

OPERATING AGREEMENT OF SHIFT DAO LLC

NOTICE OF RESTRICTIONS ON DUTIES AND TRANSFERS

The rights of members in a decentralized autonomous organization (“DAO”) may differ materially from the rights of members in other resident domestic or non-resident domestic limited liability companies. The DAO Act, underlying smart contracts, certificate of formation and limited liability company agreement (i.e., the operating agreement), if applicable, of a decentralized autonomous organization may define, reduce or eliminate fiduciary duties and may restrict transfer of ownership interests, withdrawal or resignation from the decentralized autonomous organization, return of capital contributions and dissolution of the decentralized autonomous organization.

This Operating Agreement (“**the Agreement**”) of **Shift DAO LLC**, a for-profit, series limited liability company (**the “Company”**) incorporated as per the laws of the Republic of the Marshall Islands pursuant to the Marshall Islands Limited Liability Company Act of 1996 (as amended, the “**LLC Act**”), the Marshall Islands Business Corporations Act (as amended, the “**BCA**”) and the Decentralized Autonomous Organization Act, 2022 (as amended, the “**DAO Act**”), by and among the Company and the persons executing this Agreement (individually “Member” and collectively “Members”), causing the filing of the certificate of formation of the Company (the “**Certificate of Formation**”), with the Marshall Islands Registrar of Corporations shall be effective as of the date of acceptance of the terms of this Agreement by the Members (“the Effective Date”). Capitalized terms take the same meaning as defined in the relevant law.

WHEREAS, in pursuit of compliance with a fit-for-purpose legal regime for DAOs that seeks to protect DAO members and support innovation, the Members of the Company approved incorporation of the Company as a Marshall Islands for-profit, series DAO limited liability company;

WHEREAS, the Company is hereby formed as the "master" DAO limited liability company (the "Master DAO") and shall have a Membership Interest in each Series in exchange for coordinating and assisting each Series with its operations;

WHEREAS, the Company is authorized to establish, pursuant to this Agreement, separate members and limited liability company interests with separate and distinct rights, powers, duties, obligations, and objectives (each a "Series") pursuant to Section 79 (Series of members, managers of limited liability company interest) of the LLC Act;

WHEREAS, each Series is established to hold a real-world asset (RWA) and the mechanism for setting the price of that asset shall be set out in accordance with the governance protocol set forth in this Operating Agreement;

WHEREAS, each Series shall be associated with a particular RWA investment so as, to the maximum extent permitted by the LLC Act, including, without limitation, Section 79, the assets, income, gains, losses, expenses, deductions, credits, distributions, debts, obligations and liabilities of the Company associated with a particular investment shall be associated with and limited to such Series, and not any other Series;

WHEREAS, it is the intent of the Members that the membership interest in a Series grants the holder only an economic interest in the assets held by the Series treasury and confers no voting rights regarding the management or decisions of the Series;

WHEREAS, membership interests in a Series represent a limited economic interest in the assets of the Series treasury and do not provide any expectation of profit, income, or distributions;

WHEREAS, the economic rights of Series Members arise solely from the value of assets held by the Series and not from any managerial effort or decision-making by the Master DAO or anyone on behalf of the Members;

WHEREAS, the scope of actions for each Series shall be strictly limited to receiving funds for membership interests, purchasing assets for its treasury, and minting the membership interest token;

WHEREAS, the Master DAO's tokens shall be used strictly for governance rights without economic or profit components, and these tokens shall be issued and sold separately from Series membership interests;

WHEREAS, the Master DAO shall have the authority to place limitations on the types of assets a specific Series is permitted to purchase and hold, which is necessary to maintain compliance, manage risk, and clarify the Series' purpose;

WHEREAS, the Master DAO shall be authorized to charge the Series for operational work, including fees calculated as a percentage of the Series' treasury, provided such fees are a service or operations fee and not performance or investment management fees;

WHEREAS, each Series formed under the Company will functionally operate as a separate limited liability company and each Series shall be governed by a separate limited liability company operating agreement to be attached as exhibits to this Agreement. See **Exhibit B**;

