Background

Back in December 2021, Anyblock Analytics was acquired from Blockdaemon, and both entities were in Lido on Ethereum curated Node operators set at the time.

Due to the technical constraints, the operator accounts could not be merged, every now and then causing confusion or complexity with regards to the key limit, since from the protocol perspective, these accounts should be treated as one operator.

With Lido v2 enabling validator exits, it is now possible to clean up the situation (in the sense of getting back to the state where Blockdaemon only runs one Lido NO account), before onboarding new node operators might make it even more complicated.

Explanation of the consequences

By setting “targetValidatorsCount” for Anyblock Analytics to 0 and setting “isTargetLimitActive” set to “True”, the Lido protocol would channel all exits of the protocol to the Anyblock operator, so that the first 2300 validator exits happen there, before other NO’s validators would be exited. Both of these are done via calling “updateTargetValidatorsLimits()” in the Staking Router contract.

At the same time (or rather once gas fees have returned to more reasonable levels), keys to be added and the limit of Blockdaemon operator gets raised (to about 8k keys; currently 5850 keys submitted, but limited to 3800 as per https://operators.lido.fi/.

New activations would then be allocated automatically to the Blockdaemon operator, as it has less active validators – 3800 than the others – who have 6935+ (besides Certus One and Rocklogic, but these NOs are currently not adding new keys). Obviously only if activations exceed exits, but inflows were about ~600k Eth over 20 days (April21-May11), which would be ~9400 validators, so the switch could be expected to be over in a month or so taking exit volume into consideration.

Once caught up, Blockdaemon would grow normally in line with the other node operators again.

Should the “cycling” take too long (i.e. next onboarding round is happening), there is an option for Blockdaemon to “out of order exit” the Anyblock Analytics validators in order to forcefully cycle the stake through the system. This is somewhat non-ideal as there is a sizable entry queue currently, but it could be done slowly and as a last resort, provided there are no objections by the DAO.

Summary

This proposal is to get rid of the “Anyblock exception” for the Lido on Ethereum protocol and streamline operations on Blockdaemon side. The only possible downside is that rebalancing of the protocol (taking exits from the largest NOs) would be delayed by the month or however long it takes.

If approved by the DAO - on-chain vote to be scheduled to make the relevant calls to the Staking Router contract.