Operations Multisig Agreements (Low Trust Forms)

Building on this conceptual framework, lower trust assumption forms are easiest to envision without the need to build and adapt them to additional structure. This means that for purposes of these forms, we assume there are minimal systems of accountability in place and that the multisig participants are a group of disparate actors with a loose association. However, contracts do not operate in a vacuum and as such, in order to maintain broad applicability, these forms (i) could still have significant limitations depending on the use case and (ii) introduce uncertainties given the many unknowns.

These forms are best combined with additional operational cautions and may need to be further adapted to interact with additional structure that exists outside of the contractual arrangement. For instance, as discussed below, greater degrees of trust minimization and game theory-based incentive structures could be implemented operationally, including reputation systems as a risk based framework to develop modular configurations based around standardized trust levels. Additionally further iterations of these forms would need to be created to explore structuring options such as the use of legal wrappers, differing levels of governance and delegated authorities.

As with all form agreements posted to GitHub, I disclaim responsibility for any use of these draft forms. These are intended to be starting places for further iteration and discussion and I strongly encourage review and customization for your particular facts by a competent attorney retained by you. Considering the widely varying practices and purposes of multisigs (including operational multisigs within any given protocol ecosystem), each form is a starting point, rather than an endpoint. Please read this Memo, together with the annotations in the form and consult with legal counsel about how to customize it appropriately.

I.   Form Overview.

These forms are iterations of the base LeXpunK Multisig Agreement (Defense),[1] modified for operational use within a protocol ecosystem. The forms have been designed as base version and are intended to be customized for use by participants in an operational multisig which implements a governance vote strictly in accordance with pre-defined parameters. The forms have largely identical specifications but the first form (v.1.0), attached as **Annex 1.0**, assumes the participants are entering into the agreement without a legal wrapper and the second (v.1.1), , attached as **Annex 1.1**, assumes an entity serving as coordinator provides a layer of governance in the multisig scheme.

For v.1.1, consider if the Coordinator role is necessary or appropriate for your circumstances as it is a potential point of centralization. There are certainly situations where this makes sense, such as in grant administration, an entity tasked with full time "grant administration" that organizes the group/alerts to actions needing to be taken and the signers are either involved with the grant administration entity (ie. part time reviewers) or independent. If using v1.1, consider ways to mitigate centralization and defection risk, such as: (i) if a team (more than 1 person serves in the Coordinator role); the Coordinator has a representative that is an Active Signer; and there are limits on the number of active Contributors that are Active Signers (ie. a minority) and who receive task-based compensation (as opposed to a stream of comp for serving in a standing capacity). This reduces risk for situations like the Coordinator having the power to add/remove signers on the multisig.

In each case, these forms constitute an initial conceptual structure for an operations team to put into practice as a base case for deploying a set budget and incorporates a number of assumptions: (i) the operational multisig has individual participants (no entities) as Active Signers and acts in accordance with

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[1] Form of Defense Multisig Participation Agreement available here.

the Governance Vote; (ii) multisig transactions will be used for previously agreed milestones and MPA parties do not have discretion to determine if these are met outside of the criteria in the Governance Vote; (iii) the form builds in optionality whereby a Governance Vote can set additional parameters to govern the multisig and its participants and (iv) the Governance Vote can also mandate conditions pursuant to which the participants return undeployed funds if certain parameters are present. Parties contemplating use of the form should also think about how to implement the procedural processes that are assumed to take place outside of these forms, including the governance aspects described below in this Memo and the technical specifications of the Multisig Scheme (which are largely open for the parties to design to their needs in the form MPAs).

Due to the many unknowns discussed above, we have included a feature (not a bug) in which the participants may at some point agree that something has broken, that the purpose of the agreement has been irretrievably frustrated, which then invokes an obligation to return funds. See Section "Drafting Point - FN 7 - Frustration of Purpose" below for more detail.

For external roles, a greater degree of trust minimization / game theory (and incentive structures) should be explored operationally and future iterations of this form can be created to explore structuring options such as the use of legal wrappers, differing levels of delegated authorities and reputation systems as a risk based framework to develop standardized trust levels.

II.   Form Assumptions.

The form attempts to refrain from being overly prescriptive in order to have a degree of general applicability and be used as a baseline for further customization. Still, within the intended use case for Ecosystem Actors for internal roles,[2] the form incorporates a number of principles based and operational assumptions. To the extent the following assumptions are not true, conforming edits will need to be made:

A. **Principles based assumptions**. Consistent with LeXpunK's ethos, it incorporates a number of principles based assumptions, including:

- *Limited Discretion; Qualified Code Deference and Limits on Legal Remedies* - (Sections 2 & 3.1, 3.6, 6.2) limit participant discretion and their role to that of implementing on-chain decision making; assume that multisig participants are willing to stand behind some clearly specified duties while disclaiming broader, more encompassing duties such as fiduciary duties.
- *Trust Minimization & Neutrality* - (Section 3.2) the duties of the participants are crafted to align with the open-source software, trust-minimization and neutrality goals that echo principles of the broader community and its contributors and users.
- *No Common Enterprise Among Parties* (Section 6.10 and 3.2.1) - Assume that multisig participants may prefer to be treated as separate individuals rather than a partnership, and provisions are designed to disclaim partnership status and title to multisig assets.

B. **Operational assumptions**. The form incorporates a number of operational assumptions, including the following:

Base Assumption	Implications from Potential Changes in Assumptions Implications

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[2] The form does not cover delegates explicitly. The form assumes a higher level of trust for internal roles and does not include the concept of an auditor.

