

THE HORIZEN FOUNDATION

BYLAWS

As adopted by the Foundation on September 26, 2023

Foundation Mission. The mission of the Horizen Foundation is to foster and develop the growth of the Horizen and EON blockchains and the Horizen DAO.

2. Definitions.

- (a) **"Administrative Budget Wallet"** means a Horizen blockchain-compatible smart contract address, which will be utilized by the Foundation for purposes of operational and administrative costs, as well as administration of other distributions as may be approved by the Horizen DAO from time to time.
- (b) **"Bylaws"** means these governing bylaws of the Foundation as may be amended from time to time in accordance with the Foundation Articles.
- (c) **"Cayman Law"** means the rules, regulations and laws of the Cayman Islands, including as they are modified, from time to time.
- (d) **"Constitution"** means the set of binding rules and procedures outlining, among others, the actions that the Horizen DAO may undertake, available at: [Foundational Documents](#).
- (e) **"DAO"** means 'decentralized autonomous organization'.
- (f) **"DAO Committees"** has the meaning given to that term in Section 4(a) of these Bylaws.
- (g) **"EONIP Process"** means the rules and procedures of submitting and voting on EONIPs as described in the Constitution.
- (h) **"EONIP"** means an EON Improvement Proposal, which is a proposal put forth by a Tokenholder to a vote by Tokenholders in accordance with the EONIP Process.
- (i) **"Emergency Meeting"** has the meaning given in Section 3(b)(iv) of these Bylaws.
- (j) **"Foundation"** means the Horizen Foundation, a Cayman Islands foundation company.
- (k) **"Foundation Articles"** means the Memorandum and Articles of Association of the Foundation (as may be amended from time to time).
- (l) **"Foundation Director(s)"** means the director(s) of the Foundation, which have certain powers and duties pursuant to Cayman Law and as further described in the Foundation Articles.
- (m) **"Foundation Supervisor"** means the supervisor of the Foundation, which has certain powers and duties pursuant to Cayman Law and as further described in the Foundation Articles.

(n) **"Governance Documentation"** means these Bylaws, the Foundation Articles and Constitution.

(o) **"Governance Forum"** means a governance forum page as designated by the Foundation and modified by the Tokenholders from time to time, which initially shall be: [Horizen Governance](#).

(p) **"Horizen DAO"** means, collectively, the decentralized community of individuals that own, as evidenced by the Horizen blockchain, a Token, otherwise defined below as the Tokenholders.

(q) **"Horizen DAO-Governed IP"** means any intellectual property created by, contributed to or otherwise assigned to the Foundation, including any and all patents, invention disclosures, invention registrations, copyrights and copyrightable works, trademarks, trade names, service marks, internet domain names, social media accounts, mask works, trade secrets, know-how, software, algorithms, techniques, ideas, proprietary and/or confidential information, all regardless of designation and whether subject to protection under law.

(r) **"Snapshot"** means the Horizen Snapshot voting page located at the following URL: [coming soon].

(s) **"Special Council"** means the Foundation Committee established in accordance with the Foundation Articles and these Bylaws, and as further described in Section 4(a) of these Bylaws.

(t) **"Token"** means the native and governing token of the Horizen DAO and Horizen blockchain, known as \$ZEN, and the governing token of the EON Blockchain.

(u) **"Tokenholder"** means any holder of the Token.

(v) **"Tokenholder Vote"** means a blockchain-based vote of the Tokenholders validly proposed and executed in accordance with the ZenIP Process (or when relevant, the EONIP Process) and these Bylaws, and not inconsistent with the Governance Documentation.

(w) **"Total Supply"** means all of the Tokens in circulation.

(x) **"ZenIP Process"** means the rules and procedures of submitting and voting on ZenIPs as described in the Constitution.

(y) **"ZenIP"** means a Zen Improvement Proposal, which is a proposal put forth by a Tokenholder to a vote by Tokenholders in accordance with the ZenIP Process.

