

Decent DAO Operating Bylaws

Operating Bylaws of Decent DAO

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Article I: Preamble

Section 1.1: Purpose of the Bylaws

These bylaws (the “Bylaws”) of the Decent Foundation (the “Foundation”) govern the operations, decision-making processes, and overall structure of the decentralized community of users (hereinafter referred to as “the DAO”) and holders of the DCNT token (the “Tokenholders”). These Bylaws are designed to create a transparent, efficient, and democratic environment for all Tokenholders and stakeholders involved in the DAO (the “Decent Community”).

“DCNT Token” means the DCNT token represented by the following smart contract address on Ethereum Mainnet: “0x77B1489813C46F8af1006E0f034A4534b9c82E6C.”

Section 1.2: Founding Principles

The DAO is founded on principles of sovereignty, agency, courage, and safety. Its operations are designed to be as open and accessible as possible, ensuring that every Tokenholder has the ability to contribute to decisions that shape the DAO's direction and operations.

Section 1.3: Role and Importance of Tokenholders

Tokenholders are the core of the DAO. As the primary decision-makers, their collective action and votes guide the DAO's operation, strategy, and evolution. Every Tokenholder has a voice and a vote in the DAO's decisions, reflecting the core value of sovereignty and agency. It is their diverse perspectives, collective wisdom, and commitment to the DAO's vision that powers the organization and drives its success.

Section 1.4: Governing Authority

1.4.1. Applicable Laws and Conflict of Laws

The DAO's code, including all activities and transactions registered under the smart contract address represented by the DCNT token (hereinafter referred to as "the Software") shall comply with and is designed to adhere to the laws, rules and regulations of the Cayman Islands (hereinafter referred to as "Applicable Laws"). Upon reasonable determination, the Foundation's legal committee may include additional laws and regulations as part of the Applicable Laws definition, which shall then be binding. These additional laws and regulations may include, but are not limited to, laws and regulations from other jurisdictions where the DAO operates, or where Tokenholders or Decent Community members reside.

The activities of the DAO shall be governed by and construed in accordance with the laws of the Cayman Islands, without regard to principles of conflicts of law. All legal disputes arising under or relating to the DAO shall be brought solely and exclusively in the Cayman Islands.

1.4.2. Software as Primary Authority

Notwithstanding any other provision of these Bylaws, unless otherwise specified, the Software shall be the primary authority for all managing operations, user interactions, and governance decisions. Notwithstanding the primary authority of the Software, any legal issues or matters arising from the Software's implementation shall be governed by the Applicable Laws.

1.4.3. Software as a Contract

The Software shall also have the same legal effect as a traditional contract. The Software shall be construed as a binding agreement between the DAO and its Tokenholders, with the same enforceability and legal consequences as a traditional contract. Tokenholders acknowledge that the Software's obligations, rights, and duties are equivalent to those outlined in traditional contracts.

1.4.4. Material Adverse Exception Event

No Tokenholder or stakeholder involved in the DAO shall directly or indirectly take or attempt to cause, assist, encourage or facilitate a Material Adverse Exception Event. Any Material Adverse Exception Event shall be subject to the provisions of the Bylaws, and any legal remedies or enforcement actions will be pursued in accordance with Applicable Laws.

"Material Adverse Exception Event" means that one or more of the following has occurred, is occurring or would reasonably be expected to occur:

- 1) a "Consensus Attack", meaning an attack that adversely affects the results or operations of the DAO network and that is undertaken by or on behalf of a block producer who controls, or group of cooperating block producers who collectively control, a preponderance of the means of block production on the DAO's network;
- 2) the Software having become inoperable, inaccessible or unusable, including as the result of any code library or repository incorporated by reference into the Software or any other smart contract or oracle on which the Software depends having become

inoperable, inaccessible or unusable or having itself suffered a Material Adverse Exception Event, mutatis mutandis;

