Hello everyone! Last week one of the Lido on Ethereum node operator experienced slashing of 20 validators. Although the node operator reacted ASAP, bringing validators offline to mitigate potential further risk, the initial slashing was 20 ETH (1 ETH penalty per validator slashed). As per post mortem, the total sum of projected penalties and missed rewards of all impacted validators is ~29 ETH. The final amount of loss will be clear when all the validators will exit the network (November 17 according to beaconcha.in).

I do appreciate that <u>Launchnodes immediately expressed their desire to compensate losses to the Lido stakers</u> and so disbursed 25.663 ETH (see \underline{tx}) prior to the day of slashing rebase, which means that we didn't see no reduced rewards for the day resulting from the outage and slashing

Taking into account that Launchnodes joined Lido during Wave 5<u>Stage 1</u> and we have 7 more new operators, who joined during <u>Stage 2</u>, I would suggest for the DAO to consider:

1. Extend probation period for Wave 5 node operators and all the next onboarding waves both on the testnet

(from 2 weeks to at least 1 month) and the mainnet

(from 2 weeks to at optimal 2-3 month), as slashing seems to be costly the protocol.

1. Create some checklist, best practices to work with nodes, Web3signer etc

(those that is usually cause slashing on Ethereum) or work closer with both old and new validators to ensure everything goes smoothly

. Just to remind, this is the 2nd time during the year when Lido node operators experience slashing. The 1st one happened earlier this year, on April 13, when <u>11 RockLogic validators slashed due to the duplication of validator keys in two different active clusters</u>.

I believe these measures (and those that would be suggested below in the discussion

) may help to minimize slashings, and thus losses, in the future both for existing operators and newcomers, because these have not only monetary effect on stakers, node operators and the protocol itself, but also on Lido reputation, which is under the microscope of the broader community these days.

Would be happy to hear thought of the Lido DAO team and everyone, who have an idea how to work towards the challenges that we have faced with slashing.