

# Membership Terms & Conditions (Version May 2022)

## 1. Introduction

The following Terms & Conditions (the “Terms”) apply to the membership of Trusted Seed (the “Association”).

Trusted Seed is a Swiss association pursuant to Art. 60 ff. of the Swiss Civil Code.

The purpose of the Association is to design, simulate and support commons-based regenerative microeconomies to sustain public goods through incentive alignment, continuous funding, and community governance. The Association promotes this, in particular, by providing financial support to association members who suffer a financial loss as the result of a legal proceeding against them due to participation in or membership of such a project. The Association considers itself a mutual aid group which will make an effort to support each other in our mission.

**The Association does not pursue a commercial purpose and does not strive to make a profit.**

## 2. Activities

### 2.1 Build Phase

During the Build Phase, the Association will oversee the creation of modular Smart Contract Systems (the “Iterations”), which altogether will compose the Commons Stack. The Association plans to utilize rigorous systems engineering processes to produce a codebase and documentation based around the use of the said codebase, which can be used to deploy purpose-driven tokens for the governance of continuously funded DAOs, which we call the “Commons” (the “Commons”). 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.

The Association collects membership contributions and donations to fund the development of the Commons Stack which includes the Smart Contracts and the software used to design and parameterize them.

The amount of membership contributions and donations the Association receives allows for the Build of multiple iterations of the Commons Stack Codebase, drastically improving the codebase with every iteration. Each codebase iteration can be used to deploy a decentralized Smart Contract System that is independent of the Association.

### 2.1 Hatch Phase

After the codebase iterations are developed, each codebase iteration can be used to create a Commons. The initial phase of launching the Commons (the “Hatch Phase”) begins when an

iteration is deployed by a community and is able to receive its chosen reserve currency (e.g., DAI). The Association foresees that each Commons will launch their own Hatch Phase, but the Association has no control over this.

A template Hatch Phase could be designed by the Association, but the Association has no intention of launching any of the Hatch Phases itself.

### **3. Membership**

#### **3.1 Membership contribution**

The following member contributions apply in accordance with a resolution adopted by the Association's Assembly:

##### **Minimum of 450 DAI per annum**

This is listed as DAI however xDAI and other equivalent coins may also be accepted.

#### **3.2 Obtaining membership**

Prospective members can join the Association by registering and paying the membership contribution. The Board reserves the right to decline acceptance as a member of the Association – without having to indicate any reasons. Membership becomes legally valid 1 day after the membership contribution has been paid into the Association's wallet, assuming the contribution has not been returned.

#### **3.3 Activation and term of the membership**

The membership is activated 1 day after the date when the membership contribution is transferred into the Association's wallet. The membership remains valid for 12 months, starting from the payment date.

##### **During active membership period:**

- Any additional contribution paid during this time will go to support the Trusted Seed and also increase the member's TRUST score.
- If the member makes a payment of additional contribution and the payment is 450 DAI or more, the membership activation date will change to the date these additional contribution were paid.

#### **3.4 Renewal of membership**

Members will be notified 30 days and 15 days before their membership expires. During this period, the member may renew their membership by paying at least 450 DAI in membership contribution.

### 3.5 Expiry of membership

Membership shall expire as a result of non-renewal, withdrawal, death, or exclusion. Members may leave the Association by submitting written notice to the president at any time. Members may also be excluded from the Association with immediate effect if they fail to pay the membership contribution after two written reminders or for other important reasons, in particular acting in breach of the interests of the Association. The membership contribution for the current financial year is owed in any event, whether the member chooses to withdraw or is excluded.

## 4. Rights and duties

### 4.1 Right to vote at the Association Assembly

The Association Assembly is the uppermost executive body within the Association. All members shall be entitled to attend the Association Assembly and exercise voting rights. Voting rights are not transferable.

### 4.2 Member benefit

The Trusted Seed is an association that designs, simulates, and builds commons-based regenerative microeconomies technology to sustain public goods through incentive alignment, continuous funding, and community governance. If members suffer a financial loss as the result of a legal proceeding against them due to a participation or a membership in Trusted Seed and/or Qualifying DAOs approved by the Association, the Association shall pay **them a one-off member benefit of up to CHF 10'000.00 in order to cover reasonable attorney contributions for defense purposes**. For any other costs (court costs, fines, proceeding costs, lawyers' reimbursement, etc.), the Association will not pay the member benefit.

The claim for payment of member benefit must be submitted in writing to the Association and supported with documents (i.e., invoice of the lawyer).

Member benefit is paid to all members whose membership contributions are paid and are up-to-date at the time of the initiating of the legal proceeding against them. Member benefit is only paid once and is only paid exclusively to the member affected. Under no circumstances shall payments be made to other persons. Member benefit is only paid once per person.

The member benefit is capped at CHF 10'000 and generally amounts to the invoice of the member's lawyer for defense purposes only.

Member benefit is generally paid to the claimant within six months after the legal proceeding started, upon presentation of the respective invoices of the lawyer involved.

Member benefit shall not be paid in the event of the following:

- Occurrence after which the member chose to withdraw from the Association or the exclusion of the member was declared by the Board;
- Member acted in bad faith;
- Member acted against the interests of the Association.

