

DAO Association Regulations 2024
issued by the
Ras Al Khaimah Digital Assets Oasis Authority



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PART 1: GENERAL

1. Title

These Regulations may be cited as the DAO Association Regulations 2024 issued by the Ras Al Khaimah (“**RAK**”) Digital Assets Oasis Authority (the “**DAO Association Regulations**”).

2. Legislative Authority

- (1) The DAO Association Regulations have been issued by the Board of Directors of the Authority.
- (2) The Board of Directors of the Authority may issue any legislation, including rules, guidelines, circulars and directives, to supplement these DAO Association Regulations.
- (3) The Board of Directors of the Authority has the right to repeal, revise, amend or modify from time to time any provisions of these DAO Association Regulations.

3. Commencement

These DAO Association Regulations shall come into force on the date of their issuance by the Board of Directors of the Authority.

4. Application of the Regulations

- (1) These DAO Association Regulations apply in the Zone.
- (2) These DAO Association Regulations apply to a DAO Association that has been incorporated in the Zone.
- (3) References in these DAO Association Regulations to any requirement for any document to be presented in writing or for the giving of any notice are to be construed as satisfied by an Electronic Record.
- (4) References in these DAO Association Regulations to any requirement for a signature on any document or notice are to be construed as satisfied by an Electronic Document or Electronic Signature, which may be proven in any manner approved by the Registrar.

5. Application of Laws

Where these DAO Association Regulations contain express provisions that conflict with the Commercial Companies Law, the regulations herein shall prevail.

6. Interpretation

- (1) In these DAO Association Regulations, a reference to:
 - (a) a statutory provision includes a reference to the statutory provision as amended or re-enacted from time to time;

- (b) a person includes any natural person, body corporate or body un-incorporate, including a DAO Association, partnership, un-incorporated association, government or state;
 - (c) an obligation to publish or cause to be published a particular document shall, unless expressly provided otherwise in the DAO Association Regulations and/or Implementing Regulations, and subject to any specific conditions provided herein, include publishing or causing to be published in an Electronic form;
 - (d) a day shall refer to a business day, being a normal working day in the Zone;
 - (e) a calendar year shall mean a year of the Gregorian calendar;
 - (f) a reference to the masculine gender includes the feminine and vice versa; and
 - (g) where relevant, a reference to the singular shall include the plural and vice versa.
- (2) The headings in these DAO Association Regulations shall not affect its interpretation.
 - (3) References in these DAO Association Regulations to a body corporate include a DAO Association incorporated outside the Zone.
 - (4) A reference in these DAO Association Regulations to a Part, Regulation or Schedule by number only, and without further identification, is a reference to the Part, Regulation or Schedule of the same number in these DAO Association Regulations.
 - (5) A reference in a Regulation or other division of these DAO Association Regulations to a Regulation, or Regulation by number or letter only, and without further identification, is a reference to the or Regulation of that number or letter contained in the Regulation or other division of these DAO Association Regulations in which that reference occurs.
 - (6) Unless the context otherwise requires, where these DAO Association Regulations refer to an enactment, the reference is to that enactment as amended from time to time, and includes a reference to that enactment as extended or applied by or under another enactment, including any other provision of that enactment.
 - (7) References in these DAO Association Regulations to a writing, filing, instrument or certificate include any Electronic mode of communication that preserves a record of the information contained.
 - (8) References in these DAO Association Regulations to a majority refers to the simple majority unless the Constitution states otherwise.

7. Definitions

- (1) In these DAO Association Regulations, unless the context indicates otherwise, the defined terms listed below shall have the corresponding meanings.

Terms	Definitions
Alpha DAO Association	Means a DAO Association designated as such under Regulation Error! Reference source not found. of these DAO Association Regulations.
Alternate Council Member	Has the meaning given in Regulation 47(1) of these DAO Association Regulations.
Amalgamating DAO Association	Has the meaning given in Regulation 103(3)(a) of these DAO Association Regulations.
AML/CFT	Means Anti-Money Laundering and Countering the Financing of Terrorism.
Annual Accounts	Has the meaning given in Regulation 89(1) of these DAO Association Regulations.
Annual Return	Has the meaning given in Regulation 90(1) of these DAO Association Regulations.
Authority	Means the Ras Al Khaimah Digital Assets Oasis Authority.
Commercial Companies Law	Means the UAE Federal Law by Decree No. 32 of 2021, as amended.
Constitution	Means the constitutional or foundational document of a DAO Association.
Council	Has the meaning given in Regulation 39(1) of these DAO Association Regulations.
Council Meeting	Has the meaning given in Regulation 43(1) of these DAO Association Regulations.
Council Member	Has the meaning given in Regulation 39(1) of these DAO Association Regulations.
Court	In relations to any dispute between the Registrar and the DAO Association, means the court of Ras Al Khaimah; in all other cases, means any court or tribunal specified in the Constitution, or any other court of competent jurisdiction.
DAO Association	Means a membership-based organization that operates on a Distributed Ledger that is incorporated under these DAO Association Regulations.
DAO Association Register	Has the meaning given in Regulation 18(1) of these DAO Association Regulations.

Terms	Definitions
DAO Association Regulations	Means the Ras Al Khaimah Digital Assets Oasis Authority DAO Association Regulations of 2024.
Distributed Ledger Technology	Means a private or public digital database that is consensually shared, synchronized and validated across multiple sites, and Distributed Ledger shall be construed accordingly.
Dividend	Means a distribution of retained revenue, representing profit, by a DAO Association to its Token Holders.
Effective Strike-Off Date	Has the meaning given in Regulation 104(6) of these DAO Association Regulations.
Electronic	Includes electronic, electrical, digital, electrochemical, wireless, electromagnetic and Distributed Ledger Technology.
Electronic Document	Means a document including, but not limited to, a book, report, register, application, agreement, minutes of a meeting, a resolution, financial statement, notice, letter and accounts that may be generated, communicated, received, or stored by electronic or other means in or from an electronic system designed for sending, storing, receiving or processing information.
Electronic Record	Means a record generated, communicated, received or stored by electronic, magnetic, optical or other means in an information system or for transmission from one information system to another.
Electronic Signature	Means any electronic letters, numbers, symbols, images, characters or other symbols in digital form or their combination attached to or logically associated with an Electronic Record or incorporated in a document or transaction in electronic form with the intention of authenticating and approving the same.
Emirate	Means the Emirate of Ras Al Khaimah.
Federal Regulations	Means the Commercial Companies Law (as defined above), Securities and Commodities Authority Decision No. 26/RM/2023, The Cabinet Resolution No. (111) of 2022 Concerning the Regulation of Virtual Assets and their Service Providers, Federal Decree-Law No. (20) of 2018 Concerning Combating Money Laundering Crimes, Combating Financing of Terrorism and Financing of Illegal

Terms	Definitions
	Organizations, as amended, and its Executive Regulations and other relevant Federal Regulations as may be deemed applicable.
Financial Year	Has the meaning given in Regulation 88(1) of these DAO Association Regulations.
Founding Member	Means one or more of the initial founding persons of a DAO Association.
General Assets	Has the meaning given in Regulation 70(3) of these DAO Association Regulations.
General Meeting	Has the meaning given in Regulation 56 of these DAO Association Regulations.
Governance Proposal	Has the meaning given in Regulation 54(1) of these DAO Association Regulations.
Governance Token	Has the meaning given in Regulation 38(1) of these DAO Association Regulations.
Guarantee	Has the meaning given in Regulation 37(1) of these DAO Association Regulations.
Guarantee Member	Has the meaning given in Regulation 37(1) of these DAO Association Regulations.
Guarantee Statement	Has the meaning given in Regulation 37(7)(a) of these DAO Association Regulations.
Implementing Regulations	Means those regulations promulgated by the Authority for the purpose of giving effect to or for the better carrying out of these DAO Association Regulations and includes, but is not limited to, any rules, guidelines, circulars, directives, decisions, forms, checklists and such other regulations as may be made by the Authority from time to time.
Inspector	Has the meaning given in Regulation 125(1) of these DAO Association Regulations.
Internal Register	Has the meaning given in Regulation 49(1) of these DAO Association Regulations.
Liability	Means any debt or obligation.
Liquidation	Has the meaning given in Regulation 76 of these DAO Association Regulations.

Terms	Definitions
Liquidator	Has the meaning given in Regulation 76 of these DAO Association Regulations.
Manager	Means a natural person who has been appointed to act as the agent of the DAO Association in the Zone.
Members	Has the meaning given in Regulation 36(1) of these DAO Association Regulations.
Memorandum of Association	Means a document maintained by a DAO Association that contains the information prescribed in Regulation 17 of these DAO Association Regulations.
Miscellaneous Token	Has the meaning given in Regulation 50(1) of these DAO Association Regulations.
No Objection Certificate	Has the meaning given in Regulation 91 of these DAO Association Regulations.
Officer	In relation to a DAO Association, means a Council Member and any other natural person appointed to the position of an officer or secretary of the DAO Association under Regulation 34(1).
Off-Chain Event	Means an event or transaction that does not occur end-to-end on or through a Distributed Ledger.
Penalty	Means the penalty imposed by the Registrar.
Permissionless Distributed Ledger	Means Distributed Ledger Technology that, by design, allows any person to join a Distributed Ledger and actively participate in it without restriction.
Person	Means a natural person or a corporate entity.
Purpose	Has the meaning given in Regulation 12(1) of these DAO Association Regulations.
RAK	Means Ras Al Khaimah.
Records	Means documents and other records, however stored.
Registered Agent	Means a legal person that is a corporate services provider operating independently of the DAO Association and which has been appointed to act as the agent of the DAO Association in the Zone.

Terms	Definitions
Registrar	Means the Registrar of DAO Associations appointed by the Authority.
Required Records	Has the meaning given in Regulation 28(1) of these DAO Association Regulations.
Ruler	Means the ruler of the Emirate of Ras Al Khaimah.
Schedule	Means a schedule to these DAO Association Regulations.
Securities	Means any negotiable instrument including but not limited to stocks, shares, debentures, warrants, certificates, units, options or any right to or interest in any such instrument, or any other instrument designated as a security by the UAE Securities and Commodities Authority.
Smart Contract	Means a self-executing collection of code or a computer program that automatically triggers certain actions when certain conditions are met.
Startup DAO Association	Means a DAO Association designated as such under Regulation 1521(2) of these DAO Association Regulations.
Sub DAO Association	Means a Sub DAO Association created by a DAO Association under Part 7.
Sub DAO Association assets	Has the meaning given in Regulation 70(2) of these DAO Association Regulations.
Sub DAO Association liquidation order	Has the meaning given in Regulation 78(1) of these DAO Association Regulations.
Sub DAO Association liquidator	Means the person appointed as Sub DAO Association liquidator under a Sub DAO liquidation order.
Sub DAO Association transfer order	Has the meaning given in Regulation 75(3) of these DAO Association Regulations.
Token	Means a digital asset that is a Governance Token or a Miscellaneous Token.
Token Holder	Means the holder of a Governance Token or Miscellaneous Token.
UAE	Means the United Arab Emirates.

Terms	Definitions
Ultimate Beneficial Owner	Means, a body corporate or the natural person who has or exercises effective ultimate control over the body corporate on whose behalf a transaction is carried out, whether directly or through a chain of ownership, control or other indirect means.
Virtual Asset	A digital representation of value that can be digitally traded or transferred and can be used for investment purposes. This does not include the digital representation of fiat currency, securities or other assets.
Website	Means the official website of the Ras Al Khaimah Digital Assets Oasis Authority.
Year	Means a calendar year.
Zone	Means the Ras Al Khaimah Digital Assets Oasis.

PART 2: DAO ASSOCIATION FORMATION AND REGISTRATION

8. Legal personality

- (1) From the date of incorporation mentioned in its certificate of incorporation, a DAO Association shall amount to a body corporate that has the name contained in its certificate of incorporation.
- (2) The body corporate in Regulation 8(1) shall be capable of exercising all the functions of an incorporated DAO Association.
- (3) A DAO Association shall have a separate legal personality from that of its Members and Token Holders, and may carry out activities and enter into legally binding obligations under its own name.
- (4) A DAO Association incorporated under these DAO Association Regulations shall be able to acquire, possess, develop and dispose of property and assets in its own name, subject to the applicable laws and regulations.
- (5) The liabilities of a DAO Association, whether arising in contract, tort or otherwise, are the obligations of the DAO Association itself and not the personal liabilities of any Member or Officer of the DAO Association, except as may be provided for by these DAO Association Regulations.

9. Method of Formation

- (1) Two (2) or more Founding Members may apply for the incorporation of a DAO Association by submitting to the Registrar an application in the prescribed form and such documents as may be stipulated by the Registrar from time to time.

- (2) The application filed with the Registrar under this Regulation 9(2) shall be signed by each Founding Member and shall include:
- (a) the proposed name of the DAO Association;
 - (b) the physical address of the registered office of the Registered Agent or Manager appointed by the DAO Association;
 - (c) the nature of the activities to be conducted by the DAO Association;
 - (d) the full name, date of birth, nationality and address of each of the natural persons that are Founding Members at the time of the application;
 - (e) the full legal name, registration number, legal status and registered office of each of the corporate entities that are Founding Members at the time of the application;
 - (f) where a Founding Member is a corporate entity, the full name, date of birth, nationality and address of the Ultimate Beneficial Owner or Ultimate Beneficial Owners of that Founding Member at the time of the application;
 - (g) a copy of the Guarantee provided by each Founding Member;
 - (h) the full name, date of birth, nationality and address of the natural persons who are to serve as the first Council Members of the DAO Association;
 - (i) where applicable, the full name, date of birth, nationality and address of the person who is to serve as the first Manager of the DAO Association;
 - (j) details of each class of Member and their associated decision making and information rights;
 - (k) details of the decision making, governance, and dispute resolution mechanisms of the DAO Association;
 - (l) the distribution mechanisms, supply mechanisms, and any utility or governance functions of the Tokens issued or proposed to be issued by the DAO Association;
 - (m) the treasury management processes and policies followed by the DAO Association as maybe requested at the discretion of the Registrar;
 - (n) details of the Smart Contracts employed by the DAO Association, including the role of each Smart Contract in governing transactions within the DAO, any interaction or interdependence between different Smart Contracts, and the security features and protocols accompanying any Smart Contracts;
 - (o) where applicable, the full legal name, registration number, legal status and registered office of any corporate entity who is to serve as the first Registered Agent of the DAO Association;
 - (p) a compliance return, in the format prescribed by the Registrar, confirming that:

- (i) all requirements of these DAO Association Regulations have been fulfilled;
- (ii) all submitted documents are compliant with these DAO Association Regulations; and
- (iii) the DAO Association is not carrying out and does not intend to carry out any activities that are outside of the scope of its trade license;
- (q) a business plan containing any information prescribed by the Registrar;
- (r) details of any intention of the DAO Association to register one or more Sub DAO Associations following its incorporation and registration; and
- (s) such other particulars as the Registrar may require.

10. Token issuance

A DAO Association may only issue a new class of Tokens where it has submitted a copy of the following documents to the Registrar:

- (a) A white paper or equivalent document discussing the structure and characteristics of the class of Tokens proposed to be issued by the DAO Association, including the mechanics relating to the distribution, vesting, supply and utility or governance features (where applicable) of the class of Tokens;
- (b) a legal opinion confirming that:
 - (i) the class of Tokens complies with all applicable UAE laws and regulations;
 - (ii) the class of Tokens does not constitute a security token for the purposes of UAE federal law; and
 - (iii) the activities of the DAO Association comply with all applicable UAE laws and regulations, including these DAO Association Regulations; and
- (c) a cybersecurity audit of the Smart Contracts that are relevant to the operation or distribution of the Tokens and any other matters that the Registrar may prescribe from time to time.

