRO market cap has more than tripled from \$2M at launch to over \$7M today

A straight 1:1 fork of UniV3 will also be the engine behind Zero Protocol (with fee changes made)

Retro is currently the most advanced version of any ve(3,3) AMM in the entire DeFi space.

Retro has grown very quickly into the third-largest fork of Uniswap V3, as measured by Defillama, underscoring the potential impact of Zero and showcasing its relevance within a new up-and-coming chain like Polygon zkEVM, which has already passed a vote by the Uniswap DAO.

What is a friendly fork?

A friendly fork refers to a situation in which a protocol is duplicated, creating a new version that maintains a positive and collaborative relationship with the original project. Unlike contentious forks that often result in divergent and competitive paths, a friendly fork aims to work in harmony with the parent project, often for the purpose of introducing improvements, innovations, or addressing specific use cases. The intention behind a friendly fork is to foster collaboration, open-source development, and a sense of shared goals, rather than creating a rift or competition between the two versions.

Examples of friendly forks formed previously in DeFi ecosystem:

Balancer <> BeethovenX

Liquity <> Gravita

Platypus <> Hummus

Thena <> Retro

While a friendly fork prioritizes collaboration and shared success, it does not fall under Uniswap DAO and its governance.

Tokenomics

[

1600×900 106 KB

](https://global.discourse-cdn.com/business6/uploads/uniswap1/original/2X/d/d3a1e40deba9c85b7a2814383931cb7bf128e138.png)

Context and Learning from Uniswap V2:

Uniswap V2's success and widespread adoption led to numerous forks without providing significant returns to Uniswap or its community. The expiration of Uniswap V3's business license presents a unique opportunity to learn from this history and establish a more rewarding framework. Our proposal envisions a symbiotic approach where Uniswap V3 and Zero Protocol can share in the successes of their joint ventures, ensuring that value is generated for both parties.

Revenue Generation and Token Allocation:

To cement the mutually beneficial nature of this partnership, we propose that Uniswap receives a percentage of the initial token allocation of Zero Protocol. This enables Uniswap to participate in governance decisions and generate revenue through voting, ensuring active engagement and sustained collaboration. This aligns with the spirit of reciprocity and incentivizes both projects to contribute to each other's growth.

Timeline:

We suggest a structured proposal timeline spanning 3 weeks to ensure transparency, community engagement, and thoughtful decision-making. The timeline would be broken into 3 phases:

Phase 1 Forum Post

Phase 2 Temperature Check

Phase 3 Onchain Vote

We plan on launching Zero on Polygon zkEVM with Polygon's support at the end of September.

Motivation for Uniswap

Uniswap V2 undeniably emerged as a groundbreaking protocol within the DeFi space, a sentiment echoed by the surge in its adoption and the remarkable number of forks that it has catalyzed over the last few years. The resilience and appeal of Uniswap V2's technology are evidenced by the fact that it continues to maintain the highest Total Value Locked (TVL) combined across all forked categories. This achievement underscores its robustness and adaptability, with numerous projects leveraging its core mechanics to create innovative variations within the decentralized exchange landscape.

However, despite the proliferation of Uniswap V2 forks and their significant TVL, there has been a missed opportunity for the Uniswap community and UNI token holders to capitalize on this phenomenon. While the DeFi ecosystem has witnessed a multitude of derivative projects utilizing Uniswap's core technology, there has been a lack of active engagement from Uniswap and its stakeholders in reaping the benefits of these forks.

This narrative presents a pivotal juncture as Uniswap V3 takes center stage with the business license expired. By learning from the past and recognizing the value inherent in its technology, the Uniswap DAO has the potential to revolutionize its approach to forks. Rather than allowing forks to flourish independently, there is a strategic avenue for Uniswap V3 to foster a symbiotic relationship with these derivatives. Through the introduction of a friendly fork status, the Uniswap DAO can transform forks into partners, encouraging them to contribute to the Uniswap ecosystem while simultaneously capitalizing on value capture allowing for independent forks to collectively reap rewards.

