

Telcoin Association: Constitution

Statutes of Telcoin

Association Date: August 16, 2023

PREAMBLE

- ◆ **WHEREAS**, the Telcoin Platform is a resource system or facility that creates, stores, and generates blockchain-based goods and services including Telcoin (TEL) tokens, mobile and decentralized financial products, and a variety of other benefits, and
- ◆ **WHEREAS**, TEL, an ERC-20 token on the Ethereum Network at contract 0x467Bccd9d29f223BcE8043b84E8C8B282827790F, “TEL”, is the native resource unit created, stored, and generated as flows by the Telcoin Platform, and
- ◆ **WHEREAS**, “Miners”, are natural or other persons, who utilize TEL on the Telcoin Platform; (1) as a material input in processes of production and consumption (2) as a private technology used to harvest TEL issuance generated by the Platform, and (3) as a private technology used in governance to alter the governance system and to select Council Members to represent their interests in collective-choice processes, and
- ◆ **WHEREAS**, certain Miners desire to come together as members (“Members”) and create a legal association called the “Telcoin Association”, and
- ◆ **WHEREAS**, the Telcoin Association will implement governance for the various non-profit purposes as stated in these Statutes. In doing so, the Telcoin Association shall have an economic and scientific non-profit purpose, but it shall **not** enter into any commercial activities, and
- ◆ **NOW THEREFORE**, the Members come together and hereby agree as follows:

I. NAME, SEAT, PURPOSE, MEANS AND RESOURCES

Article 1: NAME AND DURATION

An association within the meaning of Articles 60 et seq. of the Swiss Civil Code (“CC”) is hereby created under the name “Telcoin Association” (hereafter, the “Association”).

The Association is created for an indefinite period of time.

Article 2: SEAT OR DOMICILE

The Association's seat or Domicile is in the Canton of Ticino in the City of Lugano.

Article 3: PURPOSE

3.1 The Association is created to:

Work towards achieving the following non-profit purposes:

- Combating poverty by, in part, facilitating global inclusion for the underserved and unbanked population, and
- Developing scientific and model solutions for blockchain services including, without limitation, the exchange of digital and other assets, and
- Supporting world industry technologies in ensuring and improving the efficiency, cost-effectiveness and competitiveness of blockchain services, and
- Providing a comprehensive problem-solving competency for inclusive financial services delivery chains, and
- Facilitating the exchange of information and consultation among industry participants and others, and
- Establishing and pursuing partnerships and consortiums for creation of problem-solving ideas, and
- Enabling the realization of associated development projects through the collaboration with universities and other research institutes, and
- Disseminating helpful information worldwide, and
- Cooperating with or joining other organizations that represent the same or similar interests, and
- Engaging in all activities and taking all actions necessary and appropriate to carry out the above-mentioned objectives,
- Or any other legal public non-profit purpose that The Association decides pursuant to these Statutes.

3.2 To achieve the above-mentioned aims, the Association will not offer any commercial services or enter into any commercial activities, but rather all such activities, for example management or administrative services, to the extent needed, will be obtained through third parties. Without limiting the generality of the foregoing, Telcoin Association will not offer commercial services in return for revenue.

3.3 The association is politically and denominationally neutral.

Article 4: MEANS

The Association may pursue all lawful non-commercial activities to achieve its purpose(s).

In particular, but without limitation to the immediately foregoing, the Association may undertake the following:

1. Telcoin mission, vision, and set of values:

a. **Mission:** The Telcoin Association's mission is to provide a legal structure for, and to govern its members in a manner designed to facilitate the connection of Mobile Network Operators (MNOs) and a global user base and to enable the sustainable development of blockchain infrastructures, such as the Telcoin Platform.

b. **Vision:** The Telcoin Association's vision is to create a globally adopted, self-sustaining ecosystem that aligns GSMA MNOs and mobile phone users across the world around a common, blockchain infrastructure, empowering them and their inclusive, decentralized governance.

c. **Values:** The values of the Association include, but are not limited to:

i. Ostrom's 8 Design Principles for sustainable management of common pool resources including:

1. **Clearly Defined Boundaries:** Participants have boundaries relating to their activities on the Telcoin Platform that are clearly defined.

2. **Proportional Equivalence Between Costs and Benefits:** Harvesting rules restricting time, place, technology and/or quantity of TEL units are related to local conditions; the benefits obtained by users from the Telcoin Platform, as determined by its provisioning rules, are proportional to the amount of inputs required.

