

Telos Blockchain Network Arbitration Rules and Procedures

1. Arbitration on the Telos Blockchain Network

As a governed blockchain, the Telos Blockchain Network supports the arbitration of disputes or necessary intervention to change values of an account or contract on the Telos Blockchain Network. Due process arbitration, as described within this document, is the only method whereby a value or contract action may be altered outside of the decisions of the Member controlling the private keys of an account or contract. Reference is made to the Telos Blockchain Network Operating Agreement ("TBNOA"), which is the prevailing governance document of the Telos Blockchain Network. This document, which is subject to the TBNOA and adopts its definitions, describes the process by which the binding arbitration is carried out.

2. Definitions

An arbitration "Forum" is a set of rules and procedures under which arbitration may proceed along with arbitrators and administrators who are trained in and bound by those rules and procedures. An arbitration "Case" is a dispute which has been filed using the "arbitration" contract. It may be comprised of one or more Claims together with the "Response" which is the response from the Respondent. The Member or Members filing a Claim in an arbitration Case is the "Claimant." The Member, Members, or contract that the Claim is filed against is the "Respondent." A "Claim" is the charge that the Claimant accuses the Respondent of committing. "Relief" is the action that the Claimant requests the Arbitrator take to rectify the dispute. The "Decision" is the action called for by the Assigned Arbitrator to discharge the Case. A Decision is rendered in the form of a transaction or transactions to be enacted by the Block Producers and a written explanation of the Assigned Arbitrator(s) (defined below) findings. An "Assigned Arbitrator" is an Elected Arbitrator that has been assigned to hear a Case. "Code Is Law" means the concept that whatever actions are actually taken by a computer program are deemed the valid and intended actions.

3. Limitation of Authority

The rulings of the Telos Blockchain Network Arbitration Process are limited to Telos Blockchain Network Members and value or information recorded by Members on the Telos Blockchain Network because only Members have agreed to be bound by the Telos Governance Documents and their rules. Any Member may submit a Case for arbitration only against another Member, Members, or contract. No order entered from a terrestrial jurisdiction shall initiate an arbitration Case unless the Claimant becomes a Member and agrees to abide by the terms of the Telos Governance Documents.

4. Default Arbitration Forum

In order to have a consistent dispute resolution process, and protect Members from inconsistent and/or non-uniform Decisions, the default arbitration Forum on the Telos Blockchain Network is arbitration by Elected Arbitrators. All parties to a contract have freely agreed at the time of contract execution to submit to binding arbitration by the dispute resolution procedures set out in these Telos Blockchain Network Arbitration Rules and Procedures.

5. Alternative Arbitration Forums

When all parties to a contract have freely agreed at the time of contract execution to submit to binding arbitration by the same alternative arbitration Forum, and that arbitration Forum has recorded its rules on the Telos Blockchain Network in whole or as a hashed value with a pointer to the complete text, which has been presented to all parties at the time of contract execution, then the named alternative arbitration forum shall be utilized under its rules. The option of no dispute resolution or Code Is Law as an arbitration Forum is a valid arbitration Forum if it is recorded, presented, and freely chosen as described.

6. No Arbitrator Liability

The parties to the arbitration, in entering into an arbitration on the Telos blockchain network (which, for purposes of this paragraph, shall also mean all Members, the Block Producers and Nodes on the network), agree that they shall be deemed to have agreed to the Telos Blockchain Network Arbitration Rules and Procedures as a prerequisite to becoming a Member herein and arbitrating before Elected Arbitrators; and that they agree that they have, in fact, agreed to the terms of the Telos Blockchain Network Rules and Procedures. Elected Arbitrators, having been duly elected by the Members and meeting the Arbitrator Minimum Requirements at the time of their assignment, are specifically released from any action or Claim by an arbitration party or any entity or person for acts or omissions which have occurred while performing in their arbitral capacity. The arbitrators shall be immune from any legal liability to any party, or to Telos Blockchain Network, or any other entity or person or government, for acts performed in their arbitral capacity, including in making an arbitration Decision, and unexcused delay or improper failure to make a Decision on the Case. In the event of delay or failure to make a Decision, the arbitrator, under section 31, can be removed from the Case. No party shall have any remedy against an arbitrator other than to have the arbitrator removed from the Case for misfeasance or malfeasance, to be determined as set out in section 31 of the Telos Blockchain Network Arbitration Rules and Procedures. The parties to the arbitration, as well as the Telos Blockchain Network, hereby agree to release, discharge and forever hold the arbitrator harmless from any and all claims, demand, or suits, known or unknown, fixed or contingent, liquidated or unliquidated, whether or not asserted in the above arbitration, arising from or related to the events and transactions which are the subject matter of the arbitration, and expressly including those in which it is asserted or found that an arbitrator was negligent in any way in providing arbitrator services. All such releases, limitations of liability, limitations on

