

Hi all,

I wanted to open this thread to kickstart the discussion on the process of adding node operators to the Lido DAO.

As most of you know, node operators are at the heart of Lido; since earnings and slashing losses are socialized across all stETH holders, node operators need to be trusted and experienced entities that are able to run validating nodes of the highest possible quality in terms of security, availability, and reliability. I suggest to use this thread to start discussing the selection criteria and validator key distribution process for node operators.

Goal

Decentralize Lido further by adding best-in-class node operators with secure and reliable setups. This should lower the risk to stETH holders through diversification and introducing uncorrelated setups, which is especially important in light of [Eth2's anti-correlation penalties](#).

Suggested Criteria

1. Dedicated team/company that can respond to potential incidents 24/7.
2. Experience in operating staking infrastructure.
3. To evaluate this, a proxy like AUM (staked assets in \$) could be used: e.g. at least \$25m in assets staked.
4. Another proxy could be how long the team has been operating node infrastructure. We could e.g. say the team needs to have operated nodes for at least 2 years.
5. Experience in operating Ethereum validators.
6. We could require proving that new node operators have already been running Ethereum validators without incidents for some timeframe.
7. Other factors:
8. It will be desirable to add node operators that provide additional value to the DAO, e.g. in terms of developing helpful tools, helping with business development and marketing, etc. These factors should be covered in applications for LDO holders to consider for voting on new operators.

Discussion on # of node operators and approach to distributing keys

There's also a need for a wider discussion on how many node operating entities the DAO needs and how to distribute keys among them. As of now, we seem to gravitate towards all initial node operators controlling the same amount of keys. I think we need to establish a more sophisticated process/mechanisms for deciding how to distribute "voting power" across node operating entities going forward. Clearly, new node operators should first get trialed with fewer amount of keys and then be "promoted" over time. I think it could be interesting to introduce some kind of tiered system, e.g. have newcomer operators with an initial limited amount of keys, then some further levels throughout which limits increase (i.e. established operators, core operators,...). There could be infrequent LDO votings to determine the distribution among those tiers. This is just an initial idea that needs further thought.

Curious to hear what other people think should be the evaluation criteria and mechanism for distributing keys. I think Lido has a unique opportunity to build one of the strongest and most resilient validator sets in crypto and we are excited by the promise of this!

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