ASIP Governance Framework v04
Grant and Executive Board Processes

Document Purpose: Establish transparent, accountable governance for executive and grant board policy for ASIP and its' SAIT and SAT tokens.

Companion Documents:
• ASIP White Paper
• ASIP Allocation & Vesting Schedule
• ASIP: SAIT/SAT Equilibrium Document

EXECUTIVE SUMMARY

Governance Model: Board-Controlled with Grant Voting Exception

ASI Executive Board Authority:
• ASIP treasury management and SAT reserve operations
• ASIP KPI definitions and milestone verification
• Strategic partnerships and institutional agreements
• Grant Committee appointments and budget allocations
• Emergency actions and all operational/strategic decisions

SAIT Holder Authority:
• **Grant Recipient Selection:** Holders with 1%+ of circulating SAIT vote on which finalist receives funding after board approves grant tier, budget, and criteria
• **No other voting rights:** Token holders cannot vote on treasury, KPIs, board appointments, or any other governance matters

Why This Model:
• **Regulatory Clarity:** Board accountability provides clear compliance pathway
• **Operational Efficiency:** Professional management enables rapid decision-making
• **Mission Protection:** Board maintains AI safety focus without speculation pressure
• **Research Engagement:** Grant voting allows community to influence peer selection
• **Institutional Confidence:** Predictable governance attracts institutional participation

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PART I: GOVERNANCE FOUNDATIONS

Section 1: Governance Structure - Board-Controlled Model

1.1 Mission-First Governance

SAIT exists to fund AI safety research without the dilution, mission drift, and time compression inherent in traditional venture capital models.

Core Commitments:
• Research Autonomy: Grant recipients maintain control over research direction
• Non-Dilutive Funding: No equity stakes or board seats demanded
• Patient Capital: 36-month funding cycles match research timelines
• Open Source Mandate: All funded research remains publicly accessible
• Geographic Diversity: Combat centralization of AI funding

1.2 Governance Principles

Principle 1: Accountable Board Control
Professional board governance with clear fiduciary duties ensures mission alignment, regulatory compliance, and operational excellence.

Principle 2: Strategic Token Holder Participation
Token holders participate in grant selection—the area where distributed expertise adds most value—while professional management handles treasury, compliance, and operations.

Principle 3: Transparency by Default
All governance actions publicly documented except where security or legal concerns require confidentiality. Real-time dashboard, quarterly reports, and annual audits provide complete visibility.

Principle 4: Multi-Layered Accountability
No single point of failure: board multi-signature, independent Grant Committee, third-party auditors, public reporting, and dispute resolution create checks and balances.

Principle 5: Long-Term Stability
Governance designed for decades, not years. No planned transition to different model; board-controlled governance with grant voting exception is the permanent structure.

1.3 Board Authority

Regulatory Certainty: Clear board accountability meets regulatory expectations; DAO governance creates legal uncertainty; board model proven in non-profit contexts

Operational Excellence: Treasury management requires professional expertise; emergency situations demand coordinated action; strategic partnerships need confidential negotiation

Mission Protection: Token speculation cannot override AI safety priorities; board maintains research integrity against market pressures

Institutional Confidence: Predictable governance attracts institutional SAIT purchases; professional management reassures treasury custodians

1.4 The Grant Voting Exception

Distributed Expertise: AI safety research community has deep expertise in evaluating proposals; institutional holders bring diverse perspectives; multiple evaluators reduce bias

Lower Risk Domain: Grant selection doesn't affect treasury security (board sets budgets); no emergency decisions required; mistakes are learning opportunities, not existential threats

Transparency & Engagement: Public voting demonstrates governance beyond speculation; community participation builds ecosystem engagement

PART II: GRANT & EXECUTIVE BOARD

Section 2: Grant Board Operations & Decision-Making

2.1 Grant Board Structure

Composition:
- **Size**: 5 members minimum, 9 maximum
- **Expertise:** AI safety research, governance, finance, legal, operations
- **Diversity:** Geographic, institutional, safety or security expertise
- **Terms:** Staggered 2-year terms, renewable twice (6 years maximum)

