

# **OPERATING AGREEMENT OF TANGLE DAO LLC, V.2**

**08-September-2025**

This Operating Agreement ("the Agreement" ") of TANGLE DAO LLC, a nonprofit limited liability company (the "Company" ") incorporated as per the laws of the Republic of the Marshall Islands according to the Limited Liability Company Act of 1996 of the Republic of the Marshall Islands (as amended from time to time, the "Act" "), the Marshall Islands Nonprofit Entities (Amendment) Act of 2021 (as amended from time to time the "Nonprofit Act"), and the Decentralized Autonomous Organization Act, 2022 (as amended from time to time, the "DAO Act"), collectively referred to as the "Acts", by and among the Company and the persons executing this Agreement (individually "Member" and collectively "Members"), causing the filing of the certificate of formation of the Company (the "Certificate of Formation"), with the Republic of the Marshall Islands Registrar of Corporations on [insert date] effective as of [insert date] ("the Effective Date").

NOW, THEREFORE, for and in consideration of mutual covenants contained and intending to be legally bound with this, the parties agree as follows:

## **ARTICLE I**

### **ORGANIZATION**

#### **I.1 Organization.**

The Members, by execution of this Agreement, hereby agree to organize the Company as a Marshall Islands nonprofit limited liability company according to the provisions of the Nonprofit Act, and upon the terms and conditions outlined in this Agreement.

#### **I.2 Registered Office; Registered Agent.**

The Company's registered office in the Marshall Islands shall be the initial registered office designated in the Certificate of Formation or such other office (which need not be

a place of business of the Company) as the Members may designate from time to time in the manner provided by law. The Company's registered agent in the Marshall Islands shall be the initial registered agent designated in the Certificate of Formation or such

other person as the Members may establish from time to time in the manner provided by law.

### **I.3 Principal Office.**

The Principal Office of the Company shall be at the principal office designated in the Certificate of Formation or at such other location as the Members may designate from time to time, which need not be in the Marshall Islands.

### **I.4 Term.**

The Company commenced on the Effective Date and shall continue in existence until dissolved according to this Agreement.

## **ARTICLE II**

### **PURPOSES AND POWERS**

#### **II.1 Nonprofit Character.**

The Company shall be a nonprofit entity within the meaning of the Nonprofit Act.

#### **II.2.1 Purposes of the Company.**

The Company is organized exclusively for charitable and educational purposes and not for profit. Purpose of the Company is to operate a Grants Program, the "Shimmer Community Treasury Grant Committee", which issues grants to projects related to web 3.0, decentralized finance, or crypto in general. Specifically, the Company shall receive donations in the form of fungible tokens or other types of digital assets from various international foundations and entities and the Shimmer community, which owns and manages the Shimmer treasury.

#### **II.2.2 Company Treasury.**

The Company treasury shall be composed of donations in the form of fungible tokens or other types of digital assets or cash from various international foundations and entities and the Shimmer community, which owns and manages the Shimmer treasury.

### **II.2.3 Authority of the Company.**

The Company shall have and exercise all the powers conferred by law on nonprofit entities.

### **II.3. No Private Inurement.**

No part of its assets, income, or earnings shall inure to the benefit of, or be distributable to, any Member, officer, employee, or any private individual, except that reasonable compensation may be paid for services rendered to or for the Company effecting one or more of its objects and purposes or for reimbursement of expenses incurred on behalf of the Company. No Member, officer, or employee of the Company, or any private individual, shall be entitled to share in the distribution of any of the Company's assets on the dissolution of the Company.

### **II.4. Limitation of Company Activities.**

No part of the activities of the Company shall include attempting in any manner neither to influence legislation nor to promote activities in contrast with the rights granted by the European Convention on Human Rights.

The Members shall not operate the Company for the primary purpose of carrying on a trade or business for profit.

## **ARTICLE III**

### **MEMBERS**

#### **III.1 Member Eligibility.**

All Members shall at all times own their Membership Interests according to this Article

III.1. Membership ("Members" ) shall be limited to those individuals or entities which are holders of Shimmer Tokens "SMR", located on the Distributed Ledger "SMR L1 Mainnet" or Shimmer token (the "SMR L2 tokens" ) held on any Distributed Ledger (layer two networks) that is directly connected through the IOTA Smart Contracts Framework with the Shimmer L1 Mainnet.

#### **III.2 Membership Interests.**

Each SMR token of the total supply represents one Membership Interest.

### **III.3 Initial Members.**

The names and addresses or Digital Ledger identifiers of the Initial Members and the designation of Grant Committee Members are reflected in "Exhibit A" attached hereto and made a part of this Agreement.

