# Letter of Intent

**I. Purpose**

This Letter of Intent (“LOI”) outlines recent discussions with respect to the formation of a new Identity Utility Consortium (“Consortium”) as presented by International Business Machines Corporation (“IBM”) who is acting as the “Consortium Coordinator” until a Board of Directors for the Consortium is established. This LOI, including its Attachment A, is an overview and framework to describe the relationship concepts that have been under discussion. Except for Section III below, neither XXXXXXXX (“Prospective Member”) nor the Consortium Coordinator will be bound by the terms of this LOI.

**II. Overview**

The Consortium Coordinator and Prospective Member (each a “party” and collectively the “parties” to this LOI) seek to quickly establish a consortium of members that will partake in the creation of a governance framework for a dedicated decentralized identity utility that businesses can comfortably participate in and reliably use.

The Consortium will provide operational, maintenance, and delivery services for a new DID Ledger (“Identity Utility”) under the Sovrin DID Root Namespace (“did:sov”). This new ledger, did:sov:biz, will operate as a public identity utility provider under its own governance framework. Members in the Consortium will pay annual membership fees and provide supporting infrastructure to maintain a sustainable permissioned identity utility. The Consortium will leverage the Sovrin Foundation as a fee-based provider of administration services for Identity Utility Networks.

The Consortium Coordinator and Prospective Member recognize the opportunity to participate in and shape an enterprise grade governance framework for trusted commerce that will:

* Enforce Permissioned Writes with contractual instruments that will ease GDPR concerns
* Establish financial sustainability of the Consortium without the use of Tokens
* Establish a governing Board of Directors so no single organization owns the DID Ledger
* Require adherences to a specific stack of open standards and protocols

Both parties agree to (a) collaborate as members of the Consortium; and (b) work towards the objectives outlined in Attachment A.

**III. Disclosures and Negotiations**

A. Neither this LOI, its contents nor the membership intentions of either party are deemed confidential. In view of the non-binding nature of our discussions, neither party will rely on the successful formation of the Consortium or the Identity Utility. Any business decision either company makes in anticipation of definitive agreements is at the sole risk of the party making the decision, even if the other party is aware of, or has indicated approval of, such decision. Each party will bear its own costs. Nothing contained in this LOI will be deemed to be a restriction of any type on either party’s ability to freely compete or to enter into relationships with other entities. Only a formal, written agreement (“Definitive Agreement”), properly executed by the parties with the Consortium, will bind the parties on any point addressed in Section II or any attachments to this LOI. Neither party will be obligated by this LOI to consummate any Definitive Agreements. Either party may terminate negotiations, in its sole discretion, at any time without any liability to the other party.

B. This LOI is not to be considered an offer by either party. Both parties acknowledge that discussions relating to the Definitive Agreement are preliminary and subject to management, legal, and financial review and approval.

C. This LOI will be governed by the laws of New York. This LOI represents the complete understanding between the parties as it relates to the subject matter herein and supersedes any prior communications, understandings or agreements, oral or written, between the parties as it relates to the subject matter. This LOI can only be modified in writing and signed by authorized representatives of both parties.

**ACCEPTED AND AGREED TO: ACCEPTED AND AGREED TO:**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ International Business Machines Corporation

By: By:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date Date

**Attachment A**

The principle terms to be discussed are as follows:

| **Term** | **Description** |
| --- | --- |
| Consortium | Establishment of a non-profit entity as the legal governing body for the Identity Utility. |
| Governance Framework Working Group | Appoint representation from each Founder Member to establish the legal governance bylaws (“Governance Framework”) for the administration of the Consortium and the operation of the Identity Utility. The initial task for this Working Group will be to set a target date for the proposal of Version 1 of the Governance Framework and ratification of the initial Consortium Board of Directors. |
| Board of Directors | Appoint representation from each Prospective Member to a Board of Directors for the Consortium. |
| Membership Intensions | Prospective Member will upon execution of the LOI proclaim its preferred participation level using Attachment B. |

**Attachment B**

**I. Membership Types**

The Consortium is expected to be comprised of the following Membership Types which will be assigned specific responsibilities and obligations as outlined in the Governance Framework.

| **Membership Type** | **Description** | **Initial Responsibilities** |
| --- | --- | --- |
| Founder | A limited number of initial members will contribute to the infrastructure, management, and financial needs of the public identity utility. They will serve on the Board of Directors and have the privilege of acting as a Trust Anchor with unlimited write transactions to the Identity Utility. | 1. Pay an annual membership fee 2. Sign a Steward Agreement 3. Sign a Trust Anchor Agreement (optional) 4. Host 3 nodes (main, test, dev), each running consortium approved code. 5. Appoint a representative for the Board of Directors 6. Appoint at least one resource to serve on various workgroups |
| Steward | A limited number of members will contribute to the infrastructure, management, and financial needs of the public identity utility. They will have the privilege of acting as a Trust Anchor with unlimited write transactions to the Identity Utility. | 1. Pay an annual membership fee 2. Sign a Steward Agreement 3. Sign a Trust Anchor Agreement (optional) 4. Host 3 nodes (main, test, dev), each running consortium approved code. |
| Trust Anchor | An unlimited number of members that are willing to be responsible for the endorsement of transactions to the ledger. They are obligated to use consortium approved endorser software and accountable for vetting the entities performing write requests. Those members that are not Founders or Stewards, will subscribe to annual transaction plans. | 1. Sign a Trust Anchor Agreement |

**II. Membership Intention**

The Prospective Member has considered the opportunity and responsibilities associated with each membership type and intends to comply with the terms outlined by the yet-to-be-completed Governance Framework.

Upon signing of this LOI the Prospective Member agrees to immediately begin collaborating with the Consortium and once a formal set of contractual instruments are available the Prospective Member intends to execute a Definitive Agreement with the Consortium under the membership preference indicated herein.

|  |  |  |  |
| --- | --- | --- | --- |
| **Selection Indicator** | **Membership Type** | **Executive Sponsor** | **Consortium Associate** |
|  | Founder | Name: | Name: |
| Phone: | Phone: |
| Email: | Email: |
|  | Steward | N/A | Name: |
| Phone: |
| Email: |
|  | Trust Anchor | N/A | Name: |
| Phone: |
| Email: |

*Complete form above by initialing the selection type and providing contact information.*