Independence Requirements:
• No more than 2 members from same organization
• At least 3 different sectors represented (academic, industry, nonprofit)
• Majority must be independent (no financial interest in grant recipients)

2.2 Executive Board Authority

Comprehensive Authority:
The Executive Board has complete authority over all governance matters except grant recipient selection. These responsibilities include, but are not limited to:
• Treasury management and SAT reserve operations
• KPI definitions, tiers, and milestone verification
• Strategic partnerships and institutional agreements
• Grant Committee appointments and removals
• Budget allocations and operational expenses
• Emergency governance actions
• All strategic and operational decisions

Shared Authority - Grant Selection:
1. Board: Defines grant programs, sets budgets, approves grant tiers, sets evaluation criteria, confirms vote integrity, executes agreements, monitors progress
2. Grant Committee: Evaluates proposals, creates finalist list, publishes summaries, answers questions
3. Token Holders: Review finalists, vote on winners

2.3 Decision-Making Thresholds

Grant Board Voting:
• **Simple Majority (50%+1):** Routine operational decisions, Tier 1 KPIs, standard grant approvals
• **Supermajority (2/3):** Major strategic decisions, Tier 2 KPIs, major amendments, Grant Committee appointments
• **Unanimous (100%):** New board appointments, Tier 3 KPIs, emergency actions, fundamental amendments

Grant Voting (Token Holders):
• **Simple Majority (50%+1):** All grant selections
• **No Quorum Required:** Prevents blocking via non-participation
• **Vote Weight:** 1x standard, 1.5x institutional participants

2.4 Grant Board Limitations

The Grant Board CANNOT:
• Modify any ASIP operational procedures or policies
• Accelerate vesting schedules beyond allocation document terms
• Override valid grant votes except for fraud/security concerns
• Award grants to other board members or immediate family
• Delegate board authority to non-board members (except routine operations)
• Make decisions while holding undisclosed conflicts of interest
• Bypass multi-signature requirements for treasury transactions
• Eliminate public transparency dashboard or reporting requirements
• Expand board beyond 9 members without a governance amendment, unanimous vote.

2.5 Executive and Grant Board Fiduciary Duties

Duty of Care: Make informed decisions after reasonable investigation; attend meetings; review materials; exercise independent judgment

Duty of Loyalty: Act in best interests of ASIP mission; avoid conflicts or disclose and recuse; not use position for personal benefit; maintain confidentiality

Duty of Obedience: Ensure ASIP operates within AI safety research mission; comply with laws; honor governance commitments; maintain nonprofit/public benefit focus

Duty of Transparency: Publish board decisions with rationale; maintain accurate public records; respond to legitimate stakeholder inquiries; acknowledge mistakes. Full and immediate disclosure on any matters that affect the character or legal standing of a board member as it relates to their position. Non-compliance is cause for immediate dismissal.

2.6 Board Operations

Meeting Requirements:
• Regular meetings: Monthly minimum
• Special meetings: As needed with 72-hour notice
• Emergency meetings: Immediate with retroactive disclosure
• Meeting minutes: Published within 7 days (except confidential matters)

Reporting:
• Quarterly reports: Comprehensive governance, financial, and grant updates
• Annual report: Audited financials, full governance review, research impact assessment
• Real-time dashboard: Treasury status, KPI progress, grant activity, voting results

PART III: GRANT GOVERNANCE

Section 3: Grant Committee - Structure & Operations

3.1 Mission

Evaluate AI safety research proposals to maximize impact on alignment, robustness, interpretability, and risk mitigation while preserving researcher autonomy.

