

Terms & Conditions (Version 10.06.19)

1. Introduction

The following Terms & Conditions (the “Terms”) apply to the membership with Commons Stack Association (the “Association”).

Commons Stack Association is a Swiss association pursuant to Art. 60 ff. of the Swiss Civil Code. The purpose of the Association is to design, to simulate and to build a reference implementation for a novel type of economy that creates continuous funding for common goods (the “Project”). The end product is the codebase for a functional prototype that can be altered to the future needs of users. The members of the Association use the structure of the Association to coordinate the Project implementation including all stakeholders. **The association does not pursue a commercial purpose and does not strive for profit.**

2. Build Phase

During the Build Phase, the Association will oversee the creation of modular Smart Contract Systems (the “Reference Implementations”) which altogether will compose the Commons Stack. The Commons Stack will utilize rigorous systems engineering processes to produce a series of reference implementations which can be used to create purpose-driven tokens for the governance of a continuously funded DAO. The design approach to these Smart Contract System modules is iterative, rigorous and scientific, ensuring robust and scalable systems for use in the real-world.

More specifically we will:

1. **Open-source the cadCAD simulation tool** from BlockScience, develop better educational materials for it and help establish its use in the developing discipline of Token Engineering.
2. **Create reusable templates of the basic component modules** required to manage a commons. These components will be simulated, validated & tested using cadCAD and the latest Token Engineering design processes.. Our reference architecture tech stack is composed of:
 - Continuous funding module (**Augmented Bonding Curve**)
 - Decentralized governance module (**Conviction Voting**)
 - Proposal/escrow module (**Giveth DApp**)
 - Tracking & analytics (**Commons Analytics Dashboard**)
3. Use the components above to **launch 2 or 3 field testCommons (the “Live Phases”)** before launching the **Token Engineering Commons** to unite siloed researchers and

align community incentives to facilitate shared research & development of Token Engineering as an established discipline.

The Association will not issue any tokens. The Association generates funding to pay for suppliers and developers. The Association defines the product that will be built and coordinates the development. The Smart Contract system is open source and can be forked.

3. Live Phases

After the Smart Contract Systems are built and developed, the Smart Contract Systems shall be transferred into a decentralized autonomous organization (a “DAO”). The Live Phases begin when the Smart Contract Systems are deployed and are able to receive DAI coins (the “Hatch Phase”). During the Hatch Phase, all members of the Association (Members) have the possibility to pay-in as a maximum the same amount as they donated or paid in membership fees, augmented by their donation multiplier. Members of the Association as well as the parties that built the Smart Contract Systems will be given access to participate in this Hatch Phase. Others are not allowed to participate in this stage. Members are not allowed to transfer their support possibility to other members or third parties.

The DAO will create and distribute tokens to Members. The Members will only receive tokens in exchange for their renewed payment at a predefined exchange rate. They will not receive tokens in exchange for their paid membership fees or donations during the Build Phase. Paying the membership fee does not entitle to receive any tokens.

4. Duration of the Build Phase

The Build Phase shall end on or before September 2022.

The Association reserves the right to change the duration of the Build Phase for any reason, including the unavailability of raising enough funds in order to develop the Smart Contract Systems or any other unforeseen procedural or security issues.

5. Membership rights

5.1 Voting rights

Each individual patron has one vote at the general assembly of the Association (the “Individual Member”).

A patron membership can also be acquired in mutual agreement by a group of natural persons, partnerships or legal entities. Such a group is called a collective patron member (the “Collective Member”). The Collective Member has only one vote at the general assembly, even if several persons belong to the Collective Member. The group shall appoint a natural person as a delegate who exercise the right to vote at the general assembly. Neither an Individual Member nor a Collective Member could have more than one membership. If an Individual Member or a

Collective Member would like to pay more than the minimum membership fee, they are able to that, but will not receive in return any additional voting rights in the Association. This has no bearing on the voting rights within the TEC or any subsequent Commons.