joinder and witness status, and hold harmless provisions in this paragraph shall inure and run to the benefit of any firms, entities, partnerships, corporations, heirs, assigns, limited liability partnerships, agents and legal representatives of the arbitrator or with which the arbitrator is involved in any business or financial capacity, including, but not limited to, involvement as a member, partner, shareholder, agent or principle; and such releases, limitations of liability, limitations on joinder and witness status, and indemnification and hold harmless provisions in this paragraph are given in consideration of the premises, use of the Telos Blockchain Network, the agreed significant benefits of having disputes resolved in blockchain arbitration, the availability of arbitrators for disputes arising on the Telos Blockchain Network, all of which the parties to an arbitration and the Telos Blockchain Network agree is good and valuable consideration for the releases and limitations set out herein. The specific and express intent of the parties to an arbitration and the Telos Blockchain Network, as well as the specific and express intent of the language in this paragraph, is to ensure that no arbitrator providing arbitration services shall ever have any liability whatsoever to any person or entity for the provision of such arbitration services or for any act, omission or error related in any way to an arbitration or arbitration services herein. The parties to an arbitration and the Telos Blockchain Network understand and agree that the terms of this paragraph are included in the terms and rules that have been incorporated by reference into the Telos Blockchain Network Operating Agreement, and are deemed to consider them as being also part of that same document. The Telos Foundation indemnifies Elected Arbitrators and former Elected Arbitrators for their legal defense fees in legal actions arising directly from their service as an Assigned Arbitrator on a Case in the form of an indemnification insurance policy, a copy of which shall be provided to each Elected Arbitrator following their election.

7. All Decisions Final

All arbitration Decisions are binding, final, and unappealable.

8. Case Classes

Arbitration Cases must fit into one or more distinct sets of similar features regarding the type of Claim and Relief ("Class"). Cases may include more than one Class and Claim in their Case. The Classes are:

- a. **Lost Key Replacement:** A Claimant claims to own another account (the Respondent) though is without control of the account keys due to loss, not theft, and seeks the Relief of changing the Respondent account's private keys.
- b. **Transaction Reversal:** A Claimant claims to have erroneously transferred value to another account (the Respondent) which cannot or does not return the transaction and seeks the Relief of returning the value transferred.

- c. **Emergency Intervention (account or contract freeze):** A Claimant claims that another account or contract (the Respondent) requires emergency intervention in order to prevent undue loss or other harm and seeks the Relief of immediately halting all transactions from that account until further arbitration can proceed.
- d. **Contested Ownership:** A Claimant claims to own another account (the Respondent) without control of the account keys due to contested ownership, and seeks the Relief of changing the Respondent account's private keys.
- e. **Identification of Party from Unexecuted Adjudication Decision:** A Claimant claims that the owner of an account (the Respondent) is the same Member who a previous arbitration Case filed a Decision against that could not be fully executed, due to inadequate funds or another reason, and seeks the Relief of enacting the original Decision transaction or some part thereof.
- f. **Breach of Contract:** A Claimant claims that a contract (the Respondent) performed its computer language execution in a manner that did not match the intent recorded in the human language terms, and seeks the Relief of altering the current content of the blockchain to reflect the stated intent.
- g. **Misappropriation or Misuse of Information or Intellectual Property:** A Claimant claims that the Respondent misappropriated or misused information or other intellectual property (including proprietary computer code, trademarks, copyrights et cetera) and seeks the Relief of ending the use.
- h. **A Tort:** A Claimant claims that a Member or contract (the Respondent) perpetrated harm or injury upon Claimant and seeks the Relief of damages, including punitive damages, to cure the harm.
- i. **Appeal of Block Producer Penalty:** A Claimant, who is or was a Block Producer that has been penalized by a vote of other Block Producers claims that the Telos Blockchain Network (the Respondent) enacted an undue penalty and seeks the Relief of having the penalty removed or reduced.
- j. **Accusation of Arbitrator Wrongful Action:** A Claimant claims that an Elected Arbitrator or former Elected Arbitrator (the Respondent) acted wrongfully, to willfully deprive Claimant of a just arbitration and seeks the Relief of penalizing the Respondent by invalidating their service as an Elected Arbitrator under the Arbitrator Minimum Requirements for some period of time.
- k. **Core code bug or Wrongful Action:** A Claimant, who is a Block Producer or Standby Block Producer at the time of filing a contract or system contract (the Respondent) is acting in a manner that is unintended or not compliant with the terms of its human