Core Responsibilities:
1. Review grant proposals using board-approved criteria
2. Score and rank proposals objectively
3. Select finalists for token holder voting
4. Provide evaluation rationale for public review
5. Monitor grant outcomes and report to board

3.2 Composition

Size:
• Core Members: up to 9 voting members
• Advisory Members: 3-5 non-voting domain experts (rotational)

• Ex Officio: 1 board member (non-voting observer)

Expertise Requirements:
Core members must have ONE of the following:
• PhD in AI, computer science, neuroscience, or related field
• 10+ years professional AI research experience with publication record
• Proven track record in cybersecurity grant funding or research management

AND demonstrate:
• Understanding of AI safety research landscape
• Objectivity and fairness in evaluation
• Time commitment capability (15+ hours/month)
• No disqualifying conflicts of interest

Diversity Requirements:
• I**nstitutional:** MAX 2 from same organization; min 3 types (academic, industry, nonprofit); min 2 from non-US institutions
• **Expertise:** Technical AI safety, social/ethical implications, AI research, AI SME experience
• **Demographics:** Gender diversity (30-70% range), 3+ continents, career stage mix

Term Structure:
• 2-year initial term, renewable once (4 years maximum continuous)
• Can return after 1-year hiatus
• Staggered rotations: 3-4 seats rotate annually

3.3 Appointment & Operations

Appointment Authority: Board appoints all members (majority vote); board cannot appoint majority from board members (independence)

Nomination Sources: Board members, current committee members, institutional participants (5+ endorsements), AI safety community (open call)

Selection Criteria: Technical expertise, evaluation experience, objectivity reputation, diversity contribution, time availability

Onboarding: Governance training, historical grant review, calibration exercise, conflict/ethics training, mission introduction

Meeting Schedule:
• **Grant cycle:** Kickoff, midpoint check-in, final deliberation, post-award debrief
• **Standing:** Monthly progress review, quarterly strategic session, annual retreat

Conflict Management: MUST recuse for collaborators (past 3 years), personal relationships, financial interest, professional competition
• Self-report before assignments
• Chair reassigns conflicted proposals
• Recused member cannot participate
• Breach = removal + potential legal action

Confidentiality: Maintain confidentiality of proposal details, reviewer comments, deliberations, rejected proposals

3.4 Accountability

Performance Metrics:
• Grant success rate (% achieving stated objectives)
• Research impact (publications, citations, real-world adoption)
• Process quality (timeliness, fairness, thoroughness)
• Diversity (distribution across institutions, geographies, research areas)
• Token holder satisfaction (surveys on finalist quality)

Board Oversight: Quarterly reports, annual performance review, random evaluation audits, authority to remove for cause

Public Transparency: Annual publication of member roster, methodology, aggregate statistics, success stories, lessons learned

Section 4: Grant Evaluation & Selection Process

4.1 Grant Tier Structure

Tier 3: Transformational Research
• Budget: $1M+ per grant | Duration: 24-36 months
• Focus: High-risk, high-reward foundational AI safety research
• Board Approval: Unanimous vote | Finalists: 3-5

Tier 2: Applied Research
• Budget: $250K+ per grant | Duration: 12-24 months
• Focus: Applied AI safety research with near-term impact
• Board Approval: 2/3 supermajority | Finalists: 3-5

Tier 1: Targeted Projects
• Budget: $50K+ per grant | Duration: 6-12 months
• Focus: Specific tools, datasets, proof-of-concept work
• Board Approval: Simple majority | Finalists: 3-8 if multiple

4.2 Application Requirements

Required Sections:
1. Abstract (250 words): Problem, approach, expected contribution
2. Research Plan (1500-3000 words): Methodology, timeline, success criteria, risk mitigation
3. Team & Qualifications (500-1000 words): PI bio, team roles, publications, institutional support
4. Budget Justification: Detailed breakdown (personnel, equipment, compute, travel, indirect costs)
5. Impact & Dissemination (500 words): Publication plan (open access), real-world applications, collaboration opportunities
6. Ethics & Safety (250-500 words): Potential risks, safeguards, dual-use considerations, data privacy

Submission & Screening:
• Administrative review (10-20 business days): Completeness, eligibility, budget reasonableness
• Conflict check: Committee members disclose conflicts, recused from evaluation
• Incomplete proposals returned with feedback