By strategically collaborating with these forks, Uniswap V3 can capture value from the derivatives built on its technology while fostering a stronger sense of community and collaboration within the DeFi landscape. This proactive approach aligns with the vision of maximizing the potential of Uniswap's technology and positioning it as a trailblazer in the evolution of decentralized exchanges. Ultimately, taking this transformative step can lead to a more dynamic and prosperous future for Uniswap and its stakeholders.

Partner Details

About:

Stabl Labs FZE. [<https://discord.gg/stabllabs>

](<https://discord.gg/stabllabs>)Stabl Labs is the parent organization of

- Retro Finance

retro.finance

Retro

Trade your favourite tokens with low-slippage and efficient pricing. Provide liquidity to earn yields, get paid to vote for pools and more!

https://twitter.com/Retro_finance

- [Stabl.fi](https://stabl.fi)

stabl.fi

Stabl.finance

A fully transparent stablecoin that earns a yield from DeFi

https://twitter.com/Stabl_Fi

- [Transmute.fi](https://transmute.fi)

transmute.fi

Transmute protocol

Transmute is an oTOKEN redemption platform where users can exit their oTOKEN positions without the need for any upfront capital.

<https://twitter.com/0xTransmute>

- [zkZERO.fi](https://zkzero.fi)

<http://zkzero.fi>

https://twitter.com/zer0_dex

This proposal is being put forth by Stabl Labs. Stabl Labs was formed in 2022 and is the team behind the [Stabl.Fi](https://stabl.fi), Retro, Transmute, and now the Zero protocols.

[Stabl.Fi](https://stabl.fi) - responsible for creation of the \$CASH yield-bearing stable indexcoin and its surrounding ecosystem.

Retro - Next-generation ve(3,3) DEX with innovative mechanics that focus on efficiency and sustainability on Polygon POS forked from [Thena.fi](https://thena.fi)

Transmute - protocol that allows users to exercise oToken call options without the need for upfront capital.

Zero Protocol - direct fork of Retro on Polygon zkEVM with launchpad to bootstrap new projects on Polygon zkEVM

The core team of Stabl Labs consists of a few members, 2 of which are doxxed.

Kila - <https://www.linkedin.com/in/adamkila>

Chase - <https://www.linkedin.com/in/andrew-darezzi-3b776280>

Point of Contact: Kila; Stabl Labs; <https://twitter.com/0xkila>; tg @kila13

; email [kila@stabl.fi]

Partner Legal

Stabl Labz FZE

P2, Hamriyah Business Center, Hamriyah Free Zone

P. O. Box No. 42944

Delegate Sponsor

"GFX Labs is sponsoring the proposal because we believe it is a strong opportunity for the DAO to solidify a process for friendly forks and continue Uniswap's multi-chain expansion."

Additional information for cross-chain deployments

We believe this is the right moment for ZERO (UniV3 friendly fork) to deploy on Polygon zkEVM. ZERO will be the liquidity layer for Polygon zkEVM, bootstrapping liquidity for new and existing projects on chain or migrating to zkEVM.

The friendly fork to Polygon zkEVM would not only capitalize on the compatibility with Ethereum smart contracts but also benefit from the scalability features offered by Polygon's zkEVM. Polygon zkEVM, an open-source ZK-Rollup, delivers a hassle-free user experience with Ethereum Virtual Machine (EVM) compatibility. It flawlessly integrates with pre-existing smart contracts, developer tools, and wallets. Leveraging the strength of ZK proofs, Polygon zkEVM significantly reduces transaction expenses and substantially boosts transaction speed, while also adopting Ethereum's robust security. As previously mentioned, a proposal has already been [passed](#) signaling intent to move to this chain.

Benefits:

1. Launching Zero, a direct fork of Retro, on Polygon zkEVM grants additional exposure and credibility to both protocols - allowing the total to be greater than the sum of its parts.
2. Using a proven, successful ve(3,3) model on zkEVM at this early stage of the chain's lifetime allows Zero Protocol to capture a significant portion of liquidity and volume on the chain.