3. **Collective-choice Arrangements:** All Miner groups affected by operational rules can participate in modifying operational rules.

4. **Monitoring:** Monitors are present and actively audit the conditions of the Platform and Miner behavior. Monitors are accountable to or are the Miners.

5. **Graduated Sanctions:** Miners who violate the operational rules are likely to be assessed graduated sanctions (depending on the seriousness and context of the offense) by other Miners, by Council Members, or both.

6. **Conflict-resolution Mechanisms:** Miners and Council Members have rapid access to low-cost local arenas to resolve conflicts among Miners

or between Miners and Council Members.

7. **Minimal Recognition of Rights to Organize:** The rights of Miners to devise their own institutions are not inconsistent with external governmental authority.
 8. **Nested Enterprises:** Harvesting, provision, monitoring, enforcement, conflict resolution, and governance activities are organized in multiple layers of nested enterprises.
- ii. **Sustained Yield:** The Telcoin Platform, including each network, TEL inventory and issuance, and all other renewable resources belonging to the community, shall be utilized, developed, and maintained on the sustained yield principle, subject to preferences among beneficial uses.
 - iii. **Self-governance:** Miners, the population that is subject to the rules of governance, shall possess full authority *over* and *within* the governance system. Individual Miners, within Miner Groups, as a part of the Miner Assembly, on and over Miner Councils, should be able to work together to resolve common problems and realize shared aspirations. Miners should have sole authority in making and adapting rules within collective-choice arenas regarding the inclusion or exclusion of participants, appropriation(harvesting) strategies, obligations of participants, monitoring and sanctioning, and conflict resolution.
 - iv. **User-ownership:** Miners have the right to access the system, to harvest and to participate in crafting and enforcing their own rules, and to determine who is allowed to participate in the aforementioned processes.
 - v. **Credible Neutrality:** All Miner Groups shall maintain property rights of access, withdrawal, and share collective choice rights of management and exclusion, and their interests may not be revoked from any Group without their consent in constitutional-choice processes.
 - vi. **Incentives Compatibility:** Rules should enable stakeholders to realize their own interests and preferred outcomes while producing services that benefit the whole platform.
 - vii. **Informed Consent:** Each Miner Group has rights to representation on every Council and may replace their Council Members at any time, in other words, every interest group has a voice in every matter that may affect their functionally based interests. Each Miner Group, as a part of the Miner Assembly, must consent to any changes to the governance system.

- viii. **Separation of Powers:** Miner Councils are stationed across levels and areas of the platform, and each is empowered with authority over a specific jurisdictional domain of the system.
- ix. **Local Autonomy:** Each Miner Group, based on their location on the Platform, shall (a) have the right to elect enough members to their own local, network Councils and (b) Council decision-making rules shall require that at least one representative from each local Miner Group must consent to any changes made to the rules governing the day-to-day activities in their domain.
- x. **Balanced Representation:** Global councils that govern system-wide policies including the rules for allocating the TEL treasury and special purpose councils shall consist of a balanced representation from each Miner Group based on their functionally differentiated roles, locations, and interests in platform production processes.
- xi. **Functional Representation:** Representation rights to select members on all Councils shall be granted to each Miner Group based on their functionally differentiated roles, locations, and interests in platform production processes.
- xii. **Inclusive Decision-making Rules:** All decisions regarding improvements to the Platform, regulating the flow of TEL units, and other rules across levels of the governance system shall require at least a super-majority approval (of 75% or more) by the organization with authority. All Miner Council decisions should include votes by representatives from every Miner Group.
- xiii. **Equal Voting Power:** Each Miner Group shall have equal voting rights in constitutional-choice processes. Each Council Members shall have equal voting power on Miner Councils in collective-choice processes.
- xiv. **Privacy:** Privacy means consenting to choose what you share, and with whom. Voluntarily disclosing the personal information related to an individual without their consent is expressly prohibited and may result in sanctions by the Compliance Council.
- xv. **Conceptual Unanimity:** In order to build shared understanding and clarity of communication in the community, the Association should strive to achieve a high degree of agreement or consensus regarding the meaning and definition of important concepts or ideas.
- xvi. **Relative Unanimity:** Inclusivity, cooperation, and compromise are valued in the community. The aim is to achieve a broad consensus or agreement on important issues or topics, while recognizing and respecting the diversity of perspectives and opinions that may be present.

