# Indigo DAO Constitution

## Indigo DAO

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## Introduction

As users and supporters of the Cardano network, the members of the Indigo community come together to form this decentralized autonomous organization (DAO) to best serve our community.

The Indigo Protocol and the Indigo DAO have been created to help decentralized technologies facilitate greater access to financial services, freedom, and independence within a cooperative spirit of honesty, integrity, and equality. The Indigo DAO is intended to meet these ambitious goals by adhering to the following core principles:

- Ensuring that all information shared, and all actions taken, are done with the greatest level of transparency possible.

- Ensuring that all actions taken are immutable and subject to publicly verifiable audits.

- Providing a forum where all voices are heard, and the expressed will of the community is implemented.

- Adherence to the mantra of the Indigo Protocol: Tokenize Everything.

# Article I – Organization

**Section 1.1 – Status.** The Indigo DAO is an informal non-jurisdictional, non-hierarchical, and nonprofit association of individuals and entities who agree to act together and who hold the INDY token, and which functions in part through smart contracts operating on the Cardano blockchain platform. The Indigo DAO is the steward of the Indigo Protocol and has the ability to control the application and all related intellectual property.

The Indigo DAO is not intended to be, and shall not be deemed to be, a legal entity such as a partnership, joint venture, or other organization.

**Section 1.2 – Purposes.** The Indigo DAO has formed for the purpose of developing, managing, improving, and maintaining the Indigo Protocol.

**Section 1.3 – Not an Investment Company.** The Indigo DAO shall not provide financial or investment services, advice, or opportunities. Any documents, data or other materials developed by the Indigo DAO shall be placed in the public domain or (as to software) under an appropriate open-source license; except that personally identifiable information or other information which is subject to protection under applicable law shall be excluded from such public publication. Any Indigo DAO projects or work product are not investments and no promises can be or shall be made regarding any monetary value or returns of any project or work product.

**Section 1.4 – Cooperative principles.** The Indigo DAO shall be operated in the spirit of the cooperative principles framed by the 1995 General Assembly of the International Co–operative Alliance, including:

1. voluntary and open participation;

2. democratic control through distributed ledger smart contract voting management;

3. economic participation;

4. autonomy and independence of Indigo DAO;

5. providing education, training and information;

6. cooperation with other DAO cooperatives; and

7. concern for the greater community.

**Section 1.5 – Nondiscrimination.** The Indigo DAO shall not arbitrarily discriminate based on race, nationality, religion, age, gender, sexual orientation, disability, political affiliation, or otherwise.

**Section 1.6 – Term and Continuation of DAO.** The Indigo DAO will continue perpetually so long as Members do not vote to cease the activities of the Indigo DAO. Should the Members ever vote to cease operation of the Indigo DAO, they shall vote to transfer all assets either (i) to one or more elected Trustee(s) on the conditions stated in such vote, or (ii) to one or more reputable charitable organizations selected in line with the ethos and mission of Indigo DAO.

# Article II – Membership

**Section 2.1 – Eligibility.** Membership shall be voluntary and application open to any person or entity that: (a) holds the private keys controlling any INDY token staked to the Governance Contract; (b) seeks to contribute to, build on, or use the services of Indigo DAO, and (c) agrees to and accepts the responsibilities and terms of this Constitution. Each person or entity meeting the above criteria is a "**Member**." There shall be no requirement to contribute time to the Indigo DAO projects or assets to the Indigo DAO Treasury to be a Member.

**Section 2.2 – Participation and Rights.** Members may participate in votes on Indigo DAO proposals generated using the Governance Contract (**"Proposal"**) by staking some or all of their INDY in the Governance Contract. The Governance Contract shall be the exclusive method of holding and recording such votes of the Indigo DAO Members. The Indigo DAO may also utilize the Governance Contract to administer and facilitate certain other arrangements and transactions involving the Indigo DAO, Members and/or third parties.

The Governance Contract shall contain the rules of the Indigo DAO governance to act on behalf of the Indigo DAO and to contract on behalf of the Indigo DAO through Indigo DAO membership vote. Indigo DAO Members will cast votes and carry out the decisions made via the Governance Contract.