4.3 Evaluation Methodology

Evaluation Criteria (each scored 1-10):
1. Scientific Merit & Innovation
2. Feasibility & Approach Quality
3. Team Capability & Track Record
4. Impact Potential on AI Safety
5. Budget Reasonableness
6. Ethical Considerations & Risk Management

Reviewer Assignment:
• Each proposal: 3 primary + 2 secondary reviewers
• Primaries: Deep evaluation (500+ words)
• Secondaries: Broader perspective (200+ words)
• Workload: 8-12 proposals per member per cycle

Scoring Process:
• Independent scoring (14-day period)
• Score aggregation: Weighted average (primaries 2x, secondaries 1x)
• Statistical outliers flagged (>2 standard deviations)
• Committee deliberation: Top 30-40% discussed, borderline cases debated
• Final finalist list: Committee vote (majority required)

Finalist Preparation:
• Evaluation summaries (500-1000 words per finalist)
• Strengths, concerns, committee perspectives
• Published 7 days before token holder vote
• Applicants notified of finalist status

4.4 Grant Monitoring & Outcomes

Milestone-Based Disbursement:
• Tier 2 & 3: Quarterly milestones with deliverables
• Tier 1: Single or bi-annual milestones
• Grantee submits milestone report
• Committee reviews within 21 days
• Board approves next payment

Performance Tracking:
• Quarterly progress reports from grantees
• Annual impact assessment
• Publication tracking and cataloging
• Citation monitoring
• Real-world adoption documentation

Intervention Process:
• Missed milestones trigger intervention plan
• Grantee given 30-60 days to remediate

Section 5: Token Holder Grant Voting Rights

5.1 Qualification Requirements

Stake Threshold: Minimum 1% of Circulating Supply

Required SAIT = 1% × Circulating Supply
Circulating Supply = Total Supply – Treasury – Unvested Tokens
Example: If Circulating = 30M SAIT, Required = 300K SAIT

Why 1% Threshold:
• Serious stakeholders: Prevents spam voting, ensures meaningful financial commitment
• This approach encourages independant deligation pools for individual retail holders
• Institutional scale: Typical institutions easily exceed threshold
• Manageable voter base: Likely 20-50 qualifying voters
• Quality over quantity: Focus on informed, engaged voters; encourage delegation

Holding Period:
• Must hold threshold at vote announcement (7 days before)
• Must maintain through vote close
• Verification via blockchain snapshots at both times
• Prevents gaming: Cannot buy to vote then sell

Token Eligibility:

• ✅ Eligible: Vested SAIT in personal/institutional wallet, SAIT purchased in private sale (if vested)

• ❌ NOT Eligible: Unvested SAIT, SAIT in escrow, Treasury holdings (300M), SAIT on centralized exchanges unless proven in self-custody.

5.2 Verification & Registration

Wallet Verification (All Voters):
• Cryptographic signature proves ownership
• Sign message: "I am voting on SAIT Grant [ID] from address [address]"
• Verification via governance portal
• Address must meet threshold at announcement AND close

Institutional Participants (Enhanced Status):
• KYB verification completed
• Registered as institutional participant ($100K+ initial purchase)
• Annual attestation of continued compliance
• Public identification (optional but enables 1.5x multiplier)

Conflict Disclosure:
Must attest NOT affiliated with any finalist, no financial interest in applicant organizations, no family relationships, not committee/board member for this grant. Undisclosed conflicts = vote invalidated; repeated violations = suspension from future votes.

