Host-Chain Delegations

How Stride handles delegations on host zones Suggest Edits

Tokens underpinning all stTokens are staked with validators on the host zone. We call the validators to which Stride delegates the “host-chain validator set.”

Default Delegations

When Stride onboards a new chain for liquid staking, tokens are delegated to a default host-chain validator set consisting of the top 30 validators according to existing stake weight on that chain. These default sets are chosen to minimize unnecessary onboarding friction for new host zones. Centralized exchange validators or validators with greater than 10% commission are excluded from the default set in order to optimize for value capture for stToken holders.

Governance Mutable Validator Sets

Stride’s host-chain delegations are controlled by Stride chain governance. Governance may choose to opt-out of or change the default validator sets by putting a proposal up for discussion on Stride’sgovernance forum followed by an on-chain governance proposal.

Host Chain Delegation Process

For chains on which the Stride community has elected to deviate from the default validator set (currently: Osmosis and the Cosmos Hub), the community has crafted ahost-chain delegation process that aims to accomplish the following dual mandate:

1. Delegations should support decentralization, by staking tokens with validators across the active set,
2. Delegations should support project health, by staking tokens with validators who significantly contribute to the project.

This process was first approved by Stride governance for use on the Cosmos Hub in November of 2022. As a result, the first ever Stride community-elected host-chain validator set was voted in on January 07, 2023 for the Cosmos Hub.

The host-chain delegation process is a multi-step process that spans several weeks and involves buy-in from both Stride's community and that of the host zone. Here's how it works:

- Step 1:
- Starting with a chain’s full validator set, exclude validators that are younger than six months.
- Step 2:
- Gather three data points for each validator: 1) up-time, 2) commission, 3) governance participation. Average these data over the past six months. Set a minimum threshold for up-time, minimum threshold for governance participation, and maximum threshold for commission. Exclude validators that do not meet the thresholds.
- Step 3:
- Rank remaining validators by delegation size. Using this ranking, divide the list into four cohorts. For example, the first cohort contains the top 25th percentile of remaining validators ranked by delegation size.
- Step 4:
- Within these four cohorts, rank each validator by technical and social contributions to the host zone. Validators are ranked on a relative basis within their cohorts. Only contributions made within the last six months are included. This requires subjective judgment, so this step is performed by an advisory council selected from amongst prominent and respected community members from the host zone. The advisory council is confirmed by a governance proposal on the host zone to ensure that the host zone's interests are adequately represented in the process.
- Step 5:
- At this point, determine how many validators are required for the host-chain set. Select the top validators from each cohort until the required number has been met. Remember the rank each validator was assigned in their cohort.
- Step 6:
- Once the full set has been selected, validators are assigned a stake weighting based on their cohort rank. There are four validators that were ranked #1 in their cohort, four that were ranked #2, and so on. The #1 validators will have the highest weight, followed by the #2 validators, and so on.
- Step 7:
- Repeat the curation process periodically to recalibrate host-chain validator sets.

Ultimately, Stride governance has the final say in this process, and may vote to alter it at any time or make specific chain by chain exceptions depending on the individual needs of the host-zone. Updatedabout 1 month ago

Readings: ICS + ICA Query Stride's Redemption Rate