




# **Community Fund DAO**

## Submission Requirement Guidelines

JULY 2018



INTRODUCTION

The Community Fund DAO was set up to promote the development of the NEM ecosystem by funding NEM startup companies to help jumpstart their businesses. It is open to everyone who meets the minimum requirements.

Approximately 300 million XEM were allocated for this fund during NEM’s Nemesis block. As the fund is limited, applications and approval will be based on a first-come, first-served basis, along with other criteria. Entities are allowed to reapply for rejected applications, provided that these applications have addressed the reasons they were rejected.

The following are the minimum guidelines and requirements for an application to be considered. The more information provided in the application, the better the assessment that can be made by the committee and the community in evaluating the application.



CRITICAL CRITERIA OF CONSIDERATION

CRITERION	EXPLANATION
Amount requested	No more than USD 5 million shall be allocated to publicly-traded companies. No more than USD 800k shall be allocated to privately-held companies. No more than USD 40k shall be allocated to non-company entities. Two projects by the same owner may not be funded concurrently.
Stakes in the game	<p>The company must have an existing legal bank account with account balance adequate to substantiate the completion of the project, and/or prove ownership of sufficient XEM reserves in their account(s) to show that they committed to the project. This information shall be shown to the Community Fund Committee only and not made public.</p> <p>Alternatively, a company may provide proof of expenditure and work done to prove their commitment to the completion of the project.</p>
Milestones	<p>Each applicant shall specify milestones of the project and prove the completion of each milestone before any disbursement of funds can be made. Upon completion and submission of a milestone, the Community Fund Committee will verify that the work has been completed to a satisfactory standard, then disburse the allocated funds for the milestone.</p> <p>If a milestone is overdue by 3 months, a project progress review shall be requested by the project and carried out by the committee. Once reviewed, the committee shall vote on whether satisfactory progress has been made. If the vote to extend the deadline and set a new one does not pass, funding is withdrawn. Otherwise, the deadline is extended.</p> <p>All milestones will be stated in XEM, but will also include the current USD value at the time of proposal submission. Should the XEM price change between the time of proposal submission and a milestone payout, the milestone payout will be calculated by the following formula:</p>

CRITERION	EXPLANATION
	<p>d = USD value at the time of proposal  p1 = XEM/USD price at the time of proposal  p2 = XEM/USD price at the time of payout  x = XEM payout amount</p> $\left( \frac{d}{p1} + \frac{d}{p2} \right) \cdot \frac{1}{2} = X$ <p>Example:</p> <p>XEM price is USD 1 at the time of proposal:  100k XEM (USD 100k) is being requested</p> <p>XEM price dropped to USD 0.5 while the milestone was being completed:  Instead of 200k XEM (USD 100k), only 150k XEM (USD 75k) will be issued.</p> <p>XEM price grew to USD 2 while the milestone was being completed:  Instead of 50k XEM (USD 100k), 75k XEM (USD 150k) will be issued.</p>
Milestone restrictions	<p>Milestones must:</p> <ul style="list-style-type: none"> <li>• Be objective</li> <li>• Be quantifiable</li> <li>• Be verifiable</li> <li>• Be clear and understandable</li> <li>• Demonstrate the end result of work <ul style="list-style-type: none"> <li>• e.g. Beta product after testing and bug fixing is complete</li> </ul> </li> <li>• Not be categorized as initial project research, company setup, or community updates <ul style="list-style-type: none"> <li>• e.g. Use cases, Recruiting, Blogs, Meetups, etc.</li> </ul> </li> <li>• Not be easily replicable via NanoWallet. <ul style="list-style-type: none"> <li>• e.g. Creation of namespaces and mosaics or other native functionality</li> </ul> </li> <li>• Be submitted with evidence of all subheadings</li> <li>• Have a deeper explanation of each subheading</li> </ul>

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	<ul style="list-style-type: none"> <li>• Include the value in USD and XEM per subheading as a fraction of the total for the given milestone and a justification of such</li> <li>• Not include works already completed</li> </ul>
Project Details released to the Community Fund Committee	<p>If a proposal is approved by committee vote, applicants will be required to submit a number of additional documents that will remain confidential within the committee. These documents include:</p> <ol style="list-style-type: none"> <li>1. A business plan that covers: <ol style="list-style-type: none"> <li>a. Financial Plan <ol style="list-style-type: none"> <li>i. Balance Sheet</li> <li>ii. Income Statement</li> <li>iii. Cash Flow Statement</li> </ol> </li> <li>b. Industry overview/Research</li> <li>c. Marketing Analysis &amp; Plan</li> <li>d. Competitive analysis</li> <li>e. Detailed ownership &amp; Management plan</li> <li>f. Operations plan</li> <li>g. Summary</li> <li>h. Appendices and Exhibits (Optional)</li> </ol> </li> </ol> <p>The aforementioned details must be submitted within two weeks of committee vote approval for funding, and prior to the commencement of the public vote. Failure to do so will result in the disqualification of funding. The committee reserves the right to retract approval pending review of the aforementioned details.</p>
Project Summary	<p>Include a summary of the project for public review on the NEM Forum.</p> <p>A project summary must include at minimum:</p> <ul style="list-style-type: none"> <li>• The company name</li> <li>• Names of active members</li> <li>• Introduction to the company</li> <li>• Introduction to the project or product</li> <li>• The amount requested</li> <li>• Milestones with expected timeline of completion</li> </ul>