WHEREAS, a Series shall be dissolved and its affairs wound up pursuant to the provisions of the Series Operating Agreement. The dissolution and termination of a Series shall not, in and of itself, cause or result in the dissolution or termination of the Company or any other Series;

WHEREAS, each Series is formed and maintained pursuant to the existence and continued operation of the Company, and in the event that the Company as the Master DAO LLC determines to wind up, cancel, or otherwise cease operations (including due to insolvency), the legal status of each Series is correspondingly affected, requiring a determination as to whether such Series shall (i) continue as an independent DAO LLC pursuant to applicable law, or (ii) be wound up and its assets distributed in accordance with this Agreement;

WHEREAS, a Member participating in one Series shall have no rights or interest with respect to any other Series, other than through such Member's interest in such Series independently acquired by such Member;

WHEREAS, a Member participating in a Series may become a Member of the Master DAO, and a Member of the Master DAO may become a Member in a Series, and the Master DAO itself may become a Member in a Series;

WHEREAS, the intent of the Master DAO is to keep liabilities separate, despite the Master DAO being able to own a membership interest in a Series;

WHEREAS, there shall be no additional reporting requirements for the individual Series beyond the requirements for the Master DAO itself pursuant to Section 103(1)(c) of the DAO Act;

WHEREAS, the Master DAO desires to enter into an operating agreement as to its affairs;

NOW, THEREFORE, for and in consideration of mutual covenants contained and intending to be legally bound hereby, the parties agree as follows:

ARTICLE I

ORGANIZATION

I.1 **Organization.** The Members, by executing this Agreement, hereby agree to organize as a Marshall Islands for-profit, member-managed decentralized autonomous organization limited liability company (the “**DAO**” or “**Company**”) pursuant to the provisions of the DAO Act, the LLC Act, and the BCA upon the terms set forth in this Agreement.

The DAO shall be member-managed until the Token Generation Event (TGE). Following the TGE, a Governance Interface will be deployed, through which all proposals and decisions shall be executed and recorded on-chain. In aligning the evolution of the DAO's decentralized governance protocol with industry standards and applicable regulatory frameworks, the DAO shall adopt a Progressive Decentralization model.

The Company shall identify the most suitable Governance Interface and blockchain network to support the DAO's decision-making processes. In doing so, it will consider factors including, but not limited to, EVM compatibility, low transaction costs, scalability, industry adoption, and a user-friendly interface that enables broad participation and efficient governance operations.

I.2 Decentralized Autonomous Organization. The Company is a decentralized autonomous organization within the meaning of §102(c) and §104(1) and (3) of the DAO Act, whereby the notice of restrictions on duties and transfers appears conspicuously at the beginning of this Agreement.

I.3 Registered Office; Registered Agent. The registered office of the Company in the Marshall Islands shall be the initial registered office designated in the Certificate of Formation or such other office (which need not be a place of business of the Company) as provided by law. The registered agent of the Company in the Marshall Islands shall be the initial registered agent designated in the Certificate of Formation.

I.4 Principal Office. The Principal Office of the Company shall be at the principal office designated in the Certificate of Formation or at such other location as the Members may designate from time to time, which need not be in the Marshall Islands, and the Official Online Venue(s) at **www.Shiftrwa.xyz**. The official online venue is the official place(s) where members convene to participate in activities of the Company, where the internet address or addresses of those official online places are publicly available.

I.5 Term. The Company shall commence upon the date of the filing of the Certificate of Formation and shall continue in existence until dissolved pursuant to this Agreement.

ARTICLE II

PURPOSES AND POWERS

II.1 Purposes of the Company.

The Company is organized for the purpose of exploring, developing, and promoting the use of real-world assets tokenized on-chain, including Asset-Referenced Digital Assets (ARDA) and other blockchain-based representations of value or ownership. Utilizing new technologies, it shall deploy a Governance Interface to facilitate, manage, and expand the adoption of ARDA and other real-world-asset-based digital instruments. It shall create separate Series DAOs to facilitate these goals.

