

Summary

Lido proposes to sunset operations on Terra Classic. If you're a stakeholder of Lido on Terra, please read carefully to understand the implications.

Context

As UST and Luna death-spiraled, the native redemption mechanism was overwhelmed by capital seeking exit, and Luna hyper-inflated. This rapidly diluted the staking ratio of the network, threatened its economic security, and led to two consecutive halts and emergency patches. Today, only ~0.004% of the Luna's supply is staked, ~26% of which is staked with Lido.

The disabling of delegations and the market module has rendered Lido on Terra largely inoperative. New bLuna or stLuna cannot be minted, and the transaction which allows the system to claim and handle rewards is unable to execute. As a result, unclaimed rewards are currently stuck in limbo.

Re-enabling delegations and the market module would return some functionality to the protocol, but seems unreasonable at this time, as the cost of an economic attack remains extremely low (around \$10,000 at the time of writing).

The protocol's permissioned set also faces significant challenges. Whitelisted operators such as [Figment](#) and [Chorus One](#) have already announced they would be shutting down their Terra Classic validators. How long other node operators will continue to support the network is uncertain and, should delegations be re-enabled, the inflow of even a small fraction of the current circulating supply could dramatically reshape the network's active set. This would partially or entirely suppress the protocol's ability to generate yield for its users, and put the protocol's existence into question.

Finally, Terra's validators and developers have either pledged their support to the new network or are considering migrating to other chains. As a result, it seems unlikely that Terra Classic will ever return to a normal state of operation.

Sunsetting Lido on Terra Classic

Given the circumstances, we propose to stop maintaining Lido on Terra Classic.

Smart-contracts could be upgraded to unbond all LUNAC and claim rewards. However, given the unstable state of the blockchain, there is no guarantee that contracts would operate as intended, nor that the upgrade wouldn't cause further losses.

Instead, once a reasonable amount of time has been left for users to withdraw their assets, we propose to burn the keys to the smart contracts. It implies:

1. Making all contracts non-upgradable,
2. Updating the Hub's configuration to make the contract owner invalid.
3. Finally, shutting down [the Terra UI](#),

Sunsetting stETH <> Anchor integration

For the same set of reasons, after a similar withdrawal period, we propose to stop maintaining the Anchor <> stETH integration.

The procedure is as follows:

1. Shut down [the Anchor integration UI](#),
2. Stop the bot accruing rewards,
3. Upgrade contracts to prevent bETH from minting.

Timeline

If the DAO votes in favor of sunseting Lido on Terra, we propose to maintain Lido on Terra Classic and the stETH <> Anchor integration for a month after the vote ends. We may prolong the supported interval if it is required by the circumstances. Once this period is over, the UIs and all related infrastructure will be immediately shut down, and the protocol keys burnt. More time-consuming operations, such as upgrading contracts, will be completed thereafter.

Consequences

[As of the passing of prop 29, Anchor has frozen most of its functions, but collateral withdrawal should remain functional.](#)

- For bLuna/stLuna holders

You may then unbond bLuna/stLuna, swap to another asset using a DEX (Astroport, TerraSwap and Loop Finance are currently functioning), or keep the tokens.

- For bETH/bSOL holders

Please withdraw and unwrap any bAsset left on Terra as soon as practical. Helpful information is available in the following threads:

twitter.com

[Lido On Terra](#)

[@LidoOnTerra](#)

Numerous users have been facing difficulties withdrawing collateral asset from Terra via wormhole.

If that's your case, here is some useful information

[7:44 PM - 12 May 2022](#) 11

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twitter.com

[Anchor Protocol](#)

[@anchor_protocol](#)

1/ For those who would like to bridge \$bETH off of Terra to Ethereum, here's a swap it for \$stETH, which yields you a staking yield of ~3.8% APR.

on how to send your \$bETH from Terra to

[10:54 PM - 20 May 2022](#) 1.8K

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- For node operators

Delegations from Lido on Terra will stop, and, if users request to unbond their tokens from the protocol, some Luna may be undelegated from your validator. All baseline requirements will be lifted, and you may keep your Terra validator running, or shut it down, at your own discretion.

We are putting guidelines together for validators wishing to end their operations, so that they can do so with minimal negative repercussions to themselves and the network.

Conclusion

We intend to submit this proposal to the DAO's vote in 6 days, on the 14/06/2022 around 12AM UTC, with the following options:

- A. Shut down Lido on Terra Classic and stETH <> Anchor integration using the proposed procedure.
- B. Do not shut down/re-evaluate the procedure.

23.06.22 EDIT: The UI at [Unbond | Lido](#) is now working.