- xvii. **Reject Panaceas:** There is no “one-size-fits-all” approach to governance of Telcoin. Instead of assuming that designing effective governance systems is a relatively simple analytical task that can be undertaken by a team of objective analysts, it is important that we invoke the policy design process used in democratic societies and experiment with its many component parts.
 - xviii. **Rules Changes are Experiments:** Policy changes resulting from democratic processes over and within the Association governance system need to be viewed as experiments based on informed expectations about the potential outcomes and the distribution of these outcomes for participants over time and space. Given the complexity of rule systems combined with the complexity of the Telcoin Platform that is being regulated, all such efforts to devise effective governance systems face a risk of error.
 - xix. **Embrace Complexity:** Complex systems require complex governance arrangements and blockchains are inherently complex. Telcoin governance should embrace and harness complexity to its advantage.
 - xx. **Freedom:** The Association should always promote freedom of participants in its decision-making and structuring the ecosystem such that it fosters freedom of thought, speech and action, with a goal of promoting the efficient flow of ideas and fostering creativity and growth.
 - xxi. **Long Term Thinking:** The Association should not myopically focus on near-term benefits, but should also attempt to consider long-term implications on the ecosystem and others that may not have a current voice in decisions being made.
 - xxii. **Subtraction:** The Association should maintain awareness of the natural tendency of power to corrupt and create structures to maintain healthy checks and balances reasonably designed to foster diverse community involvement in operation and decision-making to dilute power accumulating in any particular area.
 - xxiii. **Stewardship of Values:** The Association should maintain a wide scope in the values it maintains and be good stewards of the entire ecosystem, such as a commitment to decentralization and open and fair equal access.
2. Organize Members into Miner Groups to determine Governance System rules and to select Members to Miner Councils.
 3. Enable Miner Groups to organize into Miner Councils for effective decentralized governance operation of the Association including:

- a. Global Councils: Global decision-making units with general purpose, nested jurisdictional authority over the system as a whole and the TEL Treasury.
 - i. The Platform Council
 - ii. The Treasury Council
- b. Local Councils: Local decision-making units with authority to determine harvesting and provisioning rules governing interactions within individual networks of the Platform.
 - i. The Telcoin Application Network (“TAN”) Council
 - ii. The TELx Council
- c. Special-purpose, Cross-Jurisdictional Councils: Councils that cross jurisdictions of the Platform or governance system to perform specialized functions.
 - i. The Compliance Council

Administrative Units: Organizations that perform oversight of third parties, such as Telcoin Association Operations UAB “TAO”, that provide operational services in carrying out the Telcoin Association’s directions in line with its purposes.

- d. And any other Miner Council as determined by the Miner Assembly or administrative units as determined by the Assembly or the Miner Councils.
4. Facilitate Miner Councils to:
- a. Facilitate planning funding for the construction and maintenance of the Telcoin Platform and other related public goods facilities.
 - b. Store, allocate, and distribute TEL issuance from TEL inventories, including the TEL Treasury and other network-level inventories, according to rules determined in Miner Council decision-making processes.
 - c. Determine, implement and enforce TEL harvesting rules structuring who is allowed to harvest TEL units, and the timing, quantity, location, and technology used in TEL harvesting processes.
 - d. Determine, implement and enforce the rules for:
 - i. interacting with the Platform

- ii. between actors,
 - iii. and generally, across rules levels of governance and spatial scales of the Telcoin Platform.
- e. Determine, implement and enforce communication and information rules including:
 - i. Selecting communication and information channels.
 - ii. Communicating and sharing information at specific decision nodes.
- f. Authorize eligible individuals and entities (e.g. corporations) into Miner positions including:
 - i. Application Developers
 - ii. Validators
- g. Authorize, select, and coordinate production and governance units including:
 - i. Council Members
 - ii. Code Developers
 - iii. Multi-signature committees
 - iv. Other administrative personnel as needed
- h. Monitor and sanction Council Members that fail to uphold their duties in a timely fashion.
- i. Serve as a means for conflict resolution to resolve disputes between Miner Councils, Miner Council Members, and the Members as they arise.
- j. Facilitate nominations, proposals, delegations, and elections reasonably to achieve the Mission.
- k. Create legal and other structures, compensation and incentives programs reasonably designed to achieve the purposes.

