How Protected Staking Rewards Shield Solana Stakers Performance

Protecting the reward performance of stakers is a crucial step in fulfilling Marinade's vision for helping to power a truly decentralized Solana network.

In April, 2024 Marinade introduced to the market a one-of-a-kind product feature in solana staking, Protected Staking Rewards (PSR). Let's find out more about it.

What Is PSR?

While slashing is not a common practice within Solana, validators can still struggle from downtime concerns. PSR is a novel feature, invented by Marinade, that functions as a performance protection for Solana stakers by covering any unexpected underperformance of a validator(s) with a secure backup pool. This pool is created automatically for everyone through a joint bond between Marinade and the validators.

Any loss of performance due to validator commission changes, or prolonged downtime, is covered by the bond, providing an insurance to any Marinade staker impacted.

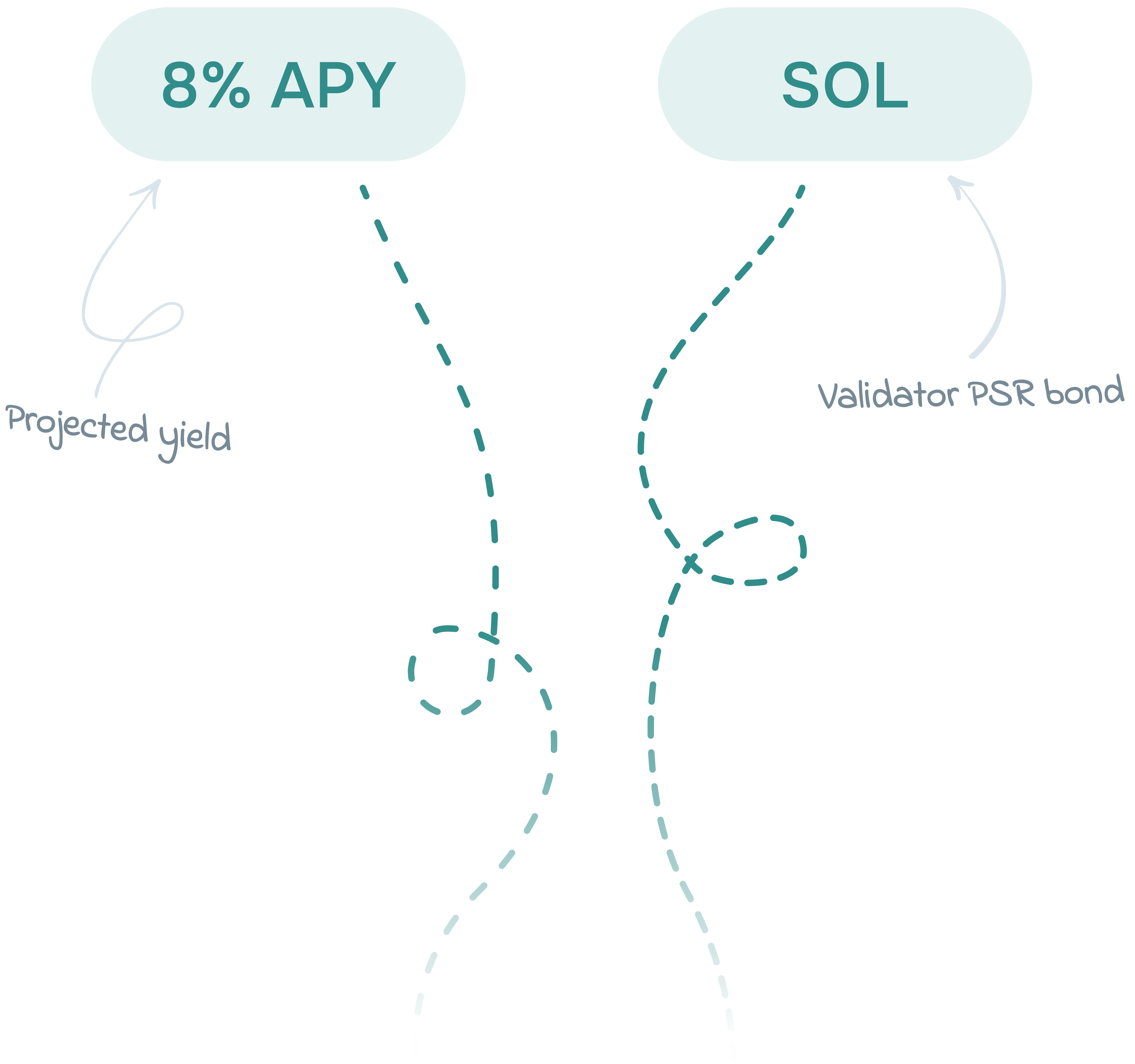
How it works?

