

RARI FOUNDATION

BYLAWS

As adopted by the Foundation on [Date] 2022

1. **Mission.** The mission of the Foundation is to develop and incentivise the growth of the RARI Protocol and its decentralised network and ecosystem, and to build decentralised products that empower non-fungible token communities.
2. **Defined Terms**
 - (a) **"Bylaws"** means these governing bylaws of the Foundation as may be amended from time to time.
 - (b) **"Cayman Islands Law"** means the rules, regulations and laws of the Cayman Islands from time to time.
 - (c) **"Cooldown Period"** has the meaning given in Section 4(c)(ii) of these Bylaws.
 - (d) **"DAO"** means "decentralised autonomous organisation".
 - (e) **"DAO Quorum Requirement(s)"** means 10% of the outstanding and circulating supply of the Tokens, or such number of Tokens as is updated from time to time pursuant to the determination by the Tokenholders complying with the RRC Process.
 - (f) **"Foundation"** means the RARI Foundation, a Cayman Islands foundation company.
 - (g) **"Foundation Articles"** means the Memorandum and Articles of Association, as may be amended from time to time.
 - (h) **"Foundation Director(s)"** means the director(s) of the Foundation, which have certain powers and duties pursuant to Cayman Islands Law and as further described in the Foundation Articles.
 - (i) **"Foundation Supervisor"** means the supervisor of the Foundation, which has certain powers and duties pursuant to Cayman Islands Law and as further described in the Foundation Articles.
 - (j) **"Governance Forum"** means a governance forum page to be designated by the Foundation and/or the Tokenholders from time to time in accordance with the governance mechanics set forth herein.
 - (k) **"Proposal"** means a proposal put forth by a Tokenholder to a vote.
 - (l) **"Proposal Threshold"** means that the Tokenholder putting forth the Proposal must hold at least 5,000 Tokens or such threshold as otherwise set forth pursuant to the RRC Process.
 - (m) **"RARI DAO"** means, collectively, the decentralised community of individuals that own, as evidenced by the Ethereum blockchain, a Token.
 - (n) **"RRC Process"** has the meaning given in Section 0 of these Bylaws.

- (o) **"Token"** means the governing token of the RARI protocol, known as RARI, represented on the Ethereum blockchain. The term "Token" shall also include any derivation of RARI as approved via Tokenholder Vote to serve as the governing token of the RARI protocol.
- (p) **"Tokenholder"** means any holder of the Token.
- (q) **"Treasury"** means the Ethereum based smart contract address that contains the Foundation's assets which is 0x7e9c956e3EFA81Ace71905Ff0dAEf1A71f42CBC5, or as otherwise updated pursuant to the RRC Process.
- (r) **"Voting Period"** means a seven-day period after the submission of a Proposal during which the Tokenholders can vote in favor of, against or abstain from voting for the proposal.

3. **Voting Matters.**

- (a) Subject to Section 0 of these Bylaws, the Tokenholders have the authority to engage in the following activities:
 - (i) elect individuals or organisations into the role of director and/or supervisor of the Foundation and the remuneration of such newly appointed individuals or organisations;
 - (ii) remove individuals or organisations from the role of director and/or supervisor of the Foundation (provided that the Foundation may not, at any time, be left with no directors and/or no supervisor);
 - (iii) provide consent to any proposed changes to these Bylaws which amend or remove the rights of the Tokenholders under these Bylaws;
 - (iv) provide consent to any proposed changes to the Foundation Articles which amend or remove the rights of the Tokenholders under the Foundation Articles;
 - (v) change the DAO Quorum Requirement;
 - (vi) perform adjustments to economic parameters with respect to RARI; provided that, in the instance of an Emergency Meeting as described in Section 3(b)(iv) below, the Foundation Directors may perform adjustments to economic parameters with respect to RARI pursuant to a majority vote of the Directors;
 - (vii) fund transactions by the Foundation ("**Transactions**") from the Treasury, including, but not limited to, grants to support RARI DAO development, commercial agreements and employment contracts; provided, however, that the release of any funds from the Treasury is in accordance with applicable legal and regulatory regimes, including, but not limited to, any know-your-customer or other screening and compliance rules as may be applicable from time to time.
- (b) Subject to Section 0 of these Bylaws, the Foundation Director(s) have the authority to engage in the following activities:
 - (i) activities outside of the RRC Process, at their reasonable discretion, so long as such activities do not contradict the terms set forth in any Proposal approved by Tokenholders, these Bylaws, or the Foundation Articles;

