

## Sub-License Agreement

dated [●] 2020

between **eosDAC**

a decentralized autonomous community ("**DAC**") acting through and represented by its custodian board, composed as follows at the date hereof:

hereinafter: "**Licensor**"

and **Dacoco GmbH**

c/o AbaFin Treuhand AG  
Baarerstrasse 82  
6302 Zug

hereinafter: "**Licensee**"

concerning software to automate and facilitate the creation and organization of decentralized autonomous communities.

Table of Contents

Recitals.....3

1 Definitions.....3

2 Grant of License.....4

2.1 Right to Use and Commercially Distribute .....4

2.2 Restrictions .....5

2.3 New Releases / Versions .....5

2.4 Assignment and Sub-licensing .....5

3 Delivery .....5

4 Rights regarding DAC Factory .....6

5 Fees .....6

6 Record Keeping.....6

7 Representations and Warranties.....7

8 Infringement Proceedings.....7

9 Indemnity .....7

10 Liability .....7

11 Term and Termination .....7

11.1 Term .....7

11.2 Termination by Licensee .....7

11.3 Termination by Licensor.....7

12 Effects of Termination .....8

13 Miscellaneous .....8

13.1 Form of Agreement and Effective Date.....8

13.2 Notices .....9

13.3 Amendments.....9

13.4 Assignment .....9

13.5 Waiver.....9

13.6 Severability.....10

13.7 Governing Law .....10

13.8 Jurisdiction / Arbitration.....10

**Recitals**

- A) Licensor is the licensee with the right to sub-license of the proprietary software referred to as "DAC Factory" and intended to automate and facilitate the creation and organization of decentralized autonomous communities, as further described in Annex I to this Agreement ("**DAC Factory**").
- B) Licensee is a company registered under the laws of Switzerland under CHE-273.567.048 engaged in providing consulting and contracting services to DACs and similar organizations, as well as in promoting DACs as a general concept (the "**Business**").
- C) Licensee wishes to use and distribute DAC Factory for and in connection with the Business, and Licensor is willing to grant the Licensee a sub-license to use and distribute DAC Factory for this purpose based on, and in accordance with, the terms set out in this Agreement.

**1 Definitions**

Unless defined directly in this Agreement, capitalized terms used in this Agreement shall have the meaning set forth hereafter:

Agreement	this agreement
Annex	an annex to this Agreement
Business	has the meaning ascribed in Recital B
DAC	has the meaning ascribed on the title page of this Agreement
DAC Factory	has the meaning ascribed in Recital A
Documentation	means the standard written material in machine readable or printed form that describes the design, functions, operation and use of DAC Factory
Effective Date	has the meaning ascribed in Section 13.1
Incremental Fee	has the meaning ascribed in Section 5
Licensed Product	means the Software and the Documentation
Licensee	has the meaning ascribed on the title page of this Agreement
Licensor	has the meaning ascribed on the title page of this Agreement
Licensee's EOS Account	shall mean dacocoiofund

Licensee's Bank account	Dacoco Gmbh, Account number 38492804, UK Sort Code 23-14-70; IBAN GB11 TRWI 2314 7038 4928 04
Licensor's EOS Account	shall mean eosdacthedac
Monthly Subscription	The monthly charge to customers of the DAC Factory
Parties	Licensor and Licensee
Party	Licensor or Licensee
Section	a section of this Agreement
Software	means the machine readable version of the computer program relating to, and required for the operation of, DAC Factory
Upfront fee	A one-time fee billed to customers of the DAC Factory when they subscribe for the service
Upvote	means the approval of 7 (seven) custodians of Licensor, as set out in Section 13.1.
Written Notice	means a notice made in adherence to the terms set out in Section <b>Error! Reference source not found.</b> of this Agreement.