Step 1

Creating a SOL Bond

All validators that have received any Marinade stake create a SOL bond to guarantee the projected yield. For every 10,000 SOL eligible for Marinade staking, the validator must deposit 1 SOL into the bond.

The 1% downtime mark is not covered. Validators cover 100% of lost rewards if their uptime falls between 50% and 99%. Below 50% uptime, then it will be up to Marinade to cover all losses accrued by stakers.

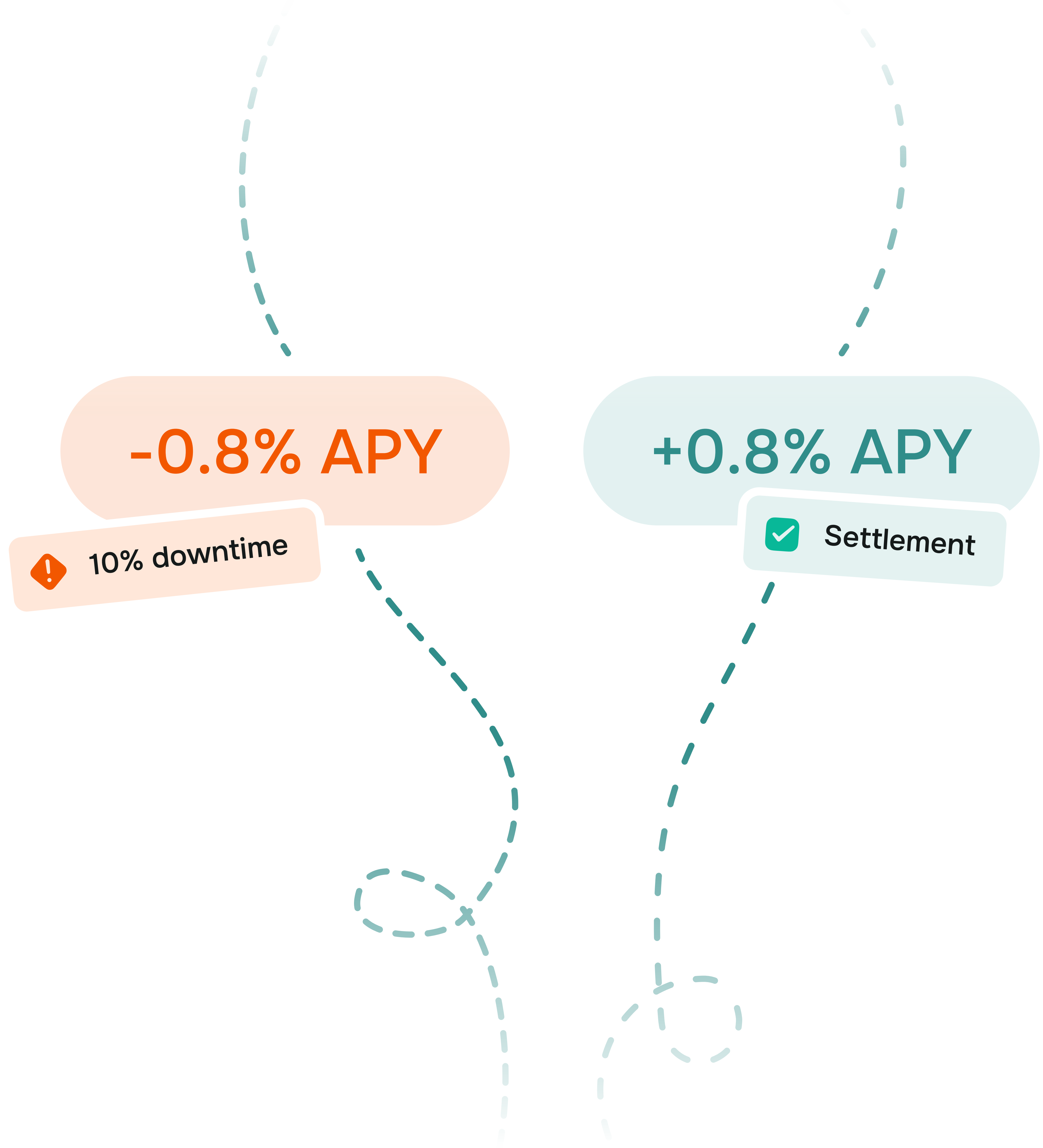


How it works?