Funds are sent or streamed to the operational multisig and represent a fixed quantity of funds for a specific budgeted expense.	In reality, funds may come directly from the DAO or can also come indirectly from a budget owner's multisig that has an oversight or audit function. In this case, such a party may play a more active role in the decision making and would need to be folded into the agreement. For instance, the inclusion of an auditor function may involve an additional layer of accountability and checks and balances - it would have implications for the required scope of governance votes as well as the ability to supplement instructions (and validate which are 'legitimate'); the auditor would have a more actionable means of leveraging streaming payments (and the ability to pause or cease payments) as a remedy that can be invoked to stop payment in the case of defection. Our initial draft of the agreement is agnostic as to source of funds but the Active Signers can play a check and balance on the Coordinator role by removing the Coordinator for breach and the Governance Vote can dictate how the vacant position is filled. One option is that a third party designated in the Governance Vote fills it (and if the Coordinator has a representative or is on the Multisig Scheme, there is preplanning needed to provide a means where you can add/remove the Coordinator).
The Active Signers on the multisig are individual participants (not entities).	Signers can be natural or legal persons. If the Active Signers are entities, this will add a layer of complexity because the entity could then appoint an individual rep who is accountable to the entity or choose to perform the responsibilities at the entity level. Thought should be given to how changes might need to be implemented throughout the agreement. For instance, representations should be made as to access to the ETH address for this Active Signer that take into account the address may be accessible by multiple persons. Additionally, conflicts and defections could take place at the individual level or entity level.
Governance Roles External to the MPA	The form assumes the "Coordinator" role is external although they could have a representative on the multisig (with them in turn having the power to add/remove signers on the Multisig). We believe this form of MPA is better without a governance aspect because, among other things, the agreement is non-binding; these are external actors, and we have them playing a custodial/administrative role while seeking to limit negative tax implication.
The multisig acts in accordance with the Governance Vote.	The MPA provides for the Governance Vote to be the sole source of truth and builds in areas where the Governance Vote can be instructive in the case of contingencies. Limiting discretion in the multisig means relying on governance vote instructions, which will need to be detailed. The less authority

	the parties have, the more pre-planning needs to happen outside of the agreement to mitigate against unintended scenarios as well as a willingness to live with a degree of unpredictability.
	- The form builds in optionality whereby a Governance Vote can set strict parameters to act in accordance with vote and to return undeployed funds if certain parameters are present.
	However, this level of pre-planning is not always possible but if the agreement allows for supplemental instructions outside of the Governance Vote (ie. it is at the discretion of a third party to determine if milestones are met), there is the potential for conflict and a need to assess order of precedence to break a tie in the case of conflict or ambiguity.
	This is also a design element where the implementation may change based on specific facts and structure - for instance, some of the governance concepts could live within the constructs of the legal wrapper (if one exists).
Multisig transactions will be exclusively for previously agreed milestones and standing funding/expenses.	There is a need for increased granularity in the instructions provided by governance votes in how work gets approved. Generally speaking, the milestones for completion need to be binary in the absence of additional structure. If not, it poses a problem for multisig participants if situations arise that require discretion (see "Frustration of Purpose" feature).

C. **Trust Assumptions**. Additional drafting choices made, some of which are intended to minimize various risks. Care needs to be taken with the inclusion of terms that add an element of subjectivity absent more guardrails.

Risk	Drafting Choice
Inability to Future Proof Form / Unintended Consequences	The form assumes that the coverage of the agreement for a single allocated budget instead of governing multiple iterations. This is partially out of an acknowledgement that trust minimization in this case means limiting any long-term reliance of all parties on the form (though the parties could enter into substantially the same form in later iterations if no improvements or changes are desired by the parties). Inclusion of the requirement that the Coordinator act within the parameters of the Governance Vote is intended to protect against defection by the Coordinator but may cause an issue if changes need to be made due to unforeseen circumstances, which is another reason why the frustration of purpose clause is included. It can act as an emergency exit as opposed to trying to predict and react to many possible unknowns.

Minimize Single Points of Failure	Single points of failure should be avoided in the multisig and authority scheme. For instance, the power to remove participants from the agreement constitute a check and balance within the agreement but the drafting involves tradeoffs that should be tailored to the specific facts and circumstances. This principle will also need to be implicated in the design of the Multsig Scheme - this is an open point in the MPA for flexibility, including deciding whether all signatures are equal, and if they are not, what situations the Coordinator (or another party acting as a safeguard) might be able to act and intercede.
Minimize Common Enterprise Issues	We have left room for Active Signers to also hold Contributor roles but no Contributors are parties to the agreement in their role as such. This means that the agreement does not have the power to bind contributors not to seek legal remedies outside of the fact that the parties to the agreement are not in a decision making capacity with respect to payment.

III.   <u>Drafting Notes</u>. In addition to the above notes on the forms, there will always be a need to customize to your facts. Unfortunately, no form is one size fits all. Participants in any multisig will need to evaluate their own facts to tailor the form on areas such as:

Footnote	Drafting Point
FN 2 - Use of Form by Anons / Pseudonymous Actors	Care should be taken with anons in the MPA, particularly how anons are joined to the MPA – they can choose to dox and include stricter confidentiality (which is a less laughable option if the MPA is accompanied by the entry into a JDA and/or indemnity) or an "opt in" mechanism can otherwise be devised for them (ie. opt-into the terms by providing a wallet address and participating in the Multisig). If desired, the agreement would need additional reps that they are the sole owner of the pseudonym/ ETH address (etc.) and that they will not operate within the Protocol Ecosystem using other additional pseudonyms with the purpose of deceit or obscuring conflicts of interest.
FN 4 - Governance Instructions	The form's default is trust minimized. However, there may be situations where the participants have more discretion in transaction approval as opposed to implementing when conditions are met. If more discretion is needed (ie. a grant making function), you can include additional fact-specific language, ie. with when deciding whether milestones are met [and approved as further set forth herein in Section [.]] or [and approved as further set forth in the Governance Proposal]. You could also broaden the Governance Vote concept to include multiple sources of truth, including an entity charged with