2 Grant of License

2.1 Right to Use and Commercially Distribute

Licensor grants to Licensee a exclusive, non-transferable, fee-bearing (sub-)license to use and commercially distribute the machine readable version of the Software and the Documentation, (together the "**Licensed Product**") solely for the use, operation and commercial distribution of DAC Factory for or in connection with the Business.

"Use" in this Agreement shall have the meaning, subject to the limitations and restrictions in Section 2.2 below:

- a) of using the program code of the Software in a machine-readable form on a computer installation, i.e. inputting the program either totally or partially into a computer system in order to carry out the instructions contained within the program;
- b) storing the program and using its Documentation with any part of the program in connection with the practical exploitation of DAC Factory.

"Commercially distribute" in this Agreement shall have the meaning of commercializing DAC Factory towards third parties by granting, against consideration, an unlimited number of sub-licenses to end users, to allow such end users to use, always subject to the limitations and restrictions in Section 2.2 below, DAC Factory or certain functions thereof in order to create and organize DACs. Under the relevant sub-licenses, no end user shall have the right to grant further sub-licenses and/or to commercially distribute the Licensed Product in any other way. For the avoidance of doubt, Licensee shall have no obligation to grant any sub-licenses to any end users and shall be free in electing, revoking and/or replacing any end users as licensees from time to time, in observance of the relevant terms of any applicable end user license agreement.

## **2.2 Restrictions**

The right to use the Licensed Product is subject to the following restrictions:

Subject to the Licensee's right to commercially distribute DAC Factory and Section 2.3, Licensee shall not, and shall not permit any third party, to copy, modify or adapt the Licensed Product nor create derivative works based upon the Licensed Product.

## **2.3 New Releases / Versions**

If Licensors develop new releases or versions of the License Product it shall make them available to the Licensee based on the terms of this Agreement. In case Licensee has any specific need for any modification, further development, extension of the Software, the Parties shall agree together on which Party shall be responsible for the implementation thereof and how the costs shall be allocated between the Parties. If the Parties Agree that Licensee shall be responsible, Licensors shall make the source code to the extent required for such purpose available to Licensee. Section 4 applies in respect to the ownership in any such modification, further development, extension etc. of the Software.

## **2.4 Assignment and Sub-licensing**

Subject to the Licensee's right under Section 2.1 to commercially distribute DAC Factory, the license granted hereunder is personal to Licensee and Licensee is not entitled to sub-license any of the rights granted to it hereunder without the prior consent (by Written Notice) of Licensors. Licensee must not assign or transfer the license or any part thereof to any third party.

## **3 Delivery**

The Licensee acknowledges that it has obtained a copy of the Software and the Documentation, including all the files, documents and information required to operate DAC Factory.

#### 4 Rights regarding DAC Factory

Licensee acknowledges that the Licensed Product is proprietary to Licensor and any and all patents, copyrights and other intellectual property rights which subsist in or arise in connection with DAC Factory, the Software (including the source code) and Documentation, including in any new release, version or any other further development (including such made based on Section 2.3), anywhere in the world belong to Licensor and that Licensee shall have no right in or to DAC Factory or Licensed Product except for the right to use it and commercially distribute it as permitted by this Agreement.

Nothing in this Agreement restricts Licensor's freedom to use, license or otherwise exploit, and modify, change or further develop DAC Factory and Licensed Product for its own, its affiliates or any third party's business purposes.

#### 5 Fees

In view of the commercial distribution by Licensee, within five days of the Effective Date, Licensor shall pay to Licensee's Bank Account or in such other way as Licensor may agree to in writing, a set up fee amount of GBP 5,300 (the "**Set Up Fee**").

Licensee shall pay to Licensor a license fee of 90% of the Monthly Subscription and 30% of the one-time Upfront Fee derived from the commercial distribution of DAC Factory by Licensee (such fee an "**Incremental Fee**"). Licensee shall provide to Licensor an incremental fees report within twenty calendar days of the end of each calendar year during the term of this Agreement, which states the relevant proceeds and the Incremental Fee owed to Licensor for such year. Licensee shall then pay the applicable amount of the Incremental Fee to Licensor onto Licensor's EOS Account within 30 calendar days of the report.

