

# UNI: From Governance Token to Productive Asset

## A Fundamental Valuation of Uniswap Post-UNification

Justin Wender | Northeastern University | wender.j@northeastern.edu

March 29, 2026

*Data Source: Allium on-chain analytics platform. All fee calculations derived from decoded swap events in Allium's `crosschain.dex.trades` table. All token prices from Allium's Prices API. See Appendix for complete SQL queries.*

### Executive Summary

I recommend a long position in UNI at \$3.35 with a base-case market cap target of \$3.5 billion (\$5.53/token, 65% upside) over a 6-to-12-month horizon. The UNification fee switch, activated December 28, 2025, transformed UNI from a governance-only token into an asset with quantifiable protocol revenue. Uniswap's fully-activated run-rate is approximately \$350 million annualized, but with fees currently live only on Ethereum and recently-activated L2s, realized revenue is closer to \$30-50 million. UNI's \$2.1 billion market cap implies 6.1x on the fully-activated run-rate (42-70x on realized), near the DEX peer mean but well below Curve's 16.2x. Phase 2 fee expansion is the catalyst that bridges realized revenue to the full run-rate, a 7-12x increase without requiring volume growth.

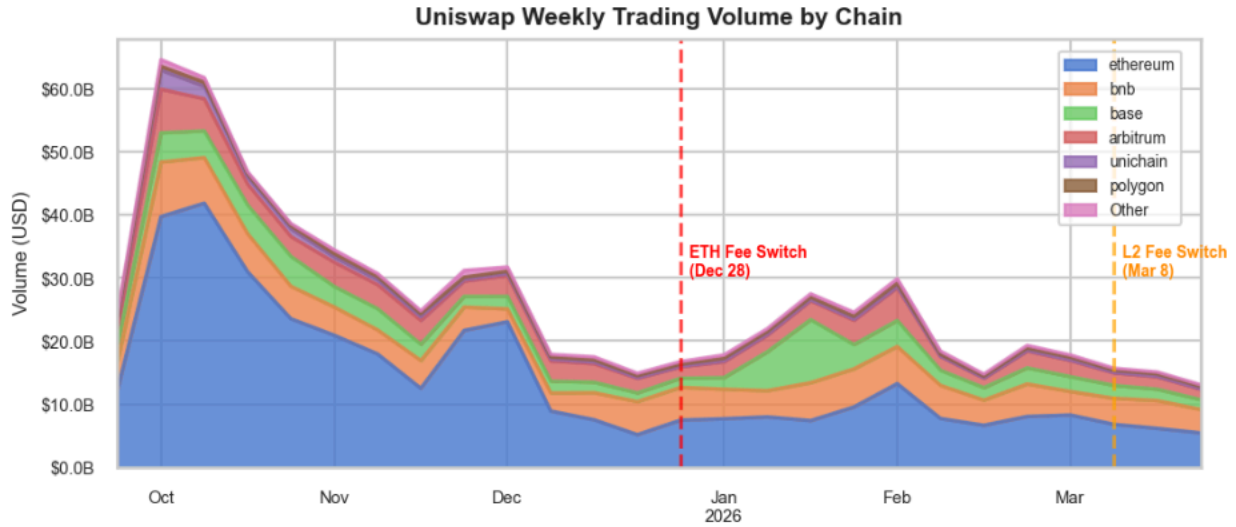
The bear case centers on a roughly 75% decline in weekly trading volume since October 2025 and market share compression from 25% to ~12%. A natural experiment shows Ethereum volume fell 60% post-fee-switch while L2 volume fell only 7%, though Ethereum-based competitors gained nothing, indicating cross-chain migration rather than protocol-specific abandonment. The key risk is sustained LP migration eroding the volume base that generates protocol revenue.

### 1. The UNification Fee Switch: From Governance Token to Revenue Asset

For five years, UNI captured none of the value its protocol generated. Uniswap processed over \$1 trillion in cumulative swap volume, with fees flowing entirely to liquidity providers while UNI holders received nothing beyond governance rights. The UNification proposal, passed on December 25, 2025 with 125 million votes in favor and just 742 against (99.99% approval), changed this permanently.