**Section 2.3 – Responsibilities.** Members are responsible for deciding the priorities of the Indigo DAO. Members agree to use the products or services of the Indigo Protocol on at least an occasional basis and to stay reasonably current on the state of the DAO (by reviewing correspondence from the Indigo DAO Forum (the "**Forum**") or otherwise).

**Section 2.4 – Limitations.** No Member has any authority, right, or power to act as an agent, representative or otherwise on behalf of the Indigo DAO or any other Member; to bind the Indigo DAO or any other Member in any way (including by way of Agreement or Liability); or to convey any Indigo DAO Property, asset, or other right of the Indigo DAO or any Member. Without limiting the generality of the foregoing, no Member shall be deemed the partner of the Indigo DAO or any other Member; and no Member shall state, purport, imply, hold out or represent to any person that such Indigo DAO Member or any other Indigo DAO Member has any such authority, right, or power.

To the maximum extent permitted by applicable law, no Member shall be liable in any way to any person or entity for any action or inaction of the Indigo Protocol, the Indigo DAO, or any other Member.

**Section 2.5 – Access to information.** Members may access information concerning all activities of the Indigo Protocol and the DAO, and communicate regarding governance matters, via the Forum, as well as social media or communications platforms that may be designated or created in the future by the Indigo DAO or Core Contributors.

**Section 2.6 – Settlement of disputes.** All Members agree that any dispute between Members which cannot be resolved through informal negotiation shall be resolved by mediation before an impartial mediator mutually agreed by the involved Members. Members further agree to utilize decentralized dispute mechanisms via smart contract protocols to resolve any dispute if such mechanisms are available.

**Section 2.7 – Withdrawal.** A Member may withdraw at any time by unstaking all INDY which they control from the Governance Contract.

## Article III – Decentralized Governance

**Section 3.1 – Powers and duties.** All Indigo DAO powers shall be exercised by or under the authority of Members or such agents, vendors, contractors, or other designees approved by Members.

**Section 3.2 – Voting Structure.** Voting will be performed on Cardano according to the mechanisms established by the Governance Contract. Records of votes shall be recorded on Cardano.

**Section 3.3 – Voting Procedures**. Voting processes and procedures applicable to the Indigo DAO are set forth in the Indigo Decentralized Governance Processes and Procedures available on the Forum (the "**DGPP**"). The DGPP may be supplemented, revised, and amended by vote of the Members through a successful Proposal.

**Section 3.4 – Voting Quorums and Thresholds.** A "Quorum Threshold" is the ratio of votes relative to the total possible votes. The Quorum Threshold is determined for each Proposal according to Adaptive Quorum Biasing (**"AQB"**). ABQ algorithmically sets the "Yes" votes required based on the total number of votes relative to the total number of possible votes. AQB ensures that when there's a low voter turnout then a larger number of those votes must be "Yes." Conversely, when the voter turnout is high then the number of "Yes" votes required can be lower. "Yes" votes must always outnumber "No" for the Proposal to be successful. The formula for AQB is described further in the Indigo yellow paper.

**Section 3.5 – Core Contributors.** "Core Contributor" means a Member elected by other Members to be on one or more advisory groups of persons or entities who are tasked with the responsibility to manage the administrative and technical operations of Indigo Protocol, the Governance Contract, or the Indigo DAO, organizing meetings of Members, submitting governance Proposals, or leading Working Groups.

Core Contributor Members shall serve in the role until the Membership votes to remove them from the role or they resign. New Core Contributors may be approved via a vote of the Members through a successful Proposal.

**Section 3.6 – Working Groups.** "Working Group" means a small unit of Members who are selected by Core Contributors or Members to engage in specific projects or tasks designated by the Membership. Working Group Members shall serve in the role until the Working Group has completed its project or task, until resignation, or until the Membership votes to remove them from the Working Group.