language contract and seeks the Relief of altering the contract in a specific and stated manner.

- I. **Failure to Deliver Worker Proposal System Project:** A Claimant, which is an aggregate group comprised of at least 15 of the Block Producer at the time of filing, claims that a Worker Proposal System Recipient (the Respondent) has failed to deliver the work product or other project deliverables as described in a Worker Proposal that the Recipient was paid to perform, and seeks the Relief of some form of financial restitution to the Worker Proposal contract.
- m. **Breach of TBNOA:** A Claimant claims that some Member, Members, or contract (the Respondent) is out of compliance with the governance documents of the Telos Blockchain Network as expressed in the TBNOA and seeks Relief to rectify this breach.
- n. **Accused Block Producer:** A Claimant, who is or was a Block Producer, claims that other Block Producers (the Respondents) have wrongly alleged a breach of the “regproducer” contract terms against Claimant and therefore prevented Claimant from serving as a Block Producer and seek the Relief of being cleared of this allegation and return to service. Such Claims shall receive priority and expedited over all other Classes of Claims.
- o. **Miscellaneous:** A Claimant claims that some Respondent has caused some manner of cost or harm that is not described in any other Claims Case and requests some form of Relief.

9. Arbitration Parameters Set by Block Producers

The Block Producers shall, by a 2/3+1 majority vote, determine the following parameters pertaining to arbitration (the “Arbitration Parameters Schedule”) by Elected Arbitrators:

- a. The maximum number of Elected Arbitrators that may serve at any time.
- b. A schedule of the number of Elected Arbitrators to serve on each Class of Case, further defined by the financial or other requests in the Claim.
- c. The initial deposit required to file any Class of Case.
- d. The minimum fee schedule by Class of Case.
- e. The amount of time a Respondent may have to respond to charges with factual defense by Class of Case.
- f. A schedule of any additional arbitration fees, to be paid from a fund allocated by the Worker Proposal System or Telos Foundation accounts based on the Class of Case.

Arbitration Parameters Schedules voted by the Block Producers must be in a form that can be readily enacted under current system parameters to be valid, otherwise the most recently enacted terms shall continue to apply.

10. Arbitrators Are Not Employees

The Elected Arbitrators are not employees of the Telos Blockchain Network, but are independent judges for arbitration, and, as such, are paid as independent contractors by the parties and/or Telos Blockchain Network for their service as Elected Arbitrators.

11. Initiating and Responding to a Case

To initiate a Case, a Member executes the “arbitration” contract, providing the following:

- a. Case number of an existing Case or a new Case number generated by the contract
- b. Claimant
- c. Respondent
- d. The Class of Claim
- e. The Claim
- f. The Relief requested
- g. Any additional Classes, Claims, and requested Reliefs associated with the same Case
- h. The Claimant's language
- i. Payment of an initial deposit based on the deposit amount requested for each Claim by Class (additive), in accordance with the Arbitration Parameters Schedule most recently approved by the Block Producers.

Within a time period of receiving notice on the system of the filing of an arbitration matter, as determined in the current Arbitration Parameters Schedule, a Respondent shall execute an “arbitration” contract Response to the “arbitration” contract Claim for Relief. The Respondent shall set out factual and legal defenses to the “arbitration” contract Claim. Such pleadings, including the Claim and Response, may be amended or supplemented up to the deadline as determined by the Assigned Arbitrator(s).