3. **Voting Matters.**

(a) **Tokenholder Authority.** Pursuant to the Governance Documentation, Tokenholders may propose and vote on EONIPs and ZenIPs subject to, and in accordance with, either the EONIP Process or the ZenIP Process (as applicable) in order to:

- i. enhance and foster the growth of the Horizen DAO, Horizen DAO-Governed IP, the EON ecosystem, and accompanying sidechains;
- ii. appoint and remove members of the Special Council, and other DAO working groups, as those come into being, from time to time, in accordance with the Governance Documentation;
- iii. create new DAO Committees from time to time;
- iv. remove individuals or organizations from the role of director or supervisor of the Foundation in accordance with the Foundation Articles (provided that the Foundation may not, at any time, be left with no directors or no supervisors);
- v. provide consent to any proposed changes to these Bylaws which adversely affect in a material way the rights or powers conferred on the Tokenholders under these Bylaws;
- vi. provide consent to any proposed changes to the Foundation's Articles which adversely affect in a material way the rights or powers conferred on the Tokenholders under the Foundation's Articles;
- vii. approve the use, implementation, enhancement, improvement, management and licensing of the Horizen DAO-Governed IP; and
- viii. approve any other action in accordance with successful ZenIPs, EONIPs and Governance Documentation.

(b) **Foundation Director Activity.** The Foundation Director(s) must (i) be at least eighteen (18) years of age, (ii) with no disqualifying attributes under Cayman Law, (iii) with no personal financial insolvency for the past ten (10) years, (iv) with no convictions or guilty pleas for mishandling or embezzlement of funds of any organization, and (v) have not been involuntarily removed, with cause, or forced to resign from any directorship, or similar executive or high-level position, within any organization. The Foundation Director(s) must observe, implement, carry out, act upon, and execute all ZenIPs and EONIPs approved in accordance with the ZenIP Process and/or EONIP Process and may engage in any activity which, in their reasonable discretion, does not contradict or frustrate the terms or objectives set forth in any ZenIP or EONIP approved in accordance with the ZenIP Process and/or EONIP Process, including but not limited to performing the following actions:

- i. approve transactions from the Administrative Budget Wallet with the advice regarding the security of the Horizen DAO and Foundation from the Special Council;
- ii. coordinate or direct emergency operations with the Special Council on behalf of the Horizen DAO or the Foundation;
- iii. make changes to these Bylaws if the Foundation Director(s) believe such changes would improve the Foundation Director(s)' ability to fulfill their obligations (the "**Amendment Authority**"). Directors agree in good faith to exercise such Amendment Authority pursuant to the ZenIP Process and/or the EONIP Process

unless such Amendment Authority must be exercised at an Emergency Meeting as described in Section 3(b)(iv) below; and

iv. call and hold emergency meetings ("**Emergency Meetings**") to enable the Foundation Director(s) and the Special Council to rapidly respond to an imminent security threat, as that is reasonably interpreted by the Foundation Director and the Special Council, to the Horizen DAO, any protocol utilizing the Token, the Tokenholders, or the Foundation, and the same rules that apply to Foundation Director(s) meeting in accordance with the Foundation Articles will apply to Emergency Meetings, except that:

- A. an Emergency Meeting may be convened by the Security Committee without prior notice to the Foundation Director(s); and
- B. there is no quorum requirement for an Emergency Meeting; and

(c) **Proposal Processes.**

Reference is hereby made to the Constitution, and Section 5 thereof is incorporated herein.

(d) **Foundation Director Authority.** If, following the approval of a ZenIP or EONIP by the Horizen DAO in accordance with the ZenIP Process or EONIP Process (as applicable), a majority of the Foundation Director(s) or the Special Council acting in the best interests of the Foundation reasonably determine that such ZenIP or EONIP, if implemented, would:

- i. compromise the Foundation Director(s)' fiduciary duties as they are owed to the Foundation;
- ii. be in violation of any part of the Governance Documentation, the ZenIP Process, the EONIP Process, any statutory requirements of Cayman Law or the laws or regulations of any other applicable jurisdiction;
- iii. cause the Foundation to be in breach of any contracts, agreements or any other arrangements; and/or
- iv. be against the best interests of the Foundation,

such Foundation Director(s) may direct the Special Council or take such other steps as are required to reject or remediate the enactment of such ZenIP or EONIP.

(e) **Modifications to the Foundation or Amendments to Bylaws.**

i. These Bylaws may be amended or altered by a ZenIP or EONIP approved through the ZenIP Process or EONIP Process where there is a quorum of 10% of the Total Supply of \$ZEN and where at least 2/3rds of such quorum votes to approve the ZenIP or EONIP. Any proposed amendments must comply with the guidelines and procedures set forth in these Bylaws, all relevant laws and regulations.

