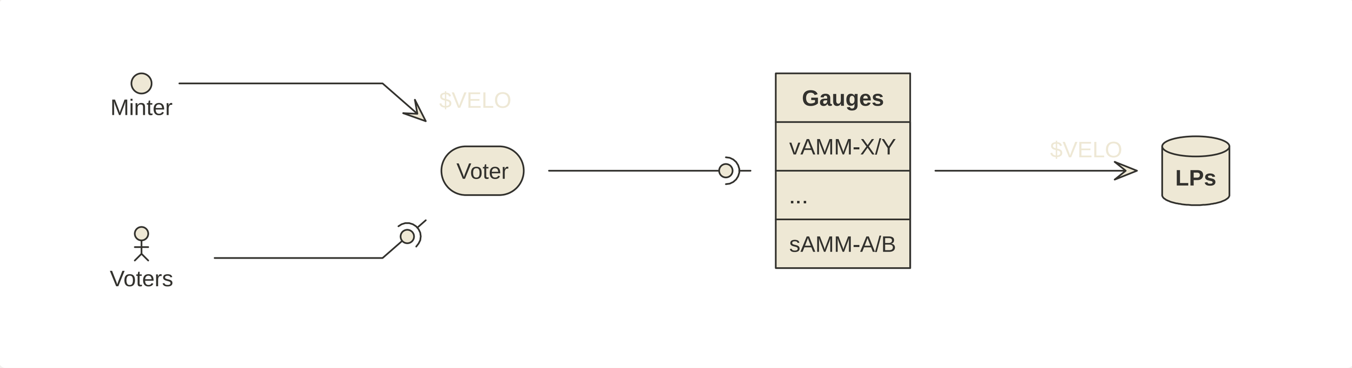
Version 1

Velodrome is a protocol designed to enable token swaps by attracting liquidity (see the simplified diagram below). The protocol rewards liquidity providers (LPs) with VELO token emissions (from the Minter), which are distributed to liquidity pools proportionally to the votes each pool receives (casted on a weekly basis by Voters). Liquidity providers must stake their deposited liquidity (in a Gauge) to receive VELO tokens. VELO holders can lock their tokens to vote on the distribution of emissions.



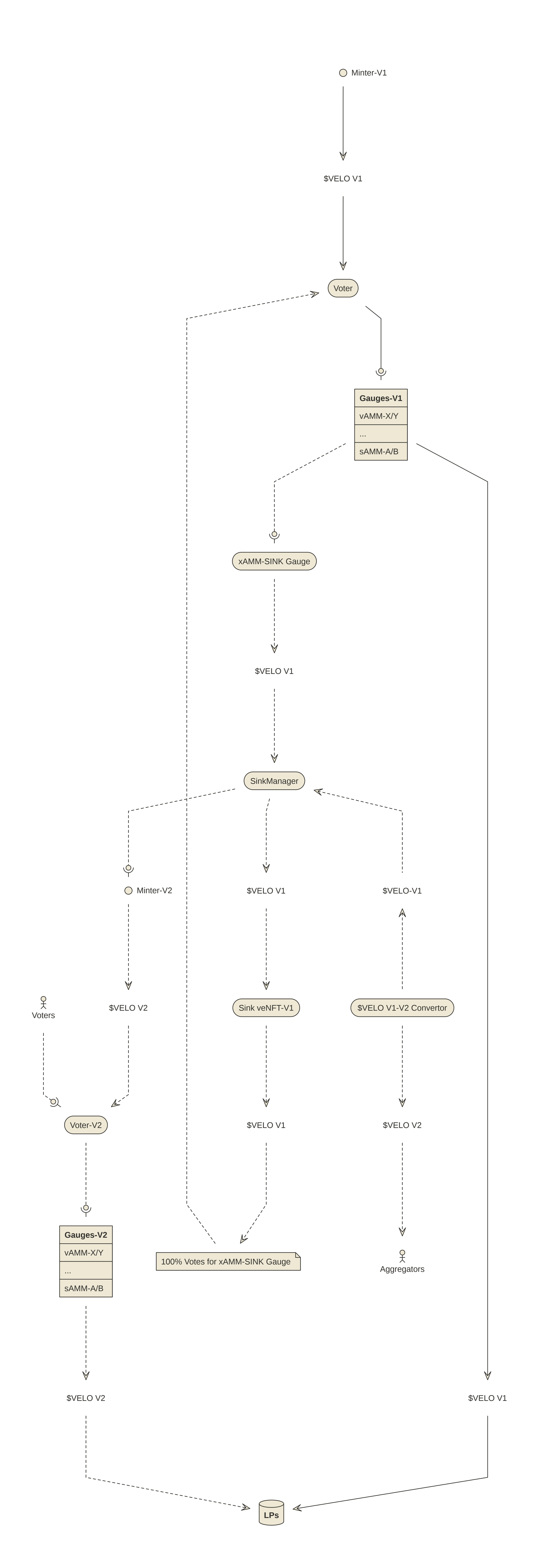
The protocol is 100% immutable, so changes to the protocol mechanics are not supported. As a result, the Minter will distribute tokens based on the same rules in perpetuity.

Version 2

A second version of the protocol was launched in order to enable major features such as:

- decentralization
- concentrated liquidity support
- dynamic fees
- dynamic emissions rate
- Velodrome Relay
- and enhanced performance and user experience with the new dApp

To allow the new functionality, the protocol was redesigned and rewritten from the ground up (see the simplified diagram for changes).



Velodrome V2 is still 100% immutable and brings an important architectural foundation over the limited v1:

- a liquidity pool factory registry, which allows us to add new liquidity pool types (eg. concentrated, multi-tokens, custom pools)
- updatable gauges factory, to allow us support maintenance for these new pool type gauges and reward contracts
- updatable rewards/incentives factory, to allows us in case of a security incident, to provide quick and long-term maintenance

Velodrome V2 issued a new `$VELO` token, convertible 1-to-1 with the V1 token.

Both versions and tokens operate in parallel and keep the emissions running according to the expected schedule.

The old token is captured and locked in perpetuity and the new token took over the emissions naturally following the same schedule and operational purpose.