12. Choice of Arbitrator

All Elected Arbitrators will flag themselves as available to receive new Cases whenever their capacity and schedules allow. Once Respondent has been informed, the Claimant and Respondent will both be offered a slate of five Elected Arbitrators selected at random that have flagged themselves as available for new Cases and can arbitrate in one of the languages in the Case. If insufficient Elected Arbitrators with matching language capacity are available, other Elected Arbitrators flagged as available, without the selected language capability, will be selected at random to fill the unfilled arbitrator slots. Respondent and Claimant may each remove up to two potential Elected Arbitrators from this panel. If there are not five Elected Arbitrators flagged as available for new Cases, then the Case will be postponed until five Elected Arbitrators are flagged as available, unless the Claimant agrees to have the Case assigned to any available Elected Arbitrator and the Respondent also agrees to this or fails to respond. One of the remaining Elected Arbitrators on the panel will be selected at random to become the Assigned Arbitrator for this Case. When three Assigned Arbitrators are required, the panel will offer seven arbitrators instead of five and the three Assigned Arbitrators will be selected at random from among those remaining after the Claimant and Respondent have each removed up to two. If one party fails to respond then it will forfeit its right to remove Elected Arbitrators from the panel of available arbitrators.

13. Arbitrator Seniority

In Cases where the Arbitration Parameters Schedule requires more than one Assigned Arbitrator per Case, each Assigned Arbitrator shall have an equal vote and none shall be senior to any other on the Case.

14. Arbitrator Recusal

Any Assigned Arbitrator shall recuse itself from a Case immediately upon discovering a conflict of interest that may affect the arbitrator's Decision in the Case, or when the Assigned Arbitrator becomes unable to perform its duties, or when the Assigned Arbitrator is acted upon or influenced by an outside force such as the Assigned Arbitrator's terrestrial government to affect the Case. Whenever an Assigned Arbitrator leaves a Case for any reason, a new Assigned Arbitrator will be selected at random from the pool of available Elected Arbitrators. When a number of individuals belong to a firm or collective that has been elected as an Elected Arbitrator, as a group and subsequently assigned to the Case, then another member within that Assigned Arbitrator group who is able to take the Case and without conflict of interest may replace the arbitrator unable to serve.

15. Assigned Arbitrator Removal

If an Assigned Arbitrator to a Case shall be found to no longer be in compliance with the terms of the Arbitrator Minimum Requirements, or if an Assigned Arbitrator is no longer voted into a position of an Elected Arbitrator, then that arbitrator may no longer receive new Case assignments. Any Assigned Arbitrator shall continue with all current Cases through completion or recusal regardless of current compliance with the minimum requirements, or voting, provided that the Assigned Arbitrator has not been rendered incapable to perform due to an arbitration Case against the arbitrator that has found against the arbitrator and imposed a penalty preventing current service. In such a situation, the Assigned Arbitrator having received this penalty will immediately recuse, or be removed from all current Cases by a vote of three Elected Arbitrators. Assigned Arbitrators may also be removed from Cases in this manner if they are incapacitated or are unable to be reached for an extended period by three of the remaining Elected Arbitrators.

16. Notice of Arbitration Case

When a Case is accepted for arbitration it shall be recorded to the table of arbitration Cases, including the account names of both the Claimant and the Respondent. The Respondent shall also receive a message in the form of a 0.0001 TLOS transaction with message attached, or some other manner devised for informing the Respondent on the Telos blockchain. Notice to Respondent is deemed to have been received upon recordation to Respondent's account on the Telos Blockchain Network. In Cases where an emergency freeze of accounts is requested, the recordation and notification will not occur until the Elected Arbitrator has had up to 180,000 blocks (approximately 24 hours) to freeze the account.

17. Filing a Counter Case

Any Respondent in an Arbitration Case may file a counter Case against the Claimant by using the Case number of the original Case instead of a new, generated Case number. Cases and

counter Cases shall be heard together by the same individual or group of Elected Arbitrators as the original Case, except where the new Case escalates the number of Assigned Arbitrators required to hear the counter Case due to the arbitration Parameters set by the Block Producers. In such an event, the additional Elected Arbitrators shall rule over all Claims in the Case. The arbitrators may assign a greater proportion of the arbitration fees to one filing a counter Case in their Decision.