### **III.4 Classes of Membership.**

The Company shall have one class of Members, with all Members having voting rights equal to their Membership Interests (i.e., the number of Tokens they hold) on all matters requiring a vote.

## **ARTICLE IV**

### **RIGHTS AND DUTIES OF MEMBERS**

#### **IV.1 Management Rights.**

All Members (as defined in Article III.1) who have not Dissociated (as defined in Article VIII) shall be entitled to vote on any matter submitted to a vote of the Members at a meeting, via writing, via token-based voting on the SMR L1 Mainnet or token-based voting in an L2 connected to the SMR L1 Mainnet and according to the procedures and rules contained in Exhibit B. Except as otherwise provided in this Agreement, any difference concerning the ordinary course of the business shall be decided via a vote of the Members and shall require approval or consent of a majority of at least 50% + 1 casted vote, whereby a minimum quorum of 5% participation of the maximum achievable votes is required to make it a valid decision by the Members. The vote of the Members shall only be made accordingly to the procedures described in "Exhibit B".

#### **IV.2 Majority.**

Except as otherwise provided in this Agreement, any difference concerning the ordinary course of the business shall be decided via a vote of the Members and shall require approval or consent of a majority of at least 50% + 1 casted vote, whereby a minimum quorum of 5% participation of the maximum achievable votes is required to make it a

valid decision by the Members. The vote of the Members shall only be made accordingly to the procedure described in "Exhibit B".

#### **IV.3 Vote Procedure.**

Exhibit B contains and describes the "Shimmer Governance Framework". The vote procedure contained in Exhibit B is the only vote procedure. The vote procedure contained in Exhibit B can be changed only in accordance with the established rules contained in Exhibit B itself.

#### **IV.4 GitHub copy of Exhibit B.**

The first version of Exhibit B is attached to this Agreement ("Exhibit B Original"), shall be numbered 1 ("Exhibit B V1"), which will be changed according to any subsequent amendment. At the date of the creation of this Company, an exact copy of Exhibit B is also contained in GitHub at the following URL <https://github.com/Tangle-Community-Treasury-DAO/Operation-Agreement/blob/main/Exhibit%20B%20-%20V1.md> ("Exhibit B GitHub Copy"), which will also be numbered like Exhibit B Original. Changes to Exhibit B will be made in the GitHub copy and will be reported in Exhibit B Original only every five changes of document version in Exhibit B GitHub Copy (i.e., the following versions will be reported on Exhibit B: V1, V5, V10, etc.). In the case of a discrepancy between Exhibit B Original and Exhibit B GitHub Copy, the version contained in GitHub shall prevail. However, if the GitHub copy version of the Exhibit B will not be, and for whatever reason, anymore available, the version of the Exhibit B contained in Exhibit B Original will be considered the only valid version of the Exhibit B. Any other copy of Exhibit B contained in other means as different from Exhibit B Original or Exhibit B GitHub Copy will not have any value concerning this Agreement. In this Agreement, the term "Exhibit B" will refer to the most recent version of "Exhibit B", as indicated by its number (e.g. V1, V2, etc.), and as referred to most recent version available in Exhibit B Original or in Exhibit B GitHub Copy.

#### **IV.5 Liability of Members.**

Subjects to subsection III - MEMBERS - of this document, no Member shall be liable as such for the liabilities of the Company. The failure of the Company to observe any formalities or requirements relating to the exercise of its powers or management of its business or affairs under the Agreement or the Acts shall not be grounds for imposing personal liability on the Members for liabilities of the Company.

#### **IV.6 Miscellaneous Obligations.**

It shall be the duty of each Member to act at all times consistently and in compliance with all and each of the provisions of this Agreement or its attachments and extensions including Exhibit B and Exhibit C and with all policies, rules, and decisions of the Company adopted under any of the provisions of this Agreement.

## **ARTICLE V**

### **GRANT COMMITTEE**

#### **V.1 Decisions of the Grant Committee.**

The Grant Committee is in charge of ordinary and usual decisions concerning business affairs of the Company, as defined in the "Shimmer Community Treasury Grant Committee specification" contained in Exhibit C. The decisions over the ordinary and usual decisions concerning business affairs of the Company must be done with the vote of the majority of members actually serving in the Grant Committee. In those decisions, each Member of the Grant Committee will have one vote (one Grant Committee Member equals one vote).

In relation to ordinary and usual decisions, if a member of the Grant Committee is not present creating an even vote (e.g. 4 members, 2 and 2), then in the instance a voting tie occurs, this would result as an opposition to the vote. For example, if the Program Lead or Co-Lead proposed to hire an accountant, and a reviewer was sick, and the vote became 2 yay, and 2 nay, then the vote would not pass.

#### **V.2 GitHub copy of Exhibit C.**

The first version of Exhibit C is attached to this Agreement ("Exhibit C Original"), shall be numbered 1 ("Exhibit C V1"), which will be changed according to any subsequent amendment. At the date of the creation of this Company, an exact copy of Exhibit C is also contained in GitHub at the following URL <https://github.com/Tangle-Community-Treasury-DAO/Operation-Agreement/blob/main/Exhibit%20C%20-%20V1.md> ("Exhibit C GitHub Copy"), which will also be numbered like Exhibit C Original. Changes to Exhibit C will be made in the GitHub copy and will be reported in Exhibit C Original only every five changes of document version in Exhibit C GitHub Copy (i.e., the following versions will be reported on Exhibit C: V1, V5, V10, etc.). In the case of a discrepancy between Exhibit C Original and Exhibit C GitHub Copy, the version contained in GitHub shall prevail. However, if the GitHub copy version of the Exhibit C will not be, and for whatever reason, anymore available, the version of the Exhibit C contained in Exhibit C Original will be considered the only valid version of the Exhibit C. Any other copy of Exhibit C contained in other means as different from Exhibit C Original or Exhibit C GitHub Copy

will not have any value concerning this Agreement. In this Agreement, the term “Exhibit C” will refer to the most recent version of “Exhibit C”, as indicated by its number (e.g. V1, V2, etc.), and as referred to most recent version available in Exhibit C Original or in Exhibit C GitHub Copy.

### **V.3 Multisig.**

The Company will have a multi-signature Wallet ("Multisig" ") that will require 2 out of 3 signatures for any operation (like spending funds or adding or removing members to the Multisig). Each of the Grant Committee members will hold one key of the Multisig.

### **V.4 Members/ Composition of the Grant Committee:**

The Grant Committee is composed of 3 members: a Program Lead and 2 Grant Reviewers. The initial Grant Committee Members list is outlined in "Exhibit A".

### **V.5 Program Lead.**

Besides reviewing funding requests, the Program Lead handles all administrative tasks and reporting and coordinates the Grant Committee Members' work.

#### **V.5.1 Program Lead primary duties and competencies.**

Program Lead's primary duties and competencies are specified in Exhibit C. For example, Program Lead's primary duties and competencies are as follows, but are not limited to, and will always prevail over what is established in Exhibit C over what is contained in this Article: The Lead will sign contracts and other agreements on behalf of the Company. The Lead will only sign contracts and agreements on behalf of the Company following, and based on, a specific decision taken by the Members according to Article IV.1, unless these are ordinary and usual decisions concerning the business affairs of the Company as defined in the "Shimmer Community Grant Committee" contained in Exhibit C. Except for intent and gross negligence, the Lead will not be personally liable for any contract or Agreement signed on behalf of the Company.

- The Lead also promotes the Program, identifies directions for funding, and has a thought leadership role in guaranteeing the Program's success.
- The Lead is directly involved in grant reviews and decides which team of reviewers should work on a proposal.
- Further, an important part is an ongoing coordination with the second ecosystem funding program run by the Tangle Ecosystem Association and the Shimmer

Growth Committee to ensure effective alignment in the goals and directions of the community grants program.

- The Lead organizes the regular public meetings of the Grant Committee and takes care of reporting for financial transparency and fund usage.
- The Lead will act as the first public contact for anyone that wants to approach the committee besides funding requests.

#### **V.5.2 Program Lead contractual relationship and remuneration.**

The Program Lead will be contracted by Marshall Island DAO LLC based on a contract of services with a company or other legal person owned by the Program Lead. Program Lead contractual relationship and remuneration will be established by, and contained in, said services contract. The Co-Lead will sign on behalf of the Company the contract of services with the Program Lead.

#### **V.5.3 Program Lead KYC.**

The Program Lead will submit all necessary documents and information to the Company to perform a KYC procedure as required by the Republic of Marshall Islands law and/or the rules required by the local agent.

#### **V.6 Grant Reviewers.**

The 2 Grant Reviewers will process funding requests on a part-time basis. No Grant Reviewer shall have any contractual right to such position.

##### **V.6.1 Grant Reviewers' primary duties and competencies.**

The Lead will assign reviewers to work on proposals based on their qualifications, experience, and availability.

