# MULTISIGNATURE PARTICIPATION AGREEMENT

This Multisignature Participation Agreement is being entered into by and among as of <DATE> by and among the persons named [or otherwise identified] on Schedule 1 (the **"Parties"**).

## BACKGROUND

A. The Parties are involved in the development of the <ProtocolName> Protocol and the deployment of a runtime instance of the <ProtocolName> Protocol on [DESIGNATED BLOCKCHAIN] (the "***Designated Protocol Instance***"). Each Party has substantial expertise regarding the technologies relevant to the <ProtocolName> Protocol.

B. The Parties have established a security scheme for the Designated Protocol Instance whereby certain administrative and other functions of the Designated Protocol Instance can be executed in response to a transaction message that has been signed by at least [three] private keys out of a set of [five] private keys designated for such purpose (each private key in such set, a "***Key***") and broadcast to [DESIGNATED BLOCKCHAIN] for processing by the Designated Protocol Instance (such scheme, the "***Multisig Scheme***").

C. To facilitate the security, continuity, openness and neutrality of the Designated Protocol Instance for the <ProtocolName> Community, the Parties wish to participate in the Multisig Scheme. Accordingly, the Parties are entering into this Agreement to establish the terms and conditions of each Party's participation in the Multisig Scheme.

## AGREEMENT

In consideration of the covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby covenant and agree as follows:

1. **Definitions.** The following terms shall have the meanings that are ascribed to them below.

   1.1. "***Active Signers***" means, at each time, each person who, as of such time, holds a valid Key and is validly participating in the Multisig Scheme in accordance with this Agreement.

   1.2. "***Blockchain***" means a blockchain or distributed ledger technology or other similar technology.

   1.3. "***Blockchain System***" means the combination of (i) a Blockchain; and (ii) a network of devices operating software clients or software applications that jointly or individually store, validate, process transactions with respect to, update, resolve forks with respect to and otherwise maintain, read from and write to such Blockchain.

   1.4. "***Blockchain Token***s" means digital cryptographic tokens, typically virtual currency (also known as "cryptocurrency" or "digital currency"), that are implemented on a Blockchain System.

1.5. "[**DESIGNATED BLOCKCHAIN**]" means, at each time, the canonical blockchain and virtual machine environment of the [DESIGNATED BLOCKCHAIN] 'mainnet', as recognized by at least a majority of the [DESIGNATED BLOCKCHAIN] Core Nodes then being operated in good faith in the ordinary course of the network. On the date hereof, the [DESIGNATED BLOCKCHAIN] mainnet is the network associated with ChainID '[___]' [and NetworkID '[__]'].

1.[[6]/[5]]. "[**DESIGNATED BLOCKCHAIN**] Core Nodes" means, at each time, the internet-connected computers then running unaltered and correctly configured instances of the most up-to-date production release of [DESIGNATED BLOCKCHAIN] Core (the reference implementation of the [DESIGNATED BLOCKCHAIN] Protocol at https://github.com/[URL]).

1.7. "<**Tokenname> Tokens**" means the Blockchain Tokens named "<tokenName>" endorsed for the governance and other functions for the Designated Protocol Instance.

1.8. "<**ProtocolName**> **Community**" means all persons utilizing, relying on, securing or developing the Designated Protocol Instance, including [(a) holders, users and exchangers of the <Tokenname> Tokens; (b) liquidity providers, traders and other users of the Designated Protocol Instance; (c) operators of "bots" and other participants in automated processes that contribute to the security or intended functioning of the Designated Protocol Instance; and (d) persons utilizing, relying on, securing or developing other protocols, software or applications whose activities are necessary or desirable for the security or intended functioning of the Designated Protocol Instance.]

2. **Key Generation**. Any one or more of the Parties who are Active Signers may provide another Party with instructions for generating a pair of private and public keys intended for use in the Multisig Scheme. The private key generated by a Party as part of such key pair in accordance with such instructions shall be deemed such Party's Key for purposes of participating in the Multisig Scheme.