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	<ul style="list-style-type: none"> <li>• Condensed industry overview</li> <li>• Condensed marketing analysis and plan</li> <li>• Condensed competitive analysis</li> </ul> <p>Project summaries must be posted at least 10 days prior to polling, allowing adequate time for community review and discussion.</p> <p>Proof of any partnerships, deals, sponsors, or other such arrangements mentioned in the proposal and/or business plan, must be included in the submission of the proposal, and verified by the committee. Failure to comply with this rule will result in the immediate disqualification from funding.</p>
Company	<p>All applicants must have already formed a company and are prepared to commit themselves to the project. All submissions must be accompanied with proofs that the company exists and signed by a legal or accounting professional. Proofs shall include company details (date of incorporation, place of incorporation, registration number, directors, and shareholders) and the company's memorandum and articles of association.</p> <p>Other than the names of the primary company representatives, this information shall not be shared with the public and is only for the Community Fund Committee to verify bona fide applications.</p> <p>For individuals and groups without a registered company, the solution proposed shall be considered an open-source project, as it is not possible to run a business without a company. It is expected that the code to said projects will be open-sourced upon completion of each milestone.</p>
Real identity	<p>Each shareholder, director, and relevant team members must provide proof of identity (e.g. driver's license or passport).</p> <p>The information provided shall only be disclosed on a need-to-know basis with those involved in the decision-making process. Upon receipt of the aforementioned information, the identity of those</p>



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	<p>involved in the decision-making process for the given project will be disclosed to the applicant.</p> <p>Only names (or pseudonyms) of shareholders and directors will be revealed to the community. As the information is confidential, this set of documents shall be furnished to the Community Fund Committee only upon approval of the application.</p>
Pre-vote activity	<p>Prior to starting a vote on the NEM blockchain, proposals are required to:</p> <ul style="list-style-type: none"><li>- Make an official proposal/discussion thread on the forum</li><li>- Establish their own Telegram channel, forum, or other means of communication with project managers</li><li>- Host a “get to know this project” session. Applicants must introduce themselves and their projects via a Youtube video, AMA, recorded speech, presentation, or other means that is easily accessible and publicly available</li></ul>
Voting process	<p>Anyone who wishes to submit a proposal, will need to complete the following steps:</p> <ol style="list-style-type: none"><li>1. Submit their proposal via the proposal submission form found at <a href="http://nem.io/community-fund/">nem.io/community-fund/</a>, with the required additional documentation.</li><li>2. Once an application has been received and reviewed by the NEM Community Fund Committee, the committee members will vote to approve or deny the proposal.<ol style="list-style-type: none"><li>a. If 80% of the Community Fund Committee is in favor, the proposal is accepted, and may proceed to public review and vote.</li></ol></li><li>3. If the vote fails, the Community Fund Committee must either:<ol style="list-style-type: none"><li>a. Reject the proposal outright</li><li>b. Suggest modifications to the proposer, in which case the proposal can be resubmitted for another</li></ol></li></ol>

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	<p>committee vote pending the implementation of the suggested changes.</p> <p>This continues until the proposal has either been accepted, or entirely rejected by the committee.</p> <p>4. The community will then vote on a proposal during the allotted time period of 10 days. The criteria for success depends on the funding tier for which the proposal was submitted. If the community votes to approve the proposal by meeting the conditions of the poll, the proposal is considered accepted. Funding will be disbursed upon successful completion, review, and committee vote of each milestone.</p> <p>a. If a proposal is rejected by the community, it may be proposed to the community again after a waiting period of 4 weeks. Resubmissions will be placed at the back of the vote queue pending another committee vote.</p> <p>5. Live community polling for proposals will occur in chronological order, determined by the time of committee's approval to proceed. The Community Fund Committee will organise the date and time of upcoming votes and communicate the allotted period to the proposer. There may only be 2 fund proposal polls active at one time. If there are already 2 active polls, succeeding approved submissions enter a waiting list until active polling has completed. NEM users may vote in favor of or against a proposal. Votes are weighted by the POI score of the address from which it was cast.</p>
Funding tiers	<p>Tier 1: USD 0-40k</p> <p>Grant proposals will be submitted directly to the community fund committee, and approved internally. Grants will require no equity, token allocation, repayment, or community vote.</p>



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	<p>Tier 2: USD 40k-150k If a total of at least 1% of the importance of the NEM blockchain votes in favor of the proposal, and the vote passes with a 65% majority, the vote is considered accepted by the community. Otherwise, it fails.</p> <p>Tier 3: USD 150k-800k If a total of at least 2% of the importance of the NEM blockchain votes in favor of the proposal, and the vote passes with a 65% majority, the vote is considered accepted by the community. Otherwise, it fails.</p> <p>Tier 4: USD 800k - 5 million If a total of at least 3% of the importance of the NEM blockchain votes in favor of the proposal, and the vote passes with a 65% majority, the vote is considered accepted by the community. Otherwise, it fails. This tier is only available to publicly traded companies.</p>
ICO post community fund proposal	<p>If a company has already completed an ICO, it is not eligible for community funding.</p> <p>Should a company be awarded milestone payments by the community fund, and further proceed to hold an ICO within 12 months after the last milestone payment, the company shall pay back the community fund in proportion to the amount they received, as determined by the USD valuation at the time of the payouts.</p> <p>If a company successfully completes all milestones and wishes to seek a second round of funding, the company can submit a new proposal to the Community Fund Committee for review. Once the committee has approved the second round of application, it may proceed to a community vote. Companies may not apply for a second round of funding within 6 months of receiving the final payment from the previous funding round.</p>

Any application forwarded to us for consideration will be required to submit the aforementioned information as a minimum. No consideration will be given if any of the information is not provided or is inaccurate.

All information shall be reviewed in confidentiality. Please submit your application by visiting <https://nem.io/community-fund/#submit>.

For queries, email us at [communityfundproposals@nem.io](mailto:communityfundproposals@nem.io).

NEM Community Fund Process Flow