- 3) a material and adverse effect on the use, functionality or performance of the Software as the result of any bug, defect or error in the Software or the triggering, use or exploitation (whether intentional or unintentional) thereof;
- 4) any unauthorized use of an administrative function or privilege of the Software, including:
 - (i) any use of any administrative credential, key, password, account or address by any entity who has misappropriated or gained unauthorized access to such administrative credential, key, password, account or address or
 - (ii) any unauthorized use of an administrative function or privilege by a DAO member or representative; or
- 5) the Software, any of the Tokenholders, Foundation members, or the DAO property is subject to a Legal Order that prohibits the Software from executing any function or operation it would otherwise reasonably be expected to execute.

1.4.5. Exception Notice

If any Director, Tokenholder or stakeholder becomes aware that there is a Material Adverse Exception Event, such party (the "Sending Party") shall deliver to the Foundation and to the Decent DAO (the "Receiving Party") a notice (an "Exception Notice"): (a) certifying that the Sending Party believes in good faith that there is a Material Adverse Exception Event; (b) describing in reasonable detail the events, facts, circumstances and reasons forming the basis of such belief; (c) containing a representation by the Sending Party, made to and for the benefit and reliance of the Foundation and Decent DAO, that, to the Sending Party's knowledge, the certification and statements made pursuant to the contents of the Exception Notice (i) are true and accurate including as to all material facts and (ii) do not omit to state any material fact necessary in order to make such statements, in light of the circumstances in which they were made, not misleading, as of the date of the Exception Notice.

1.4.6. Foundation Response

If the Foundation disputes the existence of a Material Adverse Exception Event, then the Foundation or designee thereof shall promptly deliver a written notice of such non-acceptance to the Sending Party (an "Exception Response Notice"), which shall include such necessary responses to and refutations of the same categories of information, statements, evidence and representations and warranties as in the corresponding Exception Notice. The Sending Party, if in receipt of an Exception Response Notice from the Foundation, may at its option, have reference to the dispute resolution mechanism set out at Article IV, Section 4.2 of these Bylaws.

If the Foundation agrees with the contents of the Exception Notice, promptly after receipt the Foundation shall deposit (or, to the extent possible, shall undertake all reasonably necessary action to affect the deposit of) an appropriate amount (as determined in the absolute discretion of the Foundation) of Decent DAO's funds into a multi-signature account owned by all of the Directors and supervisors of the Foundation (or their respective designees), to be treated, to the

extent permitted by Applicable Law, as a custodial trust held for the benefit of Decent DAO, until entering into an applicable Exception Handling Addendum, as defined below.

1.4.7. Determination of Exception Handling

After depositing the funds in accordance with Section 1.4.6. above, the Foundation shall within 14 calendar days publish a planned response to the Material Adverse Exception Event (an "Exception Handling Proposal") describing in reasonable detail the actions to be taken, the agreements to be entered into, and the remedies to be sought by the involved parties, and including copies of any written evidence or other material information relevant to, and material for the consideration of, the Material Adverse Exception Event and the other matters referred to in the Exception Notice. The term "Exception Handling Addendum" refers to an addendum to these Bylaws setting forth the agreement on the existence or non-existence of a Material Adverse Exception Event and the actions to be taken, the agreements to be entered into, and the remedies to be sought in response thereto.

An Exception Handling Proposal shall become an Exception Handling Addendum once the Tokenholders have signaled approval of the Proposal, represented by at least 50% of Tokenholders from the previous Decent DAO treasury account/governance contract depositing an equivalent amount of DCNT Tokens into the custodial trust or by other reasonable designation of approval signaled by at least 50% of the Tokenholders.

Each Exception Handling Addendum shall automatically and without further action of the Decent DAO or Foundation be deemed incorporated into and to form a part of these Bylaws. Once the Foundation has executed on the Exception Handling Addendum and the Material Adverse Exception Event is resolved, the Foundation shall return all funds in the custodial trust to a protocol-owned DAO account and reimburse the applicable Tokenholders. If the Foundation neglects to return the funds within 30 calendar days, any Tokenholder may seek to have the issue resolved by reference to the dispute resolution mechanism set out at Article IV, Section 4.2 of these Bylaws.