3. **Duties of Parties**. Each Party hereby agrees to adopt, perform, observe and assume the following principles, duties, obligations and responsibilities (the foregoing collectively being the "**Duties**") in connection with such Party's participation in the Multisig Scheme and all other acts or omissions undertaken by such Party in connection with this Agreement, including the generation and holding of such Party's Key(s), such Party's receipt and evaluation of Signature Requests, and such Party's making of Signature Decisions:

3.1. <u>Principles</u>. The Party shall abide by the following principles (the "**Principles**"), including by taking the Principles into account in making all Signature Decisions:

3.1.1. The Designated Protocol Instance and its security and utility exist as a public commons or public good for the benefit of the entire <ProtocolName> Community and should be fostered and preserved as such by all <ProtocolName> Community participants;

3.1.2. The availability and functioning of the Designated Protocol Instance should be neutral and non-discriminatory toward ideological, political, geographical, national, religious, moral, racial, ethnic, gender-based and economic differences, controversies and disputes;

3.1.3. The <ProtocolName> Community should be inclusive of all persons with lawful *bona fide* interests in or uses of the Designated Protocol Instance;

3.1.4 Decentralization and trust-minimization are core values of the <ProtocolName> Community, according to which:

3.1.4.1. the Designated Protocol Instance should be designed, operated and governed in a manner intended to minimize the need for arbitrary, discretionary or continuous intervention or control by or trust in any particular person or group of extrinsically affiliated or associated persons; and

3.1.4.2. any residual power of persons over the Designated Protocol Instance should be sufficiently decentralized among independent members of the "<ProtocolName> Community" who are incentivized to adhere to the Principles in exercising such power.

3.2. <u>Code Changes</u>.

Notwithstanding anything to the contrary set forth herein or any other document or agreement, once users have committed any tokens to or otherwise relied on any Designated Protocol Instance, the Party shall not approve or cooperate with any replacement or modification of such Designated Protocol Instance except solely to the extent necessary to protect such users against a clear and present security threat [or to implement changes approved by the legitimate governance determinations of the <ProtocolName> Community].

3.3. <u>Coordination Among Parties; Multisig Procedures</u>.

Each Active Signer shall undertake to maintain good relations with and engage in reasonably prompt, frequent and timely consultation and cooperation with the other Active Signers on all Signature Requests and other matters arising in connection with or relating to this Agreement and the matters contemplated by this Agreement. A majority of the Active Signers may from time to time establish various standard rules, practices, customs, protocols and procedures related to being a Party or participating in the Multisig Scheme, provided that the foregoing are only supplemental to this Agreement and do not conflict with, amend, terminate, limit or waive any express provision of or right or duty existing under this Agreement (the "***Multisig Procedures***"). Multisig Procedures may be established through course of conduct, informal agreement, 'rough social consensus' or any other reasonable means providing the Active Signers with reasonable notice thereof. Each Active Signer shall use its reasonable best efforts to comply with any Multisig Procedures of which it is aware.

3.4. <u>Signature Requests & Decisions</u>.