- (ii) coordinate emergency operations on behalf of the DAO, Tokenholders or the Foundation;
- (iii) make changes to these Bylaws if the Foundation Directors believe such changes would improve the Foundation Directors' ability to fulfill their obligations (the "**Amendment Authority**"). Directors agree in good faith to exercise such Amendment Authority pursuant to the RRC Process unless such Amendment Authority must be exercised at an Emergency Meeting as described in Section 3(b)(iv) below; and
- (iv) call and hold emergency meetings ("**Emergency Meetings**") to enable the Foundation Directors to rapidly respond to an imminent security threat to the DAO, any protocol utilizing RARI, the Tokenholders, or the Foundation, and the same rules that apply to Foundation Directors meeting in accordance with the Foundation Articles will apply to Emergency Meetings, except that:
 - (A) an Emergency Meeting does not need to be convened with reasonable notice to the Foundation Directors;
 - (B) there is no quorum requirement for an Emergency Meeting; and
 - (C) the Foundation Directors will not publish minutes of an Emergency Meetings until the underlying security threat has been remedied or judged to no longer be a threat, in the Foundation Directors' sole discretion.

Any Proposal vote shall be set forth on the Governance Forum in accordance with the processes and voting guidelines described in RRC-0, initially posted on <https://snapshot.org/#/rarible.eth> under the title "RRC-0: Introducing the RARI Foundation and Fully On-Chain Governance for RARI DAO – Process" ("**RRC-0**"), and RRC-1, initially posted on <https://snapshot.org/#/rarible.eth> under the title "RRC-1: Introducing veRARI and Voting – Process" ("**RRC-1**", and collectively with RRC-0 and any amendments or updates to RRC-0 or RRC-1, the "**RRC Process**"). The RRC Process, and amendments or updates thereto, is incorporated by reference into these Bylaws.

4. Proposal Phases, Requirements and Structure

(a) Proposals

- (i) **Who can make a Proposal?** A Proposal can be made on the Governance Forum by any Tokenholder who meets the Proposal Threshold.
- (ii) **What is the quorum for a Proposal?** Quorum for a Proposal is met if the DAO Quorum Requirement is satisfied.
- (iii) **How does a Proposal pass?** A Proposal will be adopted only if (i) the Proposal Threshold is satisfied; (ii) the DAO Quorum Requirement is satisfied; (iii) 'yes' receives the affirmative vote of 50% or more of the Tokens casted for such Proposal in accordance with the RRC Process; and (iv) the Proposal is not rejected by a majority of the Foundation Directors during the Cooldown Period. In all other circumstances, the Proposal will fail.
- (iv) **How many votes does a Token carry?** Each Token shall represent one vote.

(b) **Proposal Structure:** To provide structure and clarity throughout the proposal process, it's recommended that each proposal follow the format as detailed in RRC-0.

(c) **Proposal Phases**

(i) **Tokenholder Approval:** Upon expiration of the Voting Period, the Proposal will either be approved or rejected by the Tokenholders.

(A) If approved, the Proposal will move into an "in process" status and tagged as "in process" and the Cooldown Period will commence.

(B) If rejected, the Proposal will move into an "archived" state for historical purposes.

(ii) **Foundation Director Approval:** If, following the approval of a Proposal by the Tokenholders, a majority of the Foundation Director(s) acting in the best interests of the Foundation Company reasonably determine that such Proposal, if implemented, would:

(A) compromise the Foundation Director(s)' fiduciary duties as they are owed to the Foundation;

(B) be in violation of these Bylaws, the Foundation Articles, the RRC Process, any statutory requirements of Cayman Islands Laws or the laws or regulations of any other applicable jurisdiction;

(C) cause harm (including reputational harm) to the Foundation (as determined in the Foundation Director(s)' sole discretion); and/or

(D) cause the Foundation to be in breach of any contracts, agreements or any other arrangements,

such Foundation Director(s) may reject the Proposal within two (2) days following the date upon which Tokenholders have approved such Proposal in accordance with the RRC Process ("**Cooldown Period**").

