

I think the Uniswap team is doing a fantastic job overall, and I really like the improvements that V3 bring to the table, most notably the much greater capital efficiency.

But going forward, let's say transaction fees and transaction time were to not be a problem anymore, would it be possible in theory to have an AMM where liquidity pools have algorithms similar to that of CEXs? The way I understand it, CEX algorithms for liquidity distribution is that those make sure to fill all orders around spot price and automatically adjusts buy and sell orders. So if we were to have a liquidity pool and then have an algorithm use the assets in that liquidity pool to algorithmically fill all orders around spot price, wouldn't that make for the lowest possible price slippage as well as bring in more revenue to liquidity providers?

Ideally you would also have some small tweakable parameters for liquidity providers, similar to how Uniswap V3 allows for the liquidity pool to choose a % cut of all transactions.

Or am I missing something? I would be happy to have other people's take on this!