Article II: Governance Structures and Decision-Making Frameworks

Section 2.1: Structure

The legal approach we take as a DAO is a critical aspect of how our business will succeed. It is important to understand the two entities that are relevant to our organization:

“The DAO” exists on-chain in the form of a DCNT token-holder controlled treasury and off-chain as the ‘Foundation’ an incorporated entity ensuring our compliance with digital asset regulations under Applicable Laws.

Section 2.2: Decision Makers

The overriding decision-making body within the DAO are the Tokenholders. Each Tokenholder possesses decision-making power proportional to the number of tokens that have been delegated to them. All matters pertaining to the DAO's operations, strategies, and evolutions are determined collectively by the Tokenholders.

Section 2.3: Decentralized Decision-Making Process

Tokenholder decisions are made through a governance process that respects the principle of decentralization. This process is designed to be trustless, inclusive, and set up so that every Tokenholder can participate. Tokenholders will engage with the DAO in accordance with the Proposal Candidate process and voting guidelines as initially described in these Bylaws and potentially further supplemented via passed proposal votes.

Section 2.4: Notification and Voting Mechanisms

Tokenholders are informed of new decisions to be made via a dedicated communication platform and votes casted via a dedicated governance platform.

Section 2.5: Quorum and Decision Validity

For a decision to be valid, a quorum is required. The quorum requirement ensures that decisions reflect the collective will of a significant proportion of the Tokenholders. The current definition of quorum can be found on the Decent website and/or documentation and should only be changed by Tokenholder vote.

Section 2.6: Relationship between the Foundation and the Tokenholders

The Foundation represents the Tokenholders' interests in connection with contractual and legal processes, including regulatory compliance and those other matters set forth in the memorandum and articles of association of the Foundation (referred to in this section as the “Foundation Articles”). Accordingly, the following guidelines shall be adopted:

2.6.1. Decision Making: Conflicts

The Tokenholders have the authority to make certain decisions in relation to the Foundation as set forth in these Bylaws and the Foundation Articles. The Foundation retains certain other decision-makers with responsibilities dictated by the Applicable Laws in force from time to time. To the extent there is ever a conflict between the decisions of the Foundation and the Tokenholders, the decisions of the Tokenholders will prevail, unless a different outcome is required under Applicable Laws, as is recommended by majority vote by the Foundation's legal committee.

To the extent there is ever a conflict between the provisions of the Bylaws and the Foundation Articles, the Foundation Articles will prevail.

2.6.2. Operating the Foundation

The Tokenholders should ensure that the Foundation has sufficient authority and resources, including funding, to execute upon the Foundation's mandate, meet the Foundation's obligations under Applicable Laws, and satisfy the Foundation's contractual obligations entered into in accordance with the Foundation Articles or these Bylaws.

The Foundation has engaged with certain third parties to provide services such as the Foundation Director(s) (meaning the director(s) of the Foundation, which have certain powers and duties pursuant to Applicable Laws and as further described in the Foundation Articles) and Foundation Supervisor (meaning the supervisor of the Foundation, which has certain powers and duties pursuant to Applicable Laws and as further described in the Foundation Articles), as required by Applicable Laws. In accordance with the terms of the Foundation Articles and these Bylaws, and subject to Applicable Laws, the Foundation Director(s) and Foundation Supervisor are required to act at the direction of the Tokenholders in respect of certain matters. The Foundation will also contract certain legal provider(s) who are obligated to raise any issues of legality within proposed DAO's activities. See Section 2.6.3 for more.