**Section 3.7 – Moderators.** "Moderator" means a Member who is elected by the Membership to administer the

communications, administrative procedures, and technical operations applicable to the Indigo DAO, as set forth herein or in the DGPP. Moderators shall serve in the role until resignation or the Membership votes to remove them from the Moderators.

## Article IV – Meetings of Members

**Section 4.1 – Meetings.** Meetings of Members may be scheduled either by Core Contributors, or the Moderators where sufficient support is reflected in the Indigo DAO communication platforms, or by Members via a successful vote. The purpose of any meeting should be clearly articulated.

**Section 4.2 – Time and place.** The date, time and place of any meeting shall be determined by the Moderators or Core Contributors setting the meeting.

**Section 4.3 – Notice.** Notices of meetings shall be posted on the Forum and on Indigo governance communication platforms by the Moderators. Any business conducted at a meeting other than that specified in the notice of the meeting shall be of an advisory nature only.

## Article V – Relationships

**Section 5.1 – Purpose.** To further the objectives of this Constitution, the Indigo DAO may establish a commercial or business relationship between the Indigo Protocol or Indigo Foundation and other projects, persons, or entities (each a "**Relationship**").

**Section 5.2 – Negotiating.** Unless this Section 5.2 is expressly modified in an approved Proposal to establish a Relationship, each such Proposal shall be deemed to authorize the Indigo Foundation to negotiate the terms of and execute such agreements or other documents as may be deemed necessary or advisable by the Indigo Foundation members, acting in good faith and exercising their fiduciary duty to the Indigo DAO, to carry out the intent and accomplish the purposes of the Proposal (each such final written agreement a "Relationship Agreement").

Relationship Agreement negotiations are expected to be maintained as confidential until such time as a final written agreement is executed by the Indigo Foundation and the other project, person, or entity.

If any Relationship Agreement calls for the creation of projects, tools, or products, the terms shall provide that the parties place any related software code under an open license unless the authorizing Proposal directs otherwise.

**Section 5.3 – Relationship Limitations.** The Members may, through a vote of the Indigo DAO, terminate, withdraw from, or amend any Relationship in accordance with the terms of the Relationship Agreement.

## Article VI – Fiscal Matters

**Section 6.1 – No Patronage Dividends.** There will be no patronage dividends offered to Indigo DAO Members.

**Section 6.2 – Use of DAO Treasury**. Assets will be distributed from the DAO Treasury only for the purpose of:

- Grants of tokens to persons or entities that make contributions (e.g., distributions by operation of the Indigo Protocol, code submissions, bug bounties, community grants, etc.) which further the objectives of the Indigo Protocol;

- Payments under Relationship Agreements; or

- Other grants or payments specifically authorized by successful Proposal.

**Section 6.3 – No Redemption Rights.** Members have no rights of redemption of any working capital, or token assets, controlled by the Indigo DAO.

## Article VII – Indigo Foundation

**Section 7.1 – Indigo Foundation Appointment.** The Indigo DAO hereby designates and appoints the Indigo Foundation to serve as the sole legal representative of the Indigo DAO. The Indigo Foundation is a not-for-profit Cayman Islands entity. The Indigo Foundation will have a minimum of three Board of Director Members.

The Indigo Foundation's charter confirms that it is obligated to, acting in good faith and in the best interests of the Indigo DAO, and safeguard the interests of the Indigo Protocol and support the Indigo DAO. The Indigo Foundation shall have the power to enter into binding Relationship Agreements as directed by a successful Proposal passed by the Members, as set forth in Article V.

**Section 7.2 – Indigo Foundation Formation; Charter; Initial Foundation Board Members.** The Indigo Foundation will be a not-for-profit Cayman Islands foundation company (registration filed September 22, 2022; registration number pending). The Indigo Foundation shall hold all the rights and liabilities of the Indigo Protocol and Indigo DAO, including all intellectual property interests and property rights. The Indigo Foundation is authorized to act to implement and enforce all Relationship Agreements and protect any legal or property rights of the Indigo DAO.

