This post is co-authored with@guil-lambert

Thank you to everyone who voted and shared feedbackin the temperature check. There were a wide variety of views shared and most importantly, the temperature check passed with overwhelming support.

It's time for the next phase of the process is the "consensus check". I have amended details of this proposal inline with feedback given. The key pieces are outlined below. Additionally, I have added some responses to common points of feedback I did not incorporate.

Feedback that has been incorporated:

Pair selection:

There was a lot of feedback on pair selection, although many good points were made. I believe what@guil-lambert has the strongest reasoning. A 1/10 setting on the following pairs:

DAI-ETH-0.05%

ETH-USDT-0.3%

USDC-ETH-1%

Intuitively this may seem like bad pairs to test on because they are relatively popular. However,@alanalevin did a good job of articulating why high volume pairs are actually important to test on. @guil-lambert also laid out why different fee tiers are important to test on.

Longevity:

I liked @Brenner's idea on picking a target amount of money to accrue. However, that doesn't quite make sense as this proposal is explicitly about testing the mechanism and not deciding anything about distribution.

As an alternative to a target amount of money, I propose a target length of time. Specifically, 120 for this experiment to run. That should provide plenty of real data.

Logistically, this can be somewhat difficult to execute so I would propose the following.

Assuming I still have enough UNI in 120 days to create proposals, I will set a proposal to adjust the parameter to "0" in 120 days. That proposal will be considered a part of this proposal and go straight to vote.

Alternatively, a more sophisticated mechanism to accomplish this might be possible but it would require some custom dev work. Someone would have to step up to do that.

Responses to feedback not incorporated

This should be tested on less active pairs:

These pairs were explicitly chosen so that they weren't the most active by daily volume. As@monet-supply mentioned, this gives the opportunity to LPs that want to avoid protocol fee pools to re-deploy liquidity to the most active pool for their preferred tokens.

As for token pairs that are not ETH-stablecoin, most of them do not have a viable alternative fee tier for LPs that are put off by the protocol fee. We wouldn't want to target a specific community by "taxing" their LP revenues and offer no viable alternative besides moving to a different AMM.

The "fee" is too high:

We as UNI token holders are limited in what we can propose by the immutable code of the smart contracts. The 1/10 "fee tier" is the lowest possible. It is not possible to set anything lower. You can verify this for yourself in the V3 whitepaper.

Final specification:

Set Fee parameter to 1/10 for the following pairs:

DAI-ETH-0.05%

ETH-USDT-0.3%

USDC-ETH-1%

All accrued value will remain in the protocol until governance agrees on best use for funds via a vote.

In the event that this vote passes, a second vote to turn off the fee switch will be submitted 120 days after this vote passes.

Vote:

Snapshot voting is open for 5 days:

https://snapshot.org/#/uniswap/proposal/0xe9f8e5dd7ec26f7c0e7dd9e19bb8d57497d27d4a74be01cd3cad159cf3901b7f