11. Activities of the DAO Association

A DAO Association may conduct any business activity provided that the activity is:

- (a) consistent with the trade license granted to the DAO Association by the Authority;
- (b) not regulated by a regulator of financial services activities established in the UAE; and
- (c) not unlawful or otherwise contrary to the public policy or morals of the UAE.

12. Purpose

- (1) A DAO Association shall have a purpose towards which the general assets and any Sub Association assets shall be deployed (a “**Purpose**”).
- (2) The Purpose of a DAO Association shall be stated explicitly and in plain language in its Constitution.
- (3) The Purpose shall be:
 - (a) consistent with and not contradictory to any other provisions contained in the Constitution of the DAO Association;
 - (b) consistent with the trade license awarded to the DAO Association;
 - (c) lawful; and
 - (d) not contrary to the principles and values of the Emirate or the UAE.
- (4) All actions taken by the Officer of a DAO Association shall be taken in a manner that, in the Officer’s reasonable opinion, supports the Purpose and does not undermine the Purpose.
- (5) Notwithstanding any provision in the Constitution to the contrary, a proposed amendment to the Purpose of a DAO Association may be put into effect by the Council or an Officer, subject to the following:
 - (a) the unanimous approval of the proposed amendment by the Council;
 - (b) the passing of a Governance Proposal approving the proposed amendment by the Governance Token Holders; and
 - (c) the issuance of an approval of the proposed amendment by the Registrar, following its receipt and review of a detailed statement explaining the reasons behind the proposed change in the Purpose of the DAO Association.

13. Non-Profit Purpose

A DAO Association may only be incorporated if the Registrar is satisfied that:

- (a) the Memorandum of Association or Constitution of the DAO Association explicitly provides for a Purpose that:
 - (i) does not seek to distribute any profit to the Members or Officers of the DAO Association; and
 - (ii) is otherwise in compliance with the requirements of Regulation 12; and
- (b) the Memorandum of Association or Constitution of the DAO Association contains one or more provisions that:

- (i) contain an outright prohibition on the distribution of a Dividend to Token Holders; and
- (ii) requires the re-investment or re-allocation of the assets that would be distributed as a Dividend towards an activity that is consistent with the Purpose.

14. Technical requirements

A DAO Association may only be incorporated under these DAO Association Regulations where the Registrar is satisfied that:

- (a) the DAO Association is deployed on a Permissionless Distributed Ledger; and
- (b) the entire software code of the DAO Association has been developed using an open-source format which is publicly accessible.

15. Designation as a Startup DAO Association or Alpha DAO Association

- (1) Persons who are applying for the incorporation of a DAO Association shall specify whether they are applying for designation as:
 - (a) a Startup DAO Association; or
 - (b) an Alpha DAO Association.
- (2) The Registrar may make a designation that a DAO Association is a Startup DAO Association where the DAO Association meets each of the criteria set out in Regulation 15(3).
- (3) The criteria referred to in Regulation 15(2) are that the DAO Association shall be set by Implementing Regulations to be issued by the Authority.

16. Constitution

- (1) A DAO Association's Constitution shall be drafted in a durable medium in the English language and shall be divided into articles numbered consecutively.
- (2) A DAO Association's Constitution shall contain:
 - (a) the information provided to the Registrar under paragraph (a) through (l) of Regulation 9(2);
 - (b) the matters required to be included by these DAO Association Regulations in the Constitution of the DAO Association; and
 - (c) such other matters as the Founding Members wish to include in the Constitution,

each provided that the Constitution does not contain a provision that is contrary to or inconsistent with these DAO Association Regulations or any applicable law.

- (3) A DAO Association's Constitution shall be made available in readable form to the Members at all times.
- (4) Any provision in a DAO Association's Constitution that conflicts with the DAO Association Regulations or applicable law will be invalid and not have any legal effect.

17. Memorandum of Association

- (1) A DAO Association shall produce a written Memorandum of Association and ensure that it remains up to date at all times.
- (2) The Memorandum of Association shall remain a separate document to the Constitution.
- (3) The Memorandum of Association shall contain the information prescribed by the Registrar.

18. DAO Association Register

- (1) The Registrar shall register, at minimum, the information specified in this Regulation 18 in a register to be hosted and maintained for this purpose (the “**DAO Association Register**”).
- (2) The Registrar may register the following information in relation to each registered DAO Association in the DAO Association Register and ensure it is kept up to date at all times:
 - (a) the name of the DAO Association;
 - (b) the registration number of the DAO Association;
 - (c) the date of incorporation of the DAO Association;
 - (d) the trade license held by the DAO Association;
 - (e) the full name and address of the Registered Agent appointed by the DAO Association, where applicable;
 - (f) the hyperlink or equivalent to a publicly-accessible page hosted by the DAO Association;
 - (g) the present designation of a DAO Association as either a Startup DAO Association or an Alpha DAO Association;
 - (h) a copy of the Constitution of the DAO Association;
 - (i) the full names of the Council Members or the Manager of the DAO Association and the date on which each Council Member or Manager was appointed;
 - (j) the names of the Founding Members of the DAO Association;
 - (k) a record that the Annual Accounts have been submitted under Regulation 89;
 - (l) a record that the Annual Return has been submitted under Regulation 90; and

- (m) the total number of Sub Associations of the DAO Association approved under Regulation 65 that have not been dissolved or liquidated at present.
- (3) The DAO Association Register shall be maintained in a fully Electronic form.
- (4) Information registered in the DAO Association Register under Regulations 18(1) and 18(2) may be made public by the Registrar on the Website, subject to any requirements to the contrary under the laws of the UAE, the Emirate or the Zone.

19. Registration

- (1) The Registrar shall review the application materials submitted under Regulations 9 and 13 and conduct all relevant screening.
- (2) The Registrar may refuse to register a DAO Association for such reason as it believes to be proper grounds for refusing such registration.
- (3) Where the Registrar refuses to register a DAO Association, it shall not be bound to provide any reason for its refusal.
- (4) A decision by the Registrar shall not be subject to appeal or review in any Court.
- (5) If the Registrar is satisfied that all applicable requirements of these DAO Association Regulations are met, the Registrar shall register the DAO Association.
- (6) Following the registration of a DAO Association, the Registrar shall:
 - (a) issue a certificate of incorporation confirming that the DAO Association is incorporated;
 - (b) issue a trade license stating the business activities of the DAO Association; and
 - (c) assign to the DAO Association a number, which shall be the DAO Association's registered number.
- (7) A certificate of incorporation is conclusive evidence of the following matters:
 - (a) the fact and date of the incorporation of the DAO Association; and
 - (b) that fact that the requirements of Part 2 of these DAO Association Regulations have been complied with in respect of the incorporation of the DAO Association.
- (8) No persons that have applied for incorporation as a DAO Association shall conduct or attempt to conduct business operations in or from the Zone unless and until:
 - (a) the issuance of a certificate of incorporation under Regulation 19(6)(a); and
 - (b) the issuance of a trade license under Regulation 19(5)(b).

20. Circulation of information post-Registration

As soon as is reasonably practicable following the registration of a DAO Association under Regulation 19(5), the Council of the DAO Association shall circulate a copy of the information submitted to the Registrar under Regulation 9(2) to all Founding Members and Officers of the DAO Association.

21. Effect of Constitution

- (1) Subject to the provisions of these DAO Association Regulations, the Constitution, when registered, binds the DAO Association and its Founding Members to the same extent as if it had been signed by the DAO Association and by each Founding Member separately. The DAO Association and each Founding Member are deemed to covenant to observe all the provisions of the Constitution.
- (2) Any fiat currency or Virtual Asset payable by a Founding Member to the DAO Association under the Constitution is a debt due from them and owed to the DAO Association.

22. Amendment of the Constitution

- (1) Subject to the provisions of these DAO Association Regulations, the Governance Token Holders of a DAO Association may, by a Governance Proposal, propose to amend the Constitution.
- (2) Where an amendment to the Constitution is proposed, the Registrar may, at its discretion, require the submission of a written legal opinion issued by the DAO Association's external qualified legal adviser stating that the amendments comply with the requirements of these DAO Association Regulations.
- (3) An amendment to the Constitution proposed under Regulation 22(1) shall only take effect when:
 - (a) any written legal opinion requested any Regulation 22(2) has been issued and submitted to the Registrar; and
 - (b) the amendment been accepted for registration by the Registrar.
- (4) If the Constitution of a DAO Association is amended, the rights and obligations of the Founding Members and/or the DAO Association that have arisen under the Constitution prior to the date of such amendment shall not be affected unless the amendment provides otherwise.
- (5) Notwithstanding anything in the Constitution, a Member of a DAO Association shall not be bound by an amendment made to the Constitution after the date on which they became a Member, insofar as the amendment:
 - (a) creates or increases their Guarantee to the DAO Association or otherwise requires them to pay any amount to the DAO Association; or

- (b) amends their holding of or the rights, obligations or the features of any Governance Token,

unless they agree in writing, either before or after the amendment is made, to be bound by the amendment.

23. Name

- (1) The name of a DAO Association shall be approved by the Registrar.
- (2) The approved name of a DAO Association shall be followed by either “DAO Limited” or “DAO Ltd”.
- (3) A DAO Association shall not register a name which:
 - (a) may violate laws relating to the protection of intellectual property rights in the UAE;
 - (b) is the same or similar to that registered to another DAO Association or a company incorporated under the RAKDAO Companies Regulations 2023;
 - (c) contains the word “Emirate”, “United Arab Emirates” or “UAE”, “RAK ICC”, “RAK DAO”, “RAK” “Digital Assets Oasis”, “municipal”, “chartered”, “bank”, “trust”, “assurance”, “insurance”, “chamber” or any other word that may suggest connection with the Government, the Emirate, or their agencies;
 - (d) contains names of God, the word “Allah”, a creed symbol, the names of the Royal Family, or the logos of national, international or Arab agencies, corporations and organizations;
 - (e) leads to the belief on the part of others that the owner of the trade name has an official capacity or that it enjoys special patronage;
 - (f) contains names of families or tribes, unless such a family or tribe is related to a Founding Member of the DAO Association;
 - (g) contains any of the diacritic symbols such as the full stop or comma or any similar symbols such as \$, % or #;
 - (h) contains the words bin, abu or um, unless these are part of the personal name of a Founding Member of the DAO Association;
 - (i) is identical with or similar to a registered national or international trademark or trade name, except for the owner(s) of that trademark and/or trade name or their respective representatives;
 - (j) contains a name of another person without securing the consent of that person or their heirs; or
 - (k) is deemed inappropriate for any other reason by the Registrar.

- (4) The Registrar may issue a list including, but not limited to, prohibited names and set further conditions and restrictions on such from time to time.

24. Change of Name

- (1) The Governance Token Holders of a DAO Association may, by a Governance Proposal, change its name, provided that the new name is approved by the Registrar and complies with Regulation 23.
- (2) Where a DAO Association changes its name under this Regulation 24:
 - (a) the Registrar shall:
 - (i) enter the new name on the DAO Association Register in place of the former name; and
 - (ii) issue a certificate of name change showing the former name and the new name of the DAO Association; and
 - (b) the Council or an Officer shall issue a written notice to all Token Holders, notifying them of the name change and the previous and current names of the DAO Association.
- (3) The change of name will take effect from the date on which the Registrar issues the certificate of name change.
- (4) In the event that a DAO Association changes its name under this Regulation 24, it shall amend its Memorandum of Association and Constitution in order to reflect the change as soon as practicable after the Registrar issues the certificate of name change.
- (5) A change of name by a DAO Association under these DAO Association Regulations does not affect any rights or obligations of the DAO Association or render defective any legal proceedings by or against it; and any legal proceedings that might have been continued or commenced against it by its former name may be continued or commenced against it under its new name.

25. Power to Require Change of Name

- (1) If, in the opinion of the Registrar, the name by which a DAO Association is registered is misleading, conflicts with other names or is otherwise not acceptable, the Registrar may direct the DAO Association to change it.
- (2) A direction by the Registrar under Regulation 25(1) shall be complied with within thirty (30) days from the date of such direction or within such longer period as the Registrar may allow.
- (3) In the event of a conflict between one or more DAO Associations regarding a name, the Registrar reserves the right to request the concerned parties to submit an order by the Court before it changes the name of the concerned DAO Association.

26. Service of documents

A document may be served on a DAO Association by:

- (a) leaving it at, or sending it by post to, the registered office of the Manager or Registered Agent of the DAO Association; or
- (b) communicating it through Electronic means to the address made public under Regulation 33(1).

27. Particulars in Correspondence

The following information shall appear in legible characters in all business letters, order forms, or other formal documents issued or entered into by a DAO Association:

- (a) the full name of the DAO Association;
- (b) the registered number of the DAO Association; and
- (c) the address of the registered office of the DAO Association or, where no Manager or Registered Agent has been appointed, the address provided under Regulation 33(1).

28. Data storage

- (1) The records that a DAO Association is required by these DAO Association Regulations to keep (the “**Required Records**”) shall be kept recorded by a system of Electronic data processing that is capable of reproducing any required information in intelligible written form within a reasonable time.
- (2) A DAO Association shall take reasonable precautions to:
 - (a) prevent the loss or destruction of;
 - (b) prevent the falsification of entries in; and
 - (c) facilitate detection and correction of inaccuracies in,the Required Records.
- (3) If any of the Required Records are kept other than in an intelligible written form, including due to encryption or the Required Record being formatted in computer code, any duty imposed on the DAO Association by these DAO Association Regulations to allow the inspection and copying of, or to require the giving or production of, information or documents, shall be treated as a duty to do so in intelligible and unencrypted written form.

29. Registering Founding Members

- (1) Every DAO Association shall enter the following information for each Founding Member in the Internal Register:

- (a) For natural persons, the full legal name, as per the Founding Member's passport or identification card, of each Founding Member;
 - (b) For body corporate, the full legal name, registration number, legal status and registered office of each of the corporate entities that are Founding Members at the time of the application; and if where a Founding Member is a corporate entity, the full name, date of birth, nationality and address of the Ultimate Beneficial Owner or Ultimate Beneficial Owners of that Founding Member at the time of the application;
 - (c) the name of each Founding Member's birthplace;
 - (d) the address of each Founding Member;
 - (e) a statement of the Guarantee provided by each Founding Member in the DAO Association, and any unique number or identifier associated with that Guarantee;
 - (f) the date on which each person was registered as a Founding Member; and
 - (g) a true Electronic copy of the Founding Member's valid passport or identification card.
- (2) A Founding Member shall notify the DAO Association in writing of any changes to the information specified in Regulation 29(1).
 - (3) Following the receipt of a notification under Regulation 29(2), the DAO Association shall update the Internal Register within a reasonable period of time.

PART 3: MANAGERS, REGISTERED AGENTS AND SECRETARIES

30. Appointment of a Manager or Registered Agent

- (1) The Council of a DAO Association shall ensure that a Manager or a Registered Agent has been appointed at all times to act for the DAO Association.
- (2) The Constitution of the DAO Association shall specify the process for appointing, removing and replacing a Manager or Registered Agent of the DAO Association.
- (3) A Council Member may be appointed as a Manager concurrently with their appointment as Council Member.