Article 5: RESOURCES

Resources of the Association may come from the TEL Treasury, donations, legacies, sponsorship, partnerships, public subsidies, and other Association assets, as well as any other resources authorized or not prohibited by the law. Resources shall not come in the form of revenue from any commercial activities. The Association shall not engage in commercial activities. All resources of the Association shall be used exclusively for its not-for-profit Purposes

and Mission, and shall not be allocated, or derived from, commercial activities.

II. MEMBERS

Article 6: MEMBERS

Members of the Association (the “Members”) shall consist of natural or other persons (e.g. entities) who are Miners and thus have an interest in the purpose and the activities of the Association and wish to support them.

Article 7: BEGINNING OF MEMBERSHIP

The founders and organizers are Paul Neuner, Parker Spann and Telcoin Pte. Ltd., (“Organizers”) and shall be the initial Members of the Association. The Organizers shall automatically resign, and their authority terminate, upon all of the Councils being constituted. Additional Members may join the Association by methods to be determined by the Compliance Council.

Article 8: END OF MEMBERSHIP

Membership ceases:

1. Upon the resignation of the Member addressed to the Board at least 6 months before the end of the calendar year (art. 70 para. 2 CC);
2. Upon death of the Member if such Member is an individual and not the representative of an institution (art. 70 al. 3 CC);
3. Upon the termination of existence of a Member that is an entity or trust, or
4. By exclusion decided by the General Assembly, or
5. When the person ceases to be a Miner.

In any case, the fee for the current year, if any, remains due by the exiting Member.

A Member who ceases to be a Member has no right to participate in Association business and shall not have any right to any of the Association’s assets.

Article 9: MEMBERSHIP FEES

The General Assembly has the sole power to determine if there are any membership fees and their amount.

III. ORGANISATION AND GOVERNANCE

Article 10: BODIES OF THE ASSOCIATION

The bodies of the Association are:

1. The General Assembly comprised of Members, and
2. Member Groups,
3. and the Board operating by and through Councils.

IV. THE GENERAL ASSEMBLY

Article 11: PRINCIPLES

The General Assembly (“The Miner Assembly”) is the supreme authority of the Association within the meaning of article 64 et seq. CC. It is composed of all the Members.

Article 12: POWERS

The General Assembly delegates to Member Groups the power to elect Councils who shall function with all authority and power of the Board to administer and represent the Association.

Notwithstanding the immediately foregoing the General Assembly shall retain the following inalienable powers:

1. Adoption and amendment of the present Statutes (without limiting the immediately foregoing, notwithstanding Article 74 CC, these Statutes may be amended by the General Assembly);
2. Nomination, surveillance, discharge and revocation of Board members;
3. Decision on the dissolution or merger of the Association; and
4. Management of all matters that are not the responsibility of other bodies.

Article 13: MEETINGS

Ordinary meeting of the General Assembly. The Ordinary meeting of the General Assembly shall be held at least once a year by any reasonable means as determined by the Association.

Extraordinary meeting of the General Assembly. Extraordinary meetings of the General Assembly may be called by any Council of the Board or by the request of at least 20

percent of all Members, in accordance with article 64 para. 3 CC.

Convocation. The Compliance Council of the Board shall convene the meetings of the General Assembly with at least a one-day notice and shall Chair the General Assembly meetings.

Quorum. The General Assembly is validly instituted if at least 20% of voting power is represented by the Members at the meeting.

Article 14: DECISION MAKING AND VOTING RIGHTS

Voting rights. All Members vote via their staked TEL tokens, with one TEL equaling one vote in each Miner Group. Notwithstanding the immediately foregoing, Liquidity Miners vote via staked TELx Liquidity Provider Tokens containing TEL, valued in TEL tokens.

Power of attorney. Members may only vote via their TEL and may not vote by proxy.

Process. Voting takes place by Snapshot or such other voting method as approved by the General Assembly.

Super-Majority of votes. All decisions shall require a super-majority meaning 80% approval and a quorum of 20% of voting power from each Member Group, insofar as the present Statutes do not provide for a different majority.

Decisions by circular letter. Proposals to which all Members have adhered in writing are equivalent to decisions taken by the General Assembly, in accordance with article 66 para. 2 CC.

Conflict of interest. In accordance with article 68 CC, a Member may not vote for decisions relating to a matter or a legal proceeding regarding the Association where he or she, his or her spouse, parents or relatives in direct line are a party to the matter.

