



**OPERATING AGREEMENT OF  
ACCORD PROJECT, LLC.**

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# **LIMITED LIABILITY COMPANY OPERATING AGREEMENT**

## **FOR**

### **Accord Project, LLC**

#### **A Single Member-Managed Limited Liability Company**

## **ARTICLE 1 COMPANY FORMATION**

### **1.1 Formation**

The Member hereby does form a Limited Liability Company ("LLC") subject to the provisions of the Limited Liability Company Act as currently in effect as of this date.

### **1.2 Name**

The name of the Company shall be Accord Project, LLC ("Accord" or the "Company").

### **1.3 Registered Agent**

The name and location of the registered agent of the Company shall be THE COMPANY CORPORATION located at 251 Little Falls Drive, Wilmington, DE 19808-1674.

### **1.4 Term**

The Company shall continue for a perpetual period unless,

(a) The Member votes for dissolution subject to approval of the Steering Committee or other appropriate governing entity; or

(b) Any event which makes it unlawful for the business of the Company to be carried on by the Member or otherwise; or

(c) Any other event causing dissolution of this Limited Liability Company under the laws of the State of Delaware.

### **1.5 Continuance of Company**

Notwithstanding the provisions of ARTICLE 1.4, in the event of an occurrence described in ARTICLE 1.4(c), if there is at least one remaining Member, said remaining Member shall have the right to continue the business of the Company. Such right can be exercised by the written vote of the remaining Member within ninety (90) days after the occurrence of an event described in ARTICLE 1.4(c). If not so exercised, the right of the Member to continue the business of the

Company may expire if that member desires.

### **1.6 Business Purpose**

The purpose of the Company is to develop open source software tools and standards relating to contracting and to engage in any lawful act or activity for which corporations may be organized under the Delaware General Corporation Law.

### **1.7 Principal Place of Business**

The location of the principal place of business of the Company shall be 246 5th Ave, 3rd Floor New York, NY 10001. The principal place of business may be changed to a location the Member may select. The Member may also choose to store company documents at any address the Member chooses.

### **1.8 Member**

The sole member of the Company is Clause, Inc., a Delaware Corporation.

### **1.9 Admission Of Additional Members**

Except as otherwise expressly provided in the Agreement, additional members may be admitted to the Company through issuance by the company of a new interest in the Company or a sale of current a percent of current Member's interest.

## **ARTICLE 2 CAPITAL CONTRIBUTIONS**

### **2.1 Initial Contributions**

The Member shall make an Initial Contribution to the Company. The Contribution shall consist of cash, solely, in the amount of \$100.00.

### **2.2 Additional Contributions**

Except as provided in ARTICLE 6.2, no Member shall be obligated to make any additional contribution to the Company's capital.

## **ARTICLE 3 PROFITS, LOSSES, AND DISTRIBUTIONS**

### **3.1 Profits/Losses**

For financial accounting and tax purposes the Company's net profits or net losses shall be determined on an annual basis and shall be allocated to any Members in proportion to each Member's relative capital interest in the Company in accordance with Treasury Regulation

1.704-1.

### **3.2 Distributions**

No distributions of available funds shall be made to the Member or any Participant in Accord, or otherwise, unless approved by the Steering Committee or other authorized governing body, or as necessary or permitted by law. Available funds, as referred to herein, shall mean the net cash of the Company available after appropriate provision for expenses and liabilities.

Distributions in liquidation of the Company or in liquidation of the Member's interest shall be made in accordance with the positive capital account balances pursuant to Treasury Regulation 1.704-1(b)(2)(ii)(b)(2). To the extent Member shall have a negative capital account balance, there shall be a qualified income offset, as set forth in Treasury Regulation 1.704-1(b)(2)(ii)(d).

### **3.3 Optional C Corporation Election**

The Member may, but is under no obligation to, elect to be treated as a C corporation at any time to keep the profits of the LLC at the company level and not be forced to distribute profits to the Member.

## **ARTICLE 4 MANAGEMENT**

### **4.1 Steering Committee and Working Groups**

Management of the Company is invested solely in the Member and the Accord Steering Committee, Working Groups, and as specified to any of its directors, executives, officers. The powers, governance, and purpose of the Accord Steering Committee and each Working group are specified in the Accord Project Governance Charter and distinct Working Group charters, respectively.