5.2 Possibility to send tokens into a Token Bonding Curve during a Live Phase

As stated in section 3, each member of the Association (each Individual or each Collective Member) has the possibility to send tokens to the Smart Contract System during the Hatch Phase as a maximum the same amount as donated or paid in as membership fee during the Build Phase including multipliers in favor of the Association. In return, for this renewed payment only they shall receive Tokens. Members of the Association as well as the parties that built the Smart Contract Systems will be given access to this Hatch Phase.

Paying the membership fee or donating during the Build Phase does not entitle to receive TEC Token. The members of the Association are not entitled to receive TEC Tokens without a renewed payment during the Build Phase.

5.3 Further rights

The members of the Association shall have all rights, which the Art. 60 ff. of the Swiss Civil Code provides.

5.4 Publication on the Association's website

Each member has the right to be named as a Patron on the Association's website. Without your explicit consent, the Association will not publish your name on the website.

6. Membership obligation

Each member has to pay the above-mentioned membership fee. Members may be excluded by a decision by the Board if they do not fulfill the financial obligations after two written reminders. Liability for incurred by the Association is limited exclusively to the Association's funds. Any personal liability of its members is expressly excluded.

7. Application & confirmation of membership

Applications for membership must be addressed to the board of the Association. The board decides on the admission of new members and informs the general assembly about it. The membership is acquired by acceptance of the application by the board and the payment of the membership fee. Furthermore, the acceptance of the application is subject to a successful KYC and AML process. A rejection does not have to be justified.

As soon as the board accepts your application and the membership is paid, you will receive an email with a confirmation about the membership.

8. Registration and KYC/AML Policy

As part of the application, and in order to participate later in Hatch Phases, any new member will need to provide full KYC/AML information and fulfill a registration process through the

Association's website. The Association will not publish any identifying information related to a member without the prior written consent of the member. Members may be contacted by email by the Association regarding their membership.

New members have to investigate for themselves if they are eligible to participate in the Association. The Association may at any time refund contributions from any jurisdiction and delete the account and information provided from a potential contributor.

The Association has a strict KYC/AML policy complying with international standards. Any suspicious transaction and any suspicious facts related to members will be reported to the relevant authorities without any further notice.

A potential member not willing to participate in the KYC/AML process or a potential member not accepted in the KYC/AML process will not be accepted as a member of the Association.

9. The membership fee is non-refundable

Paying the membership fee is final and the member has no right to ask for refund. The member acknowledges that neither the Association nor any related party of the Association is required to provide a refund for any reason and that the member will not receive money or other compensation back.

10. Risks

Becoming a member of the Association may offer an opportunity for playing an active role during the Build Phase in the development of a new economy ecosystem and for future capital gains in the Live Phase but also entail a high degree of business and financial risks, **including the possibility of a complete loss of the paid funds.**

10.1 Financing

The Association requires sufficient capital to establish its Project. The Association intends to raise these funds through the membership fees. There are no plans to raise loan capital from third parties. The amount of funds actually raised through the membership fee is not known. Accordingly, there is the risk of a capital shortfall of the Association and we could not pursue our objectives. If the Association is unable to obtain financing, the Association may be required to significantly delay or discontinue the Project.

10.2 Smart Contract Systems

The Association is, subject to general macro-economic developments such as economic growth and inflation. Further, since the blockchain technology and the related industry are still relatively new and under development, the related economic developments are relatively uncertain. There is no guarantee that the Association is able to build a full technical functional Smart Contract System and is able to issue any tokens. It is not yet possible to predict the exact developments of the blockchain technology and to guarantee its functionalities and further evolutions.

10.3 Cryptocurrencies

The value of cryptocurrencies is volatile and exposed to significant risks. The members are allowed to pay their membership fees in cryptocurrencies. The value of cryptocurrencies may change significantly (even on an intraday basis). Accordingly, the Association may incur exchange rate losses.

