In progressing forward with the Optimism Uniswap Protocol Liquidity Mining Program, we are seeking community input for Phase 2 where 100k $OP will be disbursed over 3 weeks time. Before providing our parameter recommendations to adjust for Phase 2, we wanted to take a step back and highlight some key takeaways from Phase 1.

As part of the Phase 1 retrospective, the Uniswap Community Analytics Program (UGPCA) promoted a bounty (Bounty #20 - Optimism Liquidity Mining program) to explore the impact the LM Program had on Optimism, on the Uniswap protocol, and on the community selected pools.

The winning analyses below:

- @xiz_zelos - https://medium.com/zelos-research/optimism-liquidity-mining-program-analysis-35fe7a105314

- @1chioku - https://dune.com/1chioku/0ptimism-liquidity-mining-round-1

- @superamscom - https://dune.com/springzhang/uniswap-optimism-liquidity-mining-program-performance

We summarize some key takeaways of the impact of Uniswap on Optimism below:

- Many LM-related tokens flowed into Optimism before the start of LM. The number of users interacting with the cross-chain bridge increased significantly before LM started

- The liquidity of Uniswap on other chains has not been significantly reduced because of OP's LM

- The liquidity pattern of Optimism Uniswap LM-related pools shows that there may be liquidity migration between different fee pools. Impact on incentivized liquidity pools:

- WETH-DAI 0.30% / DAI-USDC 0.01% - The liquidity of the two pools has increased due to LM

- WETH/USDC 0.05% liquidity in this pool has not increased significantly

- Overall, the capital efficiency of the three pools has improved, LM also reduced the transaction slippage on the pools, but this effect is less significant in the WETH/USDC 0.05% pool.Partner projects

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- LM has increased the liquidity locked in each partner project and the value and the TVL at the end of LM phase 1 is higher than before the start

- Arrakis attracted the most liquidity, followed by Gamma Strategies and xToken Terminal

Just like for Phase 1, we are seeking the Uniswap community's input to help determine new parameters for Phase 2 of the Liquidity Mining Program. We are looking for community feedback on the following:

1. Potential new pools to add

2. Potential new fee tiers to add

3. Additional LM managers

We suggest the following updates:

1. Replace WETH-USDC 0.05% with WETH-OP 0.05%

2. Add OP-USDC 0.3%

3. Add WETH-WBTC 0.05%

This would expand the LM Program to incentivize 5 pools instead of 3. As a refresher, one point of discussion from Phase 1 was to potentially add longtail assets as a contrast to the major pools. For more information, check out the discussion on Phase 1 ([RFC] The Optimism-Uniswap Protocol Liquidity Mining Program). Additionally, we would love to hear from any new potential Automated LM Managers who would like to be included in Phase 2 and beyond!

After community discussion, if multiple updates are proposed around parameter updates, we will create a 3-day Snapshot poll with the most popular options on January 4, 2023. Otherwise, if there is clear consensus, we will move forward with our recommended updates to kick off the program without a vote.