

Hi Lido Community!

This is Brian from Visor Finance, and I wanted to get the community's response for utilizing Visor Finance to conduct liquidity mining on top of Uni v3. I understand based on a prior post ([Diversify liquidity pools to boost stETH integrations](#)) by [@MineDeFi](#) that liquidity mining for wstETH-ETH and wstETH-DAI pools was proposed on Uni v3 using David Mihal's contract and Omar Bohsali's contract respectively. However, we would be remiss if we did not offer our Uni v3 liquidity mining proposal as well, which we believe will provide a more seamless, user-friendly LP experience for the Lido community.

This proposal from Visor Finance offers Lido DAO the ability to conduct liquidity mining and liquidity provisioning on Uniswap v3 through Visor Phantom, which is an enterprise-level tool suite for managing and incentivizing liquidity on Uniswap v3.

Background

Uniswap v3 allows for greater capital efficiency by allowing LPs to concentrate their liquidity within a specified price range. For Lido DAO, this benefits the protocol by having the ability to conduct higher volume trades with a lower amount of liquidity and slippage. For Lido LPs, they are able to earn more through a higher fee multiple due to the concentration of their liquidity.

Visor Finance actively manages liquidity on Uniswap v3. An LP simply mints a Visor Vault NFT and deposits the base assets of an LP pair into the vault. There is no need to deposit the LP tokens, and by simply depositing assets into a Visor Vault, the LPs permission Visor do the rebalancing and optimization automatically on Uni v3, saving both time and gas fees.

Visor additionally funds a research organization called Gamma Strategies (<https://www.gammastrategies.org/>) which is dedicated to researching optimal strategies on Uniswap v3.

Visor Phantom, an enterprise-level tool suite, allows any DeFi project to co-manage and incentivize liquidity on Uni v3 with Gamma Strategies. The strategies implemented are flexible and tailored to the particular wants and needs of individual DeFi projects. Project team members also have the ability to sign off on any strategy that is being employed as well as manually control different aspects of the strategy such as rebalancing, fee collection / re-investment, and liquidity mining emissions.

Problem

The problem is that the current infrastructure (Omar Bohsali's Uniswap v3 Staker Contract & David Mihal's dual range contract) for liquidity mining on Uni v3 is disadvantageous for the following reasons:

1. Manual Price Range Management & Lack of Flexibility:

In the Uniswap v3 Staker Contract, the LPs need to manage the price range themselves, and will NOT earn fees or liquidity mining rewards if the current price is not within their specified price range. Additionally, in the dual range contract, this will only work reliably for similar asset pairs such as wstETH-ETH, given the set price ranges at 0.95 - 1.01 and 0.9 - 1.03. However, if the price veers out of these ranges, it will be a manual process to reset the ranges.

1. Manual Compounding:

The current Uniswap v3 staker contract requires the LPs to manually collect fees and re-invest those fees back into position, incurring gas fees in the process.

1. High Gas Costs:

Lido LPs need to pay for gas when (a) providing liquidity on Uniswap v3, (b) staking / unstaking LP tokens, (c) claiming rewards, (d) rebalancing positions, and (e) collecting & re-investing fees back into the LP position. This is likely the main drawback to the current Uni v3 liquidity mining solution for the wstETH-DAI pair.

Solution

Visor Phantom offers the Lido DAO team a user-friendly way to collect & re-invest fees, rebalance positions based on guidance from Gamma Strategies, and/or rebalance positions based on strategy endpoints on behalf of all of Lido's LPs. These functionalities can be easily accessed by the team by simply sending commands through a Telegram bot.

Visor Phantom offers the following advantages:

1. Automated Price Range Management:

An automated strategy (co-managed by Gamma Strategies & Lido DAO) will manage price ranges so that liquidity is placed in optimal fee earning position, and LPs do not need to monitor and manually adjust the position themselves.

1. Automated Compounding:

On a regular basis, fees are collected and rebalanced back into position on behalf of all the LPs, saving them significant gas costs and allowing for a more profitable strategy

1. Significant Gas Savings:

LPs pay for gas to mint an NFT vault and deposit/withdraw the base assets on the Visor interface. They then gaslessly subscribe to the Lido DAO liquidity mining program and because the gas fees for rebalancing, fee collecting, and re-investing is split amongst all the LPs, there are significant gas cost savings for each liquidity provider

Specification:

- wstETH-WETH is added to the 0.05% fee pool on Uniswap v3
- DAI-wstETH is added to the 0.3% fee pool on Uniswap v3

The price ranges will be co-managed by the Lido DAO team and Gamma Strategies, in which the Lido DAO team signs off on the strategy being employed through the Visor Phantom tool suite.

Proposal

We propose offering the following pools using Visor Phantom:

- Uni v3 – wstETH-ETH
- `` Uni v3 – wstETH-DAI

Happy to get thoughts from the community and answer questions as well!

Best wishes,

Brian