Each Active Signer may from time to time receive reasonable, good faith proposals or requests from other Active Signers of the <ProtocolName> Community (as expressed through official votes of holders of <Tokenname> Tokens) to use such Active Signer's Key to sign transaction messages that are subject to the Multisig Scheme (each, a "***Signature Request***"). Each Active Signer shall promptly and in good faith consider the purposes, benefits and risks of all Signature Requests of which such Active Signer becomes aware, and determine whether to accept such Signature Request (i.e, to sign the relevant transaction message with such Active Signer's Key for broadcast to [DESIGNATED BLOCKCHAIN] and processing by the Designated Protocol Instance) or reject such Signature Request (i.e, refrain from signing the relevant transaction message with such Active Signer's Key for broadcast to [DESIGNATED BLOCKCHAIN] and processing by the Designated Protocol Instance) (each, a "***Signature Decision***"). Each Active Signer shall evaluate all Signature Requests received by such Active Signer and make all of such Active Signer's Signature Decisions in such Active Signer's sole good faith, reasonable discretion exercised in accordance with the Principles. Upon reaching a Signature Decision, each Active Signer shall promptly notify the other Active Signers and the <ProtocolName> Community of such Signature Decision pursuant to the Multisig Procedures or through any other reasonable means. Upon an Active Signer reaching an affirmative Signature Decision with respect to a Signature Request (i.e., upon determining that the transaction message proposed in such Signature Request should be signed with Active Signer's Key), such Active Signer shall promptly sign the relevant transaction message with such Active Signer's Key and broadcast such signed transaction to [DESIGNATED BLOCKCHAIN] for processing by the Designated Protocol Instance.

3.5. <u>Conflicts of Interest.</u>

3.5.1 Each Active Signer shall use reasonable best efforts to continuously monitor and evaluate such Active Signer's personal facts and circumstances (including Active Signer's direct and indirect investments and other economic interests in other blockchain-based companies, systems and communities) that could reasonably be expected to give rise to a material conflict of interest on the part of such Active Signer in connection with Active Signer's participation in the Multisig Scheme or any Signature Request.

3.5.2 If an Active Signer becomes aware of an ongoing material conflict of interest with respect to such Active Signer's participation in the Multisig Scheme generally, such Active Signer shall resign from participation in the Multisig Scheme in accordance with the Multisig Procedures unless: (a) such conflict of interest has been disclosed to the other Active Signers in reasonable detail, and (b) a majority of Active Signers consent to such Active Signer continuing to participate in the Multisig Scheme notwithstanding such conflict of interest (which consent, for the avoidance

of doubt, may be conditioned on appropriate disclosure to the <ProtocolName> Community).

      3.5.3 If an Active Signer becomes aware that such Active Signer has a material conflict of interest relating to a specific Signature Request, such Active Signer shall either: (a) promptly disclose such conflict of interest to the other Active Signers and refrain from further involvement with such Signature Request, including by refraining from making a Signature Decision with respect to such Signature Request; or (b) promptly disclose such conflict of interest to the other Active Signers and the <ProtocolName> Community together with a reasonably detailed explanation of such Active Signer's reasons for continuing engagement with such Signature Request and how the conflict of interest will be mitigated.

3.6    <u>Key Security</u>. Each Party shall securely hold, custody and safeguard such Party's Key and immediately notify the Active Signers if such Party's Key could reasonably be expected to have been stolen, published or otherwise accessed by, made available to or become known to any other person (including any other Active Signer). Each Party shall not disclose such Party's Key to or otherwise share Party's Key with or make such Party's Key available to any other person, including other Active Signers.

[3.7.    <u>Confidentiality</u>. The terms and existence of this Agreement (including the identities of the Party and other Active Signers), as well as all discussions and communications among or involving the Active Signers in their capacities as such, shall be deemed "***Confidential Information***". Each Party shall maintain the confidentiality of, and shall not disclose, publish or make available, all Confidential Information: *provided, however,* that the foregoing covenants shall not apply to a particular Party and particular Confidential Information to the extent that: (a) such Confidential Information becomes widely known to the public (other than through such Party's breach of this Agreement); (b) such Confidential Information is required to be disclosed by such Party pursuant to the applicable laws or regulations or orders of the court or other government authorities applicable to such Party (provided that such Party provides the other Parties with written notice sufficiently in advance of such disclosure to afford such Parties the other opportunity to seek a protective order or otherwise limit the disclosure of such Confidential Information); or (c) such Confidential Information is disclosed by such Party to its legal counsels or financial advisors with a need to know such Confidential Information in order to provide advice to such Party regarding the transactions contemplated hereunder, provided that such legal counsels or financial advisors, as the case may be, are apprised of the confidential nature of such Confidential Information and are bound by the confidentiality obligations to the Party with respect thereto similar to those set forth in this <u>Section 3.7</u>. Disclosure of any Confidential Information by a third party who received such Confidential Information from a Party and would, if made by such Party, breach this <u>Section 3.7</u>, shall be deemed a breach of this <u>Section 3.7</u> by such Party. This <u>Section 3.7</u> shall survive the termination of this Agreement for any reason. Notwithstanding the above, any Active Signer may, for itself only (and assuming all risks that may arise from such disclosure), make public