**The member benefit is a form of member support and is not an insurance payment. Therefore, there is no legal entitlement to the payment of the member benefit.**

#### **4.3 Payment of the membership contribution**

In order to perform its objectives, the Association is dependent on members paying their membership contributions. Therefore, members undertake to pay their membership contributions on time.

#### **4.4 Publication on the Association's website**

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

#### **4.5 Duty to provide personal data**

The Association requires complete data for all the people included in the membership in order to process its transactions properly, to identify members clearly, and to determine the rights associated with the membership. In particular, these are details of e-mail, name and Ethereum address and any other communication details (e.g., Telegram handle, etc.) for all the people included in the membership. Therefore, the members shall undertake to provide the appropriate details and to advise the Association of any changes to them. You represent that all data submitted by you is complete, accurate, and true in every respect.

You herewith authorize the Association to obtain and process the necessary data pertaining to membership.

### **5. TRUST Score**

The Association grants every member a TRUST score in order to honor their contribution to the Association. Generally, for every DAI contributed to the Association by way of providing value as recorded via the Praise system, donating or paying membership contributions, the Association allocates a defined amount of TRUST score to such a member. This amount may fluctuate over time.

The TRUST score is a non-transferable token on the Gnosis Chain whose sole purpose is to act as a ranking within the Association. The amount of TRUST score held by a member indicates

how much a member contributed to the Association. The amount of TRUST score (greater than zero) held does not affect whether or not you are a member or entitle you to vote at the Association's assembly or to the member benefit. Any transfer of TRUST is strictly prohibited.

It is possible that future Commons will use the Commons Stack codebase and its default templates. The Association's default template will suggest a ratio between the TRUST score a member has and how much reserve currency that TRUST holder is able to contribute to a future Hatch. Therefore, the TRUST score intends to provide digital access to such future Hatches. However, you have acknowledged and agreed that a future community launching a Hatch could adjust these parameters at its sole discretion. Nevertheless, it might be that the amount of TRUST held could determine how much relative capital a TRUST holder is able to contribute to such future Hatches.

In addition, the TRUST score determines your relative governance power in non-binding signaling votes that take place on the Trusted Seed's Aragon DAO on Gnosis or potentially using Snapshot or other platforms.

## **6. Risks**

Becoming a member of the Association offers an opportunity for playing an active role during the Build Phase in the development of a new ecosystem and also entails a high degree of business and financial risks, **including the possibility of a complete loss of the funds contributed. Funds sent to the Association are membership contributions and donations. There are no potential gains possible from any financial transactions with the Association.**

### **6.1 Financing**

The Association requires sufficient capital to establish its projects. The Association intends to raise these funds through the membership contributions. There are no plans to raise loan capital from third parties. The amount of funds actually raised through the membership contribution 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.

### **6.2 Smart Contract Systems**

The Association is subject to general macro-economic developments such as economic growth and inflation. Further, since 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 fully functional iteration of the Smart Contract System, and therefore, Commons may not happen for any further iterations. It is not yet possible to predict the exact developments of blockchain technology and to guarantee its functionalities and further evolutions.

### 6.3 Cryptocurrencies

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

### 6.4 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 iteration of controls. Technology relating to blockchain, including smart contracts and tokens, is also 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), exposing smart contracts and tokens 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 iteration 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.

## 7. Important Notice

**The membership of the Association is not a security and gives no right to dividend payments, interest payments, or 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 of 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.

## **8. Miscellaneous**

### **8.1 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.

### **8.2 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.

### **8.3 Limitations on Liability**

TO THE EXTENT YOU, OR ANY PARTY RELATED OR AFFILIATED WITH YOU, SEEKS TO ENFORCE ANY PROVISION OF THIS AGREEMENT AGAINST THE ASSOCIATION, ITS AFFILIATES, AND EACH OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, JOINT VENTURES, AND REPRESENTATIVES, YOU HEREBY AGREES TO INDEMNIFY, DEFEND AND HOLD HARMLESS THEM FROM AND AGAINST ALL DAMAGES, LOSSES, LIABILITIES, AND EXPENSES (INCLUDING REASONABLE ATTORNEYS' FEES) ARISING OUT OF OR RELATED TO ANY SUCH ACTIONS.

THE ASSOCIATION'S AGGREGATE LIABILITY ARISING OUT OF OR RELATED TO THESE TERMS ARISING OUT OF OR RELATED TO BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), OR OTHERWISE, SHALL NOT EXCEED 10'000 SWISS FRANCS. IN ANY CASE, LIABILITY FOR SLIGHT NEGLIGENCE SHALL BE ENTIRELY EXCLUDED. THE PARTIES AGREE THAT THESE LIMITATIONS CONSTITUTE AN ESSENTIAL PART OF THE BARGAIN BETWEEN THE PARTIES AND WILL SURVIVE AND APPLY EVEN IF ANY LIMITED REMEDY SPECIFIED HEREIN IS FOUND TO HAVE FAILED OF ITS ESSENTIAL PURPOSE.

#### **8.4 Complete Agreement**

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

#### **8.5 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.

#### **8.6 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 Zurich.

Trusted Seed, Zurich, Switzerland.