

## DeCats DAO CONSTITUTION

**Version:** 1.01 (final constitutional version)

**Last updated:** 06. March 2024

### PREAMBLE:

- (a) WHEREAS, DECATS (the “**Project**”) is a decentralised project (including \$DECATS token and DeCats Meow NFT collection) built on the Polygon Proof of Stake blockchain, which comprises a number of future or existing decentralised applications, together forming one ecosystem (the “**Ecosystem**”);
- (b) WHEREAS, the Project is a community coin, which aims to create a decentralised ecosystem;
- (c) WHEREAS, the Project and the Ecosystem require a robust and effective governance model to further develop and function;
- (d) WHEREAS, the exchange of value within the Ecosystem is facilitated with its native blockchain-based token, \$DECATS (the “**Token**”); and
- (e) WHEREAS, team and core contributors to the Ecosystem, having a desire to further decentralise the Project and transform the Ecosystem in the Decentralised Autonomous Organisation (the “**DAO**”), have voted to adopt the DeCats DAO Constitution (the “**Constitution**”) to read as follows.

### Article I. Ratification of the Constitution.

- 1.1. This Constitution sets forth the basic rules of how the DAO and the Ecosystem function, are governed, and establishes the status of its governing bodies, as well as contributors and users of the Ecosystem (the “**Participants**”).
- 1.2. From the moment the Constitution is adopted, it becomes binding on any and all processes within the DAO to which it applies. The provisions of the Constitution supersede any other documents of the same scope adopted before.

### Article II. On-Chain Governance. Normative Structure of the Decentralised Governance.

- 2.1. The Constitution comprises a set of rules that is legally-binding for all Participants. Any person joining the DAO after the adoption of the Constitution shall automatically fall under its jurisdiction.
- 2.2. The Constitution is a sole document that determines what governance actions are legitimate within the DAO. The DAO is governed through a set of smart contracts and off-chain governing bodies, as described below.

- 2.3. This Constitution can only be amended through a Referendum, as defined below. No such changes shall be enforced retroactively.
- 2.4. The effective version of the Constitution shall at all times be available at <https://decats.io/dao> and shall be stored also on a decentralized file system.
- 2.5. Any documents linked to this Constitution shall be considered its integral parts.

### **Article III. Native Units of the DeCats DAO Governance Participation.**

- 3.1. Each unit of Tokens is fully fungible with each other unit of Tokens. Each of the Tokens shall give the same scope of rights to each of the Participants holding the Tokens (the “**Tokenholders**”).
- 3.2. There shall be a hard cap of Tokens. The hard cap shall equal to 10,000 Tokens.
- 3.3. The utility of the Tokens shall be determined by the DAO.
- 3.4. Participation in the DAO’s governance shall be fixed with Tokens. For the avoidance of doubt, only people who hold the Tokens onchain (“the **DAO Participants**”) and **not** those who either hold the Tokens on a centralised exchange or within a liquidity pool shall have the right to participate in the DAO governance, including participation in voting;
- 3.5. By participating in the DAO, the DAO Participants agree to the terms of this Constitution and the governance terms outlined in it “as is”.

### **Article IV. Treasury & Management of the Ecosystem Funds.**

- 4.1. Income and expenses of the DAO are facilitated through the DAO’s independent pool of assets, including Tokens, managed by the Treasurer, as designated below (the “**Treasury**”). For the avoidance of doubt, the Treasury shall be made up solely of tokens and does not include the NFTs notwithstanding the fact that the latter may be stored from time to time in the same wallet as the Treasury. The Treasury shall be held in the DAO’s wallet on app.aragon.org.
- 4.2. Expenses from the Treasury which exceed a value of **\$50USD** shall require an additional approval of the Tokenholders before they are implemented by three members of the Project’s Core Team via multisig approval on the team wallet.