their status as an Active Signer, but not the existence, terms or conditions of this Agreement.]

3.[[7]/[8]]. <u>Vacancies; Additional Parties</u>. If at any time there are fewer Active Signers validly participating in the Multisig Scheme than the maximum number of Keys permitted to participate at a given time in the Multisig Scheme (a "***Vacancy***"), a majority of the Active Signers may propose a person not already party to this Agreement to be designated as a Party and Active Signer to fill such Vacancy. Such person shall be designated a Party after (i) a majority of the Active Signers provide written consent to such designation; and (ii) such person becomes a party to this Agreement by executing and delivering an additional counterpart signature page to this Agreement. Thereafter, such person shall be deemed be a party to and bound by this Agreement as a Party.

4. **Term & Termination**.

4.1.  Each Party's Duties and right to participate in the Multisig Scheme shall continue until the earlier of Party's termination of having the status of an Active Signer(with the consent of a majority of the other Active Signers), death or resignation; *provided, however,* that: (a) a terminated Party's Duties relevant to the safekeeping and use of Party's Key shall continue until the requisite majority of the Active Signers has de-permissioned such Key from the Multisig Scheme; and (b) all obligations and liabilities of the terminated Party under the provisions of this Agreement that by their nature are intended to survive a termination of contract shall survive and be continuing, including all obligations and liabilities under [<u>Section 3.7</u>,] this <u>Section 4</u>, and <u>Section [[6]/[5]]</u> and all duties and liabilities relating to events prior to the termination date.

4.2.  Upon any material breach of this Agreement by Party, a majority of the Active Signers may terminate any Party's status as an Active Signer, Duties (other than the surviving Duties referred to in <u>Section 4.1</u>) and right to participate in the Multisig Scheme, with or without prior notice, and may de-permission Party's Key from the Multisig Scheme or demand that Party relinquish or destroy such Party's Key. For the avoidance of doubt, a Party's status as an Active Signer may also be terminated by any other method permitted by the Multisig Scheme, with or without cause or good reason. From and after any termination of a Party's status as an Active Signer, Party shall refrain from using Party's Key, acting upon Signature Requests or otherwise exercising any of the rights, powers or privileges of Party under this Agreement or otherwise available to Party in connection with the Multisig Scheme.

[5. **Indemnification**. [_____] shall indemnify and defend each Party from and against, hold each Party harmless against, and compensate and reimburse each Party for, any all claims, liabilities, damages and losses suffered or incurred, or reasonably likely to be suffered or incurred, by such Party in connection with such Party's discharge of the Duties in accordance with this Agreement, except to the extent arising in connection with such Party's fraud, gross negligence, or willful misconduct. The foregoing shall be supplemental to, and not limit, any other right or remedy any Party may have against [_____] or any other person under any other contracts or agreements, including any agreements

providing for the indemnification or exculpation of service providers. [[__] is entering into this Agreement solely for purposes of being bound by this Section 5 and other provisions of general applicability (e.g., Section 6) and not to participate in the Multisig Scheme as an Active Signer.]][1]

[[6]/[5]]. **Miscellaneous**.

[[[6]/[5]].1. Governing Law. This Agreement shall be governed by the internal law of [_____], without regard to conflict of law principles that would result in the application of any law other than the law of [_____].]

[[6]/[5]].2. Entire Agreement. This Agreement constitutes the full and entire understanding and agreement between the Parties with respect to the subject matter hereof, and any other written or oral agreement relating to the subject matter hereof existing between the Parties are expressly voided.