A protocol fee of approximately 16.67% (one-sixth) of LP swap fees is now collected across Uniswap v2 and v3 pools, accumulating in the TokenJar contract. The only way to withdraw from TokenJar is by burning UNI tokens through the Firepit contract, creating a direct link between protocol revenue and token supply reduction. Uniswap Labs simultaneously dropped all frontend, wallet, and API fees to zero, aligning the Labs business model with protocol-level value accrual. A 100 million UNI retroactive burn (~10% of total supply) accompanied the activation, reducing circulating supply to roughly 633 million tokens.

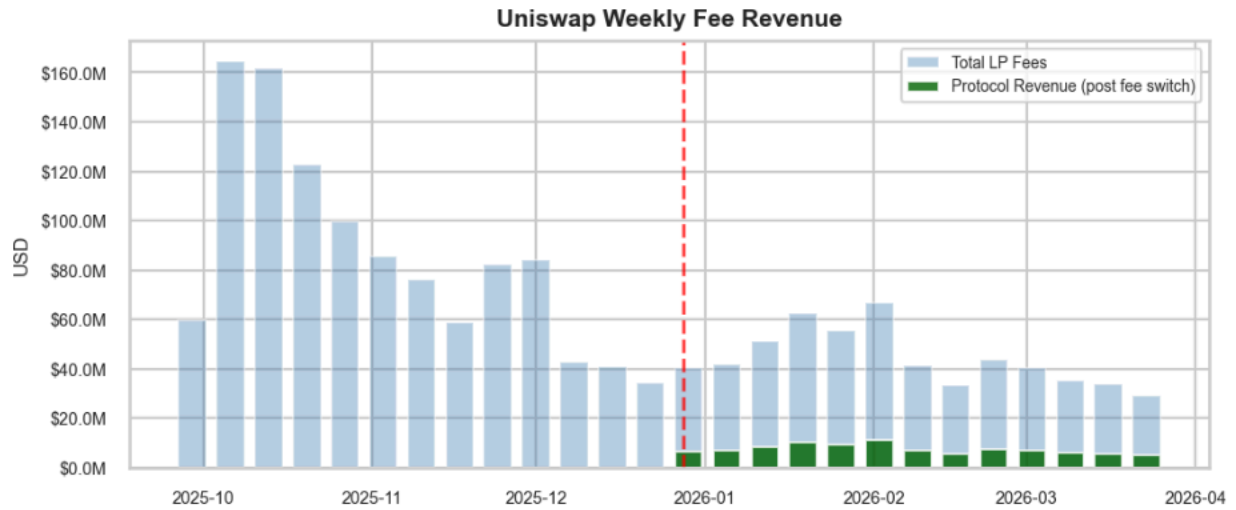
**Revenue trajectory.** I queried Allium's `crosschain.dex.trades` table for all Uniswap swap events across every supported chain from October 2025 through March 2026. The fee switch activated on Ethereum mainnet on December 28, 2025, with Phase 2 expansion to L2 chains beginning March 8, 2026. The charts throughout this report mark these two events with red and orange dashed vertical lines, respectively.



Source: Allium crosschain.dex.trades (Query 1A)

Figure 1: Uniswap weekly volume across all chains. Data from Allium crosschain.dex.trades.

Weekly volume peaked at approximately \$65 billion in early October 2025 and has contracted to the \$13-16 billion range in March 2026, reflecting a broader crypto market contraction rather than a Uniswap-specific collapse. Ethereum remains the dominant chain (~53% of total volume), followed by BNB Chain, Base, and Arbitrum.



Source: Allium crosschain.dex.trades (Queries 1A, 1B) | Red: ETH fee switch (Dec 28)

Figure 2: Estimated weekly fee revenue (total LP fees in blue, protocol revenue in green post-fee-switch).

To estimate protocol revenue, I multiplied each week's on-chain volume by the version-appropriate fee rate (v2: 0.30% total / 0.05% protocol; v3: ~0.22% blended / ~0.037% protocol), then annualized. This yields a fully-activated run-rate of approximately \$350-385 million in protocol revenue across all chains. This is the theoretical maximum at current volumes, not what the protocol is earning today. Because the fee switch has been live only on Ethereum mainnet since December 28 (with L2s just beginning March 8), current realized protocol revenue is likely in the \$30-50 million annualized range. This distinction is critical: the market is pricing UNI against current realized revenue, but Phase 2 is the catalyst that bridges the gap to the full run-rate, a 7-12x increase in actual revenue without requiring any volume growth.

