Dear Lido Node Operators,

I hope you are as hyped about the CSM mainnet launch as I am

In addition to the start of CSM's Early Adoption phase, enactment of on-chain vote 180 has also brought some changes under the hood of Lido on Ethereum. With this post I would like to present to you a proposal for a new version of the Standard Node Operator Protocol (SNOP) regarding Validator Exits.

Since the improvements of Staking Router 2.0 include some new concepts and individual approaches of the now three active Staking Modules (SMs), of which only the Curated Module existed at the time of the discussion and voting on the current version of the document, it feels like it is time to update the documentation on the underlying mechanisms and expectations towards Node Operators (NOs) who use Lido to run validators.

My intention was to give the document a logical structure that can be easily expanded, to coherently describe the key concepts and mechanisms around validator exits, both in Ethereum and specifically to Lido, to define NO expectations w.r.t. the usage of the protocol, and the possible consequences of non-conformance as per the rules of each SM.

The main changes include:

- Refactoring of the structure in an attempt to create a template structure for all SNOPs, and re-organization of some ancillary content to appendices

- Extension of the scope to NOs using the Simple DVT Module and/or Community Staking Module

- Definition of the terminology specific to SDVTM and CSM

- Introduction of the validator exit order of SR 2.0

- Introduction of SM stake share limits and explanation of their effect on exit priority

- Introduction of NO target limits and explanation of their effect on exit priority

- Clearer description of mechanism through which an NO validator exit request status of delinquent can recover to an in good standing status

- Clearer explanation, on a per-SM basis, of validator exit requirements and penalties for non-conformance as per the protocol code

The draft contains a wealth of knowledge from the original and input from various of my co-contributors, for which I would like to express my sincere gratitude.

Now I would like to ask the community for its feedback and suggestions to bring the SNOP to a state suitable for a Snapshot vote seeking token holder ratification.

The draft of the document can be found here:

github.com

sssngth/documents-and-policies/blob/ValidatorExitsV2/Lido on Ethereum - Validator Exits Policy.md

Lido on Ethereum Standard Node Operator Protocol - Validator Exits

markdown! STATUS: V2.0

A - Purpose

This Standard Node Operator Protocol (SNOP) outlines general validator exit mechanisms available in Ethereum (see Appendix A), the role that validator exits play in Lido on Ethereum (LoE), the rules around the usage of the SNOP, the algorithmic exit order in place in LoE, the protocol and governance levers for ad-hoc exit prioritization or triggered exits, the responsibilities Node Operators (NOs) using LoE have in processing validator exit requests, and the actions that can be expected in case of non-conformance with the SNOP.

In LoE, validator exits may be utilized for the following reasons:

- To satisfy unfinalized withdrawal redemption requests from users
- To reallocate stake across the NO set
- To rotate signing keys for validators
- To maintain Staking Module (SM) share limits

- To eject validators regardless of demand in the [Withdrawal Queue (WQ)](#)

B - Scope

This SNOP applies to LoE, the NOs who use one or more of the [Staking Router (SR)'s](#) [Curated Module (CM)](#), [Simple Distributed Validator Technology Module (SDVTM)](#), and [Community Staking Module (CSM)](#) and the validators the NOs operate as part of the Liquid Staking Protocol (LSP).

This file has been truncated. [show original](#)

A GitHub diff-view between V1 and the proposed V2 can be accessed here:

[GitHub](#)

[Comparing lidofinance:main...sssngth:9c6c2ff0c946a090282b5e1c2006d1c4302931f9...](#)

Contribute to lidofinance/documents-and-policies development by creating an account on GitHub.

As suggested next steps, I propose a discussion and incorporation of ideas from this thread, the presentation of the draft during two Node Operator town hall calls with the possibility of direct exchange on November 22, one at 9 AM and one at 5 PM UTC, to accommodate NOs from all time zones, and the review of the final proposal by LDO token holders as part of the voting process.

Many thanks and I wish you all a fantastic week.