[Governance Proposal] Deploy Uniswap V3 on Moonbeam

Blockchain at Berkeley and Nomad are submitting this proposal to Deploy Uniswap V3 on Moonbeam.

Voting Links

Voting for the on-chain Governance Proposal will go Live on May 12th.

- Vote with Tally
- Vote with Uniswap App

Past Proposal Links

- Consensus Check: discussion, snapshot (passed with 9.6M UNI in favor)
- Temperature Check: discussion, snapshot (passed with 8.3M UNI in favor)

Summary

In support of furthering the vision ofMultichain Uniswap, we propose that the Uniswap community vote to authorize the deployment of Uniswap V3 to Moonbeam.

Moonbeam is a Polkadot parachain which features EVM-compatibility, allowing it to serve as a port-of-entry for Ethereum-native apps to participate in the greater Polkadot ecosystem. Deploying on Moonbeam will expand the Uniswap community to include users of the Polkadot ecosystem, helping Uniswap on its journey to become a leading product in the multichain world.

The timeline for deployment will be approximately 3-4 weeks following the Governance Proposal, with contract deployment being handled by the Nomad team.

About Moonbeam

Moonbeam is an EVM-compatible smart contract parachain of the Polkadot network; it is optimized for cross-chain use cases and natively interoperable applications. EVM compatibility and a comprehensive tool suite of integrations like Etherscan, The Graph, Chainlink, and more, allow developers to deploy existing Solidity smart contracts and apps to Moonbeam with minimal changes. Moonbeam also extends the EVM with native cross-chain integrations powered by Polkadot's XCM, allowing Moonbeam apps to interact with assets and services from other chains in the Polkadot ecosystem in a trust-minimized way.

Moonbeam is live on mainnet, and was the first parachain to go live on the Polkadot network, launching on January 11 this year. Like Moonriver, its sister parachain on Kusama, Moonbeam is expected to accumulate developer and user activity from the 100+ projects building DApps and protocols on the network.

Proposal

We believe that the timing is perfect for Uniswap V3 to deploy on Moonbeam.

Uniswap has been deployed on Ethereum, Polygon, Arbitrum, and Optimism, giving it great coverage within Ethereum and its most popular L2s. However, Uniswap has not yet expanded beyond the greater Ethereum ecosystem.

Unlike the other deployment targets, Moonbeam represents a much larger target market — Polkadot users. The growth potential of the Polkadot ecosystem is reflected in part by the fact that Polkadot consistently ranks in the top ecosystems for developer activity, despite having just enabled parachains auctions in December 2021. The Polkadot community has grown in parallel with the Ethereum community, and shares many of the same values — decentralization, censorship resistance, open access to finance, to name a few. However, the two communities have largely been discrete, and deploying Uniswap on Moonbeam brings them together in a meaningful way.

Moonbeam is the de facto DeFi hub for Polkadot. Blue chip DeFi projects have deployed or committed to deploying to Moonbeam, including Sushiswap, Lido, Curve, Chainlink and Covalent. As the ecosystem develops, we believe that deploying Uniswap V3 will position it to become a premier AMM on Moonbeam, and, more broadly, a large liquidity hub for the entire Polkadot ecosystem.

This represents a massive opportunity to capture this untapped market, which could mean significant fee revenue for LPs and UNI token holders.

Rewards and Grants

As part of this proposal, the Moonbeam Foundation will commit $2,500,000 to the Uniswap Grants Program (UGP) to help grow the Multichain Uniswap ecosystem.

Through collaborative discussions with members of the Uniswap community, we learned that there were likely higher-leverage ways to enrich the Uniswap community than just providing liquidity mining rewards. As Uniswap develops into a multi-chain ecosystem, we want to support developers working to create high-quality multichain apps built on-top of Uniswap, and better multichain experiences for Uniswap users. These grants will promote long-term protocol development, developer activity and innovation towards this goal.

To borrow language from the Uniswap Grants + Gitcoin announcement, we hope for this initiative to fund "bounties, hackathons, and grants" for "developers, designers, community organizers and other web3 builders" working on multi-chain projects which improve, extend, promote or build upon Unsiwap in a cross-chain manner.

Examples of projects that could be funded with this grant include:

Building a cross-chain application which allows Uniswap LPs to close a position on Ethereum and open one atomically on Moonbeam

Improving open-source wallet softwares to create better multi-chain user experiences for Uniswap users

Building a frontend application which allows governance participants to more easily construct cross-chain governance proposals for Uniswap

Leveraging Substrate's native interoperability protocol, XCM, to build an application which composes Uniswap on Moonbeam with another substrate chain

Funding office hours to educate new users about multichain crypto experiences

In terms of the delivery of funds, the Moonbeam Foundation commits to allocating the agreed amount of funding to teams referred by UGP to the Moonbeam Foundation. The delivery of the grant funds from the Moonbeam Foundation shall be subject to delivery conditions including the grant recipient's agreement to the Foundation's terms and AML and KYC procedures.

Trust-Minimized Bridging and Cross-Chain Governance

Decentralized cross-chain governance is the cherry on top that we are excited about working on within the Uniswap ecosystem. As Uniswap Labs highlighted in their post aboutMultichain Uniswap, it is important that new chains have a trust-minimized arbitrary message passing solution to facilitate secure, decentralized governance of a deployment of Uniswap.