**Phase 2 expansion.** The February 2026 governance proposal to extend fees to eight additional L2 chains (Arbitrum, Base, Celo, OP Mainnet, Soneium, X Layer, Worldchain, Zora) passed with similarly overwhelming support. At current L2 volume levels, this could push the total toward \$450-500 million annually.

## 2. Valuation: Where UNI Sits Relative to Peers

Every protocol in this analysis is evaluated using the same Allium data source (`crosschain.dex.trades`) and the same methodology: on-chain swap volume multiplied by each protocol's known fee rate structure, then valued against market capitalization.

DEX Comparable Valuation Table (All Data from Allium)

Token	Mkt Cap	Ann. Vol	Ann. Fees	Take Rate	Protocol Rev	Mkt Cap/Fees	Mkt Cap/Rev	Accrual
CRV	\$0.28B	\$86.5B	\$35M	50%	\$17M	8.1x	16.2x	veCRV distribution
AERO	\$0.29B	\$116.8B	\$234M	100%	\$234M	1.3x	1.3x	veAERO distribution
CAKE	\$0.53B	\$1606.3B	\$4016M	20%	\$803M	0.1x	0.7x	CAKE burn
UNI	\$2.12B	\$840.4B	\$2101M	17%	\$350M	1.0x	6.1x	Burn via Firepit

Source: Allium `crosschain.dex.trades` (Query 2A) + Allium Prices API | See Appendix for SQL.

Figure 3: Comparable DEX valuation. All volume data from Allium `crosschain.dex.trades` (trailing 30 days, annualized). Prices from Allium Prices API.

**Curve (CRV) at 16.2x market-cap-to-revenue** commands the highest multiple despite generating the least volume. CRV's 50% take rate means half of all fees flow directly to veCRV lockers who have committed tokens for up to four years, creating structural supply reduction and a community deeply incentivized to grow protocol revenue. CRV's multiple reflects years of proven model execution, not just fee generation.

**Aerodrome (AERO) at 1.3x** and **PancakeSwap (CAKE) at 0.7x** trade at steep discounts. Aerodrome's 100% take rate sends all fees to veAERO voters, but aggressive token emissions dilute holders and single-chain exposure (Base only) limits diversification. PancakeSwap's massive volume (\$134 billion monthly) generates enormous fees, but CAKE's burn mechanism captures only 20%, and BNB Chain's volume composition may include a higher proportion of automated and arbitrage-driven trading activity, meaning raw volume comparisons are not perfectly apples-to-apples.

**UNI at 6.1x on the fully-activated run-rate** sits near the peer mean. But because fees are only partially deployed, UNI's multiple on current realized revenue (~\$30-50M) is 42-70x. As Phase 2 activates fees across all chains, this realized multiple will compress toward 6.1x purely through revenue growth. This is the core asymmetry: the market appears to be pricing UNI against current realized revenue while the fully-activated run-rate is 7-12x higher and governance-approved.

**Implied market cap.** UNI deserves a multiple closer to CRV's than to AERO's or CAKE's: multi-chain deployment across 15+ chains diversifies revenue risk, the burn mechanism creates permanent supply reduction, and Uniswap's brand and integrator network create switching costs. What UNI lacks relative to CRV is the high take rate and deep community lock-in, which is why I do not assume full CRV parity.