10.4 Regulatory risks & changes in the supervisory practice

Blockchain technology is in an early stage and might undergo significant changes and regulatory actions by the Swiss government or other authorities, which may result in the illegality of certain transactions or the implementation of controls. Technology relating to blockchain, including smart contracts and tokens, is still at an early stage and best practices are still to be determined and implemented. These technologies are likely to undergo significant changes in the future. Technological advances in smart contracts, cryptography, code breaking or quantum computing, etc. may pose a risk to its security. The functioning of a blockchain relies on open-source software. Developers of such open-source software may introduce weaknesses and programming errors into the open-source software or may stop developing the open-source software (potentially at a critical stage where a security update is required), keeping smart contracts and tokens exposed to weaknesses, programming errors and threats of fraud, theft, and cyber-attacks. There is no central body (e.g. a government agency) overseeing the development of technology relating to the blockchain technology and its functioning, as well as further improvements of such functioning (e.g. ability to increase the number of transactions, reduce processing time, reduce transaction fees, implement security updates), relies on the collaboration and consensus of various stakeholders, among others, developers enhancing the open-source software related to smart contracts and cryptocurrencies or so-called "miners" facilitating the processing of blockchain transactions.

There is a risk that the existing legal regulations may be amended and/or new legal regulations could be introduced by the government. Any forthcoming regulatory actions may result in the illegality of certain blockchain transactions or the implementation of controls relating to the trading (and therefore liquidity) of certain or even all tokens recorded and traded on a blockchain. Our intended Project may be restricted or could become impossible.

11. Important Notice

The membership in the Association is not a security and gives no right to dividend payments, interest payment, participation in the liquidation procedure. The membership fee is non-refundable and all raised funds belong to the Association and the Association is not obliged to pay anything back to the members. By becoming a member, you expressly acknowledge and represent that you have carefully reviewed these Terms & Conditions and fully understand the risks, costs, and benefits of the membership and agree to be bound by these Terms.

You further represent and warrant that, to the extent permitted by law, you are authorized to become a member of the Association in your relevant jurisdiction, are of a legal age to be bound by these Terms & Conditions, and will not hold the Association, and the board members, directors, agents, joint ventures, employees and suppliers of the Association, now or in the future liable for any losses or any special, incidental or consequential damages arising out of, or in any way connected to the membership in the Association.

Becoming a member carries with it a number of risks. Prior to becoming a member of the Association, you should carefully consider the risks listed here and, to the extent necessary, consult an appropriate lawyer, accountant or tax professional. If any of the following risks are unacceptable to you, you should not become a member of the Association.

This document is not a solicitation for investment and does not pertain in any way to an offering of securities in any jurisdiction. Individuals, businesses, and other organizations should carefully weigh the risks, costs, and benefits of becoming a member of the Association.

12. Miscellaneous

12.1 Force Majeure

Neither members nor the Association will be liable to the other for any failure to fulfill obligations caused by circumstances outside its reasonable control.

12.2 Third-party claims

These terms will not create any right or cause of action for any third party, including your affiliates. The Association will not be liable for any third party claims against you, or your affiliates.

12.3. Complete Agreement

These Terms sets forth the entire understanding between each member and the Association with respect to become a member of the association.

12.4 Severability

You and the Association agree that if any portion of these Terms & Conditions is found illegal or unenforceable, in whole or in part, such provision shall, as to such jurisdiction, be ineffective solely to the extent of such determination of invalidity or unenforceability without affecting the validity or enforceability thereof in any other manner or jurisdiction and without affecting the remaining provisions of the Terms & Conditions, which shall continue to be in full force and effect.

12.5 Applicable law & Dispute Resolution

The Association is organized under Swiss law. Swiss material law is applicable.
All disputes, controversies or claims arising out of, relating to, or in connection with the Terms,
or the breach thereof, shall be settled by the competent court of Zug.

Commons Stack Association, Zug, Switzerland.
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