	administering the budget and making decisions on payments to contributors:
	"Budget Owner" means the party designated in the Governance Vote.
	"Governance Instructions" means the Governance Vote, as supplemented by the instructions of any supplemental governance vote or Budget Owner; provided that, in the event of a conflict or inconsistency between the Governance Vote and the instructions of a Budget Owner, the Governance Vote shall prevail].
FN 6 - Tax Nexus & Optimization	From a tax perspective, the above the line provision for FN 6 is intended to clarify that the multisig is not the equitable owner of the Designated Ops Budget, which can be helpful in a determination that the multisig is not the recipient of taxable income when (i) the multisig interacts with the Designated Ops Budget or (ii) if and to the extent there are gains from the assets held (i.e., disposition of an appreciated token).
	Note that this structuring decision may give rise to other uncertainties, such as whether this creates a trustee relationship (despite disclaimers of fiduciary duties) and have other regulatory implications given the custodial nature of the relationship, which are beyond the scope of this exercise. These issues should be looked at in combination with the governing law provision and an analysis of the jurisdictional nexus implicated. It would be optimal if the Coordinator role and multisig (together with any Budget Owner etc) were organized or structured to avoid treatment as a US trade or business, or as foreign trust with US beneficiaries.
FN 7 - Frustration of Purpose	Building upon the above, the agreement contains an implicit requirement to return funds if the agreement breaks (Section 3.2.4) as well as a more explicit requirement if the Multisig Scheme fails (Section 3.7.3).
FN 12 - Indemnification	Indemnification is out of scope under this form as structure/funding would need to be established extrinsically and there could be a hook with a provision that references the availability of indemnification (as an inducement to serve on the multisig / add parameters for standard of conduct for eligibility. If the indemnifying party is added to the agreement, a sample clause that would need to be further tailored is as follows:
	"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 [ ] and other provisions of general applicability (e.g., Section 6) and not to participate in the Multisig Scheme as an Active Signer." See footnotes to form of agreement for some additional areas that would need drafting changes if included.
FN 16 - Governing Law	For the purposes of the form, we have included governing law as an optional clause. While failing to include this clause may introduce uncertainty on how the agreement will be interpreted or enforced, there are also consequences of opting into the laws of a specific jurisdiction (whether the jurisdiction has a discernable nexus to one or more participants or not). Given the specific uncertainties associated with any U.S. jurisdictional nexus, despite the benefit of having more certainty around the enforceability of contract law, we recommend caution before opting into Delaware law. See also FN 6 re Tax.

Annex 1.0
Generic Ops MPA Form

(attached)

FORM v1.0 MULTISIGNATURE PARTICIPATION AGREEMENT
(OPERATIONS)[1]

This Multisignature Participation Agreement (the "***Agreement***") is being entered into as of <DATE> by and among the parties serving as Active Signers pursuant to the terms contained herein.[2] The parties hereto are sometimes referred to individually as a "***Party***" and collectively as the "***Parties***." Capitalized terms used but not otherwise defined shall have the respective meanings set forth in Section 1 (Definitions).

BACKGROUND

A.   The Parties [[insert optional description/background] and] wish to enter into this Agreement to support the orderly administration and deployment of the [related] operations budget (the "***Designated Ops Budget***") approved via the governance proposal that passed on ____, 20 ___, available at <link governance vote> (the "***Governance Vote***").

B.   In connection therewith, the Parties have established a security scheme to support the receipt, safeguarding, deployment, and audit of the Designated Ops Budget in accordance with the parameters set forth in Governance Vote whereby transactions are initiated and then executed in response to a transaction message that has been signed by at least [M] private keys out of a set of [N] private keys[3] designated for such purpose (each private key in such set, a "***Key***") and broadcast to Ethereum for processing (such scheme, the "***Multisig Scheme***"). Accordingly, the Parties are entering into this Agreement to establish the rights, duties, procedures, and 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:

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

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

"***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

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[1] **NTD**: This form is intended to be a generic starter place for a multisig administering an operations budget apportioned to an internal working group by a DAO. It incorporates a number of assumptions which are detailed in the accompanying memo "Ops Multisig Agreements (Low Trust Forms)" (the "Memo"). Please read the Memo in connection with your review of this form, including the disclaimers therein as it provides many additional notes and considerations. If more hierarchy is desired within this agreement, please see v. 1.1 for the inclusion of a "Coordinator" concept.

[2] **NTD**: See Memo Drafting Point (FN2) - Use of Form by Anons / Pseudonymous Actors.

[3] **NTD**: A suggested default is 3 of 5 but consider other iterations and 'right sizing' of the signing pool size based on a number of factors including the total value held, number of relevant stakeholders, and security vs. administrative burden.

with respect to, update, resolve forks with respect to and otherwise maintain, read from and write to such Blockchain.

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

"***Contributors***" means those persons who engage in work within the Protocol Ecosystem and may be recipients of the Designated Ops Budget, subject to their completion of such work to the satisfaction of the conditions and standards set forth in the Governance Vote.[4]

"***DAO***" means the blockchain-based smart contract bytecodes that are compiled from source code at https://github.com/[ ] and allow voting of Governance Tokens.

"***Designated Protocol Instanc***e" means the most up-to-date production release of the Protocol at https://github.com[ ] or any successor thereto expressly determined by the DAO to constitute or form part of the "[ ] Protocol".

"***Governance Tokens***" means the Blockchain Tokens named "[ ]" or such other Blockchain Tokens as may be endorsed for the governance and other functions for the Designated Protocol Instance.

"***Protocol Ecosystem***" means all functions utilizing, relying on, securing, developing or contributing to the security or intended functioning of the Designated Protocol Instance.

"***MultiSig Procedures***" means (i) the baseline procedures and standards set forth in Schedule 2; and (ii) any additional standard rules, practices, customs, protocols and procedures (the "***Additional Standard***s") established and employed by a majority of the Active Signers from time to time related to being a Party or participating in the Multisig Scheme. The Additional Standards 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; provided that such Additional Standards 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.

"***Protocol***" means the source code for a Blockchain System.

"***Signature Request***" means the request to use such Active Signer's Key to sign transaction messages that are subject to the Multisig Scheme in accordance with the terms contained herein.

"***Signature Decision***" means the determination made by an Active Signer whether to accept a Signature Request (i.e, to sign the relevant transaction message with such Active Signer's Key for broadcast to **[Ethereum]** 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 Ethereum and processing by the Designated Protocol Instance).

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[4] NTD: See Memo Drafting Point (FN 4) - Governance Instructions.

2. **Role**. Each Party hereto shall serve as an Active Signer. Subject to adherence with Section 3 and the other limitations set forth herein, the Parties may also from time to time serve as Contributors.[5] The Active Signers shall act in accordance with the Governance Vote and any and all Multisig Procedures and, in furtherance thereof, shall have the following powers and abilities: (i) the ability to add or remove Active Signers in accordance with the terms contained herein; (ii) the power to veto and block transactions that other Active Signers have initiated or plan to initiate; and (iii) execute transactions of the Multisig Scheme pursuant to Signature Requests.