PART IV: TOKEN HOLDER PARTICIPATION

Section 6: Token Holder Grant Voting Procedures

6.1 Pre-Vote Information Period (7 days)

Published Materials:
• Grant parameters (tier, budget, focus area)
• Finalist proposals (full text or detailed summaries)
• Grant Committee evaluation reports
• Scoring breakdowns (anonymized)
• FAQ document

Discussion Forums:
• Dedicated forum thread per grant vote
• Voters can ask questions, discuss finalists
• Grant Committee members available for Q&A
• Moderated to prevent manipulation or harassment

Optional Finalist Presentations:
• Finalists may present (15 minutes each)
• Q&A with voters
• Not required, opt-in for applicants
• Recorded and published

6.2 Voting Period (7 days)

Method:
• On-chain voting via smart contract
• Governance portal provides user-friendly interface
• Votes recorded immutably on blockchain
• Real-time results visible (transparency)

Vote Options:
* Single grant: Vote for Finalist A, B, or C
• Multiple grants: Rank finalists 1st, 2nd, 3rd (ranked-choice)
• Can abstain if no strong preference

Vote Weight:
• Standard: 1 SAIT = 1 vote
• **Institutional multiplier: 1.5x for verified participants**
• **Example: Institutional with 3M SAIT = 4.5M voting power**

Vote Changes:
• Can change vote anytime during period

• Final vote at snapshot when period closes
• Encourages deliberation during vote

6.3 Vote Counting & Results

Tallying:
• Automatic on-chain counting
• Simple majority wins (single grant)
• Ranked-choice tabulation (multiple grants)
• Ties broken by highest committee score

Results Publication (Within 24 hours):
• Winning finalist(s) announced
• Vote totals and percentages
• Participation rate (how many qualifying holders voted)
• Voting power distribution (institutional vs individual)
• Delegation statistics (if applicable)

Verification Period (48 hours):
• Board reviews vote integrity
• Checks for technical issues, conflicts, fraud
• Can invalidate votes with published rationale
• Normal case: Vote confirmed immediately

6.4 Delegation (Optional)

Mechanism:
• Non-custodial: Tokens stay in delegator's wallet
• On•chain transaction recorded transparently
• Revocable before vote snapshot
• Limited scope: Grant voting only

Eligible Delegates:
• Other qualifying token holders (1%+ stake)
• Institutional participants (even if own stake <1%)
• Cannot delegate to Grant Committee or board members

Delegate Responsibilities:
• Publish voting rationale for delegated votes
• Act in delegators' best interests
• Accountable to delegators
• Can refuse delegation

Section 7: ASIP Institutional Participant, Enhanced Engagement

7.1 Definition

Organizations qualifying as institutional participants:
• 1% or greater of circulating supply (300K SAIT)

- KYB-verified with ongoing compliance
- Active engagement in ASIP ecosystem
- Annual attestation of continued qualification

7.2 Enhanced Rights

Enhanced Grant Voting:
- 1.5x vote multiplier on grant selection
- Rationale: Larger financial commitment, professional due diligence, long•term perspective
- Limit: Cannot exceed 15% of total voting power even with multiplier

Early Information Access:
- Receive grant finalist information 48 hours before public
- Allows institutional research teams deeper evaluation
- Not material non-public information (finalists already public to committee)
- Cannot trade SAIT based on early access

Direct Board Communication:
- Quarterly meetings with board members (optional attendance)
- Submit questions and feedback directly
- Discuss ASIP strategy and research priorities
- Non-binding input but board seriously considers

Other Benefits:
- Priority support for compliance processing and technical issues
- Early notice of governance changes or major decisions
- Advisory council eligibility
- Priority access to SAIT-funded research outputs (non-exclusive, public release shortly after)

7.3 Enhanced Responsibilities

- Annual attestation of continued compliance
- Public identification (institutional brand associated with SAIT)
- Governance engagement (participate in surveys, provide institutional perspective)
- Higher standard of conduct than individual holders
- Thought leadership (encouraged to publish perspectives, speak at events, mentor grantees)

Section 8: Advisory Input & Community Feedback

8.1 Advisory Councils

Purpose: Provide specialized expertise to board on specific domains

Formation:
- Board establishes advisory councils as needed
- Typical councils: Technical safety, ethics, economics, legal/regulatory, research methodology
- 5-9 members per council
- 1-2 year terms, renewable

Authority: Non-binding input only; board not obligated to follow but should consider seriously and publish rationale if deviating