### **Article V. Referendum & Voting.**

- 5.1 Each DAO Participant shall have the right to propose changes to the Constitution (the “**Proposal**”) to be voted on by the DAO Participants participating in the decentralised governance (the “**Referendum**”), provided that the DAO Participant submitting the Proposal holds at least of 1 of the Tokens.
- 5.2 To submit a Proposal and initiate the Referendum, the DAO Participant has to publish a Draft Proposal, containing the proposed changes, the reasoning behind the Proposal, the importance of making changes to the Constitution, proposed implementation (including technical, financial, and governance implications).

- 5.3 **One Token** shall bear one vote.
- 5.4 Each DAO Participant shall have the right to vote on the submitted Proposal by casting one of the following votes:
- (a) **For**, in which case the DAO Participant supports the Proposal;
  - (b) **Against**, in which case the DAO Participant does not support the Proposal; or
  - (c) **Abstain**, in which case the DAO Participant neither supports or rejects the Proposal, but their vote still counts for the required number of votes to make the Referendum binding (the “**Quorum**”).
- 5.5 The following number of votes and Quorum shall be required to approve the Proposal on the Referendum:<sup>1</sup>

| Type of Changes,                                                                                                                                                                                                                                                                     | Quorum, [% of the Voting Units] | Votes Required, [votes] | Voting Time, [hours] |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|-------------------------|----------------------|
| Minor changes not otherwise listed                                                                                                                                                                                                                                                   | 50%                             | 50% + 1                 | 96 (4 days)          |
| Changes to the utility of the Tokens, their lock-up, or transfer restrictions, rights of the Tokenholders, creating off-chain legal entities to represent the DAO and appointing Participants to fill their bodies, deciding to sell Tokens without lock-up or transfer restrictions | 50%                             | 50% + 1                 | 168 (7 days)         |
| Emergency Proposal addressing an urgent issue (an issue which directly concerns the existence of the DAO) when time is of the essence                                                                                                                                                | 50%                             | 50% + 1                 | 48 (2 days)          |

## Article VI. On-Chain and Off-Chain Implementation of Supported Proposals.

- 6.1 Supported Proposals that can be implemented in an automatic way by the means of smart contracts are implemented in an autonomous manner.
- 6.2 Supported Proposals that cannot be implemented in an automatic way and require manual implementation shall be implemented by the Core Team unless agreed otherwise within the Supported Proposal.
- 6.3 The Core Team shall oversee the implementation of the supported Proposals unless agreed otherwise within the Supported Proposal.
- 6.4 Implementation of some Proposals may require the allocation of funds from the Treasury. In this case, the Core Team shall oversee that the funds are spent by the implementing body in a diligent manner.

## Article VII. Representation of the DAO.

- 7.1 While the DAO itself is a decentralised entity and enjoys a distributed structure, there might arise a need to incorporate a legal entity to shield the Participants from legal risks, raise capital, attract off-chain liquidity, interact with off-chain parties, or for another objective reason.

- 7.2 Creating those legal entities and the allocation of resources to them from the Treasury shall be done by the means of the Referendum.
- 7.3 Those legal entities shall at all times act in the interests of the DAO and only within the scope of the DAO's functions delegated to them.
- 7.4 If the created legal entities shall require for one or more of their own bodies to be filled, the Tokenholders shall vote on which Participant to appoint at the vacant position on the Referendum.

**Article VIII. Decentralised Jurisdiction. Applicable Law & Dispute Resolution.**

- 8.1 Any relations amongst the Participants shall fall under the jurisdiction determined as per their own personal laws. Any relations related to the legal entities specifically created to represent the DAO or perform any of its functions shall be regulated by the laws of the jurisdiction where each of them is incorporated.
- 8.2 Relations arising from adopting, amending, or enforcing this Constitution shall be governed by the laws of England and Wales.
- 8.3 Any disputes about the adoption, amendment, or enforcement of the Constitution shall be attempted to be resolved by the parties to a dispute by negotiations in good faith. If the disputing parties are unable to do so in 60 days after the dispute's commencement, it shall be resolved by the courts of England and Wales