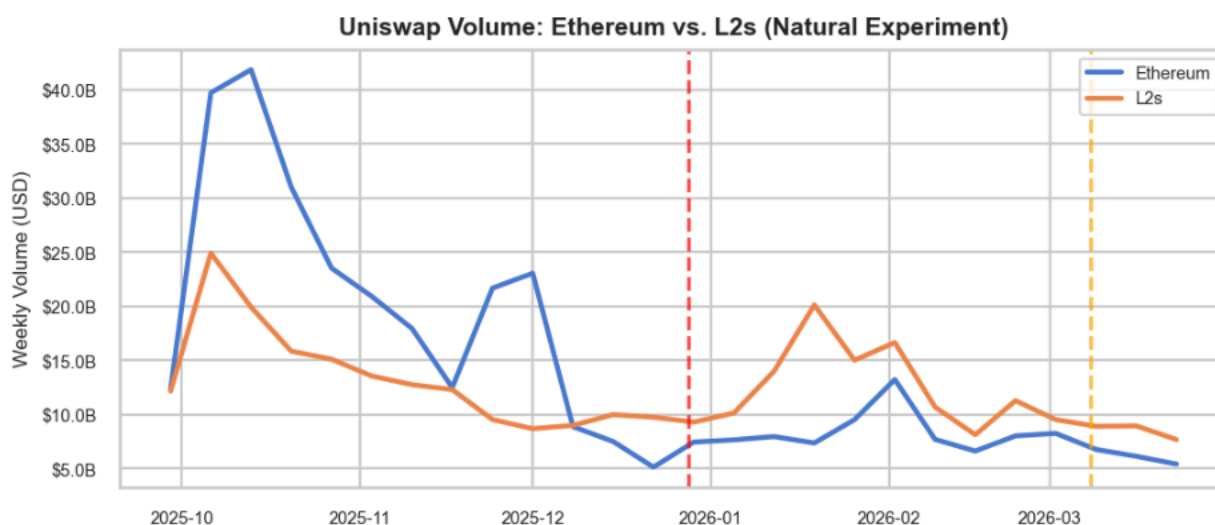
Scenario	Mkt Cap/Rev	Protocol Rev	Implied Mkt Cap	Implied Price	vs. Current
Stress case (AERO parity)	1.3x	\$350M	\$0.5B	\$0.72	-79%
Moderate bear	4.0x	\$350M	\$1.4B	\$2.21	-34%
Base	10.0x	\$350M	\$3.5B	\$5.53	+65%
Bull (CRV parity)	16.2x	\$385M	\$6.2B	\$9.85	+194%

Scenario	Mkt Cap/Rev	Protocol Rev	Implied Mkt Cap	Implied Price	vs. Current
Bull + Phase 2	12.0x	\$475M	\$5.7B	\$9.00	+168%

### 3. Risk Assessment: LP Retention After the Fee Switch

The strongest bear argument is that by taking ~16.7% of LP fees, the protocol reduces LP returns, potentially driving liquidity migration to competitor DEXes. Less liquidity means worse execution, less volume, and less fee revenue. If this flywheel turns negative, the fee switch could destroy more value than it creates.

I tested this using a natural experiment. The fee switch activated on Ethereum on December 28, 2025, but did not extend to L2 chains until March 8, 2026. During this window, Ethereum pools had the fee switch active while L2 pools did not.



Source: Allium crosschain.dex.trades (Query 3A) | Red: ETH fee switch | Orange: L2 fee switch

Figure 4: Weekly Uniswap volume on Ethereum vs. L2 chains. The window between the vertical lines (Dec 28 - Mar 8) is the natural experiment period.

During the experiment window, Ethereum volume fell 60.4% from its pre-fee-switch average of \$21.2 billion per week to \$8.4 billion. L2 volume fell only 7.2% (\$13.5 billion to \$12.5 billion). This differential suggests the fee switch contributed to Ethereum-specific decline. However, Ethereum volume was already trending sharply downward before the fee switch (from \$40 billion weekly in October to \$20 billion by late December), so the fee switch likely accelerated an existing trend. More importantly, this volume did not migrate to Ethereum-based competitors: Curve, SushiSwap, and Balancer saw no meaningful gains (see Appendix, Figure A1), confirming the decline was cross-chain migration rather than protocol abandonment.

Uniswap’s overall DEX market share declined from ~25% in early December to a stable ~12% range through January-February, before dipping toward 10% in March (see Appendix, Figure A2). This compression is driven primarily by PancakeSwap on BNB Chain and Solana-native DEXes, neither of which competes directly for Uniswap’s core Ethereum and L2 liquidity pools.

### 4. Risks

**Volume decline.** Uniswap’s weekly volume has fallen from \$65 billion (October 2025) to \$13-16 billion (March 2026), a roughly 75% decline. My base case assumes stabilization at current levels; a further 30%

decline would reduce annualized protocol revenue to approximately \$245 million.