8.2 Community Feedback Mechanisms

Governance Forum:
• Public forum for governance discussions
• All stakeholders can participate
• Board and committee members monitor and respond
• Proposals and feedback tracked

Quarterly Surveys:
• Token holders, institutional participants, grant recipients
• Satisfaction with governance processes
• Suggestions for improvement
• Results published with board response

Annual Town Halls:
• Open virtual meetings with board and committee
• Q&A sessions
• Presentations on governance performance
• Opportunity for direct stakeholder input

PART V: OPERATIONAL GOVERNANCE

Section 9: KPI Development & Milestone Verification

9.1 KPI Purpose

Key Performance Indicators trigger escrow releases and measure SAIT ecosystem maturity.

Core Principles: Measurable, Verifiable, Relevant, Achievable, Time-Bound, Transparent

9.2 KPI Tier Structure

• Max Active KPIs: 7 at any time
• Max Combined Release: 21% of circulating supply
• Min Timeframe: 6 months between definition and potential achievement

Tier 1 KPIs (Operational Milestones):
• Release: 1% MAX of circulating supply per KPI
• Approval: Unanimous board vote
• Verification: Multi•party external audit
• Examples: "SAIT-funded research cited in 5+ national AI safety regulations"; "100+ sovereign institutions actively participate"; "$500M+ cumulative grants deployed with 80%+ success rate"

Tier 2 KPIs (Tactical Milestones):
• Release: 2% MAX of circulating supply per KPI
• Approval: 2/3 board supermajority
• Verification: Single credible third-party audit
• Examples: "50+ institutional SAIT participants with active grant voting"; "SAIT-funded research produces 100+ peer-reviewed publications"; "SAIT safety standards adopted by 10+ AI labs"

Tier 3 KPIs (Strategic Milestones):
• Release: 3% of circulating supply per KPI
• Approval: Simple board majority
• Verification: Internal with public documentation
• Examples: "Complete 20+ grant cycles with published outcomes"; "Public dashboard achieves 99.5%+ uptime for 12 months"; "Establish 5+ advisory councils"

9.3 KPI Development Process

1. Annual Strategic Planning: Board conducts planning (Q4); identifies strategic priorities; proposes draft KPIs
2. Public Comment Period (30 days): Draft KPIs published; stakeholders provide feedback; board reviews and revises
3. Board Approval: Vote per KPI tier requirements; approved KPIs published with success criteria, evaluation methodology, verification process, timeline
4. Public Tracking: KPIs tracked on real-time dashboard; regular progress updates; stakeholders can monitor achievement

9.4 Verification Process

1. Claim Submission: Entity submits evidence KPI achieved; documentation provided; initial review by operations team
2. Third-Party Audit: Independent auditor evaluates (Tier 1/2) or internal verification (Tier 3); auditor issues report
3. Board Review: Confirms or rejects auditor conclusion; if confirmed, authorizes escrow release; if rejected, explains rationale
4. Disputed Verifications: Token holders (1M+ SAIT) can challenge within 14 days; board appoints independent review panel (3 experts); panel recommends confirm/reject; board makes final decision with published rationale

9.5 KPI Modification & Retirement

• Board may modify KPI with same approval threshold as original
• Cannot modify within 90 days of expected achievement (prevents moving goalposts)
• Must publish rationale; if made easier, release may be reduced proportionally
• May retire KPI (2/3 supermajority) if becomes irrelevant/unachievable; tokens return to escrow

Section 10: Treasury Management & Oversight

10.1 Treasury Composition

SAIT Treasury (30-33M SAIT, 30-33% of supply):
• Operational stability and expense coverage
• SAT reserve backing
• SAIT buyback operations for compliance events
• Emergency reserves (cold storage)

SAT Treasury Assets:
• Commodity and stablecoin backed pegged at $150 per SAT
• Diversified basket: On-chain commodities and stablecoins

- 150% over-collateralization ensures resilience
- Dynamic rebalancing maintains peg stability