3. **Duties of Parties**. Each Party hereby agrees to adopt, perform, observe and assume the duties, obligations and responsibilities of their respective roles as set forth herein as well as the following principles (the foregoing collectively being the "***Principles***") 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. Qualified Code Deference. The results of the operations of smart contracts transactions are legally binding and the Parties accept prioritization of technological guarantees and game theoretical incentives to legal remedies. In the event of a conflict or inconsistency between this Agreement and Governance Vote, the Governance Vote shall control.

> 3.2 Trust Minimization. The Designated Protocol Instance and its security and utility exist as a public commons or public good for the benefit of the entire Protocol Ecosystem and should be fostered and preserved as such by all Protocol Ecosystem participants, including the Parties hereto. Decentralization and trust-minimization are core values of the Protocol Ecosystem, according to which:

>> 3.2.1 The Parties agree that no rights to the Designated Ops Budget shall accrue to the Parties by virtue of this Agreement or their service hereunder;[6]

>> 3.2.2 The Parties shall follow Governance Vote and any instructions contained therein with respect to deploying funds from the Designated Ops Budget.

>> 3.2.3 The Parties agree that the execution of the Designated Ops Budget 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, including the Parties.

>> 3.2.4 The Parties agree that there may be a time where the purpose of this Agreement is fundamentally frustrated, in which case any residual power of the Parties over the Designated Ops Budget should be minimized and the Parties shall adhere to the Principles in exercising such power.[7]

> 3.3. Coordination Among Parties; Multisig Procedures. Each Active Signer shall undertake to maintain good relations with and engage in reasonably prompt, frequent and timely consultation and cooperation

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[5] **NTD**: See Memo - Note on "Points of Failure"; Conflicts; Trust Minimization.

[6] **NTD**: See Memo Drafting Point (FN6) - Tax Nexus and Optimization.

[7] **NTD**: See Memo Drafting Point (FN7) - Frustration of Purpose.

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. Each Active Signer shall use its reasonable best efforts to comply with any Multisig Procedures set forth on <u>Schedule 2</u> and any additional developed procedures of which it is aware.

3.4. <u>Signature Requests & Decisions</u>. Each Active Signer shall promptly and in good faith consider the Signature Requests of which such Active Signer becomes aware, and make a Signature Decision with respect to such Signature Request in accordance with the parameters set forth herein. Upon reaching a Signature Decision, each Active Signer shall promptly notify the other Active Signers of such Signature Decision pursuant to the Multisig Procedures. 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.[8]

3.5. <u>Conflicts of Interest Generally.</u> Each Party shall use reasonable best efforts to continuously monitor and evaluate such Party's personal facts and circumstances (including a Party's direct and indirect business and other economic interests in the Protocol Ecosystem and 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 Party in connection with such Party's performance of its role and duties under this Agreement.

> 3.5.1 <u>Ongoing Conflicts</u>. If a Party becomes aware of an ongoing material conflict of interest with respect to any Party's (including such Party's) execution of their respective role hereunder, such Party shall promptly resign or otherwise be removed from participation in their role in accordance with the provisions contained herein, including without limitation the Multisig Procedures, unless such conflict of interest has been disclosed to the other Parties in reasonable detail, and a majority of the uninterested Active Signers affirmatively consent to such Party 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 such additional parties in the Protocol Ecosystem as may be referenced in the Governance Vote or Multisig Procedures).

> 3.5.2 <u>One-Off Conflicts</u>. If a Party becomes aware of a material conflict of interest with respect to any Party (including such Party) relating to a specific Signature Request, such Party shall promptly disclose such conflict of interest to the other Parties and refrain from further involvement with such Signature Request, including by refraining from making a Signature Decision with respect to such Signature Request.[9]

3.6 <u>Removals; Sole Remedy for Breach</u>.

> 3.6.1. <u>Breach</u>. Upon any material breach of this Agreement by any Party, removal shall constitute the sole remedy for such breach under this Agreement. For the avoidance of

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[8] **NTD**: The form assumes a time lock is implemented (Schedule will need to reflect this).

[9] **NTD**: if desired, can include a process for disclosure cleansing participation through disclosure by adding the following optional language: "or (b) promptly disclose such conflict of interest to the other Parties together with a reasonably detailed explanation of such Party's reasons for continuing engagement with such Signature Request and how the conflict of interest will be mitigated."

doubt, the following occurrences shall, without limitation, constitute material breaches by any Party hereto: (i) any conflict of interest that is not disclosed and, if applicable, affirmatively consented to in accordance with Section 3.5; (ii) any material failure to follow the MultiSig Procedures; or (iii) any breach of the confidentiality provisions set forth in Section 3.8.

3.6.2. Remedies. In the event of a material breach by a Party of its duties hereunder, a majority of the non-breaching Parties hereto may terminate any such breaching Party's status as an Active Signer, duties (other than the surviving obligations referred to in Section 4) 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 hereunder may also be terminated by any other method permitted by the Multisig Scheme. From and after any termination of a Party's status as an Active Signer hereunder, such Party shall refrain from, as applicable: using such Party's Key; acting upon Signature Requests; or exercising any of the rights, powers, or privileges of Party under this Agreement or otherwise available to Party in connection with the Multisig Scheme.

3.7 Vacancies; Additional Parties. 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 (each, a "*Vacancy*"), the following provisions shall apply:

3.7.1 Vacancies in Active Signers. In the event of a Vacancy among the Active Signers, 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.

3.7.2 Frustration of Purpose. In the event [(i) a Vacancy is not filled pursuant to Section 3.7.1 within [ ] days or (ii)] Vacancies pursuant to Section 3.7.1 render the Multisig Scheme unable to execute transactions in the ordinary course,[10] it shall constitute a termination event under Section 4 and the remaining Parties to the Multisig Scheme shall execute a transaction to return any undeployed portion of the Designated Ops Budget to the party who funded the Multisig Scheme or as otherwise directed in the Governance Vote.[11]

3.8. Confidentiality. The identities of the Parties who have expressed a desire to remain anonymous (ie. are not personally identified in the Governance Vote or hereinafter execute a joinder on the condition of anonymity) as well as all discussions and communications among or involving the Parties in their capacities

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[10] **NTD**: there is some discretion at play in whether to include (i) and ensure vacancies are filled to maintain the security scheme but in any event a degree of preplanning will be needed to implement the feature in (ii).