31. Responsibilities of the Manager or Registered Agent

- (1) A Manager or Registered Agent appointed under Regulation 30 shall carry out all necessary communication, compliance and administrative functions in the Zone on behalf of the DAO Association that appointed them, including:
 - (a) communication with the Authority; and
 - (b) the receipt of hard and soft copy communications on behalf of the DAO Association.

- (2) A Registered Agent appointed under Regulation 30 shall at all times and as may be additionally requested by the Registrar:
 - (a) hold the appropriate trade license to act as a service provider in the Zone;
 - (b) maintain a physical registered office in the Zone, to which both hard and soft copy communications with the DAO Association as recipient may be addressed; and
 - (c) carry on their principal business activity in the Zone, unless the Authority otherwise permits or it is otherwise permitted under applicable law.
- (3) In order to act as the Registered Agent for a DAO Association a person must be approved by the Registrar.
- (4) No person can be a Manager who:
 - (a) if a natural person, is under the age of eighteen (18) years;
 - (b) has not been approved by the Registrar;
 - (c) has been judged disqualified by the Court;
 - (d) is not a resident of the UAE; or
 - (e) does not qualify for the position based on any criteria provided in the Constitution of the DAO Association that appointed them.
- (5) The name of the Manager or Registered Agent shall be recorded in the DAO Association Register and shall appear on the trade license of the DAO Association.
- (6) The Authority may, from time to time, issue guidelines, directives or circulars regarding all aspects of the appointment of a Manager or Registered Agent.
- (7) A Manager or Registered Agent may be removed and replaced through the process provided for in the Constitution of the DAO Association that appointed them.
- (8) Without prejudice to any authority granted under these DAO Association Regulations, additional authority may be granted to a Manager or Registered Agent in the Constitution.

32. Ability to bind the DAO Association

The Manager or Registered Agent appointed by a DAO Association may bind that DAO Association by entering into any contracts, undertakings or other legal arrangements on behalf of the DAO Association provided that the Manager or Registered Agent has first received the approval of the Council through the process set out in the Constitution.

33. Obligation to provide address for correspondence

- (1) A DAO Association shall be obliged to make public an Electronic address, at minimum, in the form of an e-mail address, to which communications may be sent and received.

- (2) A DAO Association that has not appointed a Manager or Registered Agent shall ensure that the address specified in Regulation 33(1) is monitored actively and displayed in any communications of the DAO Association.

34. Appointment of other officers

- (1) A DAO Association may appoint a natural person to the role of an officer of the DAO Association.
- (2) The function and authority of a natural person appointed under Regulation 34(1) shall be specified in the Constitution of the DAO Association.

35. Details of a Council Member, Manager, Officer and Registered Agent

The DAO Association shall maintain, at minimum, an up to date record of the following details in respect of each Council Member, Officer, Manager and Registered Agent of the DAO Association (where appointed) in the Internal Register:

- (a) where the person is a natural person, the full name, date of birth, nationality and address of the natural person; or
- (b) where the person is a corporate entity, the full legal name, registration number, legal status and registered office of the corporate entity.

PART 4: DAO ASSOCIATION MEMBERSHIP AND GOVERNANCE

36. Categories of membership

- (1) A DAO Association shall, at a minimum, have each of the following categories of membership (each individually, and together, the “**Members**” of the DAO Association):
 - (a) the Founding Members of the DAO Association;
 - (b) the Council Members of the DAO Association; and
 - (c) the Token Holders of the DAO Association.
- (2) The Constitution of a DAO Association may designate any other class of persons as Members of the DAO Association, in which case these DAO Association Regulations shall apply to that class of persons as if they were among the Members specified in Regulation 36(1) above.
- (3) Where the Constitution of a DAO Association designates a class of persons as Members under Regulation 36(2) above, it shall clearly define the rights and obligations of that class of persons.

37. Provision of the Guarantee and Guarantee Members

- (1) For the purpose of this Regulation 37, a “**Guarantee Member**” encompasses every Founding Member that has provided a Guarantee in the prescribed manner, as well as any

other person that has provided a Guarantee for as long as they have not withdrawn their Guarantee.

- (2) A person may enter into an undertaking to contribute to the assets of the DAO Association, in the event that the DAO Association enters into liquidation with outstanding liabilities that cannot be settled through alternative means under these DAO Association Regulations. Such amount may be necessary for the:
 - (a) payment of the outstanding liabilities of the DAO Association that were incurred by the DAO Association at any point in time prior to the person ceasing to provide the undertaking or within one (1) year of the person ceasing to provide the undertaking;
 - (b) payment of the costs, charges and expenses of liquidation; and
 - (c) adjustment of rights of the Founding Members amongst themselves,up to and not exceeding a specified amount (the “**Guarantee**”).
- (3) The Founding Members of a DAO Association shall each undertake to provide a Guarantee in respect of DAO Association prior to its incorporation.
- (4) A DAO Association shall have a minimum of two (2) Founding Members at the time of incorporation, and a maximum of ten (10) Founding Members at any given time, including at the time of incorporation.
- (5) The Registrar may require that the Guarantee required under Regulation 37(1), either at the time of the registration of the DAO Association or at any time thereafter:
 - (a) is equal to or greater than a certain amount; or
 - (b) is in the form of a prescribed fiat currency or Virtual Asset.
- (6) Subject to the Constitution, a Guarantee may be provided in the form of a Smart Contract and be deployed on a Distributed Ledger of the DAO Association’s choice.
- (7) A person shall not be deemed to be a Guarantee Member of a DAO Association until:
 - (a) the person has documented the Guarantee provided in respect of the DAO Association in a written statement that accurately reflects the entirety of their undertaking under Regulation 37(1) (the “**Guarantee Statement**”);
 - (b) the following details, at a minimum, relating to that person have been entered into the Internal Register:
 - (i) the full name, date of birth, nationality and address of the natural person that proposes to be a Guarantee Member; or
 - (ii) the full legal name, registration number, legal status and registered office of the corporate entity that proposes to be a Guarantee Member;

- (iii) the amount of each person's Guarantee at the time of the application, including the type of currency in respect of which it is being provided; and
- (c) the person has successfully completed all applicable AML/CFT and KYC checks as may be required from time to time under UAE law.
- (8) The Registrar may require that any part of the amount provided as a Guarantee by a Guarantee Member is to be paid up front by that Founding Member either at time of the registration of the DAO Association or at any time thereafter.
- (9) The Registrar may issue further guidance regarding the custody and safekeeping of the amount required to be paid up front under Regulation 37(8) above.

38. Governance Tokens

- (1) A DAO Association shall issue tokens that confer governance rights to their holders (the **"Governance Tokens"**).
- (2) The Constitution shall, at a minimum, provide for the rights of the Governance Tokens in relation to the following matters:
 - (a) the implementation and amendment of Smart Contracts and similar protocols;
 - (b) the election and removal of Council Members, including after the creation of a vacancy;
 - (c) the appointment of Alternate Council Members;
 - (d) the approval of Governance Proposals without a General Meeting;
 - (e) where the DAO Association is not designated as a Startup DAO Association, the appointment of a Manager or Registered Agent;
 - (f) the amendment of the Constitution; and
 - (g) the voting rights, obligations and features associated with each Governance Token.
- (3) The Constitution may provide for further rights in relation to the DAO Association, including but not limited to the following matters:
 - (a) the change of the name of the DAO Association;
 - (b) the appointment of a Manager or Registered Agent;
 - (c) the appointment of an Officer;
 - (d) the appointment of an auditor;
 - (e) the calling of a General Meeting;
 - (f) the appointment of a liquidator or a Sub DAO Association liquidator;

- (g) the approval of the Annual Accounts of the DAO Association;
 - (h) the provision of information on the DAO Association or a Token issued by it to the Governance Token Holders or a class thereof;
 - (i) protocol development; and
 - (j) oversight of the treasury of the DAO Association.
- (4) The Constitution may provide that a Founding Member is to be issued one or more Governance Tokens or Miscellaneous Tokens in exchange for their provision of the Guarantee.
 - (5) The Constitution may set an upper limit or other restriction on the amount of Governance Tokens of a given class that may be held by a single person or by persons affiliated with that person.
 - (6) If any Governance Token holders became at any time a holder of 25% or more of the voting rights for a consecutive period of thirty (30) days or more (the “Threshold”), then this token holder must declare this and share his details with the Registrar within a period of fifteen (15) days from the lapse of the Threshold. In this case, the Registrar may instruct the token holder to share any further details and supporting document as he deems appropriate.

39. Council Members

- (1) Each DAO Association shall have:
 - (a) a body that will act as the executive and supervisory body for the DAO Association as a whole (the “**Council**”); and
 - (b) natural persons occupying the position of a member of the Council at all times (the “**Council Members**”).
- (2) Subject to the Constitution, the Council of a DAO Association shall have the following powers:
 - (a) representing the DAO Association at Off-Chain Events and in relation to third parties, including creditors, counterparties and government authorities;
 - (b) administering any assets owned by the DAO Association, including any Virtual Assets;
 - (c) taking operational and maintenance-related decisions in relation to the DAO Association;
 - (d) engaging with and delegating to third parties in relation to the provision of services to the DAO Association, including software developers, professional services firms and hardware suppliers;
 - (e) negotiating the terms of, and binding the DAO Association in relation to, contracts or other legal arrangements; and

- (f) monitoring and ensuring the ongoing compliance of the DAO Association with the applicable legislation.
- (3) Subject to the Constitution, each Council Member shall have the powers set out in Regulation 39(2).
- (4) The number of Council Members that may serve at any one time shall be fixed by the Constitution and shall be no less than two (2) persons serving concurrently at any time.
- (5) Subject to the Constitution:
 - (a) a Council Member shall not be required to be a Token Holder; and
 - (b) a Token Holder may be appointed as a Council Member.
- (6) Subject to the Constitution, a Founding Member of the DAO Association may be appointed as a Council Member of a DAO Association that they are a Founding Member of.
- (7) Subject to the Constitution, any other natural person may be appointed as a Council Member of a DAO Association following the passing of a Governance Proposal.
- (8) No person shall be a Council Member who:
 - (a) is a corporate entity;
 - (b) is under the age of eighteen (18) years;
 - (c) has been convicted of a criminal offense involving dishonesty or moral turpitude in any jurisdiction in the past ten (10) years;
 - (d) has been found guilty of market abuse or the equivalent offense in any jurisdiction at any time;
 - (e) is on a UN, UAE or other relevant sanctions list;
 - (f) is an undischarged bankrupt;
 - (g) has been ordered to be disqualified from being a Council Member following a ruling by the court of RAK or a competent authority; or
 - (h) has been stated to be ineligible to hold the post of Council Member by the Constitution.
- (9) The appointment of any Council Member to the DAO Association under this Part is subject to:
 - (a) the approval of the Registrar; and
 - (b) the entering of the full legal name of the Council Member into the DAO Association Register by the Registrar.

40. Election, Term and Removal of Council Members

- (1) The Council Members of a DAO Association shall be elected by the Governance Token Holders through the process provided for in the Constitution for such term as the Governance Token Holders may determine.
- (2) Each Council Member shall hold office until whichever of the following occurs first:
 - (a) their successor takes office through a process provided for in the Constitution;
 - (b) their resignation through a process provided for in the Constitution;
 - (c) their removal by the Governance Token Holders through the process provided for in the Constitution; or
 - (d) their death.
- (3) A vacancy created following the occurrence of one of the events in Regulation 40(2) shall be filled through the appointment of a new Council Member by the Governance Token Holders through the process provided for in the Constitution.
- (4) The removal of a Council Member and the appointment of a new Council Member shall each be notified to the Registrar within fourteen (14) days, and the DAO Association Register shall be updated accordingly.

41. Voting

- (1) Subject to the Constitution and this Regulation 41, the Council shall make decisions based on a simple majority vote of the Council Members voting on a proposal.
- (2) The Constitution may provide for:
 - (a) additional procedural requirements in respect of the voting of the Council;
 - (b) a higher approval threshold in relation to any category of proposal that may be brought before the Council; and
 - (c) a quorum requirement in relation to any or all categories of proposal that may be brought before the Council.
- (3) Where only two Council Members are voting on a proposal, and notwithstanding any provision in the Constitution to the contrary, unanimity shall be required.

42. Execution

The Constitution may specify additional processes and requirements in relation to:

- (a) evidencing the signature or voting of any given Council Member; and
- (b) documenting the approval of the Council in relation to a given proposal.

43. Council Meeting Minutes

- (1) The Council Members or another Officer may arrange for the keeping of minutes in relation to each meeting, however this may be convened, of the Council Members (“**Council Meeting**”).
- (2) Any minutes kept under Regulation 43(1) shall be recorded in an Electronic format and entered in the Internal Register of the DAO Association.

44. Duties of Council Members and Officers

- (1) A Council Member or an officer of a DAO Association, in exercising their powers and discharging their duties, shall:
 - (a) direct the DAO Association to act in a manner that is not contrary to the laws of the UAE, the Emirate or the Authority;
 - (b) act in a manner that is in furtherance of the Purpose and that could not reasonably be viewed as being detrimental to the Purpose;
 - (c) act honestly, in good faith and lawfully, with a view to the best interests of the DAO Association; and
 - (d) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.
- (2) A Council Member or an officer of a DAO Association shall act in a way that respects any rights held by a Token Holder and shall not act in a way that undermines or contradicts such rights.

45. Duty of Council Members to Disclose Interests

- (1) A Council Member of a DAO Association who has, directly or indirectly, an interest in a transaction entered into or proposed to be entered into by the DAO Association or by a subsidiary of the DAO Association that to a material extent conflicts or may conflict with the interests of the DAO Association and of which they are aware, shall disclose to the Council or Officer the nature and extent of their interest.
- (2) The disclosure under Regulation 45(1) shall be made as soon as practicable after the Council Member becomes aware of the circumstances that gave rise to their duty to make it.
- (3) A notice in writing given to the DAO Association by a Council Member that they are to be regarded as interested in a transaction with a specified person is sufficient disclosure of their interest in any such transaction entered into after the notice is given.
- (4) Subject to Regulation 45(5), where a Council Member fails to disclose an interest under this Regulation 45, the DAO Association, a Member or Token Holder of the DAO Association may apply to the Court for an order setting aside the transaction concerned and

directing that the Council Member account to the DAO Association for any profit, gain or benefit realized, and the Court may so order or make such other order as it thinks fit.

- (5) A transaction is not voidable, and a Council Member is not accountable, under Regulation 45(4) where, notwithstanding a failure to comply with this Regulation 45, the transaction is confirmed by a Governance Proposal.