**Competitive pressure.** PancakeSwap processes nearly twice Uniswap’s monthly volume, and Aerodrome has established dominance on Base. Solana-native DEXes represent material competitive threats in non-EVM ecosystems. Beyond spot DEX competition, the rapid growth of Hyperliquid as a standalone perpetuals venue illustrates how trading activity is increasingly migrating away from Ethereum-native DeFi infrastructure entirely.

**Governance and dilution.** The 20 million UNI per year growth budget represents approximately \$67 million in annual dilution at current prices (~\$110 million at the base-case target of \$5.53). Against the fully-activated burn run-rate of \$350 million, UNI is net deflationary, but against current realized revenue of \$30-50 million, the growth budget exceeds burn revenue, meaning UNI is currently net inflationary. This only reverses once Phase 2 is fully operational.

**Regulatory ambiguity.** The legal classification of protocol fee distribution remains unsettled. The burn mechanism was designed partly to avoid securities classification, but this legal theory has not been tested.

**Overall market risk.** UNI remains subject to broad crypto market drawdowns regardless of protocol-level performance.

**Smart contract risk.** The TokenJar and Firepit contracts are new and immutable. A vulnerability could disrupt the burn mechanism.

## 5. Conclusion

UNI at \$3.35 represents a structurally different asset than UNI at \$5.96 before the fee switch. Uniswap’s fully-activated protocol revenue run-rate is approximately \$350 million annualized, flowing into permanent token supply reduction. Today’s realized revenue (~\$30-50M) reflects partial deployment, not the protocol’s earning power. This is a measurable, on-chain reality verified directly through Allium’s decoded swap event data across every chain where Uniswap operates.

The comp analysis shows UNI fairly valued at peer-mean multiples but at a significant discount to Curve. As Phase 2 expands fee collection and v4 hooks introduce new revenue possibilities, the protocol’s earnings power will become harder to ignore. The single most important metric to monitor is weekly protocol revenue through the Firepit burn mechanism. If weekly burns consistently exceed \$6-7 million (\$350M+ annualized), the thesis holds. If burns plateau below \$4 million weekly, the position should be reconsidered.

## References

### Primary Data Sources

1. **Allium Explorer SQL API** — All on-chain trading volume, fee calculations, and market share data derived from Allium’s `crosschain.dex.trades` decoded event table. See Appendix for complete queries.
2. **Allium Prices API** — All token prices (UNI, CRV, CAKE, AERO) retrieved from Allium’s real-time Prices endpoint (POST <https://api.allium.so/api/v1/developer/prices>). Prices as of March 29, 2026.
3. **Allium Token Search API** — Token metadata endpoint. Explored for market cap data but results were unreliable for non-Ethereum-native tokens; circulating supply figures sourced from protocol documentation instead.

## Protocol Documentation

4. **Uniswap UNification Proposal** — Passed December 25, 2025. 125,086,637 votes FOR, 742 AGAINST.
5. **Uniswap Phase 2 Fee Expansion Proposal** — Extend protocol fees to 8 additional L2 chains. Passed February 2026.
6. **Uniswap v2 Whitepaper** — Fee structure: 0.30% total swap fee (0.25% to LPs, 0.05% protocol fee when active).
7. **Uniswap v3 Technical Documentation** — Fee tiers: 0.01%, 0.05%, 0.30%, 1.00%. Protocol fee up to 1/N of LP fee per tier.
8. **Curve Finance Documentation** — 0.04% base swap fee. 50% to veCRV holders.
9. **PancakeSwap Documentation** — 0.25% standard swap fee. 20% to treasury/burn.
10. **Aerodrome Finance Documentation** — ve(3,3) model. 100% of swap fees to veAERO voters.

## Market Context

11. **Uniswap Labs Fee Alignment** — Labs dropped frontend/wallet/API fees to zero concurrent with UNification. December 2025.
12. **BlackRock-Uniswap Labs-Securitize Collaboration** — Announced February 2026.
13. **Uniswap v4 Hooks** — Customizable pool logic enabling potential non-transactional revenue streams.

