The governance platform for the Lido DAO.

Lido DAO is a community that builds liquid staking service for Ethereum. Lido allows users to earn staking rewards without locking assets or maintaining staking infrastructure, using a selection of carefully vetted validators.

Lido FAQ

1. What is Lido

Lido is a liquid staking solution for ETH 2.0 backed by industry-leading staking providers. Lido lets users stake their ETH - without locking assets or maintaining infrastructure - whilst participating in on-chain activities, e.g. lending.

Our goal is to solve the problems associated with initial ETH 2.0 staking - illiquidity, immovability and accessibility - making staked ETH liquid and allowing for participation with any amount of ETH to improve security of the Ethereum network.

Learn more here.

2. How does Lido work?

When staking with Lido, users receive stETH tokens on a 1:1 basis representing their staked ETH. stETH balances can be used like regular ETH to earn yields and lending rewards, and are updated on a daily basis to reflect your ETH staking rewards. Note that there are no lock-ups or minimum deposits when staking with Lido.

When using Lido, users receive secure staking rewards in real-time, allowing for participation in the securing of Ethereum without the associated risks and downside potential.

Learn more here.

3. What is liquid staking?

Liquid staking protocols allow users to earn staking rewards without locking assets or maintaining staking infrastructure. Users can deposit tokens and receive tradable liquid tokens in return. The DAO-controlled smart contract stakes these tokens using elected staking providers. As users funds are controlled by the DAO, staking providers never have direct access to the users' assets.

4. What is stETH?

stETH is a token that represents staked ether in Lido, combining the value of initial deposit + staking rewards. stETH tokens are minted upon deposit and burned when redeemed. stETH token balances are pegged 1:1 to the ethers that are staked by Lido. stETH token's balances are updated when the oracle reports change in total stake every day.

stETH tokens can be used as one would use ether, allowing you to earn ETH 2.0 staking rewards whilst benefiting from e.g. yields across decentralised finance products.

5. What is LDO?

LDO is an Ethereum token granting governance rights in the Lido DAO. The Lido DAO governs a set of liquid staking protocols, decides on key parameters (e.g., fees) and executes protocol upgrades to ensure efficiency and stability. By holding the LDO token, one is granted voting rights within the Lido DAO. The more LDO locked in a user's voting contract, the greater the decision-making power the voter gets.

6. How is Lido secure?

Lido is a secure liquid staking solution for a number of reasons:

- Use of DAO for governance decisions & to manage risk factors.
- Open-sourcing & continuous auditing of all code.
- Committee of elected, best-in-class validators to minimise staking risk.
- Use of non-custodial staking service to eliminate counterparty risk.

Usually when staking ETH you choose only one validator. This is too risky, because it can be slashed for a number of reasons. In the case of Lido you stake across many validators, minimising your risk.

7. What is the difference between self staking and liquid staking?

Ethereum is soon to be the biggest staking economy in the space. However, ETH 2.0 is not well suited for self-staking.

There are several reasons why - the main being the fact that slashing and offline penalties can get very severe if the staking is managed improperly. In addition to this, self-staking brings with it a minimum deposit of 32 ETH and a token lock-up which could last years.

Through the use of a liquid self-staking service such as Lido, users can eliminate these inconveniences and benefit from secure, non-custodial staking backed by industry leaders.

8. What are the risks of staking with Lido?

There exist a number of potential risks when staking ETH using liquid staking protocols.

- Smart contract security

There is an inherent risk that Lido could contain a smart contract vulnerability or bug. The Lido code is open-sourced, audited and covered by an extensive bug bounty program to minimise this risk.

- ETH 2.0 - Technical risk

Lido is built atop experimental technology under active development, and there is no guarantee that ETH 2.0 has been developed error-free. Any vulnerabilities inherent to ETH 2.0 brings with it slashing risk, as well as stETH fluctuation risk.

- ETH 2.0 - Adoption risk

The value of stETH is built around the staking rewards associated with the Ethereum beacon chain. If ETH 2.0 fails to reach required levels of adoption we could experience significant fluctuations in the value of ETH and stETH.

- DAO key management risk

Ether staked via the Lido DAO is held across multiple accounts backed by a multi-signature threshold scheme to minimise custody risk. If signatories across a certain threshold lose their key shares, get hacked or go rogue, we risk funds becoming locked.

- Slashing risk

ETH 2.0 validators risk staking penalties, with up to 100% of staked funds at risk if validators fail. To minimise this risk, Lido stakes across multiple professional and reputable node operators with heterogeneous setups, with additional mitigation in the form of insurance that is paid from Lido fees.

- stETH price risk

Users risk an exchange price of stETH which is lower than inherent value due to withdrawal restrictions on Lido, making arbitrage and risk-free market-making impossible.

The Lido DAO is driven to mitigate above risks and eliminate them entirely to the extent possible. Despite this, they may still exist and, as such, it is our duty to communicate them.