46. Prohibitions of Financial Assistance to Council Members

- (1) Subject to Regulation 46(2) and Regulation 46(3), a DAO Association shall not provide the following financial assistance to a Council Member:
 - (a) a loan, debenture, credit facility or other similar form of financial assistance; or
 - (b) a guarantee or security or indemnity in connection with a loan, debenture, credit facility or other similar form of financial assistance, whether such financial assistance is provided by the DAO Association or another person.
- (2) Financial assistance to a Council Member that would be subject to Regulation 46(1) may be provided where:
 - (a) the financial assistance is provided in accordance with the applicable Central Bank of the UAE Federal Regulations;
 - (b) consent is given by Governance Token Holders under a Governance Proposal; and
 - (c) all of the Council Members of the DAO Association resolve that the giving of the financial assistance does not contravene or prejudice either:
 - (i) the Purpose; and
 - (ii) the DAO Association's ability to discharge its liabilities as they fall due.
- (3) Any financial assistance provided pursuant to Regulation 46(1) shall be:
 - (a) documented in writing; and
 - (b) prior to its provision, recorded in the minutes of the Council Meeting.
- (4) Financial assistance shall be deemed to be financial assistance to a Council Member for the purposes of Regulation 46(1) if it is made to:
 - (a) a spouse or child of a Council Member; or
 - (b) a body corporate of which a Council Member, their spouse or child owns or controls directly or indirectly more than twenty per cent (20%) of the share capital or equivalent form of ownership.
- (5) Regulation 46(1) does not apply to financial assistance where:

- (a) it consists of remuneration in the ordinary course paid to a Council Member for their services as a Council Member; or
- (b) it is liability indemnity insurance related to the discharge of their duties to the DAO Association.

47. Alternate Council Members

- (1) A Council Member may by a written instrument appoint an alternate who need not be a Council Member (an “**Alternate Council Member**”) where this is provided for in the Constitution.
- (2) The appointment of an Alternate Council Member shall not be effective until the following steps have been completed:
 - (a) the full legal name of the Alternate Council Member has been notified in writing to every other Council Member;
 - (b) the Governance Token Holders have passed a Governance Proposal to appoint the Alternate Council Member;
 - (c) a consent form has been signed and returned to the Council by the appointed Alternate Council Member; and
 - (d) the date of birth, nationality, passport or identification document, address of residence and signature of the Alternate Council Member have each been verified and evidence of such verification has been notified to every other Council Member.
- (3) An Alternate Council Member appointed under this Regulation 47 shall be entitled to:
 - (a) access any Council Meetings in the absence of the Council Member who appointed them; and
 - (b) to vote in the place of the Council Member.

48. Validity of Acts of Council Member

The acts of a Council Member, including an Alternate Council Member, are valid notwithstanding any defect that may afterwards be found in their appointment or qualification.

PART 5: TOKENS

49. Internal Register

- (1) A DAO Association shall host and maintain, at minimum, an accurate Electronic Record of the information specified to be included within this record by these DAO Association Regulations (the “**Internal Register**”).
- (2) The Internal Register shall contain, at minimum, the information specified under:
 - (a) Regulation 29 (Registering Founding Members);

- (b) Regulation 35 (Details of a Council Member, Manager, Officer and Registered Agent); and
 - (c) Regulation 43 (Council Meeting Minutes).
- (3) The Registrar may prescribe further information that shall be contained in the Internal Register.
- (4) The DAO Association shall allow for its Internal Register to be inspected free of charge by the following parties:
 - (a) the Registrar;
 - (b) the Founding Members;
 - (c) the Officers of the DAO Association; and
 - (d) the Token Holders.
- (5) Subject to the Constitution, the Internal Register may be made available for inspection by any other person subject to the payment of a fee.
- (6) Should inspection be denied where it ought to be permitted under these DAO Association Regulations, the Registrar may direct the DAO Association to provide for the immediate inspection of the Internal Register.
- (7) If there is an error in the information shown on the Internal Register, the person aggrieved, or an Officer of the DAO Association may apply to the Council for rectification of the Internal Register.

50. Miscellaneous Tokens

- (1) A DAO Association may issue Tokens that relate to the operation, administration, provision of services to or maintenance of the DAO Association and that may give their holders certain rights or obligations in this respect (the “**Miscellaneous Tokens**”).
- (2) The Tokens issued under Regulation 50(1) may include but are not limited to:
 - (a) tokens that grant their holder access to particular activities, projects or information that would otherwise be restricted;
 - (b) tokens that relate to the consumption of resources or services provided by the Token Holders or other persons affiliated with a DAO Association; or
 - (c) tokens that track the contribution of or services provided by a given person to the DAO Association.
- (3) All rights and obligations associated with any Miscellaneous Token shall be provided for in the Constitution.

51. Tokens with more than one feature

- (1) A Token issued by the DAO Association may grant more than one of the rights or obligations provided for under Regulation 38 and Regulation 50 to the Token Holder.
- (2) Where a Token grants more than one of the rights or obligations provided for under Regulation 38 or Regulation 50 to its Token Holder, it shall be deemed to amount to a Token that falls within the scope of that Regulation, notwithstanding the fact that it may concurrently fall under the scope of another Regulation.
- (3) A Founding Member shall be treated as a Token Holder and be subject to the corresponding Regulations in these DAO Association Regulations if they hold a Governance Token or Miscellaneous Token, whether or not that Token Holder is also a Founding Member.
- (4) A DAO Association may have more than one class of a Governance Token or Miscellaneous Token, provided that this is reflected in the Constitution.

52. Voluntary Token disposal

- (1) The Constitution shall specify the process according to which a Token issued by a DAO Association may be disposed of voluntarily by a Token Holder at their own initiative.
- (2) A Token Holder shall be permitted to dispose of a Token issued by a DAO Association provided that the process set out in the Constitution under Regulation 52(1) is complied with.

53. Mandatory Token disposal

- (1) The Constitution shall specify the conditions, thresholds or triggers which, if met, will result in a Token Holder being required to dispose of a Token issued by a DAO Association.
- (2) A Token Holder shall be required to dispose of a Token issued by a DAO Association in the event any of the conditions, thresholds or triggers set out in the Constitution under Regulation 53(1) are met.

PART 6: GOVERNANCE PROPOSALS

54. Governance Proposals

- (1) The Governance Token Holders may review and approve any proposal initiated by one or more of them in relation to such matters as these DAO Association Regulations or the Constitution may specify (a “**Governance Proposal**”).
- (2) The matters that may be specified by the Constitution under Regulation 54(1) include, but are not limited to:
 - (a) the initiation of a new project or the termination of an existing project;
 - (b) the granting of funds or other disbursements;

- (c) the management of the DAO Association treasury; and
- (d) protocol development.

55. Approving a Governance Proposal

- (1) Subject to the Constitution, a Governance Proposal may be approved through one of the following two processes:

(a) Approval without a General Meeting

- (i) A copy of the Governance Proposal shall be circulated in an Electronic format to each Governance Token Holder eligible to vote on the Governance Proposal, together with a notice containing the following information:
 - (A) the name(s) of the Governance Token Holder(s) who submitted the Governance Proposal;
 - (B) the time window during which voting on the Governance Proposal will be enabled;
 - (C) a statement providing, in plain language, a further explanation of the Governance Proposal;
 - (D) the process by which a Governance Token Holder will be able to vote; and
 - (E) an Electronic correspondence address to which further queries may be directed.
- (ii) At least seven (7) days following the circulation of the notice in Regulation 55(1)(a)(i), the Governance Token Holders eligible to vote on the Governance Proposal shall be granted the ability to vote on the Governance Proposal within a specified period.
- (iii) The outcome of the vote shall be notified to every Governance Token Holder.

(b) Approval with a General Meeting

- (i) A General Meeting shall be called under Regulation 56 or Regulation 57.
- (ii) The notice calling the General Meeting shall be accompanied by:
 - (A) a copy of the Governance Proposal; and
 - (B) a notice containing the information specified under Regulation 55(1)(a)(i) above.

- (iii) The Governance Proposal shall be discussed at the General Meeting through any simultaneous two-way Electronic means of communication, including but not limited to a digital messaging platform or video conferencing software.
 - (iv) The Governance Proposal shall be put to a vote.
 - (v) The outcome of the vote shall be notified to every Governance Token Holder.
- (2) Where a Governance Proposal is to be approved without a General Meeting under this Regulation 55, it shall be approved subject to any eligibility, quorum and voting requirements that may be specified in the Constitution.
- (3) A Governance Proposal that has not been approved in accordance with one of the processes specified in this Regulation 55 shall be invalid, and any actions, outcomes or consequences resulting from its approval shall be reversed as soon as practicable by the Council or Officer where this is possible.
- (4) The Constitution may provide for such further requirements or processes in relation to the approval of a Governance Proposal, provided that these do not contradict any mandatory provision of these DAO Association Regulations.

56. Calling of a General Meeting by the Council

- (1) Subject to the Constitution, the Council may call a meeting of Governance Token Holders (a “**General Meeting**”) with at least twenty-one (21) days’ notice.
- (2) The notice calling the General Meeting shall be communicated to the Governance Token Holders in an Electronic format.
- (3) If a General Meeting is called by shorter notice than that specified in Regulation 56(1), it is deemed to have been duly called if it is so agreed by a majority in number of the Governance Token Holders having a right to access and vote at the General Meeting.

57. Calling of Meetings by a Governance Token Holder

- (1) Unless specified otherwise in the Constitution, on a Governance Token Holder’s request, the Council may proceed to call a General Meeting. The request shall state the objects of the General Meeting.
- (2) The Governance Token Holder’s request in Regulation 57(1) shall be communicated in an Electronic format by the Governance Token Holder to the Council or Officer, and may consist of several documents in similar form each signed by or on behalf of the Governance Token Holder.
- (3) If, within twenty-one (21) days from the date of the request, the Council does not call a General Meeting that is to be held within two (2) months of the date of the request, the Governance Token Holder making the request, or any of them representing more than one half of the total voting rights of the voting rights of the Governance Tokens held by the

Governance Token Holders entitled to vote at that General Meeting, may call a General Meeting, to be held at least three (3) months from the date on which the General Meeting is called.

- (4) A General Meeting called under this Regulation 57 shall be called in the same manner as that in which General Meetings are to be called by the Council under Regulation 56.

58. Notice of General Meeting of a DAO Association

- (1) A notice calling a General Meeting of a DAO Association shall:
 - (a) provide details on the simultaneous two-way Electronic means of communication through which the General Meeting shall be hosted and how a Governance Token Holder may access the General Meeting;
 - (b) state the object of the General Meeting;
 - (c) state the agenda of the General Meeting; and
 - (d) set out any Governance Token Holder's intention to propose any Governance Proposal.
- (2) A notice calling a General Meeting shall be accompanied by a notice containing the information specified under Regulation 55(1)(a)(i) above.

59. Voting rights at General Meetings

- (1) The following provisions apply to any General Meeting of the DAO Association unless the Constitution provides otherwise:
 - (a) notice of every General Meeting shall be given to every Governance Token Holder entitled to receive it by delivering it Electronically through their notified way of receiving such communications;
 - (b) at any General Meeting, half of the Governance Token Holders by number shall be a quorum; and
 - (c) any Founding Member elected by the Founding Members present at any such meeting may be chairman.
- (2) The Constitution shall specify the voting powers that are to be allocated to the holder of each class of Governance Token in relation to a General Meeting.
- (3) Subject to the Constitution, each Governance Token of the same class shall have the same voting rights as each other Governance Token of the same class.

60. Representation of Bodies Corporate

- (1) A body corporate that is a Governance Token Holder may by resolution of its governing body authorize such person as it thinks fit to act as its representative at:

- (a) any General Meeting of a DAO Association; and
 - (b) any other meeting of a DAO Association at which the body corporate is entitled to access and vote in its capacity as a Governance Token Holder.
- (2) A person so authorized is entitled to exercise the same powers on behalf of the body corporate as that body corporate could exercise if it were a natural person.

61. Higher approval threshold

The Constitution of a DAO Association may specify an approval or quorum threshold in respect of any Governance Proposal or category of Governance Proposal that is higher than the approval or quorum threshold specified in these DAO Association Regulations.

PART 7: SUB DAO ASSOCIATIONS

62. Registration of a Sub DAO Association

- (1) A DAO Association that is an Alpha DAO may create one or more Sub DAO Associations for the purpose of segregating the assets and liabilities of the DAO Association held within or on behalf of a Sub DAO Association from the assets and liabilities of the DAO Association held within or on behalf of any other Sub DAO Association of the DAO Association or the assets and liabilities of the DAO Association which are not held within or on behalf of any Sub DAO Association of the DAO Association.
- (2) A DAO Association shall, with the written approval of the Registrar, register any Sub DAO Association it creates.

63. Purpose of a Sub DAO Association

A Sub DAO Association may be assigned with a distinct purpose or objective and with distinct rights, powers or duties by the DAO Association provided that this is not contrary to:

- (a) the Purpose of the DAO Association;
- (b) the Constitution of the DAO Association; or
- (c) these DAO Association Regulations.

64. Application for approval

- (1) An application for approval to register a Sub DAO Association shall be made by the DAO Association to the Registrar in the prescribed form and shall be accompanied by such documentation as may be prescribed.
- (2) Following the submission of an application under Regulation 64(1), the Registrar may require an applicant to furnish it with such other documentation and information as it considers necessary to determine the application.

65. Conditions and timing of registration

- (1) Upon receipt of an application under Regulation 64, if the Registrar is satisfied that the DAO Association has, or has available to it, the knowledge and expertise necessary for the proper management of a Sub DAO Association, the Registrar may give its approval to the registration of a Sub DAO Association subject to such conditions as it considers appropriate.
- (2) The details of a registered Sub DAO Association shall be included in the DAO Association Register and be updated from time to time.
- (3) The Registrar may, at any time:
 - (a) vary or revoke any condition subject to which an approval under Regulation 65(1) was given; and
 - (b) impose any condition in respect of any such approval.
- (4) The registration of the Sub DAO Association shall take effect when details of the Sub DAO Association are registered in the DAO Association Register.

66. Sub DAO Association Manager

- (1) A DAO Association must appoint at all times at least one natural person to manage the affairs of each Sub DAO Association that has been registered.
- (2) Subject to the Constitution, the natural person referred to in Regulation 66(1) shall not be required to be a Council Member.

67. Provisions in relation to the use of Sub DAO Associations

- (1) Subject to any confirmation to the contrary by the Registrar, a DAO Association may not have more than ten (10) Sub DAO Associations subsisting at any one time.
- (2) A DAO Association is a single legal entity and a Sub DAO Association of or within a DAO Association does not constitute a legal entity separate from the DAO Association.
- (3) Each Sub DAO Association shall be separately identified or designated, and shall include in such identification or designation the words “Sub DAO Association”.
- (4) Where the Constitution of a DAO Association contains a statement as to any limitations on the business that the DAO Association may carry on, such limitations shall apply to each Sub DAO Association of the DAO Association.
- (5) The Constitution of a DAO Association may provide for additional restrictions on, or control powers over, any Sub DAO Associations.

68. Termination and reinstatement of Sub DAO Associations

- (1) Where a Sub DAO Association has no assets or liabilities attributable to it, the DAO Association may terminate the Sub DAO Association.

- (2) A DAO Association shall, within seven (7) days of the termination of the Sub DAO Association under Regulation 68(1), give written notice to the Registrar of the termination of the Sub DAO Association.
- (3) Following the receipt of a notice under Regulation 68(2), the Registrar shall update the DAO Association Register accordingly.
- (4) A DAO Association may reinstate a Sub DAO Association that has been terminated under Regulation 68(1) with the prior written approval of the Registrar.

