On May 14th, Lido DAO contributors were made aware of a security breach that affected an active Node Operator using the Lido on Ethereum protocol (Numic). The security breach had occurred a few days prior and affected a developer machine that had access to an encrypted key material backup for mainnet validators. It is unclear if the encrypted key material was accessed, copied, or otherwise manipulated, nor if the decryption material for that data was found, or if the encryption was otherwise broken.

In response to the identification that the encrypted backups may have been accessed, and for safety reasons, the Node Operator decided to:

1. set their depositable keys relating to the Lido Protocol to zero to avoid receiving any further deposits, and

2. perform voluntary exits of all possibly affected keys in a staggered manner of the following days.

As of a few hours ago, all of the operator's validators have been exited (and fully withdrawn). Validator operations were not affected as a result of the incident, and no user funds have been affected.

Some Lido DAO contributors have been involved in helping support the Node Operator in investigating the incident to understand its full scope and potential impact.

The disclosure was not made public immediately as to not call unneeded attention to the breach until the validators had been fully exited.

While the Node Operator is performing a more extensive review of their security & backup processes, the DAO may deliberate as to whether the operator should continue in the active set or not.