Engagement Terms

Uniswap DAO acknowledges Zero Protocol on Polygon zkEVM as "friendly fork" of Uniswap v3 and as such is considered an auxiliary member of the Uniswap Ecosystem. Zero Protocol would be afforded access to all existing and future tooling for Uniswap v3 which has been granted by UF previously; i.e OkuTrade, Seedle.finance and Uniswap.fish.

In return for the cooperation and exclusive friendly fork status on Polygon zkEVM, Zero will allocate 10% of the initial token allocation to the Uniswap DAO.

-10% of initial supply as veZERO locked for 2 years (5,000,000 veZERO). This includes a 30% veZERO rebase for the first 90 days, and a 15% rebase thereafter to avoid dilution of the veZERO position.

Project Financing

Zero Protocol's commitment and intention is to embark on this partnership without seeking any funding from Uniswap. Zero Protocol's willingness to bear all the costs associated with the launch and operation on zkEVM showcases the dedication and belief in the potential of this collaboration.

This self-sufficient approach not only underscores the sincerity of their engagement but also emphasizes their long-term vision for building a thriving ecosystem on Polygon zkEVM. Such an approach aligns with the spirit of mutual growth and innovation, setting a strong foundation for a partnership that places collaboration and shared success at the forefront.

Risk Profile

Zero will be a fork of retro which has an Open Zeppelin audit

blog.openzeppelin.com

[Retro/Thena Audit](#)

The scope of this audit relates to a collaborative work between two protocols from different chains: Retro (Polygon) and Thena (BNB Chain). Retro has created a "friendly fork" from Thena on the Polygon blockchain and both entities are committed to an...

Zero has minor fee changes but is otherwise 1:1 with Uniswapv3 codebase

diffchecker.com

[univ3diff - Diff Checker](#)

univ3diff - contract UniswapV3Pool is IUniswapV3Pool, NoDelegateCall { using LowGasSafeMath for uint256;

Protocol security

- Ecosystem multisig for any smart contract changes to Zero's codebase
- 5 of 7 signers required:
- 4 core team members
- 3 external members
- Weso @ [Beefy.com](https://twitter.com/w3soBeefy) - <https://twitter.com/w3soBeefy>
- Yohaán @ Polygon Labs - <https://twitter.com/YJN58>- <https://www.linkedin.com/in/yohaán-john-neroeth-07405b166/>
- Theseus @ Thena - https://twitter.com/Theseus_fi
- Weso @ [Beefy.com](https://twitter.com/w3soBeefy) - <https://twitter.com/w3soBeefy>
- Yohaán @ Polygon Labs - <https://twitter.com/YJN58>- <https://www.linkedin.com/in/yohaán-john-neroeth-07405b166/>
- Theseus @ Thena - https://twitter.com/Theseus_fi
- 4 core team members
- 3 external members
- Weso @ [Beefy.com](https://twitter.com/w3soBeefy) - <https://twitter.com/w3soBeefy>
- Yohaán @ Polygon Labs - <https://twitter.com/YJN58>- <https://www.linkedin.com/in/yohaán-john-neroeth-07405b166/>
- Theseus @ Thena - https://twitter.com/Theseus_fi
- Weso @ [Beefy.com](https://twitter.com/w3soBeefy) - <https://twitter.com/w3soBeefy>
- Yohaán @ Polygon Labs - <https://twitter.com/YJN58>- <https://www.linkedin.com/in/yohaán-john-neroeth-07405b166/>
- Theseus @ Thena - https://twitter.com/Theseus_fi
- 36 hour timelock for any changes to Zero Protocol's codebase after 5 of 7 multisig approval; with community alert system via. discord

Conclusion:

This proposal introduces a transformative chapter for Uniswap as it provides the protocol an opportunity to pioneer a more collaborative approach to leveraging the revolutionary technology that it has created.

Integrating Zero Protocol as the first ever official friendly fork on Polygon zkEVM and establishing a fair revenue-sharing mechanism empowers Uniswap to not only expand on its innovative ecosystem but also establish a fruitful precedent of friendly fork partnerships. This benefits both individual projects and the DeFi community at large.

This proposal exemplifies a forward-thinking strategy to shape the future of decentralized exchanges, with collaboration, reciprocity, and shared growth at its core.