

## Abstracts

We are about 1 month before the Ethereum mainnet transfer from PoW to PoS. The merge is really under the spotlight among the whole crypto world these days. As we are expecting the merge to come, we should also be aware of the potential risks that we are facing, especially the lack of liquidity for stETH.

There are various reasons that might drive liquidity for stETH, especially on DEXs, to become less, and less:

1. While the merge happened, there might be some issues among DeFi protocols and huge volatility on ETH value-based tokens. LPs tend to remove their liquidity from the DEXs and keep their assets in their wallets.
2. With the potential PoW fork speculation, there has been a pressure on the ETH-based price of stETH. This might trigger a collapse of stETH liquidity.

## Proposal

For the risks that have been mentioned above, I propose that we set up an stETH-WETH pool on Uniswap V3 owned by DAO treasury with 10,000 WETH

, at an stETH/WETH price between 0.01 and 0.92

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Set a max price of stETH/WETH pool at 0.92 means, there will be an at least 8% discount for the DAO-owned liquidity to buy stETH. Based on [@McNut's research](#), the ATL price of stETH (daily average, in ETH, June 18th 2022) is 0.936. So the price at 0.92 only can be appeared in a real critical situation.

With this DAO treasury-owned liquidity, Lido DAO will provide:

1. A guaranteed emergency liquidation support for Maker, Aave etc.
2. The supremely confidence on the succeed of the merge and the stability of Lido protocols.

Glad to take further discussions on this proposal with all community members.