[[6]/[5]].3. Disputes.

[[6]/[5]].3.1. Any dispute, controversy or claim among or involving any two or more of the Parties arising out of or relating to this Agreement, its enforcement, or the breach thereof (a **"Dispute"**) shall be finally resolved by confidential, binding arbitration administered by JAMS under its Comprehensive Arbitration Rules & Procedures, or under such procedures as the majority of Active Signers shall designate from time to time (the "**Rules**"); provided, however, that any Party to this Agreement may seek injunctive relief in aid of arbitration in order to prevent irreparable harm or preserve the status quo. A copy of the current JAMS rules can be obtained at: http://www.jamsadr.com/rules-comprehensive-arbitration

[[6]/[5]].3.2. There shall be a single arbitrator, appointed in accordance with the Rules, and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

[[6]/[5]].3.3. The arbitration will be conducted in such venue as may be mutually agreed by a majority of the Active Signers.

[[6]/[5]].3.4. Confidentiality of any such arbitration, including all submissions to JAMS, the arbitrator and the arbitrator's award, shall be strictly maintained.

[[6]/[5]].3.5. The Parties to a specific dispute may agree to depart from the Rules, solely for themselves as to such Dispute, by (i) adopting new or different rules to govern the arbitration or (ii) modifying or rejecting the application of certain of the Rules. To be effective, any departure from the Rules shall require the consent of the

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[1] Section 5 is intended to accommodate potential indemnification arrangements. For example, if there is a well-capitalized Foundation entity associated with the relevant protocol community, the Multisig members may wish to be indemnified by such Foundation to cover their potential personal liabilities arising from participation in the Multisig. In such an event, the indemnifying party (unless it is also one of the multisig members) would have to be added to the agreement as a Party.

arbitrator and shall be in writing and signed by an authorized representative of each such Party.

[[6]/[5]].3.6 EACH PARTY HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREBY OR THE ACTIONS OF SUCH PARTIES IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT HEREOF.

[[6]/[5]].3.7 The Parties shall have at arbitration all rights, remedies and defenses available to them in a civil action for the issues in controversy, and the arbitrator shall have the authority to award all remedies, legal and equitable, available in a civil action for the claims presented by the Parties, including the authority to award reasonable legal costs and expenses to the prevailing Party. The rights and remedies of the Parties hereto shall be cumulative (and not alternative). The Parties agree that, in the event of any breach or threatened breach by a Party of any covenant, obligation or other provision set forth in this Agreement: (a) the other Parties (or any of them) shall be entitled, without proof of actual damages and in addition to any other remedy that may be available to it, to: (i) a decree or order of specific performance or mandamus to enforce the observance and performance of such covenant, obligation or other provision; and (ii) an injunction restraining such breach or threatened breach; and (b) the other Parties (or any of them) shall not be required to provide any bond or other security in connection with any such decree, order or injunction or in connection with any related action or proceeding.

[[[6]/[5]].4. <u>Jurisdiction</u>. Any legal action or proceeding with respect to this Agreement shall be brought in the courts of <JURISDICTION>. By execution and delivery of this Agreement, each Party hereto hereby accepts for itself the jurisdiction of such courts. The Parties hereby waive any objection, including any objection to the laying of venue or based on the grounds of *forum non conveniens*, to the bringing of any such action or proceeding in such jurisdictions.]

[[6]/[5]].5. <u>Successors and Assigns</u>. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the Parties. Nothing in this Agreement, express or implied, is intended to confer upon any Party other than the Parties hereto or their respective successors and assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

[[6]/[5]].6. <u>Counterparts</u>. This Agreement may be executed in any number of separate counterparts, each of which when executed and delivered shall be an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature

complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

[[6]/[5]].7. <u>Amendment</u>. Except as otherwise expressly provided in this Agreement, any term of this Agreement may be amended, supplemented, terminated or waived only with the written consent of [[all]/[a majority]] of Active Signers.

