MME ⫯⫯⫯

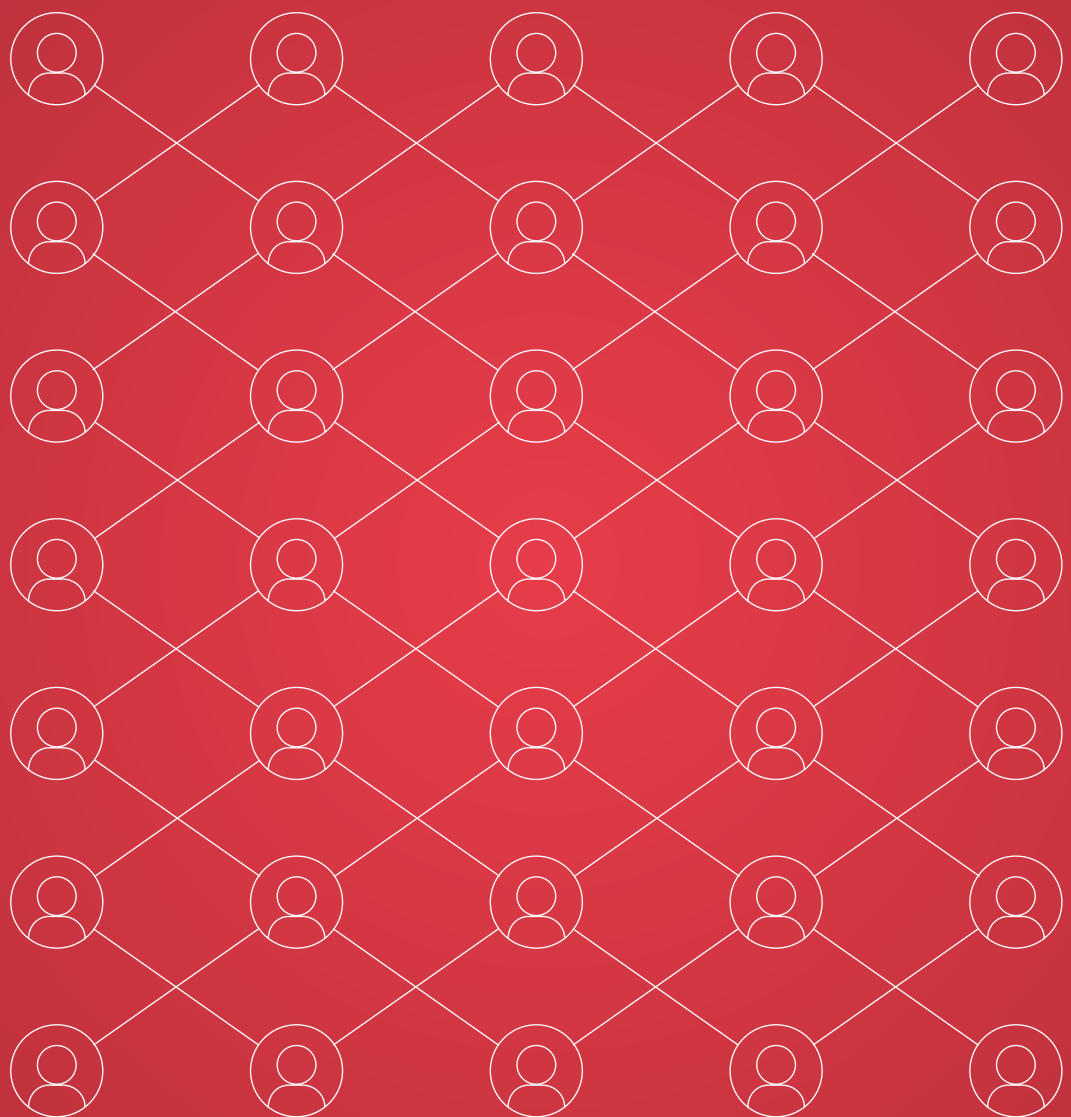# Model Articles of Association of a
Decentralized Autonomous Association (DAA)

An Experiment on Ethereum

Content

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Disclaimer:
These model articles of association of a Decentralised Autonomous Association (DAA) are for experimental purposes only. There are both technical and legal risks in establishing and governing a DAA. Therefore, a DAA must be carefully structured on a case-by-case basis. The authors shall not be responsible for any damage resulted from for the use of these model articles of association or parts of it.