18. Joining a Case

If multiple parties make Claims against the same Respondent(s), additional parties may attempt to join an existing arbitration Case by executing the “arbitration” contract and providing the number of the original Case instead of a new, generated Case number. It will be at the Assigned Arbitrator(s)’s discretion whether the additional Claimants shall be allowed to join the Case, based on similarities of Claims and the possibility of insufficient Respondent funds to satisfy all Claimants. Claimants not permitted to join the Case may file their own arbitration Case against the same Respondent. Elected Arbitrators will have the ability to join Cases as necessary when they rule that they should be tried together, even if the Claimant did not file in this manner. When multiple Claimants have joined a Case, the Assigned Arbitrator(s) shall have the authority to decide varied Decision transactions for each of them. All joined Cases shall be heard together by the same Assigned Arbitrator(s) as the original Case, except where the new Case escalates the number of Arbitrators required to hear the joined Case due to the arbitration Parameters set by the Block Producers. In such an event, the additional Elected Arbitrators shall be assigned at random from the arbitrator pool from among Elected Arbitrators who are flagged as available at the time, with a preference for Elected Arbitrators who share the same language as the Case, if available. The Assigned Arbitrators may assign a greater proportion of the arbitration fees to differing joined Claimants in their Decision.

19. Language of Arbitration Proceedings

Upon commencement of any proceedings, the Assigned Arbitrator(s) shall determine the language or languages in which the arbitration shall officially occur, considering the Assigned Arbitrator(s) language(s), the language of the parties, and the language of the human-language terms of the contract.

20. Translation of Proceedings

Each party to the arbitration shall bear its own costs in procuring translation services necessary to participate in the arbitration. The Assigned Arbitrator(s) may retain translators as required and pass the cost on to the parties as they judge appropriate.

21. Expert Witnesses

Any Case may employ expert witness testimony, particularly when highly technical matters are under arbitration. Each party to the arbitration shall bear its own costs in procuring expert witnesses. The Assigned Arbitrator(s) shall determine whether to allow such testimony from expert witnesses. The Assigned Arbitrator(s) may retain experts as required and pass the cost on to the parties as they judge appropriate.

22. Nature of Arbitration Proceedings

The Arbitration Proceedings of any Case shall follow the following phases: filing Case, selecting Arbitrator(s), presentation of evidence and response by the parties, questioning or other information-seeking by the Assigned Arbitrator(s), deliberation by Assigned Arbitrator(s), revealing the Decision, and execution of the Decision transaction(s) by the Block Producers, and the closing of a Case that has been fully executed with all Decisions transactions fully performed.

23. Arbitration in Absentia

The nature of the Telos Blockchain Network provides no method to compel a Respondent to participate in arbitration. Therefore, Respondents may face arbitration in absentia in Cases where they fail to respond for a period greater than 1,000,000 blocks (approximately 6 days) or a longer period as determined by the Assigned Arbitrator(s) in the Case. A Respondent who has been tried in absentia in a Case but who responds prior to the Assigned Arbitrator(s) Decision being rendered, may present evidence and arguments in their defense at the discretion of the Assigned Arbitrator(s).

24. Presentation of Evidence

Evidence presented in the Case will be recorded on the Telos blockchain or to an IPFS site, or similar future technology, and provided to the Assigned Arbitrator(s) with an address to access the contents and a hashed value to ensure they have not been altered. Evidence that reveals private information may be submitted directly to the Assigned Arbitrator(s) off-chain and included in the Case at the Assigned Arbitrator(s)'s discretion by reference and description only. Such records shall remain in the Case file indefinitely. Parties pay their own costs of such recordation.

25. General Preference for Cryptographic Evidence

Where available, cryptographic evidence in the form of hashed messages proving the control of certain accounts is deemed the strongest form of evidence and weighted preferentially over other forms of evidence. In Cases of contested ownership of an account, a cryptographically hashed message from the current account shall only be accepted at the Assigned Arbitrator's discretion. However, cryptographic proof of accounts shown to be closely related to the ownership of the account in question may still be considered as evidence.

26. Proceedings

The proceedings shall be heard by means of teleconferencing or video conferencing, as determined by the Assigned Arbitrator(s). Any party may retain an attorney to represent them in the proceedings, but it is not necessary. The arbitration proceedings shall be carried out in a manner of the Assigned Arbitrator(s)'s choosing, which shall be clearly presented to the parties at the outset of the proceedings. The Assigned Arbitrator(s) may set a scheduling conference in order to gather information to issue a scheduling order for how the Case will proceed to final hearing. The scheduling order may set deadlines for discovery, joinder of parties, joinder of Claims and issues, mediation, assertions of applicable law, motions, witness designations, including expert witnesses, pre-hearing dates, challenges to experts, and other similar events as

deemed necessary by the arbitrator. Prior to the final arbitration hearing, the Assigned Arbitrator(s) shall set out the rules for evidence and procedure during the arbitration hearing. At the conclusion of the final arbitration hearing, the Assigned Arbitrator(s) shall issue a written Decision that will include findings of fact, conclusions of law, and any orders or awards necessary to effectuate the Decision.