All payments due pursuant to this Section 5 that are not made when due shall bear a late payment charge calculated on a pro rata basis of 5% interest per annum.

Neither Party shall be entitled to any compensation, damages or payments in respect of goodwill that has been established or for any damages on account of prospective or anticipated profits, and shall not be entitled to reimbursement in any amount for any training, advertising, market development, investments, leases or other costs that shall have been expended by either Party before the termination of this Agreement in connection with the commercial distribution of DAC Factory. Each party hereby waives its rights under applicable laws for any such compensation, if any.

#### 6 Record Keeping

Licensee shall maintain complete, clear, and accurate records to substantiate the fees paid and the underlying sub-licensing proceeds during the term of this Agreement. Licensee shall continue to maintain these reports and records for a period of two years after the termination date of this Agreement. Licensor shall have the

right to access, inspect and receive a copy of any such reports and records at any time, upon ten days prior notice.

## **7 Representations and Warranties**

The Licensed Product is provided to Licensee on an "as is"-basis. Licensor does not make any representation or give any warranty in respect to any characteristics of the Licensed Product. In particular, Licensor does not represent and warrant that the Software runs uninterrupted and error-free or that the use of the Licensed Product is fit for any particular purpose and does not infringe upon any third party's intellectual property rights. All warranties are expressly excluded.

## **8 Infringement Proceedings**

Each Party shall defend itself at its own costs against any infringement claim or action raised by any third party based on the argument that the Licensed Product and its use infringes any copyright or any other intellectual property rights of a third party. Licensor does not assume any liability in this respect.

## **9 Indemnity**

Licensee shall indemnify Licensor against all claims, liabilities and expenses incurred by Licensor or any of its affiliates (other than Licensor) and arising out of or in connection with the use and commercial distribution of DAC Factory and the Licensed Product by Licensee and its sub-licensees.

## **10 Liability**

Subject to Section 9, either party's liability to the other (whether contractual or otherwise) with respect to this Agreement and the use and operation of DAC Factory and Licensed Product respectively shall be limited to damages resulting from willful misconduct or gross negligence or death or personal injury caused by a Party.

## **11 Term and Termination**

### **11.1 Term**

This Agreement shall be in effect from the Effective Date and, unless terminated in accordance with Sections 11.2 and 11.3 below, this Agreement and the licenses granted hereunder shall extend to the entire term of copyright or other intellectual property protection of the Licensed Product.

### **11.2 Termination by Licensee**

Licensee may terminate this Agreement at any time upon three months prior notice.

### **11.3 Termination by Licensor**

Licensor may terminate this Agreement at any time upon one months prior notice.

Licensor may terminate this Agreement with immediate effect by giving notice to Licensee, only if:

- a) Licensee becomes insolvent, is adjudicated bankrupt or compounds with or makes any arrangement with or makes a general assignment for the benefits of its creditors;
- b) Licensee ceases to conduct the Business; or
- c) Licensee or any of its sub-licensees fails to perform or observe any of the obligations on its part to be performed or observed under this Agreement, provided, however, Licensor has required Licensee by Written Notice to remedy such breach of this Agreement, or to procure that such breach is remedied, within 30 days and Licensee or the related sub-licensee has not cured such breach or done all acts one can reasonably require to deem such breach cured within such 30 days period.

## **12 Effects of Termination**

Upon termination for any reason all rights granted to the Licensee under this Agreement shall cease, the Licensee shall cease, and procure that its sub-licensees cease, to use and, as the case may be, to commercially distribute, the Licensed Product. For the avoidance of doubt, any and all DAC(s) generated or otherwise created by Licensee or any sub-licensee through the use of DAC Factory shall remain unaffected by a termination of this Agreement and neither Licensee, nor any sub-licensee, nor any officer or member of the relevant DAC(s) shall be restricted in the use of the relevant smart contract and/or any other underlying code of the DAC(s) they have generated using DAC Factory in the event of a termination of this Agreement.