I. NAME, DOMICILE AND PURPOSE

Art. 1   **Name**
Under the name of „Decentralised Autonomous Association – DAA"
hereinafter referred to as „DAA"

an association within the meaning of Article 60 et seqq. of the Swiss Civil Code exists for an indefinite term.

Art. 2   **Domicile**
The DAA has its domicile in [...].

Art. 3   **Purpose**
The DAA has the purpose of [...].

The DAA can cooperate with or join other organisations that represent the same or similar interests. The DAA can provide services for the benefit of its members and member organisations or third parties and do anything that directly or indirectly promotes the interests of the members.

II. STRUCTURE AND ORGANISATION

Art. 4   **Bodies**
The DAA's bodies are the:
- DAA Assembly („Mitgliederversammlung");
- DAA Delegate („Vorstand");
- DAA Member Community;
- DAA Whitelisters.

Art. 5   **General Concept of Competences and Duties**
The objective of the DAA is to establish a decentralised and democratic association with flat hierarchies. Therefore, the **DAA Delegate ("Vorstand")** will have only those competences, which actually require the action of an individual, natural person, such as representation duties or the duty to keep the books. The **DAA Assembly ("Mitgliederversammlung")** has those elementary competences, which are mandatorily stipulated for an association assembly by Swiss law (such as the change of statutes, the liquidation of the association, and others). The DAA Assembly will be held in person and/or digital, but in any case, allowing the proper democratic decision-making required by Swiss law. Thirdly, the DAA Member Community shall be the body, which can decide about the "daily business" such as the proposal and support of projects and the funding allocation to projects. Every member of the association is also part of the **DAA Member Community,** which provides a blockchain-based technical infrastructure to efficiently, democratically and transparently propose and vote.

See Visualisation in Annex.

Art. 6   **Underlying Technology**
The DAA is technically built on an Ethereum-based Smart Contract System (SCS). All voting will take place on this technical infrastructure. The relevant technical functions are hereinafter written in red/italic. To be able to vote, holding a certain amount of Ether is necessary for every member (transaction fees).

Art. 7   **DAA Delegate (Vorstand)**
The DAA has one (1) Delegate with the following competencies and duties:
a. Representing the DAA to the outside world;
b. Keeping the books and creating the necessary financial statements of the DAA;
c. Preparing and calling the DAA Assembly *(setAnnualAssemblyDate)*;
d. Regulating signatory powers;
e. Adding and removing member whitelisters *(addWhitelisters & removeWhitelisters)*;
f. Appointing the informal DAA Board of Advisors;
g. Keeping the member registry (name, address, e-mail) together with the DAA whitelisters.

The term of office for the DAA Delegate starts at the end of a DAA Assembly and ends at the end of the next DAA Assembly. If the DAA delegate steps down *(stepDownAndProposeGA)*, becomes unable to act or loses his private key, an extraordinary DAA Assembly will be called and a new DAA Delegate elected.

The personal liability of the DAA Delegate is limited to cases of gross negligence.

Art. 8   DAA Assembly (Mitgliederversammlung)

1. Competences
The DAA Assembly shall be the highest governing body of the DAA. It is chaired by the DAA Delegate or, when the Delegate is unavailable, by another member appointed by the Assembly.