Furthermore, as further detailed in RRC-0, a majority of Foundation Director(s) may reject a Proposal that has been approved by Tokenholders if the implementation of such Proposal is not sufficiently specified and detailed and/or would require the Foundation Director(s) to exercise broad discretion.

(iii) **Approved:** Proposals that are approved by Tokenholders and which are not rejected by a majority of the Foundation Directors during the Cooldown Period will be tagged as "approved".

(iv) **Complete:** Proposals that are approved by Tokenholders, which are not rejected by a majority of the Foundation Directors during the Cooldown Period and are fully implemented will be tagged as "complete."

(v) **Archived Proposals:** Proposals that: (i) do not meet the Proposal Threshold; (ii) do not meet the DAO Quorum Requirement; (iii) otherwise are rejected during the Voting Period by Tokenholders; or (iv) otherwise are rejected by a majority of the

Foundation Directors during the Cooldown Period, will be archived for historical purposes.

5. **Proposals regarding Foundation Directors**

- (a) The Foundation Directors shall be appointed or removed from time to time in accordance with the RRC Process.
- (b) Foundation Director compensation shall be subject to RRC-0.

6. **Relationship between the Foundation and the Tokenholders**

- (a) The Tokenholders are represented by the Foundation, which represents the Tokenholders' interests in connection with contractual and legal processes, including regulatory compliance and those other matters set forth in the Foundation Articles.
- (b) The Tokenholders have the authority to make certain decisions in relation to the Foundation as set forth in these Bylaws and the Foundation Articles. The Foundation retains certain other decision-makers with responsibilities dictated by Cayman Islands Law. To the extent there is ever a conflict between the decisions of the Foundation and the Tokenholders, the decisions of the Tokenholders will prevail, unless a different outcome is required under Cayman Islands Law.
- (c) The Foundation has engaged with certain third parties to provide services as the Foundation Director(s) and Foundation Supervisor, as required by Cayman Islands Law. In accordance with the terms of the Foundation Articles and these Bylaws, and subject to Cayman Islands Law, the Foundation Director(s) and Foundation Supervisor are required to act at the direction of the Tokenholders in respect of certain matters.
- (d) The Foundation Directors are authorised to take any actions reasonably necessary on behalf of the Foundation to give effect to a vote of the Tokenholders including passing any director resolutions to memorialise such vote.
- (e) To the extent there is ever a conflict between the provisions of the Bylaws and the Foundation Articles, the Foundation Articles will prevail.
- (f) Foundation Directors are not fiduciaries for the Tokenholders.

7. **Dispute Resolution**

- (a) Should a controversy, dispute or claim arise out of or in relation to these Bylaws ("**Dispute**"), the Foundation, the Directors, the Supervisor or the Tokenholder (as appropriate) must give 30 days' notice of such Dispute to the relevant party/ies (the "**Notice of Dispute**"). Should the Dispute not be resolved at the expiration of 30 days after service of the Notice of Dispute, the relevant party may commence arbitration proceedings in accordance with (b) below. In any dispute involving the actions of the Directors or the Supervisor, the Foundation, and not the Directors or Supervisor, shall be party to the arbitration proceedings.
- (b) Should the Dispute remain at the expiration of 30 days after service of the Notice of Dispute, the Dispute shall be settled by arbitration administered by the International Centre for Dispute Resolution in accordance with its International Arbitration Rules (the "**Rules**"). The arbitration shall be seated in George Town, Grand Cayman and governed by Cayman

Islands Law. The language of the arbitration shall be English. The arbitration shall be determined by a sole arbitrator to be appointed in accordance with the Rules. Any award or decision made by the arbitrator shall be in writing and shall be final and binding on the parties without any right of appeal, and judgment upon any award thus obtained may be entered in or enforced by any court having jurisdiction thereof. No action at law or in equity based upon any claim arising out of or related to these Bylaws shall be instituted in any court of any jurisdiction.