We have worked with developers at Uniswap Labs to research, understand, and document the current state ofcross-chain governance for Uniswap deployments. We have learned that, currently, cross-chain governance solutions have been patched together differently for all three of the chains that Uniswap is deployed on, leading to significant complexity and overhead for governance participants who wish to execute proposals governing deployments on other chains. This problem will multiply as Uniswap is deployed to more chains.

In order to address this issue, Nomad and Gnosis have partnered to create a Gnosis Zodiac module calledGnomad that enables cross-chain governance of Uniswap deployments on chains other than Ethereum mainnet. This module enables any chain with Gnosis Safe deployed to receive cross-chain messages from Uniswap's Governor Bravo contract.

Nomad uses an optimistic mechanism for security, relying on updaters that verify cross-chain messages and off-chain watchers that flag fraud – only one honest watcher is required to secure the system.

The Nomad team has worked on this proposal because Nomad and Connext have already been deployed as Moonbeam's main bridging solutions. By deploying Uniswap V3 on Moonbeam, Nomad would be able to route liquidity into Uniswap pools and facilitate cross-chain communication for Uniswap governance.

The core contracts for Nomad have been previously audited, and we are currently in the process of re-auditing new commits including the Gnosis Zodiac module for cross-chain governance. The audit is being conducted by Quantstamp, and expected to complete by early May. We will wait for this re-audit to be finished before we deploy on-chain.

License Exemption

We are requesting an exemption via an Additional Use Grant (license change enacted via the ENS domain uniswap.eth) that would allow Illusory Systems, Inc. (DBA Nomad) to use the Licensed Work to deploy it on Moonbeam, a Layer 1 blockchain in the Polkadot ecosystem with EVM compatibility, provided that the deployment is subject to Ethereum layer 1 Uniswap Protocol governance and control. Uniswap V3 will be deployed on Moonbeam by Nomad through the "Deploy Uniswap V3 Script." Nomad would be permitted to use subcontractors to do this work.

Timeline

Following the Governance Proposal, we will be ready to move forward with the Uniswap V3 deployment on Moonbeam. We anticipate that full deployment will take 3-4 weeks, consisting of:

- Finishing audit of Gnomad module that will facilitate governance on Moonbeam

- Deploying Uniswap V3 smart contracts on Moonbeam

Conclusion

We are excited about the possibility of the Uniswap community entering the Polkadot ecosystem via a V3 deployment on Moonbeam. To reiterate, we feel that this is a fantastic opportunity for the following reasons:

- Expansion into Polkadot

: Uniswap will be able to tap into a brand new market and all the community members in the Polkadot ecosystem. Moonbeam's EVM-compatibility makes it simple to deploy existing Solidity code, while simultaneously providing access to other parachains using XCM. By leveraging XCM and Moonbeam's position as the DeFi hub for Polkadot, Uniswap has the opportunity to become the premier AMM across Polkadot.

- Trust-minimized Governance

: Per Uniswap's goal of becoming a multi-chain protocol while remaining trust-minimized, we propose using Nomad's trust-minimized channels to deploy Uniswap V3 on Moonbeam. This can serve as an opportunity to test this improved decentralized governance application within a safe container, with the potential of rolling it out to other V3 deployments in the future.

- Rewards for Uniswap Grants Program

: Instead of simply offering liquidity mining incentives, we want to fund community members working to develop and enrich multichain experiences built with Uniswap. The Moonbeam Foundation will commit $2.5M to the Uniswap Grants Program to fund cross-chain development deployed within the Uniswap ecosystem, in order to further expand Uniswap's multi-chain presence.

We are excited to work with the Uniswap community to bring Uniswap V3 to Moonbeam!

Simulation

The code to simulate this proposal can be found here:[GitHub - anna-carroll/uniswap-moonbeam-proposal: Proposal to grant a license to deploy Uniswap v3 to Moonbeam]

The output of running the code against a mainnet fork is as follows:

Uniswap additional use grant simulation subnodeResolver 0x0000000000000000000000000000000000000000 blockNumber OLD 14269579 priorVotesA16Z BigNumber { value: "15000024762387017524795954" } currentProposalCount BigNumber { value: "10" }

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]

transaction: { "to": "0x408ED6354d4973f66138C91495F2f2FCbd8724C3", "data":
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Illusory Systems, Inc. is granted an additional use grant to allow the Illusory Systems, Inc. to use the Uniswap V3 Core software code (which is made available to Illusory Systems, Inc. subject to license available at https://github.com/Uniswap/v3-core/blob/main/LICENSE (the "Uniswap Code")). As part of this additional use grant, Illusory Systems, Inc. receives a limited worldwide license to use the Uniswap Code for the purposes of: creating, deploying and making available aspects of an interest rate swap automated market maker (the "IRS AMM"); to modify and update the IRS AMM over time; and deploy the IRS AMM and portions thereof as smart contracts on blockchain-based applications and protocols. Illusory Systems, Inc. is permitted to use subcontractors to do this work. This license is conditional Illusory Systems, Inc. complying with the terms of the Business Source License 1.1, made available at https://github.com/Uniswap/v3-core/blob/main/LICENSE.

subnodeResolver 0x4976fb03C32e5B8cfe2b6cCB31c09Ba78EBaBa41 ✓ proposal simulation (53758ms)

1 passing (54s)