Minutes. The meetings of the General Assembly and its decisions shall be recorded in the minutes.

V. MEMBER GROUPS

Article 15: PRINCIPALS

All Members shall be segmented into one of four groups which are: 1) Stakers, 2) Application Developers, 3) Liquidity Miners, and 4) Validators.

1. "Stakers" shall mean:

- a. **Eligibility and Participation Rules:** All registered Telcoin mobile application customers who integrate another user's referral code and stake TEL from their mobile application wallet on TAN may participate as Stakers.
- b. **Platform Activities and Benefits:** Markets the Telcoin Platform to their

network to establish the system as infrastructure for settling payments and other blockchain use cases, stakes TEL in Telcoin Application Network (“TAN”) staking contracts, and harvests TEL issuance from TAN based on their referred network’s adoption of the Telcoin Platform according to rules determined by the TAN Council.

- c. **Governance Rights and Powers:** Proposes and votes with other Stakers in their Miner Group in Telcoin Platform governance based on their pro-rata share of TEL staked on TAN by all referred Telcoin mobile application users.

2. “Application Developers” shall mean:

- a. **Eligibility and Participation Rules:** All GSMA members who are approved by the Compliance Council, stake TEL in TAN staking contracts, and deploy a compliant Telcoin mobile application, may participate as Application Developers (“Developers”).
- b. **Platform Activities and Benefits:** Develops mobile applications that connect users to the Telcoin Platform, stakes TEL, and harvests TEL issuance from the TAN based on their user base’s adoption of the Platform vs other Developers according to rules determined by the TAN Council.
- c. **Governance Rights and Powers:** Proposes and votes with other Developers in their Miner Group in Telcoin Platform governance based on their pro-rata share of TEL staked on TAN by all registered Developers.

3. “Liquidity Miners” shall mean:

- a. **Eligibility and Participation Rules:** All users who provide liquidity to TELx markets and stake their liquidity in TELx staking contracts may participate as Liquidity Miners.
- b. **Platform Activities and Benefits:** Provides liquidity to TELx markets, stakes their liquidity in TELx staking contracts, and harvests TEL issuance from TELx pro-rata based on their share of staked liquidity according to rules determined by the TELx Council.
- c. **Governance Rights and Powers:** Proposes and votes with other Liquidity Miners in their Miner Group in Telcoin Platform governance based on their pro-rata share of staked liquidity on TELx.

4. “Validators” shall mean:

- a. **Eligibility and Participation Rules:** All GSMA Operator Member, Mobile Network Operators who are approved by the Compliance Council, stake TEL for proof-of-stake consensus (PoS), and deploy, manage a node on Telcoin Network may participate as Validators.

- b. **Platform Activities and Benefits:** Stakes TEL for PoS on Telcoin Network, operates a validator node, creates and verifies blocks to secure the blockchain, and harvests TEL issuance from Telcoin Network.
- c. **Governance Rights and Powers:** Proposes and votes with other Validators in their Miner Group in Telcoin Platform governance based on their pro-rata share of TEL staked for PoS on Telcoin Network.

The Compliance Council shall have the authority and responsibility for segmenting a member into one of the above-mentioned Member Groups including but not limited to authorizing wallet and vault addresses.

Article 16: POWERS

Any Member in a Member Group, that owns a minimum of 2% of the TEL owned by Members in the Member's Group, can make a proposal with respect to any matter relating to the Association ("Proposal"), by way of submitting the proposal to the Member's Member Group.

Article 17: DECISION MAKING & VOTING RIGHTS

Members within a Member Group shall vote through Snapshot (or other technical means as determined by the Platform Council and approved by the Compliance Council) on Proposals.

A Proposal shall pass if it receives 80% approval from Members within the Member Group who vote on the Proposal.

A minimum of 20% of the voting power held by Members of the Member Group which is voting on a Proposal is required to have a quorum to vote on the Proposal.

VI. THE BOARD ACTING BY AND THROUGH COUNCILS

Article 18: PRINCIPLES

Role and powers. The Board ("management committee"), operating by and through the Councils, is the executive body of the Association. It has the right and the duty to manage the affairs of the Association and to represent it in accordance with the Statutes (art. 69 CC).

The Board functions as a polycentric governance system with numerous, member-elected decision-making units, or Miner Councils, that each exercise considerable autonomy to make and enforce rules within their own circumscribed domain of authority.