## Methodology Notes

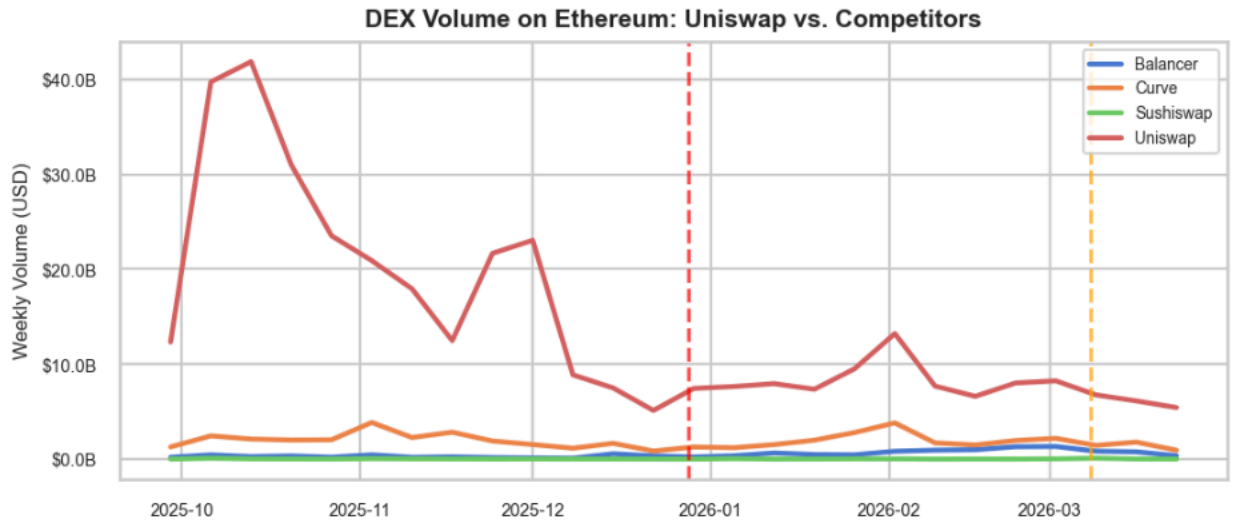
- **Fee calculation:** Annualized fees = (trailing 30-day on-chain volume from Allium) x 12 x (protocol's known fee rate). Protocol revenue = annualized fees x protocol take rate. Applied identically across all four protocols. For Uniswap, this yields the fully-activated run-rate, not current realized revenue.
- **Market cap:** Token price (Allium Prices API) x circulating supply (protocol documentation). UNI 633M, CRV ~1.34B, CAKE ~389M, AERO ~920M.
- **Market-cap-to-revenue multiple:** Market cap / annualized protocol revenue.

## Appendix: Allium SQL Queries Used in This Analysis

All queries executed via Allium's Explorer SQL API (POST <https://api.allium.so/api/v1/explorer/queries>). Token prices via Allium's Prices REST API (POST <https://api.allium.so/api/v1/developer/prices>). The core table is `crosschain.dex.trades`, aggregating decoded swap events across all supported blockchains and DEX protocols.

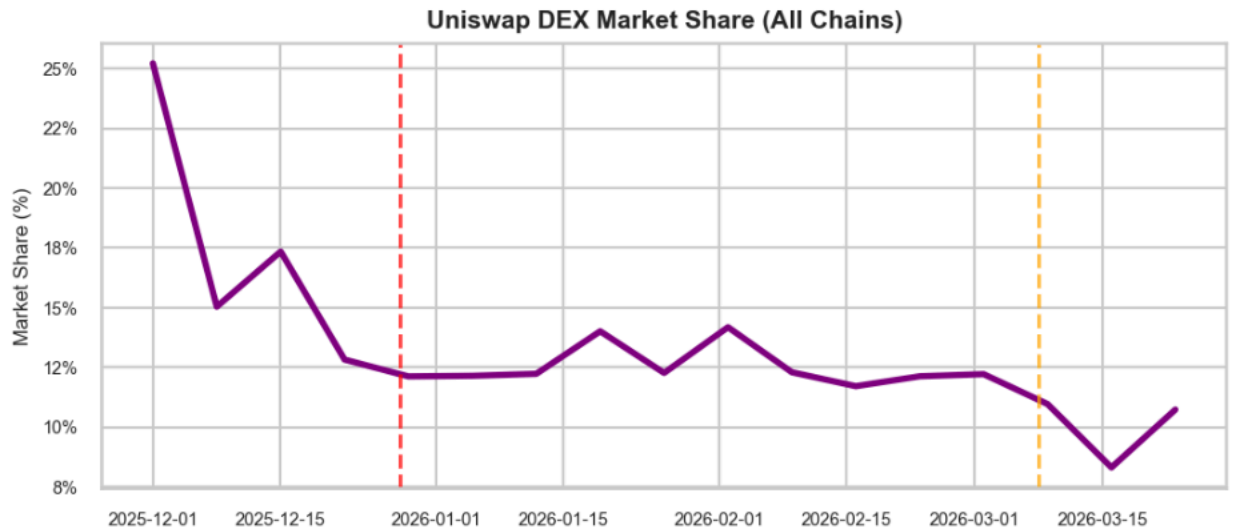
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## Supplementary Figures