The DAA Assembly shall have the following duties:
a. Electing the DAA Delegate *(VoteForDelegate)*;
b. Discharging the DAA Delegate *(proposeDischarge & VoteForDischarge)*;
c. Changing the Articles of Association *(SetHashOfStatutes & VoteForChangeStatutes)*;
d. Deciding on updating the underlying code *(ProposeUpdate & VoteForUpdate)*;
e. Dissolving the DAA and using the proceeds *(ProposeDissolution & VoteForDissolution)*;
f. Setting the amount of member contributions;

2. Voting Majorities
Resolutions shall be adopted by a simple majority of the members participating at the individual DAA Assembly. The update of the underlying code (lit. g) and the dissolution of the DAA (lit. e.) require a majority of 2/3 of the present members. If the voting process during the DAA Assembly is conducted on the technical DAO structure the time slot to vote will be 10 minutes for each vote.

3. Election Process for DAA Delegate
Any member can propose himself for candidacy as delegate *(proposeDelegateCandidancy)*. Any member can vote for exactly one candidate *(VoteForDelegate)* or not vote at all. The candidate with most votes in favour will be the new DAA Delegate, beginning at the end of the DAA Assembly. If two or more candidates have the same (and the most) number of votes, a new election on only those candidates will take place.

4. Convocation
The DAA Assembly shall be held annually. The DAA Delegate can set the date at least 1 month before the DAA Assembly *(setAnnualAssemblyDate)*. The DAA Delegate will inform the members electronically on the place and date.

Every member can propose an extraordinary DAA Assembly *(proposeGeneralAssemblyDate)*. The time slot for the vote *(voteForGeneralAssemblyDate)* is two weeks. If 20% of all DAA members support the extraordinary DAA Assembly, it will take place on the specified date. If the DAA Delegate is voting on behalf of the extraordinary DAA Assembly, it will take place irrespective of any majority or quorum.

The DAA Assembly is generally held in person, but hybrid forms of participation (i.e. via Skype, phone, Slack and others) or even purely digital forms are explicitly possible. The DAA Delegate monitors the proper democratic decision-making process of those members, which are not participating in person.

5. Motions & Agenda Items
Motions from members must be submitted at least 7 days prior to the DAA Assembly using the specific DAO proposal function. Other matters can only be discussed with the consent of the DAA Delegate.

Art. 9   DAA Member Community

1. Members & Purpose
Every member of the DAA is also member of the DAA Member Community. The objective of the DAA Member Community is to allow every member to permanently propose new DAA projects and to vote on the funding allocation to those projects. In this area, the DAA Member Community is the executive body of the DAA. The funding allocation via the DAA Member Community voting mechanism is binding and technically non-reversible – not even by the DAA Delegate or the DAA Assembly.

2. Competences
The DAA Member Community has the following competences:
a. Proposing new projects and funding allocations *(submitProposal)*;
b. Voting on those projects and the use of funds *(voteForProposal)*;
c. Expelling DAA members (see Art. 17).

3. Proposal & Voting Process
The whole voting process on the DAA Member Community is purely digital and blockchain-based. Every member can submit a proposal to pay Ether to a destination address (the amount can be zero). The proposals must be readable by an external Smart Contract so that they can act on an outcome (e.g. external sponsor backs project if a majority is in favour of a project).

The votes require simple majority. The time slot for a proposal vote is minimally 7 days, but can be extended to maximally 60 days.

Art. 10   DAA Whitelisters
The DAA Whitelisters review member applicants on their eligibility to join the DAA. If the member meets the requirements of Art. 11, the DAA Whitelisters will add their public keys to the member registry *(whitelistMember)* after the payment of the member fees. The DAA Whitelisters are be appointed and removed by the DAA Delegate *(add Whitelisters & removeWhitelisters)*. The minimum amount of DAA Whitelisters is two (2).

III. MEMBERSHIP

Art. 11   Members & Membership Requirements
Natural persons, legal entities and organizations under public law can request membership of the DAA, if they have a residency in Switzerland or can provide proof of their travel to Switzerland within the last three months. Legal entities and organisations under public law shall appoint a representative who exercises membership rights at the DAA Assembly.

Every member is responsible to gain the technological know-how to be able to participate on votes on the DAA Assembly and the DAA Member Community. In addition, every member has to assure to have a sufficient amount of Ether for the necessary transaction fees.