Beyond core governance and direct ARDA promotion, the SHIFT ecosystem will encompass several activities designed to enhance utility and foster community engagement. These include facilitating routing mechanisms for ARDA within DeFi protocols, enabling staking of various digital assets, reward active participants and exploring avenues for generating and distributing profits from ARDA related activities. These activities aim to create a dynamic and self-sustaining ecosystem where participants can benefit from their involvement, further driving the adoption and utility of ARDA and the SHFT token.

II.3 Authority of the Company. The Company shall have and exercise all of the powers and authority conferred by Marshall Islands law on an entity recognized as a decentralized autonomous organization limited liability company with for-profit status, and insofar as this entity form is recognized by foreign laws as a legal person separate and distinct from its Members, then the Company shall also have all of the powers and authority as conferred by those foreign laws.

ARTICLE III

MEMBERS

III.1 Member Eligibility. A person becomes a Member by obtaining a Membership Interest, which in the case of a for-profit DAO means an ownership or economic right.

A person becomes a Member by obtaining at least one (1) SHFT Token, created from and constricted by the parameters defined in the Smart Contract located at an address and a blockchain to be determined (the “**Voting Token Smart Contract**”).

III.2 Initial Members. The names and addresses or Digital Ledger identifiers of the Initial Members are as reflected in “Exhibit A” attached hereto and made a part hereof as if set forth fully herein.

Pre-Formation SAFT Members. The Company acknowledges that, prior to its formation, certain persons entered into SAFTs or similar token purchase agreements with the Shift DAO project or its promoters. Upon the formation of the Company, and subject to the terms of such pre-formation SAFTs, such persons shall be admitted as Members of the Company and issued Tokens and corresponding Membership Interests, as applicable. The admission of such Members and the issuance of Tokens to them shall be deemed made in satisfaction of pre-formation obligations and shall not require any additional Capital Contribution to the Company.

III.3 Classes of Membership. The Company shall have one class of Members.

III.4 Voting Weight. Each Member’s voting weight is determined as follows: one (1) token equals one (1) vote. There shall be a staking option for which Members may receive more tokens and thus additional votes.

ARTICLE IV

RIGHTS AND DUTIES OF MEMBERS

IV.1 Management Rights. All Members who have not Dissociated (as defined in Article VIII) shall be entitled to vote on any matter submitted to a vote of the Members as provided in Article V.1.

IV.2 Liability of Members. Subject to subsection (3) of this Article, no Member shall be liable for the liabilities of the Company unless otherwise provided for in this Agreement or any governance rules approved in accordance with this Agreement. The failure of the Company to observe any formalities or requirements relating to the exercise of its powers or management of its business or affairs under this Agreement shall not be grounds for imposing personal liability on the Members for liabilities of the Company.

IV.3 No fiduciary duties unless expressly approved. In accordance with §109 of the DAO Act, no Member shall have any fiduciary duty to the Company or any Member unless otherwise provided for in this Agreement or any governance rules approved in accordance with this Agreement.

IV.4 Good faith and fair dealing. In accordance with §109 of the DAO Act, Members are subject to the implied contractual covenants of good faith and fair dealing in respect of their interactions with the Company or any Member.

IV.5 Miscellaneous Obligations. Each Member shall be duty-bound to act consistently and in compliance with each of the provisions of this Agreement and with all policies, rules, and decisions of the Company adopted in accordance with this Agreement at all times.

ARTICLE V

MEMBER-MANAGED THEN ALGORITHMICALLY

V.1 Member-Managed, then Algorithmically. The DAO shall be member-managed until the Token Generation Event (TGE). Following the TGE, a Governance Interface will be deployed, through which all proposals and decisions shall be executed and recorded on-chain. The decisions shall be voted on according to a process to be determined.

Following the TGE, the ordinary and usual decisions concerning business affairs of the Company shall be made by the Members, with proposals submitted to and votes counted by the Smart Contract located on a blockchain and at an address to be determined (the "Voting Smart Contract").