Source: Allium crosschain.dex.trades (Query 3C) | Red: ETH fee switch | Orange: L2 fee switch

Figure A1: Weekly DEX volume on Ethereum. Uniswap's competitors saw no meaningful volume increase during the fee switch period, suggesting volume migrated cross-chain rather than to rival protocols.



Source: Allium crosschain.dex.trades (Query 3B) | Red: ETH fee switch | Orange: L2 fee switch

Figure A2: Uniswap's share of total cross-chain DEX trading volume over time.

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## Pillar 1: Revenue Analysis

### Query 1A: Uniswap Weekly Volume by Chain

**Purpose:** Track Uniswap trading volume across all chains over 6 months, broken down by chain.

**Table:** crosschain.dex.trades

```
SELECT
    DATE_TRUNC('week', block_timestamp) AS week,
    chain,
    SUM(usd_amount) AS volume_usd,
    COUNT(*) AS trade_count
FROM crosschain.dex.trades
WHERE project = 'uniswap'
    AND block_timestamp >= '2025-10-01'
    AND block_timestamp < '2026-03-30'
GROUP BY 1, 2
ORDER BY 1, 2
```

**Result:** ~630 rows. Ethereum ~53% of volume (\$368B), followed by BNB Chain (\$125B), Base (\$81B), Arbitrum (\$80B).

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### Query 1B: Uniswap Volume by Protocol Version

**Purpose:** Break down volume by v2/v3/v4 for version-specific fee estimation.

```
SELECT
    DATE_TRUNC('week', block_timestamp) AS week,
    protocol,
    SUM(usd_amount) AS volume_usd,
    COUNT(*) AS trade_count
FROM crosschain.dex.trades
WHERE project = 'uniswap'
    AND block_timestamp >= '2025-10-01'
    AND block_timestamp < '2026-03-30'
GROUP BY 1, 2
ORDER BY 1, 2
```

**Fee logic:** V2 volume x 0.30% = V2 fees. V3 volume x ~0.22% (blended) = V3 fees. Protocol revenue = total fees x (1/6).

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### Query 1C: Monthly Volume Summary

```
SELECT
    DATE_TRUNC('month', block_timestamp) AS month,
    SUM(usd_amount) AS volume_usd,
    COUNT(*) AS trade_count
FROM crosschain.dex.trades
WHERE project = 'uniswap'
    AND block_timestamp >= '2025-01-01'
    AND block_timestamp < '2026-03-30'
GROUP BY 1
ORDER BY 1
```

**Result:** Monthly volume ranged from \$65B (Mar 2026) to \$225B (Oct 2025).

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## Pillar 2: Comparable Valuation

### Query 2A: Comparative DEX Volume (30-day and 90-day)

**Purpose:** Foundation of the comparable valuation table.

```
SELECT
  project,
  SUM(CASE WHEN block_timestamp >= CURRENT_DATE - INTERVAL '30 days'
    THEN usd_amount ELSE 0 END) AS volume_30d,
  SUM(usd_amount) AS volume_90d,
  COUNT(CASE WHEN block_timestamp >= CURRENT_DATE - INTERVAL '30 days'
    THEN 1 END) AS trades_30d,
  COUNT(*) AS trades_90d
FROM crosschain.dex.trades
WHERE project IN ('uniswap', 'curve', 'pancakeswap', 'aerodrome')
  AND block_timestamp >= CURRENT_DATE - INTERVAL '90 days'
GROUP BY 1
```