### **4.2 Member**

The liability of the Member shall be limited as provided pursuant to applicable law. Subject to the power of the Accord Steering Committee or as otherwise specified, the Member is in control, management, direction, and operation of the Company's affairs and shall have powers to bind the Company with any legally binding agreement, including setting up and operating a LLC company bank account.

### **4.3 Powers of the Member**

The Member is authorized on the Company's behalf to make all decisions in accordance with Article 4.2 as to (a) the sale, development lease or other disposition of the Company's assets; (b) the purchase or other acquisition of other assets of all kinds; (c) the management of all or any part of the Company's assets; (d) the borrowing of money and the granting of security interests in the Company's assets; (e) the pre-payment, refinancing or extension of any loan affecting the Company's assets; (f) the compromise or release of any of the Company's claims

or debts; and, (g) the employment of persons, firms or corporations for the operation and management of the company's business. In the exercise of its management powers, the Member is authorized to execute and deliver (a) all contracts, conveyances, assignments leases, sub-leases, franchise agreements, licensing agreements, management contracts and maintenance contracts covering or affecting the Company's assets; (b) all checks, drafts and other orders for the payment of the Company's funds; (c) all promissory notes, loans, security agreements and other similar documents; and, (d) all other instruments of any other kind relating to the Company's affairs, whether like or unlike the foregoing.

#### **4.4 Nominee**

Title to the Company's assets shall be held in the Company's name or in the name of any nominee that the Member may designate. The Member shall have power to enter into a nominee agreement with any such person, and such agreement may contain provisions indemnifying the nominee, except for his willful misconduct.

#### **4.5 Company Information**

Upon request, the Member shall supply to any member information regarding the Company or its activities. The Member or its authorized representative shall have access to and may inspect and copy all books, records and materials in the Member's possession regarding the Company or its activities.

#### **4.6 Exculpation**

Any act or omission of the Member, the effect of which may cause or result in loss or damage to the Company or the Member if done in good faith to promote the best interests of the Company, shall not subject the Member to any liability to the Member.

#### **4.7 Indemnification**

The Company shall indemnify any person who was or is a party defendant or is threatened to be made a party defendant, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Company) by reason of the fact that he is or was a Member of the Company, Manager, director, employee or agent of the Company, or is or was serving at the request of the Company, for instant expenses (including attorney's fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding if the Member acted in good faith and in a manner he/she reasonably believed to be in or not opposed to the best interest of the Company, and with respect to any criminal action proceeding, has no reasonable cause to believe his/her conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of "no lo Contendere" or its equivalent, shall not in itself create a presumption that the person did or did not act in good faith and in a manner which he/she reasonably believed to be in the best interest of the Company,

and, with respect to any criminal action or proceeding, had reasonable cause to believe that his/her conduct was lawful.

#### **4.8 Records**

The Member shall cause the Company to keep at its principal place of business or other location the following:

- (a) A copy of the Certificate of Formation and the Company Operating Agreement and all amendments;
- (b) Copies of the Company's federal, state and local income tax returns and reports, if any, for the three most recent years;
- (c) Copies of any financial statements of the limited liability company for the three most recent years.

### **ARTICLE 5 OFFICERS AND AGENTS OF COMPANY**

#### **5.1 Officers**

The officers of the Company may include a Director, co-Directors, a Secretary, a Treasurer, or such other officers, if any, as authorized by, and with the rights and duties specified by, the Member, Steering Committee, or other duly authorized governing entity.

#### **5.2 Election of Officers, Term of Office and Removal**

Any officers of the Company shall continue in office until his or her successor shall have been determined, or until his or her death, resignation or removal. Any officer of the Company may be removed, with or without cause, by the Member, Steering Committee, or other duly authorized governing entity.

#### **5.3 Employees, Other Agents, Etc.**

The Member, Steering Committee, or other governing entity may, from time to time and in its sole discretion, appoint such other employees and agents as it shall deem necessary, and shall have such authority, perform such duties and receive such reasonable compensation, if any, as determined from time to time determine.

#### **5.4 Accord Director**

Any director of Accord shall preside at each meeting of the Steering Committee or primary governing body. Such director(s) shall perform such other duties as from time to time as the Member or Steering Committee may assign to him or her and shall have the power to sign all contracts authorized either generally or specifically by the Member or Steering Committee.

## **ARTICLE 6 COMPENSATION**

### **6.1 Member Management Fee**

A Member rendering services to the Company may be entitled to compensation commensurate with the value of such services if approved by the Steering Committee.

### **6.2 Reimbursement**

The Company may reimburse the Member for all direct out-of-pocket expenses incurred by the Member in managing the Company if approved by the Steering Committee or other authorized body.

## **ARTICLE 7 BOOKKEEPING**

### **7.1 Books**

The Member shall maintain complete and accurate books of account of the Company's affairs at the Company's principal place of business or other agreed location. Such books shall be kept on such method of accounting as the Member shall select. The company's accounting period shall be the calendar year.

### **7.2 Member's Accounts**

The Member shall maintain separate capital and distribution accounts for any other member, if any. Each member's capital account shall be determined and maintained in the manner set forth in Treasury Regulation 1.704-1(b)(2)(iv) and shall consist of his initial capital contribution increased by:

- (a) Any additional capital contribution made by him/her;
- (b) Credit balances transferred from his distribution account to his capital account;

and decreased by:

- (a) Distributions to him/her in reduction of Company capital;
- (b) The Member's share of Company losses if charged to his/her capital account.

### **7.3 Reports**

The Member shall close the books of account after the close of each calendar year, and shall prepare and send to each member a statement of such Member's distributive share of income and expense for income tax reporting purposes.



## **ARTICLE 8 TRANSFERS**

According to the appropriate Court, should the Member have a creditor with a judgment that was issued an assignment of the membership interest, the creditor shall only obtain an assignment of the membership interest, not the actual transfer of Membership in the LLC. The new assignee does not have any rights of the Member or have the ability to be involved in management of the LLC or the right to dissolve the LLC. The new assignee is only granted rights of the distributions of the Member's interests, if the Member decides to distribute at all, not the rights of membership. The assignee must release the Member's interests back to Member upon payment of the judgment in accordance with the appropriate Court.

## **ARTICLE 9 PARTICIPANTS**

Unless exempted, association with the Company shall be as a Participant pursuant to the terms of a Participant Agreement that are determined by the Steering Committee or other authorized membership body. The Accord Steering Committee or other authorized party may create additional classes of members and set forth their characteristics, rights, and privileges by amendment of this Agreement.

No qualified applicant as a Participant in the Company may be rejected for any anticompetitive purpose.

Notwithstanding the rights, duties, and obligations set forth herein, nothing in this Agreement shall create, have the effect of conferring, or be deemed to confer upon any Participant any rights, duties, or obligations of or relating to ownership or equity in the Company.

## **ARTICLE 10 STANDARDS OF CONDUCT**

### **10.1 Duties of Care and Loyalty**

Any Accord Steering Committee members shall discharge their respective duties:

- (a) in good faith;
- (b) with such care, including reasonable inquiry, as an ordinary prudent person in like position would exercise under similar circumstances; and
- (c) in a manner such person believes to be in the best interests of the Company.

### **10.2 Code of Conduct**

The Member shall adopt a specific code of conduct of the Company.

## **ARTICLE 11 DISSOLUTION**

The Member may dissolve the LLC at any time and in its' sole discretion. The Member may NOT dissolve the LLC for a loss of membership interests. Upon any dissolution, the LLC must pay its debts prior to any distribution of cash, assets, and/or initial capital to the Member's or the Members' interests. The dissolution may only be ordered by the Member, and may not be ordered solely by the owner of the Member's interests.

## **ARTICLE 12 FISCAL YEAR**

The fiscal year end of the Company shall be December 31.

## **CERTIFICATE OF FORMATION**

This Company Operating Agreement is entered into and shall become effective as of the Effective Date by and among the Company and the person executing this Agreement as Member. It is the Member's express intention to create a limited liability company in accordance with applicable law, as currently written or subsequently amended or redrafted.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the Member has executed and agreed to this Limited Liability Company Operating Agreement, which shall be effective as of August 24, 2017.

Signature: 

Name: Houman B. Shadab

On behalf of Clause, Inc., Member