

The Value Uninformed Orderflow on the Uniswap Protocol

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Abstract

In this paper, we analyze how *uninformed orderflow* – orders that are not predictive of future price movements – affect the revenue earned by liquidity providers on the Uniswap Protocol. We also present an opinionated framework for how much the protocol should value liquidity. Finally, we conclude by providing a recommended upper bound on how much the protocol should pay for uninformed orderflow.

- 1 Introduction
- 2 Value of Uninformed Orderflow for LPs
- 3 Value of LPs for the Protocol
- 4 Discussion
- 5 Conclusion

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