**Result:** PancakeSwap 30d volume \$134B, Uniswap \$70B, Aerodrome \$9.7B, Curve \$7.2B.

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### Query 2B: Weekly Volume Trend by Protocol

```
SELECT
  DATE_TRUNC('week', block_timestamp) AS week,
  project,
  SUM(usd_amount) AS volume_usd,
  COUNT(*) AS trade_count
FROM crosschain.dex.trades
WHERE project IN ('uniswap', 'curve', 'pancakeswap', 'aerodrome')
  AND block_timestamp >= '2025-10-01'
  AND block_timestamp < '2026-03-30'
GROUP BY 1, 2
ORDER BY 1, 2
```

## Allium Prices API Call

**Endpoint:** POST <https://api.allium.so/api/v1/developer/prices>

```
[
  {"token_address": "0x1f9840a85d5aF5bf1D1762F925BDADdC4201F984", "chain": "ethereum"},
  {"token_address": "0xD533a949740bb3306d119CC777fa900bA034cd52", "chain": "ethereum"},
  {"token_address": "0x0E09FaBB73Bd3Ade0a17ECC321fD13a19e81cE82", "chain": "bsc"},
  {"token_address": "0x940181a94A35A4569E4529A3CDfB74e38FD98631", "chain": "base"}
]
```

**Result:** UNI \$3.355, CRV \$0.209, CAKE \$1.357, AERO \$0.319 (March 29, 2026). Note: "chain": "bsc" is Allium's identifier for BNB Chain.

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## Pillar 3: LP Retention / Risk Analysis

### Query 3A: Ethereum vs. L2 Volume (Natural Experiment)

**Purpose:** Isolate fee switch impact using staggered rollout as natural experiment.

```
SELECT
  DATE_TRUNC('week', block_timestamp) AS week,
  CASE WHEN chain = 'ethereum' THEN 'Ethereum' ELSE 'L2s' END AS chain_group,
  SUM(usd_amount) AS volume_usd,
  COUNT(*) AS trade_count
FROM crosschain.dex.trades
WHERE project = 'uniswap'
  AND block_timestamp >= '2025-10-01'
  AND block_timestamp < '2026-03-30'
GROUP BY 1, 2
ORDER BY 1, 2
```

**Result:** Ethereum weekly volume fell 60.4% post-fee-switch; L2 volume fell only 7.2%.

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### Query 3B: Uniswap Market Share

```
SELECT
  DATE_TRUNC('week', block_timestamp) AS week,
  SUM(CASE WHEN project = 'uniswap' THEN usd_amount ELSE 0 END) AS uni_volume,
  SUM(usd_amount) AS total_volume
FROM crosschain.dex.trades
WHERE block_timestamp >= '2025-12-01'
  AND block_timestamp < '2026-03-30'
GROUP BY 1
ORDER BY 1
```

**Result:** Market share declined from ~25% (early Dec) to ~12% (Jan-Feb), dipping to ~10% in March.

## Query 3C: Ethereum Competitor Volume

```
SELECT
  DATE_TRUNC('week', block_timestamp) AS week,
  project,
  SUM(usd_amount) AS volume_usd,
  COUNT(*) AS trade_count
FROM crosschain.dex.trades
WHERE chain = 'ethereum'
  AND project IN ('uniswap', 'curve', 'sushiswap', 'balancer')
  AND block_timestamp >= '2025-10-01'
  AND block_timestamp < '2026-03-30'
GROUP BY 1, 2
ORDER BY 1, 2
```

**Result:** Curve, SushiSwap, and Balancer showed no meaningful volume gains during the fee switch period.

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## Technical Notes

- **API authentication:** X-API-KEY header.
  - **SQL Explorer workflow:** Create -> run-async -> poll status -> fetch results (JSON). Avg execution: 30-90 seconds.
  - **Rate limiting:** 1 request/second. All calls include 1.05s minimum interval.
  - **Row limit:** 250,000 per query. All queries well under limit.
  - **Data freshness:** All queries executed March 29, 2026.
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