[11] **NTD**: See Memo Drafting Point (FN7) - Frustration of Purpose.

as such which are conspicuously marked by a Party as "confidential" or, if oral, identified as confidential at the time of disclosure, or promptly confirmed in writing, 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 Section 3.8. 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 Section 3.8, shall be deemed a breach of this Section 3.8 by such Party. This Section 3.8 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.

4. **Term & Termination**. 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 as Active Signer, as applicable through their removal, 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 3.8</u>, this <u>Section 4</u>, <u>Section 5</u> and <u>Section 6</u> and all duties and liabilities relating to events prior to the termination date.

5. **Remedies**. The remedies described herein are the sole remedies available to the Parties for breach or non-performance of this Agreement. In furtherance thereof (i) the Parties agree that, as a material inducement to engage participants to serve and hold Keys in the Multisig Scheme, the Parties hereby agree not to pursue legal remedies against the Parties hereto and any current, future or former Active Signer(s);[12] (ii) any duties hereunder are contractual in nature and no fiduciary duties are owed by the Parties hereto; and (iii) Parties further agree to waive any legal claims between themselves, and disclaim any partnership or joint venturer status.[13]

6. **Miscellaneous**.

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[12] **NTD**: See Memo Drafting Point (FN10) - Indemnification.
[13] **NTD**: Tailor if indemnification available.

6.1. <u>Entire Agreement</u>. 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.

6.2. <u>Mutual Release</u>. Each Party,[14] on its own behalf and on behalf of its successors, heirs and assigns, shall fully and forever release and discharge each other Party and such Party's[15] respective agents, nominees, attorneys, insurers, successors, heirs, and assigns from any and all claims, counterclaims, defenses, setoffs, recoupments, debts, demands, causes of action, suits, obligations, injuries, losses, damages, costs, expenses, attorneys' and expert witness fees, and liabilities of any nature whatsoever, in law or in equity, arising under statute, contract or tort, whether known or unknown, fixed or contingent, pertaining to the Multisig Scheme, and any and all other claims which are or could be raised in connection with the Multisig Scheme. Each Party assumes, voluntarily and knowingly, the risk of any mistake of fact, either mutual or unilateral, with respect to any and all claims, and no Party will, under any circumstances, seek to present claims against any other Party (as the case may be), as the case may be, arising as a result of any actions or inactions on the part of any Party as it relates to the Multisig Scheme.[16]

6.3. <u>Successors and Assigns</u>. This Agreement is personal to each of the Parties hereto. No Party may assign voluntarily or by operation of law or delegate any rights or obligations hereunder without first obtaining the written consent of all of the other Parties hereto.[17] Any attempted assignment or transfer by any Party without such consent shall be void ab initio. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted 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.

6.4. <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. <u>Amendment</u>. Once any Blockchain Tokens have been committed pursuant to the Governance Vote, the Parties shall not approve or cooperate with any replacement or modification of the Multsig Scheme or this Agreement except (i) solely to the extent necessary to protect against a clear and present security threat; (ii) to facilitate removals, resignations and to fill Vacancies in accordance with the terms hereof; or (iii) to implement legitimate changes approved by Governance Vote. Subject to the foregoing limitations, the terms of this Agreement may be amended, supplemented, terminated or waived with the written consent of a majority of Active Signers.

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[14] **NTD**: Tailor if indemnification is available.

[15] **NTD**: If a participant is an entity, additional language is needed to cover members, managers, shareholders, directors, officers,etc.

[16] **NTD**: Release language to be reviewed to ensure enforceability in a given jurisdiction.

[17] **NTD**: Intentionally very high threshold here.

6.6. <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.

6.7. <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.

6.8. <u>Parties in Interest</u>. All third-party rights are expressly disclaimed. This Agreement is intended for the benefit of the Parties hereto and their respective permitted successors and assigns, and is not for the benefit of, nor any provision hereof be enforced by, any other party. None of the provisions of this Agreement are intended to provide any rights or remedies to any employee, creditor, Contributor, or other person other than the Parties and their respective heirs, successors and assigns (if any).

6.9. <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.

6.10. <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 nor to assume, create or incur any liability or obligation of any kind against or in the name of any other Party hereto.

6.11. <u>Rules of Construction</u>.

6.11.1. *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.

6.11.2. *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.

6.11.3. *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".

6.11.4. *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.

6.11.5. *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.

6.11.6 *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.

6.11.7. *Person*. The term "person" refers to any natural born or legal person, entity, governmental body or incorporated or unincorporated association, partnership or joint venture.

<[6.12. <u>Governing Law</u>. 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 [_____].][18]>

[*Signature page follows*]

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[18] **<u>NTD</u>**: Governing law is included as an optional clause. See Memo Drafting Point (FN18) - Governing Law

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

[*Signature block for entities:*

<ENTITY NAME>

Signature: _____

Name: _____

Title: _____ **]**

[*Signature block for individuals:*

<INDIVIDUAL NAME>[19]

Signature: _____ **]**

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[19] **NTD**: Can use ETH address if anon.

SCHEDULE I - Participants

Role	Parties
Active Signer	

SCHEDULE II - Multisig Procedures

Key Generation. A majority of the 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.

Public Availability of Contract Details. The Parties shall promptly post in a public forum the following details with respect to the Multisig Scheme.

> - **Multisig Address**: [ ]
> - **Funding Mechanism**: [Streaming / Upfront Funding/ Milestone etc]
> - **Multisig Signors**:
> - **Multisig Limited Purpose**: Holding funds to pay for monthly expenses of [x]; including salaries, audits and other team expenses as approved and accounted for by the Governance Vote.
> - **Governance**: [Describe Scope of Authority of Participants / Describe Checks and Balances/ Describe Process for Succession]

Key Security. 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.