10.2 Treasury Management Authority

Executive Board Authority: Control over treasury—all SAT minting/burning/rebalancing, SAIT operations, multi-sig management, custody arrangements, emergency actions

No Token Holder Involvement: Professional management ensures security and compliance

Multi-Signature Requirements:
- Standard operations: 3-of-5 board signatures
- Major transactions >5% treasury: 4-of-5
- Emergency actions: 2-of-5 with retroactive review

Key Holder Requirements: Geographically distributed (3+ contries), professionally diverse, secure key management, regular health checks, succession planning

10.3 Treasury Operations

Operational Expense Coverage: Estimate
- Annual budget process: Operations team proposes, board reviews/approves
- Categories: Personnel ($2-3M), infrastructure ($500K-$1M), legal/compliance ($1-2M), marketing ($500K-$1M), audits ($500K)
- Typical annual: $5-8M
- Monthly draws from treasury for approved expenses
- Quarterly reconciliation reports

SAT Reserve Management:
- Target reserve ratio: 10% of circulating SAIT held as SAT
- Rebalancing triggers: If <7% mint/purchase additional SAT; if >15% reduce holdings or increase buyback capacity
- Monthly reserve adequacy reports published
- SAT minting requires collateral acquisition (150% over-collateralization), board approval, transparency report within 24 hours

SAIT Compliance Buyback Operations:
- Organizations triggering compliance events exchange SAIT for SAT
- Weekly batched processing every Monday
- Exchange rate: 7-day TWAP
- Safeguards: Authentication, rate limits, duplicate prevention
- Compliance event types: AI safety audits, data governance verification, milestone achievement, grant distribution approval
- SAIT collected moved to treasury custody (not burned)
- Transaction details published publicly

10.4 Treasury Risk Management

Identified Risks:
- Market Risk: SAIT price volatility, commodity correlation, liquidity
- Custody Risk: Key compromise, jurisdictional risk, technical vulnerabilities
- Operational Risk: Human error, inadequate controls, system failures

Mitigation Strategies:
• **Market:** Dynamic SAT reserves, diversified commodities, stress testing, gradual position building
• **Custody:** Multi-sig with geographic distribution, succession planning, multi-jurisdictional custody, security audits, insurance
• **Operational:** Dual control for transactions, documented procedures, regular training, redundant systems, incident response playbook

10.5 Treasury Transparency

Real-time Dashboard:
• Total SAIT treasury holdings
• Total SAT reserve holdings
• Asset breakdown (on-chain commodities and stablecoins)
• Custody locations (aggregated for security)
• Weekly buyback volumes
• Reserve ratios and health metrics

Weekly Reports: All treasury transactions from previous week, transaction hashes, purposes, compliance buyback details, running totals

Quarterly Reviews: Performance vs objectives, allocation changes/rationale, compliance statistics, expense breakdown, reserve adequacy, risk assessment

Annual Audits: Big Four or equivalent; all transactions verified, custody verification (proof of reserves), reserve adequacy, internal controls, published within 90 days

Section 11: Compliance Event Authentication & Buyback Operations

11.1 Purpose

Organizations demonstrating AI safety governance, data compliance, or research milestone achievement can exchange SAIT for SAT from treasury reserves. Creates utility and demonstrates governance activity.

11.2 Compliance Event Types

• AI Safety Audits: Independent safety assessment completed
• Data Governance Verification: Demonstrated compliance with data standards
• Milestone Achievement: Research/development milestone verified by third party
• Grant Distribution Approval: Successfully received and executed SAIT grant

11.3 Authentication Requirements

• Evidence Submission: Audit reports, verification records, milestone documentation
• Credential Verification: Organization must have valid organizational ID
• Third-Party Validation: Some events require independent auditor signature
• Rate Limits: Max frequency per organization (prevents abuse)
• Duplicate Prevention: Same event cannot be submitted multiple times
• Blacklist Check: Organizations previously flagged for fraud excluded