- A. The Voting Smart Contract and the Company's on-chain or off-chain records should at any time be able to produce a document that records, just before a proposal opens for voting and just after a proposal closes for voting:
 - 1. the total number of SHFT Tokens attributable to Members; and
 - 2. the unique Distributed Ledger identifier/s attributable to each Member;
- B. a member may submit a proposal in accordance with any approved rules that specify the approved form for proposals;
- C. members may vote on the proposal;
- D. the result of whether the proposal is approved or not approved is calculated in accordance with the voting method specified in the proposal and displayed on the official online venue; and

- E. the proposal shall be implemented in the manner specified in the approved proposal.

V.7 Authority of Members and Duly Authorized Agents to Bind Company. Only the authorized Members and authorized agents of the Company shall have the authority to take any action to bind the Company. The Company may vote to authorize a Member to act for the Company and to compensate a Member for reasonable expenses incurred acting for the Company.

ARTICLE VI

ACCOUNTING AND RECORDS

VI.1 Required Records. The following records shall be kept and maintained at the Principal Place of Business, official online venues, or in the Smart Contracts referenced in this Agreement for a minimum of five (5) years, even where the Company has been dissolved or has otherwise ceased to exist, and in a manner that permits them to be made available for inspection within a reasonable time:

- A. A complete, reliable, and up-to-date list of current and former Members or the unique Distributed Ledger identifier(s) attributable to each Member;
- B. A copy of the Certificate of Formation and all amendments thereto, together with executed copies of any powers of attorney pursuant to which the Certificate of Formation has been executed;
- C. A copy of this Agreement, including all amendments thereto;
- D. Any meeting minutes, accounting records, and financial statements of the Company;
- E. As long as actions, transactions, voting, and decisions of the Company take place on a distributed ledger and where human-readable explanations of those actions, transactions, voting, and decisions are publicly available for a period of five (5) years after the date the Company is dissolved, in accordance with the DAO Act, there shall be no separate requirement to keep books of accounts and meeting minutes.

VI.2 No Separate Rights to Access Public Information. In accordance with §111 of the DAO Act, except for relevant government officials with reasonable grounds to investigate a violation of the laws of the Marshall Islands, no one shall have the right under the LLC Act to demand to separately inspect or copy records of the Company, and it shall have no obligation to furnish any information to anyone concerning its activities, financial condition or other circumstances to the extent the information is publicly available on a distributed ledger or already publicly available such as on official online venues of the Company.

ARTICLE VII

CONTRIBUTIONS

VII.1 **Initial Contributions.** No initial contributions are being recorded on or before the date of filing of the Certificate of Formation.

Pre-Formation SAFT Members. For the avoidance of doubt, certain persons entered into SAFTs or similar agreements prior to the formation of the Company pursuant to which such persons are entitled to receive SHFT Tokens and be admitted as Members of the Company. Any SHFT Tokens issued or Membership Interests granted to such persons shall be deemed issued in satisfaction of pre-formation contractual obligations and shall not constitute Capital Contributions to the Company.

ARTICLE VIII

DISSOCIATION OF A MEMBER

VIII.1 **Member Status Cessation.** A Member shall cease to be a Member automatically (“**Dissociation Event**”) if such Member (i) ceases to hold any Membership Interests as described in Article III, (ii) is or becomes a Restricted Person, as defined below in Article IX, or (iii) in accordance with Article XII below.

VIII.2 **No Distribution on Cessation of Member Status.** Unless specified elsewhere in any approved governance rules of the Company, the voluntary resignation or withdrawal or involuntary removal or withdrawal of a person’s Member status does not give rise to any right of a Member to a distribution of any property or economic resources that may be or become available to the Company.

ARTICLE IX

ADMISSION OF ADDITIONAL MEMBERS

IX.1 **New Members.** Any new Members may join pursuant to Article III.

IX.2 **Restrictions on Membership.**

It is the policy of the Company to comply with the Marshall Islands sanctions regimes, including the United Nations Sanctions (Implementation) Act, 2020. “Designated persons” subject to United Nations targeted financial sanctions regimes and listed on the UN Security Council Consolidated List (<https://www.un.org/securitycouncil/content/un-sc-consolidated-list>) are restricted from becoming or continuing as Members of the Company and shall not engage in any of the Company’s activities. Such sanctions require restrictions in dealing in assets, the making available of assets or financial or related services, or other restrictions related to such designated persons and entities. It is also the policy of the Company that residents of the embargoed countries and regions and restricted jurisdictions including the Democratic People’s

Republic of North Korea, Islamic Republic of Iran, Burundi, Burkina Faso, Cameroon, the Democratic Republic of the Congo, Côte d'Ivoire, Crimea, Haiti, Iraq, Lebanon, Libya, Mali, Mozambique, Myanmar, Nicaragua, Somalia, South Sudan, Senegal, Sudan, Syrian Arab Republic, Tanzania, Trinidad and Tobago, Yemen and the United States of America (including its territories) are restricted from being Members and shall not engage in any of the Company's activities ("**Restricted Person**"). The Company shall also block IPs from specific countries.

ARTICLE X

DISSOLUTION

X.1 Dissolution Events. The Company shall be dissolved, and its affairs wound up in accordance with §114 of the DAO Act and other applicable Marshall Islands laws upon either:

- A. approval of a proposal to dissolve the Company by 75% of the Members at the time of the proposal, which appoints certain Members to comply with the requirements set out in Article X.2; or
- B. any of the events specified in §114(1) of the DAO Act.

X.2 Dissolution Requirements. As soon as possible following the occurrence of any of the events specified in Article X.1 causing the dissolution of the Company, an authorized agent or Member shall file Articles of Dissolution with the Registrar in the form prescribed by the Registrar.

X.3 Distribution to Members on Dissolution. Upon dissolution and after settling all debts, the Company shall distribute to the Members, in accordance with their Membership Interests, any property or economic resources that may be or become available to the Company.

X.4 Distribution to interested parties on dissolution. Upon a court order dissolving the Company following a successful petition from an interested party in accordance with §114(3) of the DAO Act and after the Company settles all debts, that interested party shall have a right to a distribution of any property or economic resources that may be or become available to the Company.

X.5 Effect of Cancellation

- A. **Trigger Event.** In the event the Company as Master DAO LLC determines to dissolve, cancel, or otherwise cease operations for any reason (including insolvency) (the "Master Cancellation Event"), the Company shall, prior to the filing of any certificate of cancellation of the Company, determine the status of each Series.
- B. **Determination of Series Dissolution or Continuation.** As part of its winding up process, the Company as Master DAO LLC shall determine, in its administrative capacity, whether each Series shall:
 - (i) continue as an independent DAO LLC, subject to compliance with all applicable formation and registration requirements; or

(ii) be dissolved and wound up in accordance with this Agreement.

- C. Continuation of Series.** If a Series is designated to continue, the Company shall take such administrative actions as are reasonably necessary to facilitate the reorganization or re-registration of such Series as an independent DAO LLC, including coordination of required filings; provided that all applicable fees, costs, and third-party expenses associated with such continuation shall be borne by the applicable Series or its members.
- D. Dissolution of Series.** If a Series is designated for dissolution, such Series shall be wound up and its assets distributed in accordance with the provisions of this Agreement.
- E. Nominee Role.** For the avoidance of doubt, the nominee member shall have no authority or responsibility to make or influence any determination regarding the reorganization, dissolution, or cancellation of the Master DAO or any Series. However, the nominee member may in its ministerial capacity upon receipt of proper written authorization from the Master DAO execute and file required certificates (including certificates of dissolution and cancellation) with the registered agent or relevant authorities to implement such approved actions.

ARTICLE XI

AMENDMENT

XI.1 Amendment or Modification. This Agreement may be amended or modified from time to time as pursuant to a proposal and approval of 75% of the Members at the time of the proposal.