Standards of Service. To remain in good standing, [insert standards, i.e. each Party is expected to sign within X days; participate in at least 2 transactions of every 3 (absent recusal)]

Annex 1.1
Coordinated Ops MPA Form

(attached)

**FORM V1.1 OPERATIONS MULTISIGNATURE PARTICIPATION AGREEMENT
(COORDINATOR)[1]**

This Multisignature Participation Agreement (the "*Agreement*") is being entered into as of <DATE> by and among [   ], a [.] ("*Coordinator*") and the parties serving as Active Signers (as defined below).[2] The parties hereto are sometimes referred to individually as a "*Party*" and collectively as the "*Parties*." Capitalized terms used but not otherwise defined shall have the respective meanings set forth in Section 1 (Definitions).

BACKGROUND

A.   The Coordinator desires to engage the Active Signers to serve in the Multisig Scheme and the Active Signers desire to accept such engagement to support the orderly administration and deployment of the operations budget (the "*Designated Ops Budget*") approved via the governance proposal that passed on _____, 20 ___, available at <link governance vote> (the "*Governance Vote*").

B.   In connection therewith, the Parties have established a security scheme to support to support the receipt, safeguarding, deployment, and audit of the Designated Ops Budget in accordance with the parameters set forth in Governance Vote whereby transactions are initiated and then executed in response to a transaction message that has been signed by at least [M] private keys out of a set of [N] private keys[3] designated for such purpose (each private key in such set, a "*Key*") and broadcast to Ethereum for processing (such scheme, the "*Multisig Scheme*"). Accordingly, the Parties are entering into this Agreement to establish the rights, duties, procedures, and terms and conditions of each Party and the Active Signers' 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:

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

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

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[1] **NTD**: This form constitutes an iteration of the v1.0 base form for an operational multisig whereby an entity (as coordinator) engages individual multisig participants to administer an operations budget apportioned to a working group or grant making entity by a DAO. It incorporates a number of assumptions which are detailed in the accompanying memo "Ops Multisig Agreements (Low Trust Forms)" (the "**Memo**"). Please read the Memo in connection with your review of this form, including the disclaimers therein as it provides many additional notes and considerations.

[2] **NTD**: See Memo Drafting Point (FN2) - Use of Form by Anons / Pseudonymous Actors.

[3] **NTD**: A suggested default is 3 of 5 but consider other iterations and 'right sizing' of the signing pool size based on a number of factors including the total value held, number of relevant stakeholders, and security vs. administrative burden.

"**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.

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

"**Contributors**" means those persons who engage in work within the Protocol Ecosystem and may be recipients of the Designated Ops Budget, subject to their completion of such work to the satisfaction of the conditions and standards set forth in the Governance Vote.[4]

"**Coordinator**" means the Party to the Agreement charged with coordinating the Multisig Scheme in accordance with Section 2.1 and the other provisions contained herein.

"**DAO**" means the blockchain-based smart contract bytecodes that are compiled from source code at https://github.com/[ ] and allow voting of Governance Tokens.

"**Designated Protocol Instance**" means the most up-to-date production release of the Protocol at https://github.com[ ] or any successor thereto expressly determined by the DAO to constitute or form part of the "[ ] Protocol".

"**Governance Tokens**" means the Blockchain Tokens named "[ ]" or such other Blockchain Tokens as may be endorsed for the governance and other functions for the Designated Protocol Instance.

"**Protocol Ecosystem**" means all functions utilizing, relying on, securing, developing or contributing to the security or intended functioning of the Designated Protocol Instance.

"**MultiSig Procedures**" means (i) the baseline procedures and standards set forth in Schedule 2; and (ii) any additional standard rules, practices, customs, protocols and procedures (the "**Additional Standard**s") established and employed by a majority of the Active Signers from time to time related to being a Party or participating in the Multisig Scheme. The Additional Standards 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; provided that such Additional Standards 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.

"**Protocol**" means the source code for a Blockchain System.

"**Signature Request**" means the request of a Coordinator to use such Active Signer's Key to sign transaction messages that are subject to the Multisig Scheme in accordance with the terms contained herein.

"**Signature Decision**" means the determination made by an Active Signer whether to accept a Signature Request (i.e, to sign the relevant transaction message with such Active Signer's Key for broadcast to

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[4] **NTD**: See Memo Drafting Point (FN 4) - Governance Instructions.

[Ethereum] 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 Ethereum and processing by the Designated Protocol Instance).

2. **Roles**. Each Party hereto may serve from time to time in one or more of the following capacities. Subject to adherence with Section 3 and the other limitations set forth herein, the Active Signers may also from time to time serve as Contributors.[5]

2.1. *Coordinator*. The Coordinator shall act in accordance with the Governance Vote and Multisig Procedures, and in furtherance thereof, shall have the following powers and abilities: ((i) the ability to add or remove Active Signers in accordance with the terms contained herein; and (ii) the power to veto and block transactions that the Active Signers have initiated or plan to initiate in accordance with the terms contained herein; and (iii) the power to issue Signature Requests to Active Signers. The Coordinator shall appoint a representative to serve as an Active Signer.

2.2. *Active Signers*. Active Signers shall act in accordance with any and all Multisig Procedures and have the power and ability to execute transactions of the Multisig Scheme pursuant to Signature Requests.

3. **Duties of Parties**. Each Party hereby agrees to adopt, perform, observe and assume the duties, obligations and responsibilities of their respective roles as set forth herein as well as the following principles (collectively being the "***Principles***") 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. Qualified Code Deference. The results of the operations of smart contracts transactions are legally binding and the Parties accept prioritization of technological guarantees and game theoretical incentives to legal remedies. In the event of a conflict or inconsistency between this Agreement and Governance Vote, the Governance Vote shall control.

3.2 Trust Minimization. The Designated Protocol Instance and its security and utility exist as a public commons or public good for the benefit of the entire Protocol Ecosystem and should be fostered and preserved as such by all Protocol Ecosystem participants, including the Parties hereto. Decentralization and trust-minimization are core values of the Protocol Ecosystem, according to which:

3.2.1 The Parties agree that no rights to the Designated Ops Budget shall accrue to the Parties by virtue of this Agreement or their service hereunder;[6]

3.2.2 The Parties shall follow Governance Vote and any instructions contained therein with respect to deploying funds from the Designated Ops Budget.