2.6.3. Actions of the Foundation

The Foundation roles highlighted in 2.6.2 shall observe, implement, carry out, act upon, and execute any and all decisions of the Tokenholders passed in accordance with these Bylaws and the Foundation Articles, provided that Foundation members can veto, as is recommended by majority vote by the Foundation's legal committee, a proposal or place limitations on its observation and implementation deemed necessary or appropriate to ensure compliance with:

1. any fiduciary duties to the directors of the Foundation;
2. statutory requirements of Applicable Laws or the laws or regulations of any jurisdiction;
3. the Foundation Articles;
4. to prevent any harm (including reputational harm) to the Foundation; and/or
5. where applicable and necessary, for entering into or complying with any agreements or arrangements on behalf of the Foundation.

The Foundation's Directors are authorized to take any actions reasonably necessary on behalf of the Foundation to give effect to a vote of the Tokenholders including passing any director resolutions to memorialize such vote. Such actions taken by the Foundation's Directors shall be subject to legal review by the Foundation's legal committee to ensure compliance with Applicable Laws, where feasible.

Article III: Voting Mechanism and Decision-Making Process

The DAO operates under a comprehensive governance model implemented on our dedicated Governance Platform.

The governance process is structured into four phases:

Section 3.1: Phase 1 - Ideation & Draft

The ideation & draft phase serves as a platform for vetting ideas within the broader Decent Community. The goal of this phase is to gain a rough consensus, establish where the proposed vote should take place and refine the idea for formalization. To allow fair participation, this phase should remain open for a reasonable period of time dependent on the proposal's context., as shall be determined from time to time by the head of governance or other appropriate DAO member, acting in good faith.

As the idea turns into a draft, it formalizes into a Proposal Candidate. The author of the Proposal Candidate can make modifications to the proposal based on community feedback.

Section 3.2: Phase 2 - Voting

All Proposal Candidates are confirmed or rejected by the Tokenholders via a vote, which can take place either off-chain or on-chain depending on the nature and gravity of the proposal. This must be specified in the proposal at the ideation phase. Both voting methods require that a quorum limit, as defined by Tokenholder vote, be reached for the vote to be valid. It also can be the case that certain Foundation members raise issues of DAO activity and legality within this phase.

3.2.1. Off-chain Voting

Off-chain voting currently takes place on the Snapshot governance platform and/or Decent's own governance software. However, this could change based on Tokenholder vote. The voting

period currently stands at seven calendar days but can also be altered by Tokenholder vote. In the event of an emergency such as a Material Adverse Exception event or any event that poses an immediate threat to the DAO's organization or assets, the voting period may also be shortened. During this voting period, Tokenholders can cast their votes according to the options provided which may vary depending on the nature of the proposal. The voting options may include, but are not limited to voting for, against, abstaining, or multiple-choice selections.

3.2.2. On-chain Voting

For other proposals, the final vote may take place on-chain currently via Decent's own governance platform and a seven days voting period. However, this can be altered by Tokenholder vote. During this period, Tokenholders can cast their votes according to the options provided which may vary depending on the nature of the proposal. The options may include, but are not limited to voting for, against, abstaining, or multiple-choice selections.

Section 3.3: Phase 3 - Implementation

Once the final voting period (either on-chain or off-chain) has concluded, the results are posted on the Governance Platform. Proposals that pass the final vote will move from the "Active" to the "Passed" category, while unsuccessful proposals will move to the 'Failed' or 'Rejected' category.

For more complex Proposal Candidates that require extensive execution or coordination, the implementation process will be customized and detailed in the proposal. During this phase, the precise steps and parties involved in implementing the proposal will be identified and their responsibilities detailed. The implementation process will be overseen by a designated party as defined in the Proposal Candidate process, and progress will be reported to Tokenholders through updates on the current communication platform. It also can be the case that certain Foundation members raise issues of DAO activity and legality within this phase.

Section 3.4 - Voting Eligibility

The Foundation reserves the right to establish, modify, and amend criteria for Tokenholder voting eligibility and participation. These criteria may include, but are not limited to, minimum token holdings, duration of membership, proof of implementation, or other relevant factors that may apply. Changes to the voting criteria shall be proposed, reviewed, and approved in accordance with the DAO's amendment procedures under Section 5.2 of Article V.