**Section 7.3 – Foundation Board Member Elections.** Foundation Board of Director members may resign at any time and may be removed at any time by a vote of the Members. A majority vote of the Members is required to appoint a candidate to an open Board seat; re-appoint any incumbent Board member for an additional term; or expand the number of Board members (providing that the number of approved Board member seats must always be odd). Votes should be scheduled to ensure that all authorized Board seats are always occupied.

If no single candidate for a Board member position receives successful approval by a vote of Members for any open Board seat, a runoff vote will be held within two days after certification of the prior results between the two candidates who received the greatest number of votes in the prior vote.

**Section 7.4 – Indigo Foundation and Board Member Indemnification.** The Indigo DAO shall indemnify, defend and hold harmless the Indigo Foundation, its Board members, and any managers, officers, employees, from and against any and all loss, costs, penalties, fines, damages, claims, expenses (including attorney's fees) or liabilities to the fullest extent possible, arising out of, resulting from, or in connection with the actions of the Indigo Foundation, to the fullest extent of the law; except the foregoing shall not apply to the extent that any Liability arises from the fraud or intentional misrepresentations of the Indigo Foundation or any individual Board member. The Indigo DAO shall purchase for the Indigo Foundation such insurance as may be available and recommended, including but not limited to directors' and officers' liability insurance and general liability insurance.

## Article VIII – Miscellaneous

**Section 8.1 – Interpretation.** The Core Contributors shall have the power to interpret this Constitution, apply its provision to particular circumstances, and adopt policies in furtherance of them, and such interpretations shall be presumed correct unless superseded by successful Proposal.

**Section 8.2 – Severability.** In the event that any provision of this Constitution is determined to be invalid or unenforceable under any statute or rule of law, then such provision shall be deemed inoperative to such extent and shall be deemed modified to conform with such statute or rule of law without affecting the validity or enforceability of any other provision of this Constitution.

**Section 8.3 – Amendment.** This Constitution may be amended by a successful Proposal via the Governance Contract. Upon approval by the Members, verification of the amended Constitution will be recorded on the Cardano blockchain.

**Section 8.4 – Communication by electronic means.** Unless otherwise required by law or by agreement, any notice, vote, consent, petition, or other oral or written communication required or permitted can be delivered by electronic means; provided that, in the case where such communication expressly or impliedly requires the signature of a person, means are in place to reasonably assure the authenticity of the signature.

## Article IX – Additional Definitions

**"Governance Contract"** means the suite of Indigo DAO governance related smart contracts deployed to the Cardano blockchain.

**"Agreement"** means any: (i) written, oral, implied by course of performance or otherwise or other agreement, contract, understanding, arrangement, settlement, instrument, warranty, license, insurance policy, benefit plan or legally binding commitment or undertaking; or (ii) any representation, statement, promise, commitment, undertaking, right or obligation that may be enforceable, or become subject to a Legal Order directing performance thereof, based on equitable principles or doctrines such as estoppel, reliance, or quasi-contract.

**"Indigo DAO Property"** means any token or other asset, right or property licensed to or on deposit with or owned, held, custodied, controlled or possessed by or on behalf of the Indigo DAO, including any token on deposit with or held, controlled, or possessed by the Governance Contract or any associated smart contracts related to the Indigo Protocol.

**"Legal Order"** means any restraining order, preliminary or permanent injunction, stay or other order, writ, injunction, judgment, or decree that either: (i) is issued by a court of competent jurisdiction, or (ii) arises by operation of applicable law as if issued by a court of competent jurisdiction, including, in the case of clause "(ii)" an automatic stay imposed by applicable law upon the filing of a petition for bankruptcy.

**"Liability"** means any debt, obligation, duty or liability of any nature (including any unknown, undisclosed, unmatured, unaccrued, unasserted, contingent, indirect, conditional, implied, vicarious, inchoate derivative, joint, several or secondary liability), regardless of whether such debt, obligation, duty or liability would be required to be disclosed on a balance sheet prepared in accordance with generally accepted accounting principles and regardless of whether such debt, obligation, duty or liability is immediately due and payable. To be "Liable" means to have, suffer, incur, be obligated for or be subject to a Liability.