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[5] **NTD**: See Memo - Note on "Points of Failure"; Conflicts; Trust Minimization. The form presumes the Coordinator is not an individual. If the Coordinator is an individual, there should be more thought as to who fills a Coordinator vacancy. Additional checks and balances should be implemented if/when the Coordinator is also both an individual and a potential Contributor that receives payment outside of compensation for the role itself.

[6] **NTD**: See Memo Drafting Point (FN6) - Tax Nexus and Optimization.

3.2.3 The Parties agree that the execution of the Designated Ops Budget 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, including the Parties.

3.2.4 The Parties agree that there may be a time where the purpose of this Agreement is fundamentally frustrated, in which case any residual power of the Parties over the Designated Ops Budget should be minimized and the Parties shall adhere to the Principles in exercising such power.[7]

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. Each Active Signer shall use its reasonable best efforts to comply with any Multisig Procedures set forth on <u>Schedule 2</u> and any additional developed procedures of which it is aware.

3.4. <u>Signature Requests & Decisions</u>. Each Active Signer shall promptly and in good faith consider the Signature Requests of which such Active Signer becomes aware, and make a Signature Decision with respect to such Signature Request in accordance with the parameters set forth herein. Upon reaching a Signature Decision, each Active Signer shall promptly notify the other Active Signers and the Coordinator of such Signature Decision pursuant to the Multisig Procedures. 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.[8]

3.5. <u>Conflicts of Interest Generally.</u> Each Party shall use reasonable best efforts to continuously monitor and evaluate such Party's personal facts and circumstances (including a Party's direct and indirect business and other economic interests in the Protocol Ecosystem and 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 Party in connection with such Party's performance of its role and duties under this Agreement.

3.5.1 <u>Ongoing Conflicts</u>. If a Party becomes aware of an ongoing material conflict of interest with respect to any Party's (including such Party's) execution of their respective role hereunder, such Party shall promptly resign or otherwise be removed from participation in their role in accordance with the provisions contained herein, including without limitation the Multisig Procedures, unless such conflict of interest has been disclosed to the other Parties in reasonable detail, and a majority of the uninterested Active Signers affirmatively consent to such Party 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 Coordinator (as applicable).

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[7] **NTD**: See Memo Drafting Point (FN7) - Frustration of Purpose.
[8] **NTD**: The form assumes a time lock is implemented (to be included in Schedule).

3.5.2 One-Off Conflicts. If a Party becomes aware of a material conflict of interest with respect to any Party (including such Party) relating to a specific Signature Request, such Party shall promptly disclose such conflict of interest to the other Parties and refrain from further involvement with such Signature Request, including by refraining from making a Signature Decision with respect to such Signature Request.[9]

3.6 Removals; Sole Remedy for Breach.

3.6.1. Breach. Upon any material breach of this Agreement by any Party, removal shall constitute the sole remedy for such breach under this Agreement. For the avoidance of doubt, the following occurrences shall, without limitation, constitute material breaches by any Party hereto: (i) any conflict of interest that is not disclosed and, if applicable, affirmatively consented to in accordance with Section 3.5; (ii) any material failure to follow the MultiSig Procedures; or (iii) any breach of the confidentiality provisions set forth in Section 3.8.

3.6.2. Remedies. In the event of a material breach by a Party of its duties hereunder, a majority of the non-breaching Parties hereto may terminate any such breaching Party's status as an Active Signer or as Coordinator, duties (other than the surviving obligations referred to in Section 4) 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. Notwithstanding anything contained herein to the contrary, any successor to the Coordinator appointed pursuant to Section 3.7.2 below shall have the ability to replace any representative a Coordinator has designated as their representative Active Signer.

For the avoidance of doubt, a Party's status as an Active Signer or as Coordinator hereunder may also be terminated by any other method permitted by the Multisig Scheme. From and after any termination of a Party's status as an Active Signer and/or Coordinator hereunder, such Party shall refrain from, as applicable: using such Party's Key; acting upon Signature Requests; or exercising any of the rights, powers, or privileges of Party under this Agreement or otherwise available to Party in connection with the Multisig Scheme.

3.7 Vacancies; Additional Parties. If at any time there (i) is no acting Coordinator; or (ii) 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 (each, a "*Vacancy*"), the following provisions shall apply:

3.7.1 Vacancies in Active Signers. In the event of a Vacancy among the Active Signers, which Vacancy has not been filled by the Coordinator within [30] days, 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; provided that if the Coordinator is

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[9] **NTD**: if desired, can include a process for disclosure cleansing participation through disclosure by adding the following optional language: "or (b) promptly disclose such conflict of interest to the other Parties together with a reasonably detailed explanation of such Party's reasons for continuing engagement with such Signature Request and how the conflict of interest will be mitigated."

removed or resigns, they shall be deemed to have simultaneously resigned or be removed from their role as an Active Signer. 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 a party to and bound by this Agreement as a Party.

3.7.2 <u>Vacancies of the Coordinator Role</u>. Any vacancy of the Coordinator role shall be filled as set forth in the Governance Vote within [30] days. Such person shall be designated a Party after 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.

3.7.3 <u>Frustration of Purpose</u>. In the event (i) a Vacancy is not filled pursuant to <u>Section 3.7.2</u> within the prescribed time or (ii) Vacancies pursuant to <u>Section 3.7.1</u> render the Multisig Scheme unable to execute transactions in the ordinary course,[10] it shall constitute a termination event under Section 4 and the remaining Parties to the Multisig Scheme shall execute a transaction to return any undeployed portion of the Designated Ops Budget to the party who funded the Multisig Scheme or as otherwise directed in the Governance Vote.[11]

3.8. <u>Confidentiality</u>. The identities of the Parties who have expressed a desire to remain anonymous (ie. are not personally identified in the Governance Vote or hereinafter execute a joinder on the condition of anonymity) as well as all discussions and communications among or involving the Parties in their capacities as such which are conspicuously marked by a Party as "confidential" or, if oral, identified as confidential at the time of disclosure, or promptly confirmed in writing, 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 Section 3.8. 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 Section 3.8, shall be deemed a breach of this Section 3.8 by such Party. This Section 3.8 shall survive the termination of this Agreement for any reason. Notwithstanding the above, any Active Signer may, for itself only (and assuming

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[10] **NTD**: preplanning will be needed to implement this feature.