- ii. Tokenholders have the power to modify the number of Foundation Director(s) by way of amending these Bylaws and remove Foundation Director(s), in each case, in accordance with this Section 3(e). Like modifications to the Bylaws, this requires a quorum of 10% of the Total Supply of \$ZEN where at least 2/3rds of such quorum votes to approve the ZenIP.

4. Committees

(a) To streamline certain operations, certain activities of the Foundation are facilitated by committees, at the Foundation (a “**Foundation Committee**”) or at the Horizen DAO (a “**DAO Committee**”), as set forth below. Delegating certain administrative functions to separate committees enhances governance efficiency and creates a more fluid experience for the Horizen DAO. The Tokenholders shall have the authority to vary the membership of, and/or create new DAO Committees from time to time, in accordance with the ZenIP Process or EONIP Process, as applicable. The members of the committees of the Foundation do not owe any fiduciary duties the Tokenholders. The initial committees of the Foundation are as follows:

- **Special Council.** The Special Council is tasked with serving as a steward for the Horizen DAO and providing oversight of the Foundation on behalf of Tokenholders, including calling emergency operational meetings as needed to discuss any security threats to the Horizen DAO, any protocol utilizing the Token, the Tokenholders, or the Foundation. The Special Council seeks to protect the Horizen DAO and the Foundation from various potential threats, including when any ZenIP or EONIP is put up for a final vote by the Tokenholders that is inconsistent with these Bylaws and other Governance Documentations. The Special Council can reject any transaction spends by the Foundation above US \$50,000 on a transaction-by-transaction basis. .
- Initially, the Special Council shall be made-up of seven (7) seats. Those seats will initially be filled by seven (7) individuals appointed by the Foundation Director(s).
- Subsequently, the below election criteria will apply to the election of Special Council members:
- **Initial Term:** All seven (7) members of the Special Council shall serve an initial term beginning from the date the Constitution is live until the relevant Elections Cycles, as discussed below (the “**Initial Term**”); The members of the Special Council shall be appointed by the Foundation Director(s) for the Initial Term only;
- **Cohorts:** To stagger elections and optimize continuity of the Special Council, committee seats held by the initial seven (7) Special Council members are randomly assigned to a September cohort (“**September Cohort**”) consisting of four (4) seats, and a March cohort (“**March Cohort**”) consisting of three (3) seats and shall be subject to the Election Cycles discussed below. Beginning in 2024 and continuing every year thereafter unless otherwise modified pursuant to the Governance Documentation, the September Cohort elections will commence on August 15 at 12:00 UTC and continue for 7 days until the election has been completed. The March Cohort elections will commence on

February 15 at 12:00 UTC and continue for 7 days until the election has been completed.

- **Completed Election:** An election is deemed to have been completed if, within the election period, Tokenholders had the opportunity to nominate or vote to elect an eligible individual to the Special Council, even if no nominations were made or no individual(s) elected.
- **First Election Cycle:** At the conclusion of the Initial Term, the seats assigned to the Cohort shall be up for reelection. The specific members to be reelected at this time shall be determined in a manner consistent with the ZenIP Process and relevant Governance Documentation. Those elected, including incumbents who are reelected, shall serve a term of one year (the “**Standard Term**”);
- **Second Election Cycle:** Six (6) months following the First Election Cycle, the seats assigned to the September Cohort shall be up for reelection. Those elected during this time shall serve a Standard Term, including any incumbent Special Council members;
- **Subsequent Elections:** Following the First Election Cycle and Second Election Cycles, the staggered election process shall continue in perpetuity, or until a time as modified pursuant to the ZenIP Process, with four (4) Special Council members being up for reelection every year and the remaining three members being up for reelection six months thereafter.
- **Incumbent Special Council Members:** If no proposal is made through the ZenIP Process to nominate a new Special Council member, or to remove an existing Special Council member, then the existing Special Council members shall continue their service through the Standard Term, and all subsequent Standard Terms, until such time as they are removed or voted out by the Tokenholders pursuant to the ZenIP Process. Following the Initial Term, Tokenholders may, subject to approving a Tokenholder Vote in accordance with the ZenIP Process, modify the size of the Special Council to add additional seats, but in no case may the membership of the Security Committee ever be less than three (3) members.
- **Removal of Security Committee Members Before Duration of Term:** Tokenholders may, at any time during the Initial or Standard Term, vote to remove a Special Council member through, and subject to, a Non-Technical ZenIP (as such term is defined in the Constitution). If, at any time, one or several Special Council members are removed such that a vacancy exists on the Special Council, including where all seven (7) seats are vacant, the Foundation Director(s) shall, acting in the best interests of the Foundation, have the authority to nominate and appoint replacement members to the Special Council who shall serve a Standard Term until such time as they are removed by Tokenholders subject to a Non-Technical ZenIP.