69. DAO Association to act on behalf of Sub DAO Associations

- (1) Any act, matter, deed, agreement, contract or other instrument or arrangement which is to be binding on or ensure to the benefit of a Sub DAO Association shall be executed by the DAO Association for and on behalf of the relevant Sub DAO Association. Where such an execution takes place, it shall be made clear that the execution is in the name of, or by, or for the account of, the Sub DAO Association.
- (2) If a DAO Association contravenes Regulation 69(1), the Council shall, as soon as they become aware of the contravention:
 - (a) make any necessary enquiries to determine the correct Sub DAO Association to which the relevant acts, matter, deed, agreement, contract, or other instrument or arrangement should be attributed;
 - (b) make the correct attribution; and
 - (c) notify in writing all persons who are party to the act, matter, deed, agreement, contract or other instrument or arrangement that was executed, or which may be adversely affected by any such attribution, of:
 - (i) that attribution; and
 - (ii) the parties' rights under Regulation 69(3).
- (3) Any person notified under Regulation 69(2)(c), or who should have been so notified, who objects to an attribution by the Council under Regulation 69(2) may, within thirty (30) days of receiving written notice under that Regulation, apply to the Court for a re-attribution.
- (4) The Court may, upon hearing an application under Regulation 69(3), and taking account of the intention of the parties and such other factors as it considers relevant, order that the act, matter, deed, agreement, contract, or other instrument or arrangement shall be attributed to a particular Sub DAO Association or to the general assets of the DAO Association, and may do so in particular proportions or on a particular basis where it deems appropriate. The Court may also make any ancillary orders as it considers appropriate.

70. Assets

- (1) The assets of a DAO Association shall either be:
 - (a) general assets; or

- (b) Sub DAO Association assets.
- (2) The “**Sub DAO Association assets**” comprise the assets of the DAO Association held within or on behalf of the Sub DAO Association, and shall include:
- (a) assets representing the consideration paid or payable in exchange for the issue of Tokens in respect of the Sub DAO Association;
 - (b) any returns attributable to activities carried on by the Sub DAO Association or to the assets specified under Regulation 70(2)(a) above;
 - (c) any reserves attributable to the Sub DAO Association; and
 - (d) all other assets deemed to be attributable to the Sub DAO Association as a result of any contract or arrangement entered into by the Founding Members, the Officers or the Token Holders, either between themselves or between themselves and a third party.
- (3) The “**general assets**” comprise the assets of the DAO Association that are not Sub DAO Association assets, including on-chain and Off-chain assets, any income, capital gains, receipts and other assets or rights of a DAO Association that are not attributable to any Sub DAO Association or any Sub DAO Association assets.
- (4) It shall be the duty of the Council of a DAO Association to establish and maintain, or cause to be established and maintained, processes in order to:
- (a) keep the assets of each Sub DAO Association, and the general assets, readily identifiable as belonging to their respective Sub DAO Association or to the DAO Association respectively;
 - (b) segregate, and keep segregated, Sub DAO Association assets from the general assets;
 - (c) segregate, and keep segregated, the assets of each Sub DAO Association from the assets of any other Sub DAO Association; and
 - (d) where relevant, apportion or transfer assets and liabilities between the Sub DAO Associations, or between the Sub DAO Associations and the general assets of the DAO Association.
- (5) A Council does not breach the duties imposed on it under Regulation 70(4) by reason only that it causes or permits Sub DAO Association assets or general assets, or a combination of both, to be collectively invested or managed by an investment manager, provided that the assets remain separately identifiable in accordance with Regulation 70(4).

71. Creditors of a Sub DAO Association

- (1) Sub DAO Association assets shall:
 - (a) only be available and used to meet liabilities to the creditors of a DAO Association who are creditors in respect of that Sub DAO Association specifically; and

- (b) not be available or used to meet liabilities to, and shall be protected from, the creditors of the DAO Association who are not creditors in respect of that Sub DAO Association specifically through contractual means.
- (2) Subject to Regulation 71(3), the following terms shall be implied in every transaction entered into by a DAO Association:
 - (a) that no party shall seek, whether in any proceedings or by any other means whatsoever or wheresoever, to make or attempt to make liable any Sub DAO Association assets in respect of a liability that is not attributable to that Sub DAO Association;
 - (b) that if any party shall succeed by any means whatsoever or wheresoever in making liable any Sub DAO Association assets in respect of a liability not attributable to that Sub DAO Association, that party shall be liable to the DAO Association to pay a sum equal to the value of the benefit obtained by him; and
 - (c) that if any party shall succeed in seizing or attaching by any means or otherwise levying execution against any Sub DAO Association assets in respect of a liability not attributable to that Sub DAO Association, that party shall hold those assets or their proceeds on trust for the DAO Association and shall keep those assets or proceeds separate and identifiable as such trust property.
- (3) Regulation 71(2) does not apply to the extent that it is explicitly excluded in writing.
- (4) All sums recovered by a DAO Association as a result of any trust referred to in Regulation 71(2)(c) shall be credited against any concurrent liability imposed pursuant to the implied term set out in Regulation 71(2)(b).
- (5) Any asset or sum recovered by a DAO Association pursuant to the implied terms set out in Regulation 71(2)(b) or Regulation 71(2)(c) or by any other means whatsoever or wheresoever in the events referred to in those Regulations shall, after the deduction or payment of any costs of recovery, be applied by the DAO Association so as to compensate the Sub DAO Association affected.
- (6) In the event of any Sub DAO Association assets attributable to a Sub DAO Association of a DAO Association being taken in execution in respect of a liability not attributable to that Sub DAO Association, and in so far as such assets or compensation in respect thereof cannot otherwise be restored to the Sub DAO Association affected, the DAO Association shall:
 - (a) cause or procure its auditor, acting as expert and not as arbitrator, to certify the value of the assets lost to the Sub DAO Association affected; and
 - (b) transfer or pay, from the Sub DAO Association assets or general assets to which the liability was attributable to the Sub DAO Association affected, assets or sums sufficient to restore to the Sub DAO Association affected the value of the assets lost.

- (7) Where under Regulation 71(6)(b) a DAO Association is obliged to make a transfer or payment from Sub DAO Association assets attributable to a Sub DAO Association of the DAO Association, and those assets are insufficient, the DAO Association shall so far as possible make up the deficiency from its general assets.
- (8) This Regulation 71 shall have extra-territorial application.

72. Recourse to other assets

- (1) Where the liability of a DAO Association to a person arises from a matter, or is otherwise imposed, in respect of or attributable to a particular Sub DAO Association, such liability shall extend only to, and that person shall, in respect of that liability, be entitled to have recourse only to:
 - (a) firstly, the Sub DAO Association assets; then
 - (b) secondly, the DAO Association's general assets, to the extent that the Sub DAO Association assets referred to in Regulation 72(1)(a) are insufficient to satisfy the liability.
- (2) Such liability shall not extend to, and that person shall not, in respect of that liability, be entitled to have recourse to, assets attributable to any other Sub DAO Association of the same DAO Association.
- (3) Where the liability of a DAO Association to a person arises or is imposed otherwise than from a matter in respect of a Sub DAO Association, such liability shall extend only to, and that person shall, in respect of that liability, be entitled to have recourse only to, the general assets and not any Sub DAO Association assets.

73. General DAO Association liabilities

Liabilities of a DAO Association not attributable to any of its Sub DAO Associations shall be discharged from the DAO Association's general assets only.

74. Financial statements

The financial statements (including the Annual Accounts) of a DAO Association shall take into account the segregated nature of the DAO Association and shall include an explanation of:

- (a) the nature of the DAO Association;
- (b) the structure of the DAO Association and any Sub DAO Associations;
- (c) how the segregation of the assets and liabilities of the DAO Association impacts upon:
 - (i) the Founding Members and the Token Holders of the DAO Association; and
 - (ii) persons with whom the DAO Association transacts; and

- (d) the effect that any existing deficit in the net assets of one or more Sub DAO Associations has or may have on the general assets of the DAO Association.

75. Limitation on transfer of Sub DAO Association assets from a DAO Association

- (1) Sub DAO Association assets may only be transferred to another person in accordance with, or as permitted by this Regulation 75.
- (2) A transfer, pursuant to Regulation 75(1), of Sub DAO Association assets shall not, in itself, entitle creditors of that DAO Association to have recourse to the assets of the person to whom the Sub DAO Association assets were transferred.
- (3) Subject to Regulation 75(8) and Regulation 75(9), no transfer of Sub DAO Association assets may be made except under the authority of, and in accordance with the terms and conditions of, an order of the Court under this Regulation 75 (a “**Sub DAO Association transfer order**”).
- (4) The Court shall not make a Sub DAO Association transfer order in relation to Sub DAO Association assets unless:
 - (a) it is satisfied that:
 - (i) the creditors of the DAO Association who are entitled to have recourse to the Sub DAO Association assets consent to the transfer; or
 - (ii) the creditors of the DAO Association who are entitled to have recourse to the Sub DAO Association assets would not be unfairly prejudiced by the transfer; and
 - (b) it has heard the full representations of the Authority on the matter.
- (5) The Court, on hearing an application for a Sub DAO Association transfer order, may:
 - (a) make an interim order or adjourn the hearing, conditionally or unconditionally; or
 - (b) dispense with any of the requirements of Regulation 75(4).
- (6) The Court may attach such conditions as it thinks fit to a Sub DAO Association transfer order, including conditions as to the discharging of the claims of creditors entitled to have recourse to the Sub DAO Association assets in relation to which the order is sought.
- (7) The Court may make a Sub DAO Association transfer order notwithstanding that:
 - (a) a voluntary liquidator has been appointed in respect of the relevant DAO Association; or
 - (b) a Sub DAO Association liquidation order has been made in respect of the Sub DAO Association or any other Sub DAO Association of the relevant DAO Association.

- (8) The provisions of this Regulation 75 are without prejudice to any power of a DAO Association lawfully to make payments or transfers from the relevant Sub DAO Association assets to a person entitled, in conformity with the provisions of these DAO Association Regulations, to have recourse to those Sub DAO Association assets.
- (9) Notwithstanding the provisions of this Regulation 75, a DAO Association shall not require a Sub DAO Association transfer order to invest, or change the investment of, Sub DAO Association assets, or otherwise to make payments or transfers from the Sub DAO Association assets in the ordinary course of the DAO Association's business.
- (10) Regulation 110 shall not apply to a transfer of Sub DAO Association assets attributable to a Sub DAO Association of a DAO Association made in compliance with this Regulation 75.

76. Meaning of “liquidator”

For the purpose of these DAO Association Regulations, “**liquidator**” means a voluntary liquidator and “**liquidation**” shall be construed accordingly.

77. Liquidation of a DAO Association

Notwithstanding any statutory provision or rule of law to the contrary, in the liquidation of a DAO Association, the liquidator:

- (a) shall be bound to deal with the DAO Association's general assets in compliance with the distinction set out in Regulation 70; and
- (b) in discharge of the claims of creditors of the DAO Association, shall apply the DAO Association's assets to those entitled to have recourse thereto in conformity with the provisions of this Part.

78. Appointment of Sub DAO Association liquidator by the Court

- (1) Subject to the provisions of this Regulation 78, if the Court is satisfied:
 - (a) that the Sub DAO Association assets (when account is taken of the DAO Association's general assets, unless there are no creditors in respect of that Sub DAO Association that are entitled to have recourse to the DAO Association's general assets) are or are likely to be insufficient to discharge the claims of creditors in respect of that Sub DAO Association; and
 - (b) that the making of an order under this Regulation 78 would achieve the purposes set out in Regulation 78(2),

the Court may make a Sub DAO Association liquidation order under this Regulation 78 in respect of that Sub DAO Association only (a “**Sub DAO Association liquidation order**”).

- (2) A Sub DAO Association liquidation order shall direct that the Sub DAO Association assets shall be managed by the Sub DAO Association liquidator that is named under Regulation 78(4) in the order for the purposes of:

- (a) the orderly closing down of the business of or attributable to the Sub DAO Association; and
 - (b) the distribution of the Sub DAO Association assets attributable to the Sub DAO Association to the creditors or other persons that are entitled to have recourse thereto.
- (3) A separate Sub DAO Association liquidation order shall be made in respect of each Sub DAO Association.
- (4) Where the Court makes a Sub DAO Association liquidation order it shall, at the same time, appoint a person who is eligible to be appointed to act as the voluntary liquidator of a DAO Association to act as the Sub DAO Association liquidator under the Sub DAO Association liquidation order.
- (5) A Sub DAO Association liquidation order:
 - (a) shall not be made if a liquidator is already appointed in respect of the DAO Association in its entirety; and
 - (b) shall cease to be of effect upon the appointment of a liquidator in respect of the DAO Association in its entirety, but without prejudice to the prior acts of the Sub DAO Association liquidator or their agents.

79. Appointment of Sub DAO Association liquidator by the Governance Token Holders

The Governance Token Holders of a DAO Association may not apply for a Sub DAO Association liquidation order under Regulation 80 unless they have passed a Governance Proposal to approve the submission of the application, or such higher threshold as may be provided for in the Constitution.

80. Application for Sub DAO Association liquidation order

- (1) An application for a Sub DAO Association liquidation order in respect of a Sub DAO Association of a DAO Association may be made by:
 - (a) the Governance Token Holders, subject to the satisfaction of the requirement in Regulation 79 above;
 - (b) the Council Members of the DAO Association;
 - (c) any creditor of the DAO Association in respect of that Sub DAO Association; or
 - (d) the Registrar.
- (2) Notice of an application to the Court for a Sub DAO Association liquidation order in respect of a Sub DAO Association of a DAO Association shall be served upon:
 - (a) the DAO Association;
 - (b) the Registrar; and

(c) such other persons, if any, as the Court may direct,

each of whom shall be given an opportunity to make representations to the Court before the order is made.

(3) The Court, on hearing an application:

(a) for the issuance of a Sub DAO Association liquidation order; or

(b) for leave pursuant to Regulation 111 to pass a resolution appointing a liquidator,

may, instead of making the order sought or dismissing the application, make an interim order or adjourn the hearing, conditionally or unconditionally.

(4) The Court may make a Sub DAO Association liquidation order subject to such terms and conditions as it considers appropriate.

81. Conduct of Sub DAO Association liquidation

(1) The Sub DAO Association liquidator of a portfolio of a DAO Association:

(a) may do all such things as may be necessary for the purposes set out in Regulation 71; and

(b) shall have all the functions and powers of the Council Members in respect of the Sub DAO Association assets and any operations or decision making with respect to the Sub DAO Association.

(2) The Sub DAO Association liquidator may at any time apply to the Court:

(a) for directions as to the extent or exercise of any function or power;

(b) for the Sub DAO Association liquidation order to be discharged or varied; or

(c) for an order as to any matter arising in the course of the liquidation of the Sub DAO Association.

(3) In exercising their functions and powers, the Sub DAO Association liquidator shall be deemed to act as agent of the DAO Association and shall not incur personal liability except to the extent that they are fraudulent, reckless, negligent, or act in bad faith.

(4) Any person dealing with the Sub DAO Association liquidator in good faith is not concerned to inquire whether the Sub DAO Association liquidator is acting within their powers.

(5) When an application has been made for, and during the period of operation of, a Sub DAO Association liquidation order:

(a) no proceedings may be instituted or continued by or against the DAO Association in relation to the Sub DAO Association in respect of which the Sub DAO Association liquidation order was made; and

- (b) no steps may be taken to enforce any security in respect of the Sub DAO Association assets, except by leave of the Court, which may be conditional or unconditional.
- (6) During the period of operation of a Sub DAO Association liquidation order:
 - (a) the powers, functions and duties of the Council in respect of the business and the Sub DAO Association assets of or attributable to, the Sub DAO Association in respect of which the order was made shall continue to the extent specified in this Part or in rules made under Regulation 85 or to the extent that the Sub DAO Association liquidator or the Court shall direct; and
 - (b) the Sub DAO Association liquidator shall be entitled to be present at all meetings of the Sub DAO Association and to vote at such meetings, as if they were a Council Member of the DAO Association, in respect of the general assets of the DAO Association, unless there are no creditors in respect of that Sub DAO Association entitled to have recourse to the DAO Association's general assets.

82. Distribution of Sub DAO Association assets

- (1) Subject to Regulation 82(2) and to any agreement between the DAO Association and any creditor of the DAO Association as to the subordination of the debts due to that creditor or to the debts due to the DAO Association's other creditors, the Sub DAO Association liquidator shall, in the winding up of the business of that Sub DAO Association, apply the Sub DAO Association assets in satisfaction of the DAO Association's liabilities attributable to that Sub DAO Association *pari passu*.
- (2) Creditors of a Sub DAO Association that is subject to a Sub DAO Association liquidation order shall be regarded as preferential creditors of the Sub DAO Association to the extent that they would be preferential creditors if the Sub DAO Association was a DAO Association.
- (3) Subject to the Constitution, any surplus shall be distributed among the persons entitled to the surplus, in each case according to their respective rights and interests in or against the DAO Association.
- (4) Where there are no persons otherwise entitled to the surplus, any surplus shall be paid to the DAO Association and shall become a general asset of the DAO Association.

83. Discharge and variation of Sub DAO Association liquidation orders

- (1) The Court shall not discharge a Sub DAO Association liquidation order unless it appears to the Court that the purpose for which the order was made has been achieved or substantially achieved or is incapable of achievement.
- (2) Subject to Regulation 83(1), the Court, on hearing an application for the discharge or variation of a Sub DAO Association liquidation order, may:
 - (a) make such order as it considers appropriate;

- (b) dismiss the application;
 - (c) make any interim order; or
 - (d) adjourn the hearing conditionally or unconditionally.
- (3) Upon the Court discharging a Sub DAO Association liquidation order in respect of a Sub DAO Association on the ground that the purpose for which the order was made has been achieved or substantially achieved, the Court may direct that any payment made by the Sub DAO Association liquidator to any creditor of the DAO Association in respect of that Sub DAO Association shall be deemed full satisfaction of the liabilities of the DAO Association to that creditor in respect of that Sub DAO Association, and the creditor's claims against the DAO Association in respect of that Sub DAO Association shall be thereby deemed extinguished.
 - (4) Nothing in Regulation 83(3) shall operate so as to affect or extinguish any right or remedy of a creditor against any other person, including against the DAO Association.
 - (5) The Court may, upon discharging a Sub DAO Association liquidation order in respect of a Sub DAO Association, direct that the Sub DAO Association shall be dissolved on such date as the Court may specify.
 - (6) When a Sub DAO Association of a DAO Association has been dissolved under Regulation 83(5), the DAO Association may not transfer assets to, undertake business through, or incur liabilities in respect of, that Sub DAO Association.

84. Remuneration of Sub DAO Association liquidator

The remuneration of a Sub DAO Association liquidator shall be fixed by the Court and shall be payable, in priority to all other claims, in relation to:

- (a) the Sub DAO Association assets attributable to the Sub DAO Association in respect of which the Sub DAO Association liquidator was appointed; and
- (b) to the extent that these may be insufficient, from the general assets of the DAO Association, but not from any of the Sub DAO Association assets attributable to any other Sub DAO Association.

85. DAO Association rules

- (1) The Registrar may make additional rules concerning DAO Associations.
- (2) Without limiting Regulation 85(1), rules made under that Regulation may:
 - (a) make provision in respect of any of the following matters:
 - (i) the process for the application for, and the granting of, the Registrar's approval for the creation and termination of Sub DAO Associations;
 - (ii) the conduct of the business of DAO Associations;

- (iii) the manner in which DAO Associations may carry on, or hold themselves out as carrying on, business;
 - (iv) the form and content of the financial statements of DAO Associations and the audit requirements applicable with respect to such financial statements;
 - (v) the liquidation of Sub DAO Associations; and
 - (vi) any fees to be payable by DAO Associations whether or not these are already provided for in these DAO Association Regulations;
 - (b) provide for modifications to the applicable statutory provisions necessary to apply such provisions to the liquidation and administration of Sub DAO Associations and of DAO Associations;
 - (c) generally give effect to this Part 7; and
 - (d) provide for the fees and fines payable by DAO Associations which may be in addition to, or in substitution for, the fees and fines specified in these DAO Association Regulations.
- (3) Rules made under this Regulation 85 may make different provision in relation to different persons, circumstances or cases.

PART 8: ACCOUNTS

86. Waiver and Modification of Regulations

- (1) The Authority may, without limiting powers conferred upon it elsewhere under these DAO Association Regulations, make Implementing Regulations extending, waiving or modifying the application of provisions of this Part 8 in relation to different cases or classes of case.
- (2) In particular, such Implementing Regulations may provide for:
 - (a) the inclusion of group accounts dealing with the affairs of the subsidiaries of a DAO Association in the accounts of the DAO Association;
 - (b) the inclusion in accounts of a report by the Council dealing with such matters as may be specified;
 - (c) the accounting principles to be applied in the preparation of the DAO Association's accounts, including:
 - (i) the creation or adoption of one or more accounting standards or codes of practice;
 - (ii) which of, and the manner in which, such accounting standards may apply to a particular DAO Association in given circumstances; or

- (iii) the periods for which an accounting standard shall be adhered to;
- (d) the extending or shortening of a Financial Year in certain circumstances, including to facilitate the synchronization of accounts;
- (e) the appointment, qualifications, remuneration, removal, resignation, rights and duties of auditors;
- (f) the creation or adoption of auditing standards or codes of practice; and
- (g) the waiver of the requirement for the preparation of accounts and examination and reporting thereupon by auditors.

87. Maintenance of accounting records

- (1) Every DAO Association shall keep accounting records including, but not limited to, underlying documents that are collectively sufficient to show and explain its transactions in order to enable the DAO Association to:
 - (a) disclose with reasonable accuracy the financial position of the DAO Association at any given time; and
 - (b) enable the Council Members, Officer, Manager or Registered Agent to ensure that any accounts prepared by the DAO Association under this Part 8 comply with the requirements of these DAO Association Regulations.
- (2) A DAO Association's accounting records and underlying documents shall be:
 - (a) kept in an Electronic format at such place as the Council believes is appropriate unless specifically prescribed in the Implementing Regulations;
 - (b) preserved from the date on which they were created throughout the existence of the DAO Association and for five (5) years thereafter, or for some other period as may be prescribed in the Implementing Regulations;
 - (c) open to inspection by an Officer or auditor of the DAO Association; and
 - (d) otherwise kept and maintained in such manner as may be provided in the Implementing Regulations or as advised by the Registrar.

88. Financial Years

- (1) References to "**Financial Year**" in these DAO Association Regulations are references to the first financial year and every subsequent financial year of a DAO Association as determined under this Regulation 88.
- (2) The first financial year of a DAO Association shall commence on the date of incorporation of the DAO Association, and shall be for a period of no less than six (6) months and no more than eighteen (18) months as determined by the DAO Association and as notified to the Registrar in the form prescribed within three (3) months of the date of incorporation of the DAO Association.

- (3) The subsequent financial year of a DAO Association shall be the period of twelve (12) months commencing with the end of the first financial year of the DAO Association as calculated and notified to the Registrar under Regulation 88(2) above.
- (4) Every subsequent financial year of a DAO Association shall be the period of twelve (12) months commencing with the end of the previous financial year.
- (5) A DAO Association may, by notice to the Registrar in the form prescribed, specify a new Financial Year provided that this will not cause any Financial Year of the DAO Association, whether past, present or future, to exceed eighteen (18) months in duration or be shorter than six (6) months.

89. Annual Accounts

- (1) The Council of every DAO Association shall cause accounts to be prepared in relation to each Financial Year of the DAO Association (the “**Annual Accounts**”).
- (2) The Registrar shall issue a standard template for use as the Annual Accounts form by a DAO Association.
- (3) The Annual Accounts shall, at minimum:
 - (a) show a true and fair view of the profit or loss of the DAO Association for the period;
 - (b) show a true and fair view of the state of the DAO Association’s affairs at the end of the period; and
 - (c) comply with any other requirements of these DAO Association Regulations.
- (4) A DAO Association’s accounts shall be approved by the Council and signed on their behalf by at least two (2) Council Members.
- (5) Following the completion of the signature process provided for in Regulation 89(4) above, the Annual Accounts shall be submitted to the Registrar.
- (6) Within six (6) months after the end of the Financial Year of the DAO Association, the Annual Accounts for that year shall be:
 - (a) examined and reported upon by an auditor; and
 - (b) where specified by the Constitution of the DAO Association, be laid, together with a copy of the auditor’s report, before a General Meeting of the DAO Association for the discussion of and the approval of the Governance Token Holders.
- (7) The DAO Association shall file with the Registrar a copy of the audited Annual Accounts together with a copy of the auditor’s report within seven (7) days of either:
 - (a) the auditor’s report under Regulation 89(6)(a); or
 - (b) the approval by the Governance Token Holders under Regulation 89(6)(b),

whichever comes later.

- (8) The Registrar, once in receipt of the audited Annual Accounts under Regulation 89(7), may, at the Registrar's sole discretion, publish a record on the Website that the Annual Accounts and Financial Statement have been reviewed and approved by the Council

PART 9: ANNUAL RETURN AND NO OBJECTION CERTIFICATES

90. Submission of the Annual Return

- (1) The Council of every DAO Association shall cause an annual return to be prepared in relation to each Financial Year of the DAO Association (the "**Annual Return**").
- (2) The Registrar shall issue a standard template for use as the Annual Return form by a DAO Association.
- (3) The Registrar shall circulate a copy of the Annual Return to the DAO Association:
 - (a) following the incorporation of the DAO Association; and
 - (b) following any amendments it makes to the annual return form.
- (4) The Annual Return shall include at a minimum the information specified by the Registrar.
- (5) A DAO Association shall complete the Annual Return accurately and in plain language.
- (6) A DAO Association shall submit a completed copy of the Annual Return within four (4) weeks from the end of its Financial Year to the Registrar.
- (7) Following the receipt of an Annual Return, the Registrar may make such further queries or investigations into the DAO Association as it deems necessary at its discretion, including in relation to matters such as the classes of Tokens in issuance or the Distributed Ledger in use by the DAO Association.
- (8) A DAO Association shall answer or procure the answering of any questions received from the Registrar under Regulation 90(7) in an accurate and prompt manner.

91. No Objection Certificate

- (1) A DAO Association shall apply to the Registrar for and receive a written certificate of no objection (a "**No Objection Certificate**") prior to:
 - (a) carrying out the issuance of a new class of Token by the DAO Association; and
 - (b) the listing of one or more classes of Token issued by the DAO Association on any market or exchange established in any jurisdiction that is regulated by a regulator of financial services activities.
- (2) A DAO Association that does not comply with Regulation 91(1) shall be subject to the imposition of a Penalty.

PART 10: AUDITORS

92. Appointment and removal of auditors

- (1) A DAO Association shall appoint an auditor after passing a Governance Proposal who shall examine and report in accordance with these DAO Association Regulations upon the accounts prepared.
- (2) The appointment of a person that is a corporate entity as an auditor of a DAO Association shall be taken to be an appointment of all persons who are partners of the corporate entity as auditors.
- (3) The Council may fill any temporary vacancy in the office of auditor on such terms as it sees fit.
- (4) Subject to Regulation 98(6), the DAO Association may fix the auditor's remuneration.
- (5) Unless the Constitution specifies otherwise, DAO Association may by a Governance Proposal remove an auditor.
- (6) Nothing in this Regulation 92 is to be taken as depriving an auditor removed under it of compensation or damages payable to the auditor in respect of the termination of appointment as auditor.

93. Auditor's report in relation to Annual Accounts

- (1) A DAO Association's auditor shall, in preparing the report in relation to the Annual Accounts of a DAO Association, carry out such investigations as will enable the auditor to form an opinion as to the following matters:
 - (a) whether proper accounting records have been kept by the DAO Association;
 - (b) whether the DAO Association's Annual Accounts are in agreement with the accounting records and returns; and
 - (c) whether the DAO Association's Annual Accounts have been prepared in compliance with any applicable accounting standards.
- (2) If the auditor is of the opinion that any of the matters in Regulation 93(1) are not met to the appropriate standard, the auditor shall state that fact in the report.
- (3) The auditor has a right of access, at all reasonable times, to the DAO Association's records, and is entitled to require from the DAO Association's Officers and, where applicable, the Manager or Registered Agent, such information and explanations as the auditor considers necessary for the performance of the duties of the auditor.
- (4) If the auditor fails to obtain all the information and explanations which, to the best of the auditor's knowledge and belief are necessary for the purposes of the audit, the auditor shall state that fact in the report.

94. Cooperation with auditors

- (1) A DAO Association, and any Officer of a DAO Association, shall not, knowingly or recklessly:
 - (a) provide information to its auditor that is false, misleading or deceptive; or
 - (b) omit to provide information to its auditor that the auditor reasonably requires, or is entitled to require, where the omission of such information is likely to mislead or deceive the auditor.
- (2) A DAO Association, an Officer of a DAO Association, the Manager or Registered Agent of a DAO Association, and any person acting under the direction or authority of the above, shall not, without reasonable excuse, engage in any of the following conduct:
 - (a) the destruction or concealment of documents;
 - (b) the coercion, manipulation, misleading, or influencing of the auditor;
 - (c) failure to provide access to information or documents specified by the auditor; or
 - (d) failure to give any information or explanation that the person is able to give, where they ought to know that the failure to provide the information could:
 - (i) obstruct the auditor in the performance of its duties or the exercise of its powers, or
 - (ii) render the DAO Association accounts or any other aspect of the auditor's report materially misleading.

95. Obligation of disclosure to the Registrar

- (1) An auditor is subject to the obligations of disclosure as prescribed by the Authority.
- (2) Without limiting the application of any other provision of these DAO Association Regulations, an auditor does not contravene any duty to which the auditor is subject merely because the auditor gives to the Registrar:
 - (a) a notification as required by the Authority or the Registrar; or
 - (b) any other information or opinion in relation to any such matter,provided that the auditor is acting in good faith and reasonably believes that the notification, information or opinion is relevant to any functions of the Registrar.

96. Resignation of the auditor

- (1) An auditor may resign from office by depositing a notice in writing to that effect at the DAO Association's registered office.

- (2) The notice operates to bring the auditor's term of office to an end on the date on which the notice is deposited, or on such later date specified in the notice.
- (3) The DAO Association shall send to the Registrar a copy of the notice of resignation of the auditor.
- (4) When an auditor ceases for any reason to hold office, the auditor shall submit to the DAO Association:
 - (a) a statement to the effect that there are no circumstances connected with the ceasing to hold office that the auditor considers should be brought to the notice of the Founding Members, Token Holders or creditors of the DAO Association; or
 - (b) a statement of any circumstances connected with the ceasing to hold office that the auditor considers should be brought to the notice of the Founding Members, Token Holders or creditors of the DAO Association.
- (5) Where a statement falls within Regulation 96(4), the DAO Association shall, within fourteen (14) days of receipt, send a copy of the statement to every Founding Member, Officer and Token Holder of the DAO Association, and to every person entitled to receive notice of General Meetings.
- (6) If an auditor ceases for any reason to hold office, the Council shall, within thirty (30) days of the cessation of office, appoint a replacement pursuant to Regulation 92.

PART 11: THE REGISTRAR

97. Appointment of the Registrar

- (1) The office of the Registrar of DAO Associations shall be created by the Authority.
- (2) The Authority shall appoint a person or persons to serve as Registrar from time to time.

98. Powers and functions of the Registrar

- (1) The Registrar has such powers and functions as may be conferred, or expressed to be conferred, on it:
 - (a) by or under these DAO Association Regulations; and
 - (b) by or under any Implementing Regulations made by the Authority,and shall exercise such powers and perform such functions under these DAO Association Regulations and those Implementing Regulations.
- (2) The Registrar may issue a public notice or serve a notice on a DAO Association, or its Officers, in relation to any matter under these DAO Association Regulations or any other Implementing Regulations.
- (3) In the exercise of their duties and functions, any consent, approval, notification, or communication issued by the Registrar shall be delivered in writing. Subject to prior

consultation from the Authority, the Registrar may impose conditions on any consent, approval, notification or communication issued by it.

- (4) The Registrar may require a DAO Association to provide any record, details, documents or information that the Registrar may deem necessary and relevant in exercise of its duties and functions.
- (5) The Registrar shall act in good faith and in accordance with these DAO Association Regulations and any other Implementing Regulations in the exercise of its duties and functions.
- (6) Upon a request received from the Authority, the Registrar shall provide a written report of its activities.
- (7) The Authority has the power to revoke, modify, amend or recall any consent, approval, notification or communication issued by the Registrar if the Authority deems it to be unreasonable or unnecessary.
- (8) The Registrar may amend or remove material from the DAO Association Register that:
 - (a) is factually inaccurate, or is derived from material that is factually inaccurate; or
 - (b) is invalid or ineffective or was submitted or registered without the appropriate authority from the DAO Association.

99. Direction to DAO Association to comply with the Regulations

- (1) If a DAO Association or any Officer fails to comply with:
 - (a) a provision of these DAO Association Regulations or any other Implementing Regulations; or
 - (b) a requirement made by the Registrar pursuant to any power under these DAO Association Regulations or any other Implementing Regulations,

which requires either or both of them to deliver to, or file with, the Registrar any document, or to give notice to them of any matter, the Registrar may issue a direction that the DAO Association or any Officer of it or both of them make good such failure within a time specified in the direction.

- (2) If a DAO Association or any Officer of it fails to comply with a provision of these DAO Association Regulations or any of the Implementing Regulations which requires either or both of them to comply with a lawful requirement in relation to another person, the Registrar may issue a direction that the DAO Association or Officer shall make good such failure within a time specified in the direction.

100. Powers to obtain or share information

- (1) The Registrar may by written notice require any person, to:
 - (a) give, or procure the giving of, such specified information; or

- (b) produce, or procure the production of, such specified documents,

to the Registrar as the Registrar considers necessary or desirable in the performance of its powers and functions under these DAO Association Regulations.
- (2) The recipient of a request under Regulation 100(1) shall comply with the request in a timely manner.

Part 12 : AMALGAMATIONS

101. Amalgamation of DAO Associations

- (1) Two (2) or more DAO Associations which are incorporated in the Zone may, subject to the consent of the Registrar given in its absolute discretion and pursuant to the provisions of these DAO Association Regulations, amalgamate and continue as one DAO Association.
- (2) Where a trade license has been granted to one or more of the DAO Associations referred to in Regulation 101(1), the trade license shall continue in effect for the surviving DAO Association as a whole, subject to the consent of the Registrar.

102. Survival of DAO Association on amalgamation of one or more DAO Associations

- (1) One or more DAO Associations and one or more entities incorporated outside of the Zone may apply to the Registrar for consent to amalgamate and continue as a DAO Association registered in the Zone.
- (2) The provisions of these DAO Association Regulations, any Implementing Regulations, and any other applicable laws shall apply to the surviving DAO Association.
- (3) An application for consent under Regulation 102(1) shall be in such form, and be accompanied by such documents, as the Registrar may prescribe.
- (4) The documentation in Regulation 102(3) shall include documentary proof, satisfactory to the Registrar, that the DAO Association has obtained all necessary authorizations required under the laws of the jurisdiction in which it was incorporated to enable it to make the application and complete the amalgamation.

103. Survival of the DAO Association on the amalgamation of one or more DAO Associations

- (1) One or more DAO Associations that are incorporated outside of the Zone, and one or more DAO Associations incorporated in the Zone, may apply to the Registrar for consent to amalgamate and continue as a DAO Association incorporated in the Zone to which the provisions of these DAO Association Regulations shall apply.
- (2) An application for consent under this Regulation 103 shall be in such form, and shall be supported by such documents, as the Registrar may determine.
- (3) The documents accompanying an application under this Regulation 103 shall include:

- (a) a certified copy of a resolution of the Founding Members of each amalgamating DAO Association (an “**Amalgamating DAO Association**”) passed in a General Meeting; or
- (b) a certified copy of the approval or approvals that are deemed to be necessary under the Constitution or equivalent constitutional document of each Amalgamating DAO Association;
- (c) a declaration signed by an Officer of each Amalgamating DAO Association declaring that there are reasonable grounds for believing that:
 - (i) the Amalgamating DAO Association in question is, and the surviving DAO Association shall be, able to pay its liabilities as they become due;
 - (ii) the realizable value of the surviving DAO Association’s assets is not and shall not be less than the aggregate of its liabilities and issued Tokens of all classes; and
 - (iii) either that:
 - (A) no creditor shall be prejudiced by the amalgamation; or
 - (B) adequate notice has been given to all known creditors of the Amalgamating DAO Association and no creditor objects to the amalgamation otherwise than on grounds that are frivolous or vexatious; and
- (d) documentary proof, satisfactory to the Registrar, that each Amalgamating DAO Association has obtained all necessary regulatory authorizations required under the laws of the country or jurisdiction in which it was incorporated to enable it to make the application.
- (4) Where the Registrar refuses to grant its consent under this Regulation 103 it shall not be bound to assign any reason therefore, and its decision shall not be subject to appeal or review in any Court.
- (5) The Authority may make Implementing Regulations on any provision contained within this Part 12.

PART 13: STRIKING OFF & WINDING UP

104. Striking off by the Registrar

- (1) The Registrar may at its discretion strike the name of a DAO Association off the Register if:
 - (a) the Registrar is satisfied that:
 - (i) the DAO Association has ceased to carry on its activities or is carrying on its activities contrary to its Purpose;

- (ii) the DAO Association is carrying on business for which a trade license, permit or authority is required under the laws of the jurisdiction in which such operations are taking place without having such a trade license, permit or authority; or
 - (iii) it is prejudicial to the interests of the Zone, RAK or the UAE for the DAO Association to remain on the Register, including where:
 - (A) the DAO Association or one or more of its Officers have committed a criminal offense; or
 - (B) the DAO Association or one or more of its Officers have been persistently in default in relation to provisions of any law or regulation applicable to it (including any applicable international sanctions); or
- (b) the DAO Association has failed:
 - (i) to pay its annual fee as specified under Annex 1 or any late payment fine by the due date; or
 - (ii) to deliver its Annual Return to the Registrar.
- (2) If the Registrar is of the opinion that the DAO Association is trading or has property, or that there is some other reason why the DAO Association should not be struck off, the Register may, instead of striking the DAO Association from the Register:
 - (a) investigate the DAO Association and its circumstances;
 - (b) require that the DAO Association be placed in liquidation; or
 - (c) carry out both of the above.
- (3) Before striking a DAO Association off the Register on the grounds specified in Regulation 104(1)(a) or requiring that a DAO Association be placed in liquidation under Regulation 104(2), the Registrar shall:
 - (a) send the DAO Association a notice stating that, unless the DAO Association shows cause to the contrary, it will be struck from the Register or placed in liquidation, as applicable, on a date specified in the notice which shall be no fewer than thirty (30) days after the date on which the notice was issued; and
 - (b) publish a notice of its intention to strike the DAO Association off the Register on the Website for at least thirty (30) days.
- (4) Before striking a DAO Association off the Register on the grounds specified in Regulation 104(1)(b), the Registrar shall:
 - (a) in the case of a DAO Association being struck off on the grounds in Regulation 104(1)(b)(i) only, send the DAO Association a notice or notices stating that, unless the DAO Association shows cause to the contrary:

- (i) its status on the Register will be changed to “inactive” immediately on the day following the date on which such payment was due; and
 - (ii) the DAO Association will be struck from the Register six (6) months after the date on which such payment was due unless all outstanding payments to the Registrar have been received by the Registrar prior to such date; and
- (b) publish a notice of their intention to strike the DAO Association off the Register on the Website for at least seven (7) days.
- (5) After the expiration of the time specified in the notice(s) to a DAO Association under Regulations 104(3) and 104(4), and unless the DAO Association has shown satisfactory cause to the contrary in the opinion of the Registrar, the Registrar may strike the name of the DAO Association off the Register.
- (6) The striking of a DAO Association off the Register is effective from the date of the notice published on the Website (the “**Effective Strike-Off Date**”).
- (7) The Registrar shall publish the notice in Regulation 104(6) on the Website for at least thirty (30) days from the Effective Strike-Off Date.

105. Effect of striking off

- (1) Following the Effective Strike-Off Date, the DAO Association, the Members and any liquidator of the DAO Association may not:
 - (a) commence legal proceedings, carry on any business or in any way deal with the assets of the DAO Association;
 - (b) defend any legal proceedings, make any claim or claim any right for, or in the name of, the DAO Association; or
 - (c) act in any way with respect to the affairs of the DAO Association.
- (2) Notwithstanding Regulation 105(1), where a DAO Association has been struck off the Register, the DAO Association, a Member, a Token Holder or a liquidator thereof may:
 - (a) submit an application for the restoration of the DAO Association to the Register;
 - (b) continue to defend proceedings that were commenced against the DAO Association prior to the date of the striking-off; and
 - (c) continue to carry on legal proceedings that were instituted on behalf of the DAO Association prior to the date of striking-off.
- (3) The fact that a DAO Association is struck off the Register does not:
 - (a) prevent the DAO Association from incurring further liabilities;
 - (b) prevent any creditor from making a claim against the DAO Association and pursuing the claim through to judgment or execution; or

- (c) affect the liability of any of the Members, Officers or, where applicable, the Manager or Registered Agent of the DAO Association.

106. Dissolution of DAO Association struck off the Register of DAO Associations

Where a DAO Association that has been struck off the Register under Regulation 111 remains struck off continuously for a period of three (3) years from the Effective Strike-Off Date, it is dissolved with effect from the last day of that period, unless notice of commencement of liquidation proceedings in respect of that DAO Association has been filed with the Registrar in the approved form.

107. Restoration of DAO Association to Register of DAO Associations by Registrar

- (1) Where a DAO Association has been struck off the Register, but not dissolved, the Registrar may, upon receipt of an application in the approved form and upon payment of the restoration fee and all outstanding fees and fines, restore the DAO Association to the Register.
- (2) An application to restore a DAO Association to the Register under Regulation 107(1) may be made by the DAO Association, or a creditor, Founding Member or liquidator of the DAO Association, and shall be made within three (3) years of the date of the notice published on the Website under Regulation 104(6).
- (3) The DAO Association, or a Founding Member, Officer, Token Holder, creditor or liquidator thereof, may, within ninety (90) days, appeal to the Court from a refusal of the Registrar to restore the DAO Association to the Register.
- (4) If the Court is satisfied that it would be just for the DAO Association to be restored to the Register, the Court may direct the Registrar to do so upon such terms and conditions as it may consider appropriate.
- (5) Notice of an appeal to the Court under Regulation 107(3) shall be served on the Registrar who shall be entitled to appear and be heard at the hearing of the appeal.
- (6) Where the Registrar restores a DAO Association to the Register under Regulation 107(1) or pursuant to a direction of the Court under Regulation 107(4), it shall issue a certificate of restoration to the Register.
- (7) Where a DAO Association is restored to the Register under this Regulation 107, the DAO Association is deemed never to have been struck off the Register.

108. Application to restore dissolved DAO Association to Register

- (1) Application may be made to the Court to restore a dissolved DAO Association to the Register by:
 - (a) a creditor, former Member, former Officer, former Token Holder or former liquidator of the DAO Association; or

- (b) any person who can establish an interest in having the DAO Association restored to the Register.
- (2) An application under Regulation 108(1) may not be made more than ten (10) years after the date that the DAO Association was dissolved.
- (3) Notice of the application shall be served on the Registrar, who is entitled to appear and be heard on the hearing of the application.

109. Court's powers on hearing

- (1) Subject to Regulation 109(2), on an application under Regulation 108, the Court may:
 - (a) restore the DAO Association to the Register subject to such conditions as it considers appropriate; and
 - (b) give such directions or make such orders as it considers necessary or desirable for the purpose of placing the DAO Association and any other persons as near as possible in the same position as if the DAO Association had not been dissolved or struck off the Register.
- (2) Where the DAO Association was dissolved following the completion or termination of its voluntary liquidation under these DAO Association Regulations, the Court shall not restore the DAO Association to the Register unless:
 - (a) the applicant nominates a person to be liquidator of the DAO Association, if it is restored to the Register;
 - (b) the person nominated as liquidator consents to act, and is eligible to act, as liquidator of the DAO Association on its restoration; and
 - (c) satisfactory provision has been made or will be made for the expenses and remuneration of the liquidator, if appointed.
- (3) For the purposes of Regulation 109(2)(b), a person is eligible to act as the liquidator of a DAO Association in the case of a DAO Association that was dissolved following the completion or termination of its voluntary liquidation, if they would be eligible to be appointed as the voluntary liquidator of the DAO Association under these DAO Association Regulations.
- (4) Where the Court makes an order restoring a DAO Association to which Regulation 109(2) applies, it shall appoint as liquidator of the DAO Association:
 - (a) in the case of a DAO Association that was dissolved following the completion or termination of its voluntary liquidation, the person nominated by the applicant; or
 - (b) some other person who is eligible to act as voluntary liquidator of the DAO Association.

110. Effect of restoration

- (1) Where the Court makes an order restoring a DAO Association to the Register, a sealed copy of the order shall be filed with the Registrar:
 - (a) in the case of a DAO Association to which Regulation 116(2) applies, by the person appointed to be liquidator of the DAO Association under Regulation 116(4); and
 - (b) in any other case, by the applicant for the order.
- (2) On receiving a filed copy of a sealed order under Regulation 110(1), the Registrar shall restore the DAO Association to the Register with effect from the date and time that the copy of the sealed order was filed.
- (3) Where the DAO Association was dissolved following the completion or termination of its voluntary liquidation:
 - (a) the DAO Association is restored as a DAO Association in liquidation for the purpose of these DAO Association Regulations; and
 - (b) the person appointed by the Court as liquidator is constituted liquidator of the DAO Association with effect from the time that the DAO Association is restored to the Register.
- (4) Subject to Regulation 110(5), and provided that the name has not been re-used, a DAO Association is restored to the Register with the name that it had immediately before it was dissolved.
- (5) A DAO Association that is restored to the Register is deemed to have continued in existence as if it had not been dissolved or struck off the Register.

111. Appointment of liquidator of a struck off DAO Association

- (1) Where a DAO Association has been struck off the Register, the Registrar may apply to the Court for the appointment of a liquidator of the DAO Association that is eligible in accordance with Regulation 116(3).
- (2) Where the Court grants an order under Regulation 111(1), the DAO Association is restored to the Register.

112. Property of dissolved DAO Association

- (1) Subject to Regulation 112(2), any property of a DAO Association that has not been disposed of at the date of the DAO Association's dissolution vests in the Government of RAK.
- (2) When a DAO Association is restored to the Register, any property that was vested in the Government of RAK under Regulation 112(1) on the dissolution of the DAO Association and that has not been disposed of shall be returned to the DAO Association upon its restoration to the Register.

113. Modes of Winding Up

- (1) A DAO Association may be wound up:
 - (a) by the Registrar; or
 - (b) voluntarily.
- (2) A DAO Association will be under voluntary liquidation in the event of a winding up by the Registrar or a voluntary winding up.
- (3) The Registrar shall add in “under liquidation” after the name of the DAO Association in the DAO Association Register.
- (4) A DAO Association shall note “under liquidation” after its name in its correspondence.
- (5) The Registrar may, in its sole discretion, apply to the Court to wind up a DAO Association under the following circumstances:
 - (a) a DAO Association’s failure to commence business activity under its trade license within two (2) years from its incorporation;
 - (b) the suspension of the business activity under the DAO Association’s trade license for a period of six (6) months or more;
 - (c) a DAO Association’s failure to comply with the applicable laws and regulations of the Authority and the UAE;
 - (d) a DAO Association’s failure to renew its trade license;
 - (e) the termination of the trade license of the DAO Association by the Registrar; and
 - (f) pursuant to a Court order.
- (6) The Court may make any orders considered necessary or desirable for the winding up of the DAO Association.

114. Appointment of a liquidator by the Court

Where:

- (a) the Registrar has appointed an inspector or inspectors to conduct an investigation into the affairs of a DAO Association;
- (b) a civil or regulatory proceeding has been instituted, by the Registrar or otherwise, against a person as a result of that person’s conduct in relation to the affairs of a DAO Association; or
- (c) a person has engaged, is engaging or is proposing to engage in conduct that constituted, constitutes or would constitute a contravention of a requirement, duty, prohibition, responsibility or obligation which is imposed by or under the

applicable law or the DAO Association Regulations or other legislation administered by the Registrar,

the Court may, on application of the Registrar or any other person, make an order appointing a liquidator having such powers as the Court may see fit, of the property or any of the property of the relevant DAO Association.

115. Voluntary winding up

A DAO Association may be wound up voluntarily where:

- (a) the Governance Token Holders that are eligible to vote on such matters resolve by a Governance Proposal that the DAO Association is to be wound up; and
- (b) where one or more of the following conditions are met at the time of the passing of the Governance Proposal:
 - (i) where the Constitution provides for an expiration date, the expiry of the duration provided for in the Constitution;
 - (ii) where the Constitution provides for an expiration event, circumstance or condition, when that event, circumstance or condition occurs;
 - (iii) the DAO Association is not able to appoint any further Council Members for any reasons, including a shortage of appropriate candidates; or
 - (iv) the Council has passed a decision that the Purpose of the DAO Association has been achieved to its reasonable satisfaction.

116. Appointment and duties of liquidator

- (1) The Governance Token Holders shall appoint, by a Governance Proposal, or by such higher threshold as may be specified in the Constitution, one or more auditors as liquidators.
- (2) The Governance Proposal under Regulation 116(1) shall, on the date that it is issued, be submitted to the Registrar. The Registrar shall then enter the name of the liquidator in the DAO Association Register.
- (3) A liquidator shall be authorized to conduct the affairs of a DAO Association under liquidation. A liquidator's duties include, but are not limited to:
 - (a) to prepare a list of the DAO Association's assets and liabilities and a balance sheet on which the liquidator will sign along with the Council Members;
 - (b) to maintain a register for the liquidation process;
 - (c) to preserve the DAO Association's assets and any Sub DAO Association assets;
 - (d) to collect the funds owed to the DAO Association by others, and to deposit the sums received in the bank account of the DAO Association immediately upon receipt;

- (e) to operate, maintain and close the bank accounts of a DAO Association;
 - (f) to represent the DAO Association before the Court;
 - (g) to pay the DAO Association's debts;
 - (h) to sell the DAO Association's movable assets or real estate;
 - (i) to provide the Members with a provisional account on the liquidation process every six (6) months; and
 - (j) to provide the information or data requested by the Members concerning the progress and status of the liquidation process.
- (4) The powers and duties granted to a liquidator shall not, unless the liquidator requires so, be performed by an Officer of the DAO Association. The role of the Officers of the DAO Association shall be limited to assisting the liquidator in performance of the liquidator's powers and duties.
 - (5) Where a DAO Association is in dissolution pursuant to a Court order, the Court may define the method of liquidation and appoint the liquidator.
 - (6) A liquidator cannot undertake new business for the DAO Association, but may, where necessary, complete an ongoing business.
 - (7) A liquidator may be removed by a Governance Proposal, provided that Governance Proposal prescribes an appointment of another liquidator. The removal and replacement of a liquidator should be immediately notified to the Registrar.

117. Distribution of assets

- (1) A liquidator shall notify, by Electronic mail, all the creditors of the DAO Association of the commencement of the liquidation process and invite the creditors to present their claims.
- (2) A liquidator shall publish the commencement of the liquidation of the DAO Association on the DAO Association's website and invite objections to the liquidation within forty-five (45) days from the date of the publication. The Implementing Regulations may specify further methods for publication.
- (3) The assets of the DAO Association shall be distributed by the liquidator in the following order:
 - (a) towards amounts owed to the Authority; then
 - (b) towards the cost of liquidation, including the liquidator's fee; then
 - (c) to the creditors; then
 - (d) to the Founding Members on a *pro rata* basis.

- (4) Where a creditor fails to present its claim, the liquidator shall deposit the sum owed to that creditor in the Court.

118. Completion of liquidation

- (1) On completion of the liquidation process, the liquidator will issue a final liquidation report to the Registrar.
- (2) The Registrar shall, upon the satisfactory completion of the liquidation, cancel the trade license and remove the DAO Association name from the DAO Association Register;
- (3) All claims against the liquidator on the ground of the liquidation works and claims against the Members or the auditors of the DAO Association due to their roles shall be time barred upon the expiry of three (3) years from the date of the completion of liquidation, unless for some other period as may be prescribed in Implementing Regulations. If the act attributed to any of such persons is of a criminal nature, the liability claim shall not be time barred until the public claim is time barred.

PART 14: TRANSFER OF INCORPORATION

119. Transfer of incorporation to the Zone

- (1) A foreign DAO Association may, if authorized by the laws of the jurisdiction in which it was incorporated, apply to the Registrar for the continuation of the foreign DAO Association as a DAO Association.
- (2) An application for continuation shall be made to the Registrar in the prescribed manner and shall:
 - (a) be executed under seal and signed by an Officer of the foreign DAO Association and verified by an affidavit, or other similar sworn statement, of the person signing the application;
 - (b) be accompanied by articles of continuation that comply with the DAO Association Regulations that relate to a Constitution; and
 - (c) be accompanied by any other document prescribed by the Registrar.
- (3) The articles of continuation shall make any amendments to the original articles of incorporation and any amendments thereto necessary to make the articles of continuation conform to these DAO Association Regulations and any other relevant law applicable in the Zone.

120. Certificate of continuation

- (1) Once the Registrar approves the application, the Registrar shall:
 - (a) issue a certificate of continuation on the terms and conditions the Registrar considers appropriate;
 - (b) register the DAO Association; and

- (c) allocate to the DAO Association a number, which shall be the DAO Association's registered number.
- (2) The Registrar may refuse to issue a certificate of continuation if it considers it appropriate to do so. This decision is final and not subject to appeal or review by the Court.
- (3) The Registrar is not required to provide reasons for refusing to issue a certificate of continuation.

121. Effect of certificate

From the date of continuation stated in the certificate of continuation:

- (a) the foreign DAO Association becomes a DAO Association to which these DAO Association Regulations apply as if it had been incorporated under these DAO Association Regulations;
- (b) the articles of continuation will be deemed to be the Constitution of the DAO Association; and
- (c) the certificate of continuation is treated as the certificate of incorporation of the DAO Association.

122. Copy of certificate of continuation

The Registrar shall send a copy of the certificate of continuation to the appropriate official or public body in the jurisdiction in which the application for continuation was authorized.

123. Rights and liabilities

Where a foreign DAO Association is continued as a DAO Association under these DAO Association Regulations, the DAO Association:

- (a) shall continue to have all the property, rights and privileges and shall continue to be subject to all of the liabilities and debts that it had prior to the continuation; and
- (b) shall remain a party in any legal proceedings commenced in any jurisdiction in which it was a party before the continuation.

124. Transfer of incorporation from the Zone to another jurisdiction

- (1) A DAO Association may, if it is authorized by:
 - (a) a Governance Proposal passed by the Governance Token Holders; and
 - (b) the Registrar in the manner prescribed in these DAO Association Regulations,
 apply to the appropriate official or public body of a foreign jurisdiction to transfer its incorporation to the foreign jurisdiction and request that the DAO Association be continued as a foreign DAO Association.

- (2) A DAO Association shall not apply under Regulation 124(1) unless the laws of the foreign jurisdiction provide that the foreign DAO Association:
 - (a) shall continue to have all the property, rights and privileges and shall be subject to all of the liabilities, debts that it had before the continuation; and
 - (b) shall remain a party in any legal proceedings commenced in any jurisdiction in which it was a party before the continuation.
- (3) A DAO Association shall cease to be a DAO Association within the meaning of these DAO Association Regulations when the DAO Association is continued as a foreign DAO Association and when the foreign DAO Association files with the Registrar a copy of the certificate or instrument of continuation certified by the appropriate official of the foreign jurisdiction.
- (4) When the Registrar receives the foreign jurisdiction's certificate or instrument of continuation, the Registrar shall strike the name of the DAO Association off the DAO Association Register.

PART 15: INSPECTION AND REMEDIES

125. Appointment of Inspectors

- (1) The Authority may, should it consider necessary or desirable to do so, appoint one or more persons to investigate the affairs of a DAO Association and to submit such written report as the Authority may direct (each, an “**Inspector**”).
- (2) Inspectors appointed under Regulation 125(1) may, with the consent of the Authority, also investigate and report on the affairs of another DAO Association that is or was related to the DAO Association in respect of which they were initially appointed.

126. Production of Books, Records and Assistance

- (1) If an Inspector suspects that a person may be in possession of books, records or information relevant to the investigation, they may require such person to:
 - (a) produce any books and records in their custody or power;
 - (b) attend before them at reasonable times and on reasonable notice and answer all questions put to them that are relevant to the affairs of the DAO Association; and
 - (c) give reasonable assistance to them in connection with the investigation.
- (2) If the Inspectors have reasonable grounds for suspecting that a Council Member or past Council Member of the DAO Association maintains or has maintained a bank account or crypto asset wallet of any description, whether alone or jointly with another person, into or out of which has been paid money or assets that are in any way related to the affairs of the DAO Association that is the subject of investigation, the Inspector may require the Council Member to obtain and produce all books and records in its custody or power relating to the bank account.

- (3) A person in respect of whom a requirement is made by an Inspector pursuant to Regulation 126(1) or Regulation 126(2) shall comply with that requirement.

127. Inspectors' Reports

- (1) The Inspectors shall make a written report to the Authority at the conclusion of their investigation.
- (2) The Inspectors shall make such interim reports, if any, to the Authority that the Authority may require.
- (3) The Authority may, upon receipt of a report by an Inspector, do any one or more of the following:
 - (a) provide a copy to the DAO Association to which the report relates;
 - (b) provide a copy of the report to any person whose financial interests may have been affected by the matters dealt with in the report; or
 - (c) upon written consent of the Registrar, cause the report to be published.

PART 16: GENERAL CONTRAVENTIONS

128. General Contraventions Provision

- (1) Excluding the Authority and the Registrar, a person who:
 - (a) does an act or thing that the person is prohibited from doing by or under a Regulation of these DAO Association Regulations;
 - (b) does not do an act or thing that the person is required or directed to do under a Regulation of these DAO Association Regulations; or
 - (c) otherwise contravenes a Regulation of these DAO Association Regulations,may be subject to a fine where this is provided for in the schedule of fines.
- (2) The Authority shall issue a list containing, at minimum, the prescribed contraventions and their respective fines.

129. Involvement in Contraventions

- (1) If a person is knowingly involved in a contravention of these DAO Association Regulations or any Implementing Regulation committed by another person, the aforementioned person as well as the other person, commits a contravention and is liable to be proceeded against accordingly.
- (2) Without limiting the generality of Regulation 129(1), if a Member or Officer of a DAO Association is knowingly involved in a contravention of these DAO Association Regulations or any other Implementing Regulations committed by a DAO Association, the

Officer as well as the DAO Association commits a contravention and is liable to be proceeded against accordingly.

- (3) For the purposes of this Regulation 129, a person is knowingly involved in a contravention if, and only if, the person:
- (a) has aided, abetted, counseled or procured the contravention;
 - (b) has induced, whether by threats or promises or otherwise, the contravention;
 - (c) has in any way, by act or omission, directly or indirectly, been knowingly involved in or been party to the contravention;
 - (d) has conspired with another or others to effect the contravention; or
 - (e) has, alone or in concert with others, directly or indirectly, done, attempted or planned any of the following:
 - (i) conceal the existence or extent or nature of a contravention; or
 - (ii) obstruct, impede or prevent competent authorities within the Zone from detecting, investigating or prosecuting a contravention.
- (4) For the purposes of this Regulation 129, “**person**” does not include the Authority and Registrar.

130. Imposition of a Penalty

- (1) Where the Registrar considers that a person or a DAO Association has contravened a provision of these DAO Association Regulations, the Registrar may impose a Penalty which may include:
- (a) the termination of the trade license of the DAO Association;
 - (b) the imposition of a fine; or
 - (c) the imposition of any other penalty as it may deem necessary.
- (2) The Authority may, through Implementing Regulations, prescribe the process in relation to the imposition and recovery of Penalties under these DAO Association Regulation.
- (3) Failure by a person to provide any documents, records or information to the Registrar, within the timeline set by the Registrar, shall result an imposition of a Penalty.

131. External Referral

The Authority may report contraventions and other reasonable concerns and information to local or UAE authorities and/or regulators.

132. Compliance with UAE Federal Laws

A DAO Association shall comply with all applicable AML/CFT federal laws, regulations, standards and guidelines, as amended from time to time.

PART 17: APPLICATIONS TO COURT

133. Application to Court

- (1) The Authority shall, at its absolute discretion, be entitled, at any time, to refer any matter or question that it deems appropriate to the Court.
- (2) Any application to such Court under these DAO Association Regulations shall be made in the manner prescribed by the Court.
- (3) Without prejudice to Regulation 133(1), an application may in the first place be heard when the Court may direct that the proceedings shall be served on such persons, if any, as it shall think fit and that the application shall be supported by such evidence as the Court shall require.

ANNEX 1

FEEs

- (1) The payable fees shall be specified by the Registrar from time to time through an Implementing Regulation.
- (2) All fees may, subject to the prior written approval of the Registrar, be paid in a cryptocurrency agreed between the DAO Association and the Registrar.