Miner Councils are stationed globally at the system-wide level and locally at the network level. They include special purpose, cross-jurisdictional units, and range from 4-8 miner selected representatives on each Council.

In particular, the Board shall take all necessary measures to achieve the purposes of the Association, through the stated means or otherwise, and ensure the correct application of the present Statutes and any other internal regulations, administer the property, assets and resources of the Association, manage the accounts, engage and supervise a Director or other representative, if necessary, and convene and organize the General Assembly.

Pro-bono. Councils shall act on a pro-bono basis. Notwithstanding, Council Members may be distributed a fixed ongoing allocation of TEL, as determined by the issuance policies, streamed to every block and to their Council Position NFT. Moreover, Council Members may be reimbursed their expenses with respect to their work for their Council.

Article 19: APPOINTMENT OF THE COUNCIL MEMBERS

The initial Council Members are appointed by the founders.

After that, the new members of the Board (i.e. Council Members) are elected by the Member Groups or General Assembly.

Article 20: COUNCIL COMPOSITION

The Board shall be composed of 6 councils as follows (“Councils”):

1. Platform Council (8 members, balanced representation)
 - a. Global, general-purpose governance organization with authority over and duties towards platform-wide policies and, in cooperation with the Treasury Council, the TEL Treasury, Governance Infrastructure and Telcoin Network.
 - b. Decision-making Processes, Authority and Duties
 - i. Telcoin Improvement Proposal (TIP): Accepts, develops and votes on TIP proposals to determine system or platform-wide policies including maintenance, construction, communication, information, conflict resolution, compliance, and other general-purpose policies and associated improvements.
 - ii. TEL Improvement Proposal (TELIP): Accepts develops, votes and submits TELIP proposals to the Treasury Council to determine rules for the allocation, distribution of the TEL Treasury, the TEL token and redemption contracts, governance infrastructure, and Telcoin Network rules and system improvements after the network goes live with 10 authorized validators.

2. Treasury Council (4 members, balanced representation)
 - a. Global governance organization with shared authority and duties towards voting for proposals involving the TEL Treasury, governance infrastructure and Telcoin Network.
 - b. Decision-making Processes, Authority and Duties
 - i. TEL Improvement Proposal (TELIP): Votes on TELIP proposals that regulate the primary TEL inventory and source of issuance, the TEL Treasury, including issuance, grants, other discretionary policies related to the Treasury and its inventory, the TEL token and redemption contracts, governance infrastructure, and Telcoin Network rules and system improvements after the network goes live with 10 authorized validators. Proposals must first be approved by the Platform Council before they can be voted on by the Treasury Council.
3. Compliance Council (4 members, balanced representation)
 - a. Special-purpose governance organization that cooperates with Councils to ensure proposals are compliant; monitors and sanctions Council Members who breach rules; has veto authority over all proposals for any applicable legal compliance; mediates disputes that may arise within or between ecosystem participants; represents the interests of the Telcoin Platform in any legal circumstance; actively supports positive legislation on behalf of the Telcoin Platform.
 - b. Decision-making Processes, Authority and Duties
 - i. Compliance Council Improvement Proposal (CCIP): Possesses veto authority over all proposals for any applicable legal or Association compliance, the authority to authorize prospective participants into positions, to develop conflict resolution and authorizations procedures.
4. TAN Council (6 members: Stakers and Applications each select 2 representatives; Liquidity Miners and Validators each select 1 representative)
 - a. Local governance organization with authority over and duties towards TAN operational rules, system health and social well-being.
 - b. Decision-making Processes, Authority and Duties
 - i. TAN Improvement Proposal (TANIP): Accepts, develops and votes on proposals to change or introduce new elements to the Telcoin Application Network, alter TAN harvesting rules, and is responsible for generally representing the interests of and informing their constituency in matters pertaining to the Telcoin Application Network.
5. TELx Council (6 members: Liquidity Miners select 3 representatives; Applications,

Stakers, and Validators each select 1 representative)