11.4 Buyback Execution Process

1. Submission: Organization completes event, compiles evidence, submits via governance portal with credential, transfers SAIT to buyback contract, receives submission ID
2. Verification (24-48 hours): Automated checks (credential, rate limits, duplicates), evidence review by operations team, third-party signature verification, approval or rejection with feedback
3. Weekly Batch (Every Monday): All approved events compiled, exchange rates calculated (7-day TWAP), SAT amounts computed, treasury multi-sig executes batch, SAT distributed, SAIT moved to treasury custody, public report published
4. Failed Submissions: Organization notified within 24 hours with reason, SAIT returned, can resubmit after addressing issues

11.5 Buyback Impact Tracking

Public Metrics Dashboard:
• Total SAIT bought back (cumulative and monthly)
• Compliance events by type
• Participating organizations (count not identities)
• Average exchange rate trends
• Treasury SAT reserve levels post-buybacks

Quarterly Analysis:
• Trend analysis (growing, stable, declining activity)
• Organization participation metrics
• Buyback impact on circulating supply
• Treasury reserve adequacy post•buybacks
• Projections for next quarter

Annual Ecosystem Assessment:
• Correlation between buybacks and adoption
• Survey of participating organizations
• Economic impact on SAIT price (observational)
• Comparison to projections
• Recommendations for improvements

APPENDICES

Appendix A: Key Definitions

Board Member: Voting member of ASIP Board with full fiduciary responsibility; elected by existing board (unanimous approval); subject to removal for cause

Qualifying Token Holder: Entity holding 1%+ of circulating SAIT supply; eligible to vote on grant selection only; must maintain threshold through vote period

Institutional Participant: Organization with $100K+ initial SAIT purchase; KYB-verified with ongoing compliance; enhanced engagement rights; 1.5x vote multiplier

Grant Committee Member: Expert appointed by board to evaluate proposals; cannot be board majority (independence); 2-year terms with staggered rotation

Circulating Supply: Total Supply (1B) – Treasury Holdings (300M) – Escrow (unvested Fund) – Unvested Team/Partners tokens

Grant Vote: Token holder vote on grant recipient selection; binding on which finalist receives funding; conducted on-chain; subject to board confirmation

Appendix B: Amendment Procedures

Minor Amendments:
• Scope: Clarifications, formatting, minor procedure adjustments
• Approval: Simple board majority | Delay: 14-day implementation
• Examples: Adjust meeting schedules, update contact information

Major Amendments:
• Scope: Significant process or structure changes
- Approval: 2/3 board supermajority | Process: 30-day public comment, 60-day implementation delay
• Examples: Change KPI tier thresholds, modify grant evaluation criteria

Fundamental Amendments:
• Scope: Changes to core governance model
• Approval: Unanimous board vote | Process: 60-day public comment, 90-day implementation delay
• Examples: Expand token holder voting beyond grants, change board size limits

Protected Provisions (Cannot be amended):
• SAIT's AI safety research mission
• 1 Billion fixed supply
• 50/30/20 allocation percentages
• Board-controlled model with grant voting exception
• Transparency and public dashboard requirements

Appendix C: Emergency Governance Protocols

Emergency Classification:
• **Critical Security:** Treasury compromise, smart contract exploit, custody breach
• **Regulatory:** Immediate regulatory action requiring response
• **Operational:** System failure preventing normal operations

Emergency Response:
• Board can take immediate action with 2-of-5 signatures (or 2/3 if available)
• Must publish rationale within 24 hours
• Subject to retroactive review by full board
• If board unavailable, emergency multi-sig can act with same transparency requirements

Appendix D: Contact Information
• Board contact: governance@asi2.org
• Grant Committee: grants@asi2.org

• Compliance events: compliance@asi2.org
• Technical support: support@asi2.org
• Governance forum: forum@asi2.org

NEXT STEPS

1. Executive Board Review: 7-day comment period on this framework
2. Legal Review: Ensure regulatory compliance
3. Technical Review: Verify smart contract feasibility
4. Governance Board Adoption: Final approval of this document by founding board
5. Implementation: Deploy governance policy in code before token launch