##### **V.6.2 Grant Reviewers addition.**

Should any Grant Reviewer be temporarily excluded from reviewing a specific grant proposal for conflict of interests, that Grant Reviewer will maintain their office as Grant Reviewer but will not take part in reviewing and especially voting on that specific grant proposal. In such cases, the Program Lead will add another Grant Reviewer. The selection of this temporary additional Grant Reviewer shall be based on the results of the Member vote in which the Grant Reviewers have been initially selected, i.e., the next available runner-up candidate based on the vote results: the Program Lead will



approach the candidate with the five highest vote count to act as a Grant reviewer for a specific proposal temporarily. If this one is unavailable, the Lead will approach the candidate with the 6th highest vote count. The remuneration of this additional temporary Grant Reviewer will be based on the remuneration defined in Exhibit B for Grant Reviewer. Should any Grant Reviewer be permanently unavailable or permanently removed from the Grant Committee as described in the procedures of Exhibit C, a new Grant Reviewer shall be elected by the Company's Members as defined in Exhibit C's policies.

### **V.6.3 Grant Reviewers' contractual relationship and remuneration.**

The 2 Grant Reviewers will be contracted by Marshall Island DAO LLC based on a contract of services as contractors or consultants. The 2 Grant Reviewers' contractual relationship and remuneration will be established and contained in the services contract. Shall a Grant Reviewer be temporarily or permanently added as described in V 4.2, such a Grant reviewer will also be contracted based on a contract of services described in this Paragraph.

### **V.7 Co-Lead.**

Both Grant Reviewers will also act as Co-Leads. The Co-Lead acts on behalf of the Program Lead in cases of sickness, holidays, or leaving. The Co-Lead acts on behalf of the Program Lead in cases of sickness, holidays, or leaving. If the Program Lead resigns, the Co-Lead continues the operation and organizes an election of a new Lead through a Member vote, as defined in Exhibit B. Suppose the Program Lead is unavailable/sick/on leave, the Co-Lead needs to fill this position. In that case, the Co-Lead will be compensated for this extra time and can invoice more than 10 hours per week, depending on appropriate time documentation.

#### **V.7.1 Co-Lead KYC.**

The Co-Lead will submit all necessary documents and information to the Company to perform a KYC procedure as required by the Republic of Marshall Islands law and/or the rules required by the local agent.

### **V.8 Term of Grant Committee Members (Program Lead and Grant Reviewers).**

Each Grant Committee will serve for 12 (twelve) months, starting from the act of appointment, unless one of the following will occur:

- The Dissociation of such Grant Committee Member as provided under article VIII.

- The resignation of such Grant Committee Member.
- The removal of a Grant Committee Member by the vote of Members as provided under Article IV.1.
- The closing of the Company by a vote of its Members under the conditions described in Exhibit B.

#### **V.9 Authority of Members to Bind Company.**

Only the Program Lead or the Co-Lead has the authority to bind the company. The Co-Lead can bind the company only if the Program Lead is incapacitated to the extent that he or she cannot perform the functions of a Program Lead and is unlikely to regain that capacity within a reasonable time. The Program Lead, or when they should be hindered the Co-Lead, shall only bind the Company following a valid vote by the Members according to IV.1 and IV.2 or, in case of ordinary and usual decisions concerning business affairs of the Company, by the Grant Committee. No Member who is neither the Program Lead nor the Co-Lead nor otherwise approved shall take any action to bind the Company.

#### **V.10 Removal of Grant Committee.**

Any Grant Committee Member may be removed for, including but not limited to, gross negligence, self-dealing, or embezzlement based on a Members vote as provided under Article IV.1.

#### **V.11 Election of New Grant Committee.**

As specified in Exhibit C, when, or before, the 12 months expire, Members may elect a new set of Grant Committee Members decided by a vote of the Members.

## **ARTICLE VI**

### **ACCOUNTING AND RECORDS**

The Grant Committee shall maintain the following records at the Principal Office or in the smart contracts referenced in this Agreement:

- VI.1 A current list of Digital Ledger identifiers of each Member and other holders of a Membership Interest;

- VI.2 A copy of the Certificate of Formation and all amendments to it, together with executed copies of any powers of attorney according to which the Certificate of Formation has been executed;
- VI.3 A copy of this Agreement, including all amendments to it;
- VI.4 Any records or list of assets, including digital assets and tokens and properties of the Company. As above mentioned, digital assets and tokens will be recorded in the Shimmer DLTs digital ledgers.

## **ARTICLE VII**

### **CONTRIBUTIONS AND CAPITAL ACCOUNTS**

#### **VII.1 Initial Contributions.**

On or before the date of filing of the Certificate of Formation with the registrar of corporations, each Member, as well as other donors and contributors, will have made a sufficient Capital Contribution in cash, tokens, or other assets to the Company for the Company to begin its operations. No interest shall accrue on any Capital Contribution, and no Member shall have the right to withdraw or be repaid any Capital Contribution except as provided in the Agreement. A list of some such Contributions is set forth as "Exhibit D".