- a. Local governance organization with authority over and duties towards TELx operational rules, system health and social well-being.
 - b. Decision-making Processes, Authority and Duties
 - i. TELx Improvement Proposal (TELxIP): Accepts, develops and votes on proposals to change or introduce new elements to the TELx, to alter TELx harvesting rules, and is responsible for generally representing the interests of and informing their constituency in matters pertaining to TELx.
6. Telcoin Association Operations “TAO” Council (5 members: Telcoin Pte. Ltd. selects all members in the first term)
- i. Governance: Enacts the will of the Miner Assembly in decisions that alter the governance system; facilitates elections by proposing nominees from the Telcoin Forum to Miner Group snapshots; votes on behalf of Miner Groups and Miner Councils when a quorum has not been met; verifies the identity of Miner Council Members after they have been selected;
 - ii. Production: Directs, third parties to maintain the Platform infrastructure as determined by Miner Councils including the initial development and launch of Telcoin Network; distributes issuance to Validators during the test network phase of Telcoin Network;
 - iii. Networking: Aligns with the GSMA and its members to drive adoption by Miners; submits prospective Miners to the Compliance Council for authorizations.

Although not required, the Association may have, and should consider any advantages in having, at least one member of the Board, i.e. a member of one of the Councils with signatory powers, a Swiss citizen or a citizen of a member State of the EU or EFTA having his/her/its domicile in Switzerland.

Article 21: TERM

Council Members shall serve for 12-month term(s), which automatically renew unless the Member Group(s) to which they belong, or General Assembly determine otherwise. TAO members serve 16-month terms and will be selected by Member Groups after the first term or upon resignation by the Founding members.

Article 22: REMOVAL AND RESIGNATION

Removal. Council Members may be removed by the Member Group(s) or General Assembly for any reason or no reason on a plurality vote.

Resignation. Council Members may resign at any time by submitting a written declaration to the General Assembly, specifying when the resignation shall take effect.

Vacancy during the term of office. In the event of dismissal or resignation during the term of office, the Telcoin Association may appoint a replacement member until the next meeting of the General Assembly.

Article 23: DELEGATION AND REPRESENTATION

Delegation. The Councils are entitled to delegate certain of its tasks to one or more of the Council Members, including to Council sub-committees, to third parties, or to hired employees.

Representation. The Association is validly represented and bound by the collective signatures of two Council Members and/or any other officer or representative designated for this purpose by the Council for matters within the Council's authority.

Article 24: COUNCIL MEETINGS

Meetings. The Councils may meet as often as required but at least once per month.

Process. Council Members may validly participate in a meeting of the Council by any means authorized by their respective Council including, without limitation, Discord.

Article 25: DECISION MAKING

Votes and majority. Each Council Member shall have one vote. Decisions are taken by a super-majority (75%) of all votes expressed, as long as the present Statutes or other internal regulations of the Association do not provide for a different majority. In case of a tie, the Chair shall have a casting vote.

Decisions by circular letter. Decisions may also validly be taken by written resolution, including by email.

Minutes. Council meetings and decisions will be recorded in the minutes of the Council.

VII. MISCELLANEOUS PROVISIONS

Article 26: DAY TO DAY MANAGEMENT

The Councils may not carry on commercial activities for revenue. However, they may create a secretariat and/or appoint a director or other agents/employees to manage the day-to-day affairs of the Association within the authority of their Council.

Article 27: EXTERNAL AUDITORS

To the extent required by Swiss law, the General Assembly shall appoint the independent External Auditor in charge of (i) verifying the annual accounts of the Association and to submit a detailed report to the General Assembly and (ii) to ensure that the statutory rules of the Association (Statutes and internal regulations) are respected.

If the Association is not subject to the obligation to appoint an External Auditor, it may nevertheless decide to appoint one (or more) External Auditor(s), who would prepare a report to the General Assembly's attention.

Article 28: BOOKKEEPING

Accounts. The Compliance Council must prepare for each financial year accounts as required by the applicable laws.

Fiscal year. The fiscal year begins on January 1st and ends on December 31st of each year.

Article 29: LIABILITY

The Association is solely liable for its debts and obligations, which are backed by the Association's assets, to the exclusion of all individual responsibility and/or liability of its Members. Without limiting the immediately foregoing, Members shall not be liable for the Association's debts, liabilities or other obligations.

Article 30: DISSOLUTION

The Association may be dissolved by a super-majority vote to dissolve (i.e. 80% approval, 20% quorum) by each Member Group.

Additionally, the Association may be dissolved by the Platform Council and Treasury Council using the TELIP process.

In either case, the Compliance Council shall proceed with the liquidation of the Association.