Attorney's Fees: The Assigned Arbitrator(s) may award attorney's fees to a party at its discretion. The Assigned Arbitrator(s) may award arbitration costs to the successful party, which may include costs of deposition transcripts, filing fees, translator fees and the arbitrator's travel expenses if the arbitration final hearing is held at a physical location.

Correction of Clerical Errors: Within 1,700,000 blocks (approximately 10 days) of receiving the Assigned Arbitrator(s)'s Decision, any party may file a motion for the correction of a clerical error in the arbitrator's Decision.

Failure to Comply: During the pendency of the arbitration, failure to abide by the orders of the Arbitrator(s) shall have consequences, including the striking of the Claimant's Claim or individual Claims, with prejudice or without, or the striking of Respondent's Response, with or without prejudice, or an order of costs and fees to be paid immediately to the opposing party.

Negotiated Agreements: If the parties choose to mediate or negotiate during the pendency of the arbitration, then an agreement of the parties may be presented to the Assigned Arbitrator(s), who has discretion to accept the agreement. The Assigned Arbitrator(s) shall then issue a Decision based upon the parties' agreement. The terms of any such agreement shall be provided in writing to the Assigned Arbitrator(s), and the Assigned Arbitrator(s) may set a hearing to go over the terms of the proposed agreement to determine whether it disposes of all Claims in arbitration.

Small Claims: An abbreviated Case preparation shall be used for Cases where all Claims seek Relief in amounts under the "Small Claims Limit" amount recorded on the Arbitration Parameters Schedule (a "Small Claim"). The Assigned Arbitrator(s) will set a date for the parties to exchange any tangible evidence, including documents or reports, and identify any witnesses who will testify at the final hearing. Failure to disclose witnesses and exchange evidence timely may lead to the exclusion of such evidence by the Assigned Arbitrator(s) at the final hearing. In a Small Claim case, depositions should only be allowed on a motion and hearing, and then only with a showing of a high level of good cause.

Interrogatories: The Assigned Arbitrator(s) may allow the parties to serve on an opposing party a limited number of interrogatories and requests for tangible things and documents. If so, the Assigned Arbitrator(s) shall give each party receiving such requests a deadline by which to respond.

In an effort to provide consistent rulings across the Telos Blockchain Network, Claimants, Respondents, and Assigned Arbitrator(s) may refer to prior legal precedents from amongst the prior Case Decisions recorded on the Telos blockchain. Precedent Cases shall inform proceedings and Decisions where applicable to the current Case. It is granted that the first years of the Telos Blockchain Network may provide a small number of precedents that may be initially inconsistent. During this time, Assigned Arbitrators may give less weight in their consideration when precedents are inconsistent or poorly applicable.

28. Identification of Additional Accounts

If the Claimant identifies additional Telos Blockchain Network accounts owned by the Respondent in any Case, the Assigned Arbitrator(s) will determine, based on evidence, whether any of these accounts may be joined to provide Relief in the Case. Establishing a connection between the Respondent and such accounts shall be the burden of the Claimant. Joined accounts may be held equally liable as the initially named Respondent account and shall be named as conditional transactions to be executed in the Decision.

29. Scope of Decision

The Assigned Arbitrator(s) in a Case shall have broad powers to include in their Decisions matters including restitution, damages, punitive damages, code change, and payment of arbitration fees and costs, including the costs incurred by the prevailing party at the determination of the Assigned Arbitrator(s) whether or not such payments were envisioned in the contract, unless such forms of payment were specifically excluded. The Decision rendered by the Assigned Arbitrator(s) may extend beyond the Relief sought in the original Claim.