#### **VII.2 Initial Contributions.**

After the issue of the Certificate of Formation, each Member or non-Member can make any contribution in cash, tokens, or other assets to the Company, which will be used to pursue the Company's general purposes.

## **ARTICLE VIII**

### **DISSOCIATION OF A MEMBER**

A Member shall cease to be a Member if he or she ceases to hold tokenized Membership Interests as described in Article III.1.

## **ARTICLE IX**

## **ADMISSION OF ADDITIONAL MEMBERS**

Any new Members may join by following the procedure indicated in Article III.1.

## **ARTICLE X**

### **DISSOLUTION**

#### **X.1 Voluntary dissolution.**

The Company can be voluntarily dissolved, and its affairs wound up by the Members following a vote pursuant to the specific procedure contained in Exhibit B to decide the voluntary dissolution of the Company.

#### **X.2 Involuntary dissolution.**

The Company shall be dissolved, and its affairs wound up pursuant to the Acts.

#### **X.3 Distribution of Assets.**

In case of voluntary or involuntary dissolution, the Company, pursuant to the Acts, shall, upon dissolution, continue for the period of time necessary for the winding up its affairs which, in any case, shall not be longer than three years. Any property remaining after the winding up period and payment of all debts and liabilities are settled shall be conveyed or transferred to another charitable organization or non-profit entity engaging in the same activity or purpose(s) or to the organization or entity determined according to the procedures established in Exhibit B.

## **ARTICLE XI**

### **AMENDMENT**

**XI.1 Amendment or Modification.** The Agreement, including the four exhibits, may be amended or modified from time to time exclusively according to the procedures specified in Exhibit B.

## **ARTICLE XII**

### **MISCELLANEOUS PROVISIONS**

### **XII.1 Entire Agreement.**

This Agreement represents the entire Agreement among all the Members and between the Members and the Company, except for the contract of services that the Grant Committee Members will sign with the Company.

### **XII.2 Governing Law.**

This Agreement is governed by and shall be construed following the laws of the Republic of the Marshall Islands, without giving effect to its conflict of laws principles to the extent those principles or rules would require or permit the application of the laws of another jurisdiction. To the extent permitted by the Republic of Marshall Islands applicable laws, the provisions of this Agreement shall supersede any contrary provisions applicable laws of the Republic of Marshall Islands.

### **XII.3 Separability of Provisions.**

Each provision of this Agreement shall be considered separable. If, for any reason, any provision or provisions herein are determined to be invalid, unenforceable, or illegal under any existing or future law, such invalidity, unenforceability, or illegality shall not impair the operation of or affect those portions of this Agreement that are valid, enforceable and legal.

### **XII.4 Indemnification.**

Subject to such standards and restrictions, if any, as is outlined in this Agreement, the Company shall have the power to indemnify and hold harmless any Member or Grant Committee or another person from and against any and all claims and demands whatsoever.

### **XII.5 Mediation.**

Disputes related to this Agreement shall be first submitted to mediation. The terms and procedure for mediation shall be arranged by the parties to the dispute.

### **XII.6 Arbitration.**

If good-faith mediation of a dispute proves impossible or if an agreed-upon mediation outcome cannot be obtained, all disputes arising out of or in connection with the present Agreement shall be only finally settled under the Rules of Arbitration of the

International Chamber of Commerce by one or more arbitrators appointed in accordance with the said Rules. No award or procedural order made in the arbitration shall be published. The arbitrator or the arbitrators shall apply the governing law of this Agreement pursuant to Article XII.2. The language of the arbitration will be English. This clause will prevail over any other clause or principles of law which may establish a different jurisdiction for the disputes arising out of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as effective of the date set forth above.

COMPANY:

By: Linus Naumann (Program Lead)

**EXHIBIT A: Members Shimmer Network:** <https://explorer.shimmer.network/shimmer>

**EXHIBIT B: The Shimmer Governance Framework**

<https://github.com/Tangle-Community-Treasury-DAO/Operation-Agreement> (20-April-2023)

<https://github.com/Tangle-Community-Treasury-DAO/Operation-Agreement/blob/main/Exhibit%20B%20-%20V1.md> (20-April-2023)

**EXHIBIT C: The Shimmer Community Grant Committee**

<https://github.com/Tangle-Community-Treasury-DAO/Operation-Agreement> (20-April-2023)

