Hi all,

This is a draft for a proposed update to the Lido on Solana arrangement between the Lido DAO and Chorus One that was accepted via a [Snapshot governance vote on May 10, 2021](). It concerns the transition of the [Lido for Solana]() project and [codebase]() from Chorus One to the P2P team, an associated transfer of the revenue share agreement, and an update to the milestone-based payment structure.

After a round of feedback, Chorus One and P2P plan to bring this proposal jointly forward as a Snapshot vote the week of Monday April 4th.

## Background

Chorus One is terminating its existing software development engagements that are unrelated to node operation to fully focus on its staking infrastructure business. This also includes Lido for Solana, a project that came into existence based on the above linked Snapshot vote. In the course of leading the Lido for Solana project over the last year we, the Chorus One team, came to realize that the initially devised incentive structure does not allow us to adequately resource and take ownership of the Lido for Solana project. In our opinion, the initial proposal was malformed provided the scope of the project and the challenges involved in a novel DAO-governed cross-chain liquid staking protocol and product. These factors combined are among the ones that led us to the decision to transition the Lido for Solana project to another team within the Lido DAO. Following the completion of the transition which this proposal elaborates on, Chorus One will continue to be an active participant and supporter of the Lido DAO and all its liquid staking products in the form of a node operation and governance.

Since our decision, we have been in close collaboration with a team within P2P that decided to take on the challenge to begin transitioning key elements of the project and enabling a smooth handover without compromising the security or operation of the Lido for Solana protocol in any form. This process will continue over the coming quarters (more details below).

In addition, Chorus One is also committed to continue to support Lido for Solana by delivering a key integration through the bSOL integration into Terra's Anchor Protocol.

The proposed updated arrangement seeks to formalize the transition of the Lido for Solana project from Chorus One to P2P by updating the incentive structure enabling P2P to align with the goals of the Lido DAO for the Lido for Solana project at large, and enabling Chorus One to adequately support the transition, as well as to be compensated for the work and value delivered to the Lido DAO.

## Why P2P?

P2P has been an active participant in the Solana ecosystem since day one. The team is one of Solana's leading validators, with over $400m under management, and supports the infrastructure for significant ecosystem projects such as [Wormhole Bridge,]() [Pyth](), and [Neon EVM]().

P2P has pioneered the PoS space since 2018, and leverages its experience and gained expertise to continuously improve the quality of validation while focusing on the decentralization of the networks they work with. Their proficiency is proven through their research papers on [Downtime]() and [Skip Rate]() (more to come), created to improve Solana's validators performances.

P2P has a dedicated, highly skilled team entirely focused on achieving results to advance stSOL inside and outside the ecosystem. The team is determined to build a sustainable, high-performance pool of validators, educate the community, and increase DeFi TVL.

## Proposed Structure Changes

If accepted in a Snapshot vote planned to be issued in the week of April 4th, the following structure changes will replace the revenue share and milestone-based incentive payment to Chorus One accepted by the Lido DAO in the [initial Snapshot vote]().

## Situation

As it stands (Mar 25), Lido for Solana has accrued 3.25m SOL (~$340m) in TVL corresponding to 0.8% of the value staked in Solana. Based on the initially accepted proposal, Chorus One has so far only received roughly $25,000 through the revenue share, and has accrued cost in excess of $1m to facilitate the development of the Lido for Solana program, front-end components, initial GTM, work on various integrations including integration into Terra's Anchor Protocol, audits, marketing, as well as other operational elements such as multisig and validator management.

## Milestone Payment

This proposal seeks to introduce a one-off payment of 650,000 LDO payable to Chorus One upon the passing of this proposal to compensate for the development efforts, the value provided to the Lido DAO (as measured by the TVL
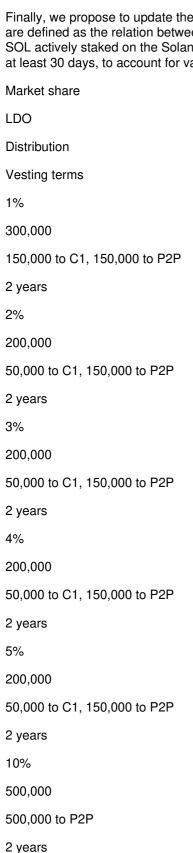
achieved), and the support work related to transitioning Lido for Solana operations to the P2P team. The suggested LDO in question will be subject to a 2 year linear vesting structure to further guarantee that Chorus One stays aligned with the Lido DAO and supports the transition to the P2P team.

Proposed Updated Revenue Share Agreement and Milestone Incentive Structure

Furthermore, we propose to update the proposal structure in the following ways:

During the transitioning phase from P2P to Lido, 20% of the fee portion going to the Lido DAO treasury goes 80% to P2P and 20% to Chorus. After ownership transferring is complete 100% of the fee revenue share will go to P2P.

Finally, we propose to update the milestone-based incentive structure. In the table below, staking market share milestones are defined as the relation between total SOL value deposited in Lido for Solana ($stSOL market capitalization) versus total SOL actively staked on the Solana network overall and milestones need to hold true for at must be held on average across at least 30 days, to account for variability in the data.

| Market share | LDO | Distribution | Vesting terms |
| --- | --- | --- | --- |
| 1% | 300,000 | 150,000 to C1, 150,000 to P2P | 2 years |
| 2% | 200,000 | 50,000 to C1, 150,000 to P2P | 2 years |
| 3% | 200,000 | 50,000 to C1, 150,000 to P2P | 2 years |
| 4% | 200,000 | 50,000 to C1, 150,000 to P2P | 2 years |
| 5% | 200,000 | 50,000 to C1, 150,000 to P2P | 2 years |
| 10% | 500,000 | 500,000 to P2P | 2 years |
| 15% | | | |

500,000

500,000 to P2P

2 years

Total LDO

2,100,000

350,000 to C1, 1,750,000 to P2P

## Ownership Transfer Items and Hypothesized Timeline

The following breakdown contains ownership transfer items and associated timelines and agreed upon deliverables.

Q1/2 2022

- Transferring front-end development to P2P
- Transferring validators management tasks to P2P
- Transferring analytics (pool, validators) to P2P
- Transferring operations task to P2P (partly)
- Chorus One is finalizing work on Anchor integration
- Chorus One frontend/smart-contract dev part-time;
- Smart-contract support from Chorus One (no new features)

Q2 2022

- Release of the Anchor integration and transfer of knowledge to P2P
- Transferring initial onboarding of validators to P2P
- Transferring multisig operation management to P2P
- Transferring rewards distribution operations to P2P
- Up to 5 hours of week of smart contract development and assisting/advising from Chorus One
- Support on the tasks that were in Q1 from Chorus One

Q3 2022

- Fully transfer smart-contracts development to P2P;
- Transferring DAO governance management (making and implementing proposal) to P2P
- Up to 5 hours of week of smart contract development and assisting/advising/audit from Chorus One;
- Support on the tasks that were in Q2 from Chorus One

This proposal was written in collaboration with the P2P team.

Felix in the name of the Chorus One team