[[6]/[5]].8. <u>Severability</u>. Any term or provision of this Agreement that is found invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. If a final judgment of a court of competent jurisdiction declares that any term or provision hereof is invalid or unenforceable, the Parties hereto agree that the court making such determination shall have the power to limit such term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified. In the event such court does not exercise the power granted to it in the prior sentence, the Parties hereto agree to replace such invalid or unenforceable term or provision with a valid and enforceable term or provision that will achieve, to the extent possible, the economic, business and other purposes of such invalid or unenforceable term or provision.

[[6]/[5]].9. <u>Waiver; Delays or Omissions.</u> No delay or omission to exercise any right, power or remedy accruing to any Party under this Agreement, upon any breach or default of any other Party under this Agreement, shall impair any such right, power or remedy of such non-breaching or non-defaulting Party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any Party of any breach or default under this Agreement, or any waiver on the part of any Party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any Party, shall be cumulative and not alternative.

[[6]/[5]].10. <u>Parties in Interest</u>. None of the provisions of this Agreement are intended to provide any rights or remedies to any employee, creditor or other person other than the Parties and their respective heirs, successors and assigns (if any).

[[6]/[5]].11. <u>Further Assurances</u>. Each Party shall execute and cause to be delivered to the other Parties such instruments and other documents, and shall take such other actions,

as any other Party may reasonably request for the purpose of carrying out or evidencing any of the matters contemplated by this Agreement.

[[[6]/[5]].12. <u>No Partnership</u>. Nothing in this Agreement and no action taken by the Parties in connection with the matters contemplated by this Agreement shall constitute, or be deemed to constitute, a partnership, association, joint venture or other co-operative entity between or involving the Parties. Nothing in this Agreement and no action taken by the Parties pursuant to this Agreement shall constitute, or be deemed to constitute, either Party the agent or fiduciary of the other Party for any purpose. No Party has, pursuant to this Agreement, any authority or power to bind or to contract in the name of the other Party.]

[[6]/[5]].13. <u>Rules of Construction</u>.

[[6]/[5]].13.1. *Gender; Etc*. For purposes of this Agreement, whenever the context requires: the singular number shall include the plural, and vice versa; the masculine gender shall include the feminine and neuter genders; the feminine gender shall include the masculine and neuter genders; and the neuter gender shall include the masculine and feminine genders.

[[6]/[5]].13.2. *Ambiguities*. The Parties hereto agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not be applied in the construction or interpretation of this Agreement.

[[6]/[5]].13.3. *No Limitation*. As used in this Agreement, the words "include," "including," "such as" and variations thereof, shall not be deemed to be terms of limitation, but rather shall be deemed to be followed by the words "without limitation." The word "or" shall mean the non-exclusive "or".

[[6]/[5]].13.4. *References*. Except as otherwise indicated, all references in this Agreement to "Sections," "Schedules" and "Exhibits" are intended to refer to Sections of this Agreement and Schedules and Exhibits to this Agreement.

[[6]/[5]].13.5. *Hereof*. The terms "hereof," "herein," "hereunder," "hereby" and "herewith" and words of similar import will, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement.

[[6]/[5]].13.6 *Captions*. The captions contained in this Agreement are for convenience of reference only, shall not be deemed to be a part of this Agreement and shall not be referred to in connection with the construction or interpretation of this Agreement.

[[6]/[5]].13.7. *Person*. The term "person" refers to any natural born or legal person, entity, governmental body or incorporated or unincorporated association, partnership or joint venture.

[*Signature page follows*]

The Parties have executed this Multisignature Participation Agreement as of the date first written above.

[*Signature block for entities:*

**<ENTITY NAME>**

Signature: _____

Name: _____

Title: _____

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[*Signature block for individuals:*

**<INDIVIDUAL NAME>**

Signature: _____

]