

Hi all,

We would like to formally announce the Lido Node Operators Sub Governance Group

. It currently consists of members of all founding node operators:

Leo from Certus One, Vasiliy from P2P, JK from Stake.Fish, and Florian from Staking Facilities, and Felix from Chorus One.

The purpose of this governance group is to use our combined experience to consult the Lido DAO on the admission of new node operators. It's in the best interest of the DAO to decentralize Lido further by adding best-in-class node operators with secure, reliable, and diverse setups. Because of the fast growth of Lido, our goal is to propose an initial set of recommendations and onboard new operators to the DAO as fast as possible.

Application Process

Therefore, we would like to ask every node operator interested in joining the first set of recommendations to fill out the following form before 23:59 UTC, Feb 28, 2021

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<https://forms.gle/7dAKJB87rnMksKV16>

Afterwards, we will look at all the applications individually, discuss it in our sub governance group and propose a selection to the DAO on Mar 8, 2021

. We will also recommend the DAO on how many new operators should be added in each round. Since these are only recommendations, we can not guarantee that the DAO will follow our suggestions.

Our recommendation will be mostly based on criteria discussed in this thread and on the first sub governance call (notes and recording can be found [here](#)).

Onboarding Process

Once a node operator gets admitted to the DAO, we propose a testing period of XX weeks after activation of their first Lido validator on the Beacon Chain. During this period, the operator would have a limit of 100 validator keys per operator (3,200 ETH; currently >\$5m). Running 100 validators allows us to verify the newly admitted node operator's competence without exposing too much risk upon stETH holders (correlated slashings), while also providing enough compensation for the operator to cover standard infrastructure and some of the operational costs.

After the trial period, node operators should propose an increase of their limit to the DAO. We had an internal discussion about operator limits in our [first node operator sub governance call](#) and came to the conclusion that it is undesirable for any operator to validate on behalf of more than 1% of stake on the Beacon Chain. Lido values decentralization and we don't want a chain to be centralized around a small set of operators. Lido is currently validating over 5% of the entire staked ETH supply, so all founding operators are currently operating at these levels. To improve decentralization in Lido and Ethereum 2.0 in the wider sense, we are recommending the addition of further node operators to the Lido DAO. Our aim is to have all node operators run an equal amount of validators, which would mean node operators that are accepted and pass the trial period could expect to run somewhere between 500-2,000 validator nodes in the medium term (i.e. validating 16,000 - 64,000 ETH, which currently translates to ~\$25m - \$100m), assuming Lido's growth continues and the Lido DAO approves all suggested decisions.

Node operators will be rewarded stETH commissions on the staking rewards earned by Lido in return for their services. These currently amount to 5% of the staking rewards Lido is generating. There will be opportunities to receive LDO tokens by providing extra value to the DAO. This discussion will take place in another sub governance group, however we will consider suggestions for how you plan to add value in your application as beneficial for recommendation.

The Lido Node Operator Sub Governance Group

(written by Florian and Felix with comments from other sub governance group members)