[11] **NTD**: See Memo Drafting Point (FN7) - Frustration of Purpose.

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.

4. **Term & Termination**. 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 as Active Signer or Coordinator, as applicable through their removal, 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 Section 3.8, this Section 4, Section 5 and Section 6 and all duties and liabilities relating to events prior to the termination date.

5. **Remedies**. The remedies described herein are the sole remedies available to the Parties for breach or non-performance of this Agreement. In furtherance thereof (i) the Parties agree that, as a material inducement to engage participants to serve and hold Keys in the Multisig Scheme, the Parties hereby agree not to pursue legal remedies against any current, future or former Active Signer(s) or the Coordinator/other Parties hereto;[12] (ii) any duties hereunder are contractual in nature and no fiduciary duties are owed by the Parties hereto; and (iii) Parties further agree to waive any legal claims between themselves, and disclaim any partnership or joint venturer status.[13]

6. **Miscellaneous**.

6.1. 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.

6.2. Mutual Release. Each Party,[14] on its own behalf and on behalf of its successors, heirs and assigns, shall fully and forever release and discharge each other Party and such Party's[15] respective agents, nominees, attorneys, insurers, successors, heirs, and assigns from any and all claims, counterclaims, defenses, setoffs, recoupments, debts, demands, causes of action, suits, obligations, injuries, losses, damages, costs, expenses, attorneys' and expert witness fees, and liabilities of any nature whatsoever, in law or in equity, arising under statute, contract or tort, whether known or unknown, fixed or contingent, pertaining to the Multisig Scheme, and any and all other claims which are or could be raised in connection with the Multisig Scheme. Each Party assumes, voluntarily and knowingly, the risk of any mistake of fact, either mutual or unilateral, with respect to any and all claims, and no Party will, under any circumstances, seek to present claims against any other Party (as the case may be), as the case may be, arising as a result of any actions or inactions on the part of any Party as it relates to the Multisig Scheme.[16]

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[12] **NTD**:See Memo Drafting Point (FN12) - Indemnification.

[13] **NTD**:Tailor if indemnification available.

[14] **NTD**: Tailor if indemnification is available.

[15] **NTD**: If a participant is an entity, additional language is needed to cover members, managers, shareholders, directors, officers, etc.

[16] **NTD**: Release language to be reviewed to ensure enforceability in a given jurisdiction.

6.3. <u>Successors and Assigns</u>. This Agreement is personal to each of the Parties hereto. No Party may assign voluntarily or by operation of law or delegate any rights or obligations hereunder without first obtaining the written consent of all of the other Parties hereto.[17] Any attempted assignment or transfer by any Party without such consent shall be void ab initio. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted 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.

6.4. <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. <u>Amendment</u>. Once any Blockchain Tokens have been committed pursuant to the Governance Vote, the Parties shall not approve or cooperate with any replacement or modification of the Multsig Scheme or this Agreement except (i) solely to the extent necessary to protect against a clear and present security threat; (ii) to facilitate removals, resignations and to fill Vacancies in accordance with the terms hereof; or (iii) to implement legitimate changes approved by Governance Vote. Subject to the foregoing limitations, the terms of this Agreement may be amended, supplemented, terminated or waived with the written consent of the Coordinator and a majority of Active Signers.

6.6. <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.

6.7. <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

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[17] **NTD**: Intentionally very high threshold here.

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.

6.8. <u>Parties in Interest</u>. All third-party rights are expressly disclaimed. This Agreement is intended for the benefit of the Parties hereto and their respective permitted successors and assigns, and is not for the benefit of, nor any provision hereof be enforced by, any other party. None of the provisions of this Agreement are intended to provide any rights or remedies to any employee, creditor, Contributor, or other person other than the Parties and their respective heirs, successors and assigns (if any).

6.9. <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.

6.10. <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 nor to assume, create or incur any liability or obligation of any kind against or in the name of any other Party hereto.

6.11. <u>Rules of Construction</u>.

>>> 6.11.1. *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.

>>> 6.11.2. *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.

>>> 6.11.3. *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".

>>> 6.11.4. *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.

>>> 6.11.5. *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.

6.11.6 *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.

6.11.7. *Person*. The term "person" refers to any natural born or legal person, entity, governmental body or incorporated or unincorporated association, partnership or joint venture.

<[6.12. <u>Governing Law</u>. 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 [____].][18]>

[*Signature page follows*]

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[18] **NTD**: Governing law included as an optional clause. See Memo Drafting Point (FN18) - Governing Law

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

[*Signature block for entities:*

\<ENTITY NAME\>

Signature: _____

Name: _____

Title: _____ **]**

[*Signature block for individuals:*

\<INDIVIDUAL NAME\>[19]

Signature: _____**]**

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[19] **NTD**: Can use ETH address if anon.

SCHEDULE 1 - Participants

Role	Parties
Coordinator:	
Active Signers:	

SCHEDULE II - Multisig Procedures

Key Generation. The Coordinator, or a majority of the 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.

Public Availability of Contract Details. The Coordinator shall promptly post in a public forum the following details with respect to the Multisig Scheme.

➢ **Multisig Address**: [ ]
➢ **Funding Mechanism**: [Streaming / Upfront Funding/ Milestone etc]
➢ **Multisig Signors**:
➢ **Multisig Limited Purpose**: Holding funds to pay for monthly expenses of [x]; including salaries, audits and other team expenses as approved and accounted for by the Governance Vote.
➢ **Governance**: [Describe Scope of Authority of Participants / Describe Checks and Balances/ Describe Process for Succession]
➢ **Coordinator Name and Contact**: [ ]

Key Security. 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.

Standards of Service. To remain in good standing, [insert standards, i.e. each Party is expected to sign within X days; participate in at least 2 transactions of every 3 (absent recusal)]