Art. 12   Becoming a Member
Everyone who is eligible for a membership can make a request *(requestMembership)*. Moreover, an applicant has to provide his name, address, and email, as well as proof of travel to Switzerland within the last three months if not a Swiss resident. A new member has to be whitelisted by at least two DAA whitelisters before joining *(whitelistMember)*. After the whitelisting and the payment of the membership fee *(payMembership)*, the applicant becomes a DAA member *(concludeJoining)*.

Art. 13   Awareness of Technological & Conceptual Risks
Blockchain is still a new technology. The technical or conceptual structure of this DAA project and the DAA voting process may have weaknesses, as it is the case with every blockchain project. Moreover, the DAA is dependent on the underlying Ethereum

protocol. Therefore, it may be possible that the DAA loses part or the whole of its funds or become incapable of acting.

Every member explicitly declares to be aware of and to agree to those risks.

IV. TERMINATION OF MEMBERSHIP

Art. 14 Resignation
DAA members can leave the DAA using the relevant function *(leaveDAA)*. The resignation will be of immediate effect. There is no entitlement to any refund of paid membership fees. The membership fee remains owed in full for the current fiscal year.

Art. 15 Expiration
Membership in the DAA ends automatically:
- upon liquidation of the DAA;
- by the death of the specific member.

The membership fee remains owed in full for the current fiscal year.

Art. 16 Exclusion
Every member of the DAA can be expelled by the DAA Member Community. The exclusion of a member can be proposed by every member *(proposeExpelMember)*. The vote on the exclusion of a member *(voteToExpelMember)* needs a quorum of 10% of all DAA members and a majority of 2/3 voting in favour of the exclusion. The time slot for the vote is one (1) week.

Members who did not pay their membership fees are excluded automatically without voting process *(removeMemberThatDidntPay)*.

The excluded member has no right to an explanation. In addition, there is no claim to the DAA's assets.

V. FINANCES

Art. 17 Membership Contributions and Other Fundraising
The DAA is primarily financed by the contributions of its members *(payMembership)*. The member contributions will be set annually by the DAA Assembly.

In addition, the DAA is financed by contributions from sponsors and patrons as well as compensation for services provided by the DAA. Sponsors have the possibility to contribute specifically to specific projects. The DAA Delegate coordinates the relations with external sponsors.

The membership fees are due in intervals of 365 days after the individual date of accession.

Art. 18 Fiscal Year
The fiscal year is identical to the calendar year.

Art. 19 Liability
The assets of the DAA shall be solely liable for the obligations of the DAA. Personal liability of the members beyond the regularly adopted contributions is excluded.

VI. UPDATE & DISSOLUTION

Art. 20 Update of the Underlying Code
An update of the underlying code of the DAA can be adopted with a majority of 2/3 at a DAA Assembly *(ProposeUpdate & VoteForUpdate)*.

Art. 21 Dissolution & Liquidation
The dissolution of the DAA can be adopted with a majority of 2/3 at a DAA Assembly *(ProposeDissolution & VoteForDissolution)*. The funds will be transferred to the DAA Delegate, who must carry out the liquidation process.

VII. FINAL PROVISIONS

Art. 22 Entry into Force

These Articles of Association are based on those of the founding meeting of XX.YY.ZZZZ and were adopted at the occasion of the DAA Assembly of XX.YY.ZZZZ. They enter into force immediately.

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projects. If you need any assistance, please let us know!

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Visualisation of DAA Structure

DAA

DAA Delegate
(„Vorstand")

DAA Member Community

**Individual
DAA Members**

provide funding
(membership fee
& donations)

**Funding
(ETH)**

funding allocation
to projects

proposal &
voting function
(projects)

Projects

proposal &
voting function
(agenda items)

proposal & voting function
(change of articles of association)

proposal & voting

DAA Assembly
(„Mitgliederversammlung")

changes

**Articles of
Association**

Assign to the
DAA Member
(except Assembly's
non-transferable
competences)