30. Execution of Decision

The Assigned Arbitrator(s) in a Case shall deliver the Decision to the Block Producers in the form of a posting of new arbitral Decisions to the Telos blockchain. Enacting a duly-processed arbitration Decision shall require only the agreement of 1/3 of Block Producers. If insufficient funds exist in the primary account named in a Decision, then the Block producers shall charge that account to the maximum extent possible and attempt to perform the remaining transactions upon conditional accounts included in the Decision. Any amount of the Decision that cannot be transacted shall remain recorded on the arbitration Case as an amount due, should a future arbitration Case find that the responsible party is now interacting with the Telos Blockchain Network through different accounts. The arbitration Case shall record the transaction hashes of all transactions successfully performed in any Case.

31. Accusation of Arbitrator Malfeasance

If any Arbitrator is accused as the Respondent in a Case alleging Arbitrator Malfeasance, the Case will be heard by no fewer than 3 Elected Arbitrators. In the event of a Decision for the Claimant, the Assigned Arbitrator(s) in the Case will determine an amount of time the Respondent shall be prohibited from further service as an Elected Arbitrator.

32. External Courts

The Telos Blockchain Network, as an organization comprised of Members who have freely accepted the terms of the TBNOA, including binding arbitration on all matters pertaining to the Telos Blockchain Network, and as a transnational network where transactions may fluidly cross national borders, does not recognize the courts or orders of any terrestrial government as a valid arbiter regarding what value and information are recorded on the Telos Blockchain Network. In Cases where a terrestrial government attempts to influence the proceedings, Decision, or execution of any arbitration matter, the attempted influence shall be recorded and reported to the Block Producers along with delivery of the Decision. Any Assigned Arbitrator(s) governed by or exposed to the jurisdiction of an intervening external court shall recuse itself from the Case immediately. Any Block Producers residing in the terrestrial jurisdiction of an external court attempting to intervene into the arbitration Case shall either temporarily remove themselves from the Telos Blockchain Network in a responsible manner prior to the Decision transaction(s) being executed on the blockchain or shall place the transaction on a list of transactions to not be executed by their nodes. External courts may engage with the Telos Blockchain Network by accepting the terms of the TBNOA and becoming Members. Findings and judgements from outside courts may be entered as evidence in any arbitration Case to be considered at the discretion of the Assigned Arbitrator(s).

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Exhibit A Telos Arbitration – Arbitration Parameters Schedule

The following schedule documents the initial Arbitration Parameters Schedule used to determining the base fees, number of arbitrators to be assigned to various types of Cases, and Small Claims limit amount. It is intended to be updated periodically by proposal of a new Schedule and a vote of 2/3+1 Block Producers to accept the proposed schedule.

Small Disputes Limit: 1,000.0000 TLOS
Maximum Number of Elected Arbitrators: 21

Claim Class	Value Threshold for 3 Arbitrators (TLOS)	Arbitration Filing Deposit (TLOS)	Arbitration Minimum Fee (TLOS)	Time for Respondent to Provide Response
Lost Key Replacement	1,000,000	100	500	10 days

Transaction Reversal	1,000,000	100	500	10 days
Emergency Intervention (account or contract freeze)	2,000,000	300	500	0 (arbitrator will decide on freeze action BEFORE notification)
Contested Ownership	100,000	200	1,000	10 days
Identification of Party from Unexecuted Adjudication Decision	100,000	100	500	10 days
Breach of Contract	100,000	300	1,000	30 days
Misappropriation or Misuse of Information or Intellectual Property	100,000	500	2000	30 days
A Tort	100,000	200	1,000	30 days
Appeal of Block Producer Penalty	0	500	9,000	10 days
Accusation of Arbitrator Wrongful Action	0	1,000	9,000	10 days

Core code bug or Wrongful Action	0	1,000	6,000	5 days
Failure to Deliver Worker Proposal System Project	200,000	0	3,000	10 days
Breach of TBNOA	0	2,000	6,000	30 days
Accused Block Producer	0	1,000	1,000	3 days
Miscellaneous	40,000	500	1,000	30 days

Adopted by Telos Contributors Group 2018/10/12 Voted: Yes - 26, No - 0, Abstain - 0

Amended by Telos Contributors Group - October 26, 2018 16:00 UTC

Telos Canton agrees and strictly abides by this Agreement.

Founder of Telos Canton:

Chinese Name: 杨建锋

Mandarin Pinyin Name: Yang Jianfeng

Known as (Cantonese Pinyin Last name): Fieldy Yeung

Signature:

