



## ARTICLES OF ASSOCIATION

31.01.2020

### Waves Association

**Preamble** Waves Association aims to support the development of the Waves protocol (Waves) and to

make it available to the general public as an open source software as well as to promote the ecosystem existing around Waves.

#### § 1 Name, Seat, Fiscal Year

- (1) The name of the Association is "Waves Association".
- (2) It shall be entered in the German register of associations (*Vereinsregister*). Following its registration, the suffix "e.V." (*registered association*) will be added to its name.
- (3) The seat of the Association is in Frankfurt am Main, Germany.

#### § 2 Purpose

- (1) The Association exclusively and directly serves public-benefit purposes as defined in the chapter on "tax-privileged purposes" of the German fiscal code (*Abgabenordnung*; "**AO**").
- (2) The Association's purposes are
  - a) the advancement of science and research, especially in the field of information technologies;
  - b) the advancement of adult education and vocational training especially in the field of digitization and application of modern software;



in particular, it aims at advancing the non-commercial development of the Waves protocol and other applications in the areas of blockchain and distributed ledger technologies.

(3) The purpose as laid down in the Articles of Association is achieved, in particular, by

- a) providing the Waves platform as an open-source software and making it accessible to the public for use, *i.a.*, on the Waves Association's websites, with the aim of promoting the development of applications (dApps) on the Waves platform by third-party developers;
- b) establishing and operating communication forums for mutual assistance and, hence, for the development and advancement of programming skills;
- c) placing research orders, especially by setting up a Waves Grant program and granting Waves Labs grants;
- d) awarding prizes and scholarships that promote or contribute to the further development of the Waves protocol;
- e) making the Waves protocol and its potential applications known in society;
- f) supporting the development of decentralized payment systems based on the Waves protocol;
- g) supporting and moderating the Wavesplatform.com website;
- h) organizing and running events, conferences, hackathons and other conventions of users and interested people for exchanges of information, representation of interests, consultation and training.

(4) Pursuant to Section 58 No. 1 AO, the Association may additionally procure funds for the achievement of the tax-privileged purposes described in para. 2 above by another legal entity. This may be achieved in particular by acquisition, collection, and coordination of donations and other funds as well as by transfer of funds to domestic or foreign legal entities that use these funds for achieving the tax-privileged purposes set out in para. 2 above. The procurement of funds for a corporation subject to unlimited tax liability is conditional upon that corporation itself having tax-privileged status.

(5) The Association is acting altruistically; it does not primarily pursue its own economic purposes.



(6) The Association's funds may be used for the purposes set out in the Articles of Association only. In their capacity as members, the members shall not receive any payments from the funds of the Association.

(7) The Association may not provide a benefit for any person by means of expenditure unrelated to the purpose of the Association or disproportionately high remuneration.

(8) To the extent that the Association does not perform its functions itself, it may employ aides as defined in Section 57 (1) sentence 2 AO.



### § 3 Beginning of the Membership

(1) Natural persons and legal entities who actively participate in the Association's work, especially by contributing to the organization of conventions of the Association or events of the Association, may become full members of the Association. Prior to admission as a full member, the member will undergo a one-year qualifying period as a candidate in order to prove his/her active participation in the Association's work ("candidate for full membership"). During the qualifying period, the member has the status of a community member. After having successfully passed the qualifying period, the board appoints the candidate as a full member. In the event that he/she is not appointed as a full member, his/her membership continues as a community member. Every full member has one vote at the general meeting and when voting on resolutions that are reserved for full members only.

(2) Natural persons who actively participate in the Waves community, especially by contributing to the further development of the Waves platform, attending the Association's events, or participating in the Association's community events, may become community members of the Association. Prior to admission as a community member the member will undergo a one-year qualifying period as a candidate in order to prove his/her active participation in the Waves community ("candidate for community membership"). After having successfully passed the qualifying period, the board appoints the candidate as a community member. In the event that he/she is not appointed as a community member, his/her membership continues as a sustaining member. Every community member has one vote at the general meeting. Candidates for community membership have no rights to vote or submit petitions at the general meeting.

(3) Natural persons and legal entities who promote the Association's objectives can become sustaining members. They have no rights to vote or submit petitions at the general meeting.

(4) The general meeting can appoint any natural person or legal entity that has rendered outstanding services to the Association as a member of honour.

(5) Admission to the Association shall have to be applied for in text form (Section 126b of the German Civil Code (*Bürgerliches Gesetzbuch*; "**BGB**")). The board shall decide on the application for admission.

(6) A renewed application for admission may not be submitted earlier than after expiry of three years after a rejection decision.



## § 4 End of the Membership

- (1) Membership ends upon a member's death, in case of a legal entity upon its termination, upon resignation, regular termination or expulsion, and insolvency.
- (2) The resignation shall be given by a declaration in text form (Section 126b BGB) to the board. It shall be subject to a three-month notice period effective from the end of the fiscal year.
- (3) The board may terminate membership by regular termination subject to a three-month notice period effective from the end of the fiscal year even without important reason if the member no longer fulfills the requirements of his/her respective membership according to para. 1 or para. 2.
- (4) Immediate expulsion of a member of the Association shall be permitted for good cause only. Good causes are, in particular,
  - a) any behaviour causing damage to the Association or its objectives;
  - b) any behaviour causing damage to other members of the Association;
  - c) any gross breach of the member's obligations.
- (5) The board shall decide on the expulsion by resolution. Prior to passing said resolution, the member concerned shall be given the opportunity to address the board and express - in text form (Section 126b BGB) - his/her views on the reasons for the expulsion provided in text form (Section 126b BGB) within a set time-limit of two weeks. The resolution on the expulsion shall be substantiated and notified to the member concerned in text form (Section 126b BGB).
- (6) Readmission of a member previously excluded from the Association by final resolution shall be admissible by *mutatis mutandis* application of the foregoing provisions.
- (7) In the event that a member fails to pay the membership fees when due, his/her membership rights shall be suspended until payment of the outstanding membership fee.



## **§ 5 Annual Fee**

- (1) Annual fees are levied on the members.
- (2) Members may be required to pay a levy (not exceeding six times the annual fee) for financing special projects or for removing financial difficulties of the Association.
- (3) The amount and due date of the fees and levies shall be determined by the executive board.
- (4) Members of honor do not need to pay any fees.

## **§ 6 Bodies**

The Association's bodies are:

- the executive board,
- the extended board;
- the general meeting.

## **§ 7 The Executive/Extended Board**

- (1) The Association's executive board as defined in Sec. 26 BGB shall consist of one up to a maximum of three members. In the event that the executive board consists of several members, they shall elect a president of the board from among their number.
- (2) The executive board shall conduct the Association's business and be responsible for all matters of the Association that are not expressly assigned to another body of the Association by these Articles of Association. Its tasks include the following, in particular,
  - a) to prepare the general meeting and set the agenda;
  - b) to convene the general meeting;
  - c) to manage the Association's assets and accounting.
- (3) In relations with third parties, every member of the executive board shall be authorized to represent the Association individually in and out of court. In internal relations, however, apart from the president of the board



other members of the executive board shall only be authorized to represent the Association, if the president of the board is prevented.

(4) The president of the board shall be exempted from the restrictions imposed by Section 181 BGB. All other or individual members of the executive board may also be exempted from the restrictions imposed by Section 181 BGB, in whole or in part, by resolution of the full members.

(5) Upon resolution of the full members, the Association may establish an extended board which shall be composed of the executive board and up to five advisory members.

(6) In the event that an extended board is established, it shall be responsible for all matters assigned to it by these Articles of Association. If an extended board has been established and the word "board" is used herein, it shall be meant to refer to the extended board.

(7) When fulfilling their duties, the board members shall be liable to the Association only in case of intention or gross negligence.

(8) The executive board shall be elected by the full members. The advisory members of the extended board shall be elected by the general meeting. Reelection shall be permitted. The term of office is five years. The board shall remain in office until its successor has been elected effectively. In the event that a member retires from office before the end of his/her term of office, the board shall elect a substitute member for the remaining term of office of the retired member.

(9) If the board consists of several persons, it shall pass resolutions at board meetings convened by the president of the board by notice in text form (Sec. 126b BGB) specifying the provisional agenda no less than two weeks in advance.

(10) If the board consists of several persons, it shall have a quorum if no less than two members of the board including its president are present. The president of the board shall chair the meetings of the board.

(11) If the board consists of several persons, it shall pass resolutions by a simple majority of votes. In case of a parity of votes, the vote of the chairman of the meeting shall be decisive.

(12) Resolutions of the executive board shall be documented in written minutes and signed by the president of the board.

(13) As a rule, the members of the board work in an honorary capacity. They shall be entitled to reimbursement of the expenses that are actually



incurred by them in working for the Association as defined in Section 670 BGB and substantiated in the individual case.

(14) The board can set up committees. The tasks, size and composition shall be determined by the board according to the respective requirements.

(15) The board can set up commissions, task forces, and working groups for the advancement of the Association's purposes. These will provide for their own organization by issuing their own rules of procedure subject to approval by the board.

(16) The details may be set out in the board's own rules of procedure adopted by the board.

(17) The executive board shall be entitled to employ a managing director to manage the Association's office and all operations of current administration. The details shall be determined by the executive board in the managing director's employment agreement. He/she shall be a special representative of the Association as defined in Section 30 BGB. He/she shall be subject to the instructions given by the executive board. For his/her services, the managing director shall receive appropriate compensation, the amount of which shall be determined by the executive board.

## **§ 8 General Meeting**

(1) The duties of the general meeting are the following:

- a) to elect and remove the advisory members of the extended board;
- b) to grant discharge to the advisory members of the extended board;
- c) to pass resolutions on amendments to the Articles of Association;
- d) to pass a resolution on the dissolution of the Association.

(2) The president of the board must convene the general meeting at least once every year.

(3) The members shall be invited by notice in text form (Sec. 126b BGB) specifying the provisional agenda no less than four weeks in advance.

(4) In addition, the board may call for extraordinary general meetings at any time. It shall be obliged to do so if 20% of the voting members so





demand in writing stating the purpose and the reasons or if required in the Association's best interests.

(5) The general meeting shall have a quorum regardless of the number of members present.

(6) The meeting shall be chaired by the president of the board. The keeper of the minutes shall be appointed by the chairman of the meeting.

(7) The general meeting shall adopt its resolutions by a simple majority of votes cast unless a different majority is required under these Articles of Association or by law.

(8) Amendments to these Articles of Association or the dissolution of the Association shall require a majority of three quarters at the general meeting and the approval of three quarters of the full members. The general meeting may authorize the board by resolution to adopt amendments to the Articles of Association as required by the register of associations in the context of the procedure for the registration of the Articles of Association or amendments to the Articles of Association.

(9) The general meeting shall take decision and votes by open vote. At the request of a voting member, the general meeting may decide that the election/voting shall be by secret ballot.

(10) The resolutions passed by the general meeting shall be recorded in written minutes and signed by the chairman of the meeting and the keeper of the minutes.

(11) The details may be provided in the rules of procedure governing meetings to be issued by the board.

(12) The foregoing provisions shall apply accordingly to resolutions adopted by the full members only.

## **§ 9 Advisory Board**

(1) By resolution of the full members, the Association may establish an advisory board.

(2) The members of the advisory board shall be appointed and removed by the board upon a proposal from the full members.



(3) The advisory board advises and supports the board and makes suggestions for the further development and improvement of the Waves protocol.

(4) The details shall be set out in the advisory board's rules of procedure that are adopted by the advisory board and must be approved by the executive board.

## **§ 10 Annual Accounts and Audit**

(1) For each fiscal year, the executive board shall prepare the annual accounts and an activity report by not later than the end of the first three months of the following fiscal year.

(2) The executive board may engage an auditor to audit the annual accounts.

(3) The auditor shall record the result of the audit in writing and present it at the next general meeting.

## **§ 11 Dissolution**

(1) If the Association is dissolved or if tax-privileged purposes no longer apply the Association's assets will be transferred to another tax-privileged legal entity which shall use it for the advancement of science and research and adult education and vocational training.

(2) Unless otherwise decided by the general meeting, in case of a dissolution resolution, the president of the board shall act as a liquidator having the power to represent the Association alone. The same shall apply, *mutatis mutandis*, if the Association is dissolved or loses its legal capacity for any other reason.

## **§ 12 Internal Provisions**

The executive board shall have the right to define other binding internal rules in the Association's rules of procedure (*Vereinsordnung*) or other sets of rules.



### **§ 13 Entry into Force**

The Articles of Association in their present form have been adopted by the Association's founding meeting and shall enter into force upon registration with the register of associations.