ARTICLE XII

DISPUTE RESOLUTION

XII.1 Dispute Resolution Process. Unless a different process is set out in other governance rules, in the event of a conflict or dispute between the parties under this Agreement, the following default dispute resolution process is to apply:

- A. The parties to the conflict shall negotiate in good faith to resolve the matter.
 - 1. The matter shall be submitted on www.Shiftrwa.xyz, redacting any confidential information as appropriate, to notify the Members of the nature of the dispute, as well as: the amount or range of any compensation or damages claimed;
 - 2. the amount of fees quoted by an independent person or authority to be appointed to oversee or arbitrate in full and final resolution of the dispute;
 - 3. whether funds for items (1) and (2) are requested to be met by any property or economic resources held by or available to the Company; and
 - 4. the reasons why negotiations in good faith have not resolved the matter, and if used, why other dispute resolution mechanisms have not satisfactorily resolved the dispute;
- B. if the proposal is approved in accordance with Article V, then the parties must act in accordance with the proposal to resolve the dispute; and

- C. if the dispute is not considered satisfactorily resolved by one or more of the parties to the dispute and after undertaking the processes in Article X.II.1.A, then a dispute arising out of or in connection with this Agreement shall be finally settled pursuant to subsection two (2) below.

XII.2 Alternative Dispute Resolution.

- A. Should a controversy, dispute, or claim arise between any Member out of or in relation to this Agreement ("**Dispute**"), such Members must give thirty (30) days notice of such Dispute to the Company and the relevant party (the "**Notice of Dispute**"). Should the Dispute not be resolved at the expiration of thirty (30) days after service of the Notice of Dispute, the relevant party may commence arbitration proceedings in accordance with Article XII.2.B below.
- B. Should the Dispute remain at the expiration of thirty (30) days after service of the Notice of Dispute, the Dispute shall be settled by arbitration administered by the International Centre for Dispute Resolution in accordance with its International Arbitration Rules (the "**Rules**"). The arbitration shall be seated in the Republic of the Marshall Islands and governed by the laws of the Republic of the Marshall Islands. The language of the arbitration shall be English. The arbitration shall be determined by a sole arbitrator to be appointed in accordance with the Rules. Any award or decision made by the arbitrator shall be in writing and shall be final and binding on the parties without any right of appeal, and judgment upon any award thus obtained may be entered in or enforced by any court having jurisdiction thereof. No action at law or in equity based upon any claim arising out of or related to this Agreement shall be instituted in any court of any jurisdiction.
- C. In the event that it is determined pursuant to this Article XII that a Member who is party to a Dispute (i) is in material breach of this Agreement, (ii) acts in material violation of any statutory requirements of the Republic of the Marshall Islands or the laws or regulations of any other applicable jurisdiction, or (iii) acts against the best interests of the Company, such determination shall be deemed a **Dissociation Event**, as defined in Article VIII, for such Member.

ARTICLE XIII

MISCELLANEOUS PROVISIONS

XIII.1 Entire Agreement. This Agreement represents the entire agreement among all the Members and between the Members and the Company.

XIII.2 Governing Law. This Agreement is governed by and shall be construed in accordance with the laws of the Republic of the Marshall Islands without regard to its conflict-of-law principles.

XIII.3 Separability of Provisions. Each provision of this Agreement shall be considered separable, and if for any reason any provision or provisions herein are determined to be invalid, unenforceable, or illegal under any existing or future law, such invalidity, unenforceability, or illegality shall not impair the operation of or affect those portions of this Agreement that are valid, enforceable and legal.

XIII.4 Indemnification. Subject to applicable laws and any restrictions set forth in this Agreement, the Company shall have the power to indemnify and hold harmless any Member or other person from and against any and all claims and demands whatsoever.

XIII.5 Hierarchy in Conflicting Company Documents. Where the underlying Certificate of Formation or this Agreement and any Smart Contract(s) are in conflict, the Certificate of Formation and the Agreement shall pre-empt any conflicting provisions of the Smart Contract, and as soon as reasonably practicable:

- A. Prominent disclosure should be made in official online venues of the Company to ensure the conflict and the approach to resolving the conflict is communicated to Members; and
- B. Proposals should be posted in the official online venues for consideration of the Smart Contract(s) to be upgraded or documents amended to remediate the inconsistency and prevent further conflicts.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the Effective Date.

COMPANY:

Authorized Representative Nominee Member

MINS LLC

Robin Van Niekerk for MINS LLC

EXHIBIT A

MEMBERS:

<u>Member</u>	<u>Address/Digital Ledger Identifier</u>	<u>Membership Interest</u>
MINS LLC, nominee representative member	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, MH 96960	