Step 2

Rewards Loss Compensation for Stakers

If a commission change or extended validator downtime causes a loss of yield below the initial projection, the bond will automatically grant stakers with SOL to compensate for any rewards lost during the staking period.

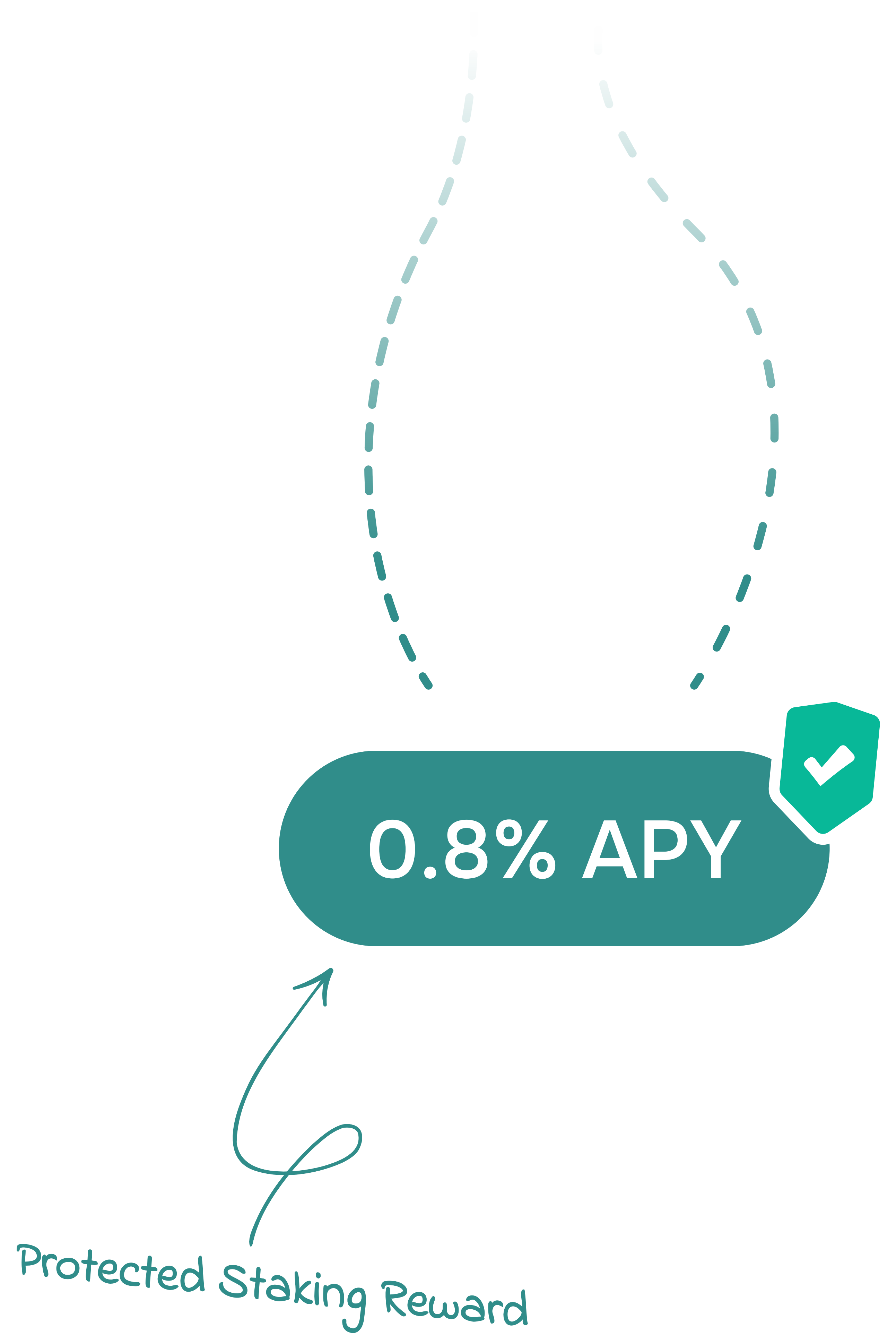


How it works?

Step 3

PSR Ensures Rewards Consistency

The settlement deposited to stakers through our coverage allocations, ensures that at all times the projected yield remains the same as the realized one. Secure rewards, less risk.



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