

By publishing this post, I want to invite the members of the Lido DAO and all the parties who are interested in module development to figure out the most efficient, secure, and decentralized way to support modules and put these approaches together into a policy that can be approved by the DAO.

Overview

Within the scope of the [Lido V2 upgrade](#), the Lido DAO introduced [Staking Router](#), which provides a way to modularize the validator set at the smart-contract level. This modular structure encapsulates different validator subsets into separate contracts called modules. It opens up the opportunity for Ethereum community developers, or anyone for that matter, to create modules with a variety of characteristics (such as node operator compositions, cover options, and fee structures) and propose them for inclusion in the Staking Router's module set.

Given the above, it is in the best interests of the Lido DAO to adopt a straightforward and transparent policy with respect to what the governance surface of the modules should look like— in order to ensure the Lido NO set remains secure and decentralized.

Purpose

This policy aims to delineate what the decision-making levels are, and define how the powers and levers are meant to be distributed between these levels.

Policy statement

1. Levels of decision making

The Lido DAO level

Any decision that can significantly affect the structure of the validator set, overall performance, security, and reputation must be taken at the DAO level. To make sure that those decisions are well-informed, they should follow Lido DAO's [regular governance process](#), which consists of multiple steps - research forum post and debate, followed by Snapshot and/or Aragon vote.

For each Staking Router module, the level of decision-making may be different; however, there are some decisions which are always required to be made at the DAO level. In particular, for each module:

1. The Lido DAO sets the allow limits for modules' parameters;
2. The Lido DAO approves the proposed modules' design;
3. The Lido DAO approves the proposed control levers of modules (a committee responsible for the modules' support and the terms of the modules' support scheme);
4. The Lido DAO approves the Treasury fee for each module;

Additionally:

1. The Lido DAO sets both the stake distribution scheme among modules and control levers of the scheme;
2. The Lido DAO sets both the rewards distribution scheme among modules and control levers of it;
3. The Lido DAO has the ultimate vote to launch and sunset modules.

Dedicated committee for the module

In order to streamline routine module governance operations, some aspects of a module's support might be governed by a committee. The dedicated module's committee should be made up of distributed stakeholders from the Ethereum community, and is expected to include representatives from Lido contributors, the module's developers, and unbiased third party Ethereum community contributors.

The set of responsibilities of such a committee, as well as its members, must be approved by the Lido DAO. The creation of the committee is announced via a post on the research forum, and is formalized by a Snapshot vote (there should be enough time for proper deliberation between the two).

The committee operates within the powers described in the module design and is approved at the DAO level.

2. Determination authority levels

For a clear allocation of authority levels, the module's design must delineate authority limits as well as articulate how changes occur in the module (within the allowed boundaries set by the DAO) and who is responsible for making those changes. The particular limits, levers, and powers have to go through the DAO voting process.