The assets of the Association shall first serve to pay its creditors. Remaining assets will be entirely assigned to a non-profit entity or entities, which pursue similar public interest purposes, and which is/are tax exempt. In no event may the assets of the Association be returned to its founding members or Members, nor should they use some or all of the assets for their own benefit in any way.

Article 31: NOTICES

Any notices to the Association or any of the members delivered pursuant to these Articles shall be given in writing (by letter, e-mail or other forms of electronic communication) to the address, e-mail or other electronic communication address provided by the Association and each member specifically for such notice purposes. Notices shall be deemed given if delivered personally, transmitted by electronic communication or sent by regular or registered mail or express/overnight courier.

Article 32: DISCLOSURE OBLIGATIONS OF MEMBERS AND THE ASSOCIATION

- i. Subject to attorney-client privilege and applicable law, and any contrary decision of regulatory and judicial authorities, the members shall provide the Association, and the Association shall provide a member, voluntarily or upon request, with all information and documents reasonably required to enable the Association or such member to fulfill its legal, regulatory and contractual obligations in connection with carrying out its business, including, without limitation, any obligations regarding "know your customer" or similar identification procedures or anti-money laundering regulations; provided, however, that the Association and each member will hold any non-public information obtained from the Association or another member, as applicable, in confidence and will not disclose such confidential information to third parties, including any other members except as required by applicable law and regulatory and judicial authorities.
- ii. Notwithstanding the restrictions contained in immediately foregoing the Association may share such information with its employees or agents who have a need to know and are informed of the confidential nature of the information and the Association shall be responsible for any violations of the confidentiality obligations set forth in Article 32 by such employees and contractors; and a member may share such information with its individual Council representative who is informed of the confidential nature of the information and the member shall be responsible for any violations of the confidentiality obligations set forth in this Article by such individual Council representative. Further, the Association shall provide a member, voluntarily or upon request, with its interim and annual financial statements (including the notes thereto) reasonably required by such member to prepare its financial statements.

Article 33: INDEMNITY AND INSURANCE COVERAGE

The Association may indemnify, defend and hold Members harmless for claims by third parties relating to legal actions or inactions by the Member which occur as a result of the direction of the Association. A Member solely voting TEL shall not be a sufficient basis for such indemnification and/or defense. The Compliance Council shall decide as to whether such indemnification and defense is warranted pursuant to these Statutes or

other agreement between the Association and Member.

The Association may procure directors' and officers' liability insurance (such as D&O insurance) for any members of the Board, Councils, Member Groups, Members, employees, officers, directors or agents having an executive and or management function or any person to whom the day-to-day management of the Association's affairs has been delegated. The insurance premium of such directors' and officers' liability insurance shall be charged to and paid by the Association.

Article 34: GOVERNING LAW

These Articles and all rights and obligations in connection with the membership in the Association shall exclusively be governed by the substantive laws of Switzerland.

Article 35: DISPUTE RESOLUTION

Any dispute, controversy, or claim between a member and the Association or among members concerning these Articles, regulations of the Association or other obligations in connection with membership in the Association, including, but not limited to, the validity, invalidity, or breach thereof, shall be resolved by arbitration in accordance with the Swiss Rules of International Arbitration of the Swiss Chambers' Arbitration Institution in force on the date on which the notice of arbitration is submitted in accordance with these rules. The number of arbitrators shall be three. The seat of the arbitration shall be in Lugano, Switzerland. The arbitral proceedings shall be conducted in English. The provisions of Chapter 12 of Swiss Private International Law Act (PILA) (Art. 176 et seq. PILA) shall apply, to the exclusion of Chapter 3 of the Swiss Civil Procedural Code (Art. 353 et seq.).

Article 36: CONTROLLING LANGUAGE

Should these Statutes be translated into another language, such as French or German, the English version shall prevail.

(Signature Page to Follow)

Telcoin Pte. Ltd.



Signed: 8/16/2023

By: Paul Neuner, CEO



Signed: 8/16/2023

Paul Neuner, An Individual



Signed: 8/16/2023

Parker Spann, An Individual

Record of Signing

For
Name
Title



Signed on 2023-08-16 23:24:41 GMT

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DocumentID: YTU0ZWM0MTYtZD
SigningID: MzA2YTtk4ZmUtZj
Signing date: 8/16/2023
IP Address: 172.117.250.2
Email: paul@telco.in

For
Name
Title



Signed on 2023-08-16 20:03:47 GMT

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Signed with www.concordnow.com