5. **Proposals regarding Foundation Director(s).**

(a) As set forth in Section 3(a) above, Foundation Director(s) may be removed from time to time in accordance with the ZenIP Process, or as otherwise set forth in the Governance Documentation, provided that the Foundation must always have one (1) director. For the avoidance of doubt, the Tokenholders may remove the Foundation Director(s) or reduce the number of Foundation Director(s), pursuant to their approval of a ZenIP.

6. **Relationship between the Foundation and the Tokenholders.**

(a) The Tokenholders are represented by the Foundation, which represent the Tokenholders' interests in connection with contractual and legal processes, including regulatory compliance and those other matters set forth in the Foundation Articles.

(b) The Foundation has engaged with certain third parties to provide services as the Foundation Director(s), as required by Cayman Law. In accordance with the terms of the Foundation Articles and these Bylaws, and subject to Cayman Law, the Foundation Director(s) are required to act at the direction of the Tokenholders in respect of certain matters.

(c) The Tokenholders have the authority to make certain decisions in relation to the Foundation as set forth in these Bylaws, the Foundation Articles and the Constitution. In the event there is ever a conflict between the decisions of the Foundation and the Tokenholders, to the extent the Tokenholders are granted authority in accordance with these Bylaws, then the decisions of the Tokenholders will prevail, unless a different outcome is required under Cayman Law, and provided that such decisions adhere to the Constitution.

(d) The Tokenholders shall 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 law, and satisfy the Foundation's contractual obligations entered into in accordance with the Foundation Articles or these Bylaws.

(e) The Foundation's Director(s) 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.

(f) To the extent there is ever a conflict between the provisions of the Bylaws, the Constitution and/or the Foundation Articles, the Foundation Articles will prevail in respect to the provisions of the Bylaws and the Bylaws will prevail in respect of the provisions of the Constitution.

(g) Although Foundation Director(s) owe fiduciary duties to the Foundation, neither the Foundation Director(s), the Foundation Supervisor nor the Special Council Members owe any fiduciary duties to the Tokenholders.

7. **Dispute Resolution.**

(a) Should a controversy, dispute or claim arise out of or in relation to these Bylaws ("**Dispute**"), the Foundation, the Foundation Director(s), the Special Council and/or the

Foundation Supervisor (as appropriate) must give thirty (30) days' notice of such Dispute to the relevant party/ies (the "**Notice of Dispute**"). Should the Dispute not be resolved at the expiration of thirty (30) days after service of the Notice of Dispute, the relevant party may commence arbitration proceedings in accordance with Section 7(b) of these Bylaws. In any dispute involving the actions of the Foundation Director(s), the Foundation Supervisor may commence arbitration proceedings against the Foundation Director(s) in accordance with this Section 7. For the avoidance of doubt, this Section 7 does not provide Tokenholders with a right of action against the Foundation or the Foundation Director(s).

(b) Should the Dispute remain at the expiration of thirty (30) days after service of the Notice of Dispute, 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 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.

8. **Mitigating Conflicts of Interest**

(a) Trading of Digital Assets.

i. Special Council members must not trade \$ZEN or third-party assets (including but not limited to digital assets) based on non-public information.

ii. On a quarterly basis, each Special Council member will be required to disclose the following to the Foundation and the Special Council in respect of themselves and for any entity they control: (i) the net direction of \$ZEN trading activity conducted by such Special Council member or any entity they control for that quarter and (ii) their long-term \$ZEN position.

A. For example, a Special Council member could disclose that they were a net seller of \$ZEN in Q2 but are still net long \$ZEN.

iii. Such quarterly disclosures will only be made to the Foundation and will not be disclosed by the Foundation or members of the Special Council.

