Summary:

Use $ARB as incentive to bootstrap liquidity on Arbitrum via Arrakis market making products that are built on top of Uniswap V3.

Introduction to Arrakis Finance:

Arrakis Finance is Web3's trustless market-making infrastructure protocol that enables running sophisticated algorithmic strategies on Uniswap V3.

Since launch, Arrakis has achieved

- Over 10% Uniswap V3 total TVL (>25% at its peak), across Mainnet, Arbitrum, Optimism, Polygon, and BNB Chain.

- Over 80 projects have their liquidity managed via Arrakis vaults (including both Arrakis V1 and V2)

Leveraging the infrastructure, Arrakis also develops market-making strategies for bootstrapping sustainable deep liquidity with POL (Arrakis PALM) and generating profits for liquidity providers.

Background and Motivation:

Currently, in terms of both TVL and volume, Arbitrum has become the second biggest network for Uniswap, and also where Uniswap faces intense competition from other DEXs, due to the facts that

- Many protocols choose to launch on Arbitrum because of the high network growth, which has led to a somewhat saturation of DEXs on Arbitrum.

- The difficulty in LPing using concentrated liquidity and the lack of incentives for liquidity providers, have pushed some users to Uniswap's competitors (Camelot, TraderJoe, etc).

Arrakis has been building on Uniswap V3 for more than 2 years, and has helped Uniswap improve the UX and increase TVL consistently. A growing number of projects are utilizing Arrakis protocol to simplify the LP experience for their pools and to create deep liquidity for their tokens on Uniswap V3. Previously, Arrakis already successfully conducted LM on Uniswap on Polygon and Optimism:

- On Polygon, $40m was bootstrapped into Uniswap V3 with 1.5m MATIC (roughly $1.2m) incentive

- On Optimism, $30m was bootstrapped into Uniswap V3 with 240k OP (roughly $432k) incentive

With the $ARB incentive, Arrakis can remove the shortcomings of Uniswap V3 compared with the competitors, and propel the growth of both Uniswap and the Arbitrum ecosystem.

Specification:

The Uniswap Foundation allocates 500k $ARB tokens to Arrakis Finance, which will be distributed as LM incentive to build a more liquid market for the Arbitrum ecosystem, as well as strengthen Uniswap's dominance in the DEX sector of Arbitrum.

The pools that will receive the incentives will be proposed and decided at the stage of the temperature check passing.