## **13 Miscellaneous**

### **13.1 Form of Agreement and Effective Date**

This agreement shall become effective and binding on the Parties when it has been entered into by both Parties, each in observance of the following formal requirements (the "**Effective Date**"):



For Licensor: Licensee shall enter into and be bound by this Agreement through the affirmative vote of 7 (seven) of its custodians on a motion to approve this Agreement, submitted in observance with its constitution (such affirmative vote the "Upvote").

Commented [A1]: @Saro: please confirm this adequately captures the intended process.

Such Upvote shall, in all regards, be deemed a binding engagement of Licensee and be regarded as fully equivalent to a valid and binding written execution of this deed by and/or on behalf of Licensee.

For Licensee Licensee shall enter into and be bound by this agreement by executing this deed in written form.

13.2 Notices

All notices and other communications under this Agreement shall be in writing and shall be considered duly given when received, if delivered as follows:

If to Licensor: Through publication of the relevant notice on a publically accessible server and publishing a link to such notice on [●].

Commented [A2]: @Saro: please specify the exact place the link would have to be uploaded to.

If to Licensee: [●]

13.3 Amendments

Save as expressly provided in this Agreement, no amendment or variation of this Agreement (including of this Section 13.3) shall be effective unless it is made in accordance with the formal requirements specified in Section 13.1.

13.4 Assignment

Subject to Licensees right to commercially distribute DAC Factory, Licensee shall not without the prior written consent of the Licensor assign or transfer this Agreement nor any of its rights and claims under this Agreement. Licensor may transfer and assign this Agreement to any acquirer of DAC Factory.

13.5 Waiver

The failure of a Party to exercise or enforce any right under this Agreement shall neither be deemed to be a waiver of that right nor operate to bar the exercise or enforcement of it at any time or times thereafter.

### **13.6 Severability**

If any part of this Agreement is found to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect the validity of the remaining parts of the Agreement. Furthermore, the parties shall negotiate in good faith in order to agree on the terms of a mutually satisfactory provision to be substituted for the invalid, illegal or unenforceable provision which as closely as possible validly gives effect to their intentions as expressed in this Agreement.

### **13.7 Governing Law**

This Agreement is governed by Swiss law (excluding the Swiss International Private Law and any international treaties).

### **13.8 Jurisdiction / Arbitration**

Each of the Parties hereby irrevocably submits to the jurisdiction of the competent courts in Zug to settle any disputes which may arise out of or in connection with this Agreement.

**Signatures on next page**

**Signatures**

\_\_\_\_\_, this \_\_\_\_\_

**Licensee, Dacoco GmbH, Zug**

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Name: Robert Allen	Name: Saro McKenna
Title: Chairman	Title: Managing Officer

**Licensor, eosDAC**

[Agreement executed by the custodians in accordance with Section 13.1]

## **Annex**

### Description of DAC Factory

The DAC Factory is software for

- a) building and configuring the smart contracts (in a point and click way) to create a DAC; and
- b) configuring the member client (web portal) that presents on-chain information and allows users to interact with on-chain commands.

The DAC Factory configures the on-chain contracts which set the configurable variables defining key aspects of the DAC (like number and term of custodians, number of tokens etc.).

It sets up an API and configures and builds the member client (web portal).

It receives payments and updates links payment with the provision of the service (i.e. if the Customer doesn't renew, the service including the member client (web portal) becomes unavailable to them).

For the avoidance of doubt, DAC Factory, as licensed under the Agreement, includes the front end (i.e. user interface), which Licensor is empowered to validly license.

DAC Factory hereunder shall designate the software as upgraded from time to time.