(b) **Conflicted Transactions.** The Foundation has instructed each Special Council member on the possibility that some transactions may pose a conflict of interest due to the Council member's activities on or outside of the Special Council. The following procedures apply to such transactions:

i. **Definition of a Conflicted Transaction.** A "**Conflicted Transaction**" is a transaction where the immediate counterparty to such transaction is:

A. A Special Council member,

B. A Special Council member's immediate family member, or

- C. An entity owned or controlled by such Special Council member or their immediate family member.
 - ii. Conflict Notices.
 - A. If a Special Council member believes that they are potentially conflicted with respect to a material transaction, they must either:
 - a. Voluntarily recuse themselves from voting; or
 - b. Disclose the potential conflict before a vote on the transaction occur (such disclosure, a “**Conflict Notice**”).
 - i. If a Special Council member is uncertain as to whether a conflict exists, they should err on the side of caution and either voluntarily recuse themselves or disclose the potential conflict.
 - B. The Conflict Notice must disclose sufficient facts about the potential conflict so that the Special Council may evaluate the nature and severity of the potential conflict.
 - iii. Shared and Overlapping Conflicts.
 - A. Multiple Special Council members may be party to the same Conflict Notice.
 - B. Multiple, distinct Conflict Notices may be disclosed with respect to a single material transaction (e.g., if multiple Special Council members believe they may be conflicted with respect to the material transaction, but each member has that belief due to different underlying facts).
- (c) Voting on Whether a Conflict Exists.
 - i. The Special Council members will review and discuss the Conflict Notice (whether during a meeting or using a group messaging app) and then vote as to whether a conflict exists.
 - A. In determining whether a conflict of interest exists, the Special Council members must consider whether the potential conflict of interest would cause a transaction entered into by the Foundation to raise questions of bias, inappropriate use of the Foundation’s assets, or any other impropriety.
 - B. The Special Council member which disclosed the Conflict Notice will not be present for any discussions of the Conflict Notice or the vote.
 - ii. The only Special Council members eligible to vote on the potential conflict are those who:
 - A. Do not face the potential conflict; and

- B. If applicable, are present at the meeting at which the conflict is discussed.
 - iii. A conflict will be deemed to exist if the vote receives a simple majority of votes from Special Council members eligible to vote.
 - iv. Upon receiving sufficient votes, the transaction is a “**Conflicted Transaction**” and the Special Council member(s) which filed the corresponding Conflict Notice is a “**Conflicted Member**.”
- (d) Voting on a Conflicted Transaction
 - i. A Conflicted Member with respect to a Conflicted Transaction (a “**Recused Member**”) must recuse themselves from voting on the proposal.
 - ii. When the non-Recused Members vote on such transaction, they should consider whether:
 - A. The potential transaction is fair, reasonable and in the Foundation’s best interests; and
 - B. There are any suitable alternatives to the potential Conflicted Transaction.
- (e) Documentation. The Special Council should endeavor to document the Conflict Notice, the Special Council’s deliberation regarding the potential conflict, and the vote with respect to such conflict, in meeting notes or otherwise.

9. **Member Code of Conduct**

- (a) Compliance with the Law.
 - i. Acting ethically and obeying the law (including Cayman Law), both in letter and spirit, are among the Foundation’s, and the Special Council’s, core values. Special Council members should understand the legal and regulatory requirements applicable to their area of responsibility, including foreign laws, as well as the relevant regulatory schemes (collectively, “**Applicable Law**”).
 - ii. Special Council members should ask their own legal counsel for advice when they are uncertain about Applicable Law.
- (b) Diversity, Inclusion and Equity.
 - i. The Special Council strives to create a safe and welcoming environment for all would-be community members, regardless of age, gender, ethnicity, religion, disability, sexual orientation, education, national origin, or any other differentiating factors. The Special Council is committed to maintaining an environment in which all individuals are treated with respect and dignity. The Special Council expects that all relationships among Special Council members, the Foundation, and Tokenholders will be free of unlawful bias, prejudice and harassment.
 - ii. Special Council members are strictly forbidden from engaging in any type of discrimination or sexual harassment during Special Council business or in any community-related setting outside of the Special Council.

(c) Critique Ideas, Not People. In evaluating proposals and other issues, Special Council members should focus on the substance of such discussions without criticizing individuals or engaging in personal attacks.

(d) Mission-Alignment. Special Council members should not use their role in a way that conflicts with the Special Council governing principles and the Foundation's mission.

(e) No Misleading Representations on Behalf of the Special Council. No Special Council member should speak on behalf of the Special Council, unless explicitly authorized by other Special Council members to do so pursuant to an approved proposal. This provision does not in any way restrict a Special Council member from publicly discussing their personal opinion about a ZenIP or EONIP.