

Overview

On 2023-07-17 at approximately 1200 UTC, Consensys Staking erroneously submitted voluntary exit messages for 125 validators that were set up using Lido on Ethereum protocol. After confirmation, we reached out to Lido DAO contributors in the NOM workstream around 1520 UTC and proceeded with root cause analysis and remediation actions.

Impact

“Out of order exits” is the name given to validator exits that take place outside the expected exit request orders as determined by the protocol. This out-of-order exit removed 125 Lido validators from the active staking set, sending the original stake and any residual (after last skimming cycle) reward back to the Execution Layer side of the Lido protocol, where it was re-cycled into the Consensus Layer activation queue. Because of the long entry queue, this meant approximately 39 days of the validators not participating in duties and rewards.

Resolution

Consensys Staking strives to provide the best non-custodial technical support services for Ethereum staking, and we are constantly working on improving those services. In response to this event, we have added additional administrative safeguards to prevent the erroneous exiting of validators. This change is now in our testing environment, and we will not be submitting new validator keys to the Lido protocol until that change reaches production.

Although we are not required to do so under a service level agreement, in the interest in providing the best customer service to other users of the Lido protocol, we intend to submit the amount of 19.732 ETH to compensate stakers for the service downtime due to the 125 validators going through the Ethereum entry queue instead of being in the active validator set.

Our thanks to Lido DAO contributors for their aid in estimating the amount of value lost, which we will deposit to [0x388C818CA8B9251b393131C08a736A67ccB19297](#), the “Lido Execution Layer Rewards Vault”. (edited with transaction id: to-be-added)