Article IV: Dispute Resolution

Section 4.1: Alternative Dispute Resolution

In the event of any controversy, dispute or claim (each a “Dispute”) arising out of or in relation to these Bylaws, the Foundation, the DAO, or Disputes between Tokenholders, the parties involved shall first attempt to resolve the Dispute through Alternative Dispute Resolution (“ADR”) as outlined below:

1. The parties shall first attempt to resolve the dispute through good faith negotiation. A party shall send a written notice to the other party of any Dispute (“Notice of Dispute”). The parties shall engage in negotiation and consultation between each other, including without limitation not fewer than three negotiation meetings.
2. In the event the Dispute is not resolved within 30 business days after the Dispute Notice is received, the parties agree to submit the Dispute to mediation. The parties shall agree to a mutually agreed upon and neutral third-party mediator who shall facilitate discussions and assist both parties in reaching a resolution. The mediation shall be conducted in accordance with Applicable Laws and each party shall bear their own costs and share the mediator’s fees equally. In the event the Dispute cannot be resolved through mediation within 30 days, the parties agree to submit the Dispute to arbitration.

Section 4.2: Binding Arbitration

1. If a Dispute cannot be resolved through ADR as outlined in Section 4.1, any Dispute arising out of or relating to these Bylaws, the Foundation, or the DAO or the breach thereof shall be settled solely and exclusively by binding arbitration.
2. The Dispute shall be settled by arbitration administered by the International Centre for Dispute Resolution in accordance with its International Arbitration Rules (the “Rules”). The arbitration shall be seated in George Town, Grand Cayman and governed by Cayman Islands Law. The language of the arbitration shall be English. The arbitration shall be determined by a sole arbitrator to be appointed in accordance with the Rules. Any award or decision made by the arbitrator shall be in writing and shall be final and binding on the parties without any right of appeal, and judgment upon any award thus obtained may be entered in or enforced by any court having jurisdiction thereof. No action at law or in equity based upon any claim arising out of or related to these Bylaws shall be instituted in any court of any jurisdiction.
3. The provisions enumerated in Section 4.1 and 4.2 do not hinder the rights of Tokenholders or the Foundation to seek injunctive or equitable relief to limit immediate, serious and irreparable injury.

Section 4.3: Confidentiality

All negotiations, mediations, arbitrations shall be conducted confidentially. The parties shall agree to not disclose any information regarding the Dispute or ADR proceedings to any third party, except as required by law or to enforce any settlement or arbitration award.

Article V: Amendments to the Operating Bylaws

Section 5.1: Amendment Process

Amendments to these Bylaws may be proposed and ratified by the Tokenholders. The process for proposing amendments shall follow the same phases as described under Article III. Voting Mechanism and Decision-Making Process”. The amendment proposal should be clearly drafted to reflect the changes to the existing Bylaws, including the specific sections or articles to be amended, the reasons for the amendment, and the proposed new text. Such amendments shall be reviewed by the Foundation’s legal committee during the ideation and draft phase, with such amendments being accepted or rejected by the author of the Proposal Candidate, except for certain amendments that are non-compliant with Applicable Laws.

Once the amendment proposal passes the final vote, it is considered adopted and will be incorporated into these Bylaws. The updated version of the Bylaws will be made available on the Governance Platform.

Section 5.2: Special Amendments

Certain types of amendments may carry more significant implications for the DAO, such as changes that impact the fundamental rights and responsibilities of Tokenholders, the structure of the DAO, or the tokenomics of the DCNT Token. These are referred to as “Special Amendments”.

It is acknowledged that these conditions for Special Amendments may or may not necessitate a supermajority vote (greater than simple majority) or have a higher quorum requirement to pass, as compared to typical amendments.

Allowed Tokenholders have the right to propose amendments to these voting thresholds or conditions via the amendment process, ensuring the continuous evolution and adaptability of the governance mechanisms.