

After the recently announced launch of the [LEGO initiative](#), [Chorus One](#) is excited to propose a first mountain grant to the Lido DAO: building out a Lido-operated liquid staking protocol for the Solana blockchain. Lido for Solana has the potential to massively expand the assets staked through Lido. It can help further the Lido mission to make staking easy and decentralized for one of the largest and most promising Proof-of-Stake networks. And it can add a large recurring revenue stream to the Lido DAO, delivering value to LDO holders.

As this is a significant effort and request, this development proposal will be suggested to the Lido DAO as a [Snapshot](#) vote that will run for three days. We will give a few days for feedback on this forum thread and then initiate the vote where LDO holders can signal their (dis)approval on May 6.

Suggested Design

The core of the suggested design is the creation of a liquid staking token (for now: stSOL) that will accrue staking rewards and represent staking positions with Lido validators on Solana. Stake deposited to the Lido contract on Solana will be distributed to these validators following a logic similar to the [Lido Ethereum liquid staking solution](#). Lido on Solana will have a fee mechanism similar to that on Ethereum which allows to split fees between node operators and the Lido treasury (e.g. to be used for the insurance fund). Lido node operators, as well as parameters such as the fee, will be controlled via governance of LDO holders on Ethereum. In the initial version, governance decisions will be carried out via a multisig controlled by Lido stakeholders on Solana. This will later be upgraded to a fully automated and trust-minimized process as cross-chain bridges mature.

A detailed and evolving technical spec can be found [here](#). Please leave comments or reach out to us directly if you have feedback or want to get involved.

Why Solana?

Solana has seen tremendous growth and adoption over the past year. There is a flourishing ecosystem emerging around [Serum](#) and other DeFi protocols such as [Raydium](#), [Oxygen](#), [Pyth Network](#), and [others](#) that are being built on Solana. With [over \\$14bn staked, Solana is now also in the Top 5 of Proof-of-Stake networks](#) by staked value. A liquid staking token on Solana has huge potential for this ecosystem, as stSOL could be used as collateral in DeFi applications on Solana and beyond. Liquid staking on a network that, at the moment, generates more than \$1bn in staking rewards a year could bring a lot of value to Lido if stSOL is to be adopted as the prime liquid staking solution. As an example, if Lido were to capture 25% of the staking market share on such a network and charge a 10% fee out of which say 40% would end up in the DAO's treasury, this would translate to an ARR (annual recurring revenue) of \$14m for the DAO and had over \$3bn to the assets staked through Lido.

We also believe that Lido could improve censorship resistance in Solana by spreading stake across multiple nodes operated by professional staking providers governed through a DAO that is highly specialized and that operates across networks. This should in the end benefit all stakeholders in the Solana ecosystem.

Why Chorus One?

Chorus One has been on the forefront of liquid staking and already engaged with the topic both on a theoretical and practical basis. We wrote the first [comprehensive report](#) on liquid staking and hosted a working group commissioned by the Interchain Foundation after initially developing a prototype during a Cosmos hackathon and realizing the importance of the topic. We are also [founding members of the Lido DAO](#) and genesis validators on the [Solana Mainnet Beta](#). We currently operate the largest Solana validator with over \$650m in SOL staked. We have in-house expertise of Solana through other development work we have and are doing for the protocol and through [participating in the Tour de Sol challenge](#). We already have a highly capable and well-resourced team focused fully on delivering liquid staking for Solana. We are in close contact with both core Solana and Lido development teams and are collaborating closely with them to deliver this solution.

We are determined to bring liquid staking to Solana and to help integrate stSOL into the emerging Solana DeFi ecosystem and beyond.

Timeline and Future Work

- Phase 1: [Initial MVP Spec](#) (in progress) [April - May 2021]
- Phase 2: Production MVP Development and Release with a Front-End [May - July 2021]
- Phase 3: Work on Initial DeFi Integrations and Development of Version 1 [Rest of 2021]
- Phase 4: Ongoing Maintenance, Upgrades, and Further Work on Integrations [from 2022 onwards]

Suggested Incentive Structure

Delivering Lido for Solana is a large undertaking set to deliver tremendous value for Lido DAO and the Solana ecosystem. We are committed to making this a major priority for Chorus One, deliver a great solution and grow it over the long term.

We suggest the following incentive structure that fully aligns us with the long-term success of Lido DAO, as well as Lido Solana:

- Lido Token Incentives: Using vested tokens distributed according to milestones reached.
- Revenue Share: An ongoing revenue share between Chorus One and the Lido DAO.

We do not request development costs to be borne by the DAO, but are ready to invest in the project and cover all those costs ourselves. We will only profit when the project is successfully delivered, gains market share, and drives large value to Lido DAO and LDO holders.

Lido Token Incentives

To align us long-term with the success of the Lido DAO and as an incentive for delivering a successful liquid staking solution, we propose the following terms:

- 1,000,000 LDO tokens issued with vesting a 1 year cliff and 1 year vesting when Lido for Solana manages to capture 2.5% of the staked SOL supply.
- 1,000,000 in additional LDO tokens vesting over a year when Lido for Solana manages to capture 25% of the staked SOL supply.

Revenue Share

An ongoing revenue share aligns incentives between the DAO and Chorus One. It will serve to reward for the success of the project, incentivize further growth and cover development and maintenance costs. We are suggesting that Chorus One, as the lead development team of Lido on Solana, will receive 20% of the fee going to the Lido DAO treasury, while 80% is retained by the treasury itself.

As an example, if Lido on Solana charges a 10% fee, 50% of that could go to node operators and 50% to the Lido DAO treasury. Our proposed structure would then distribute 20% of the portion going to the treasury on an ongoing basis to Chorus One. We believe that this structure is best suited to incentivize independent investment and expansion of integrations on our end by tying our revenues to those generated for the DAO at large.

We are excited to be the first external development team seeking to expand Lido through a liquid staking solution for another network. We are looking for feedback from LDO holders and anyone with an interest in Lido. Finally, we encourage other teams that would like to get more deeply involved with Lido, e.g. by building a liquid staking solution for another protocol, to use this proposal as a basis for their applications.

Next Steps

We have already been in contact with various stakeholders from the Lido and Solana ecosystems and started the development of our proposed Lido liquid staking solution for Solana. There is already a [completed first version of a technical specification](#) that has undergone multiple iterations of reviews with relevant stakeholders. We have also begun work on a frontend integration for <https://stake.lido.fi> that will support various Solana wallets.

Our next step is to gather more feedback from LDO holders and other ecosystem members on this proposal and the proposed spec, which we are encouraging with this forum post.

On May 6, we will issue a Snapshot vote to determine whether the Lido DAO is in favor of supporting our proposal. If the proposal passes, we will speed up development of the MVP of the Lido for Solana program in accordance with the spec and iterate on the spec with the goal to release a useful version to integrate into Solana's blooming DeFi ecosystem.