

DLF DIRECTED FUNDING POLICY

APPLICABILITY

This DLF Directed Funding Policy ("**Directed Funding Policy**") applies to and is binding on:

- Each DLF Member ("**Member**")
- Each DLF Chapter ("**Chapter**")

It applies to contributions of funds to DLF that are earmarked for specific directed purposes. It does not apply to Membership Fees paid to DLF, or membership fees paid to any Chapter, as such fees are by definition intended for general use.

It is made binding on Members via incorporation by reference in the Membership Application and Agreement, and is binding on Chapters via incorporation by reference in the Chapters Policy.

PURPOSE

This Directed Funding Policy sets forth the rules and requirements that govern contributions of funds to DLF by any Member or Chapter that are earmarked for specific directed purposes.

POLICY

1. Definition and Purpose

- 1.1. Directed Funding.** Directed Funding is a mechanism whereby DLF Members and Chapters can help to advance the mission of DLF by making contributions of funds to DLF that are designated for a specific project or purpose for the benefit of DLF and its membership (such funds referred to as "**Directed Funds**"). Contributions of Directed Funds are used by DLF to fund projects for the specific purpose designated by the contributing DLF Member or Chapter, or to pay for DLF-run conferences or similar events to advance the specific purpose designated by the DLF Member or Chapter, subject to the policies of DLF as same may be amended from time to time.
- 1.2. Membership Fees.** All membership fees paid to either DLF or a DLF Chapter are to be treated as general funds to be used at the discretion of DLF or the applicable DLF Chapter, and thus are not subject to this Directed Funding Policy.
- 1.3. Compliance with Tax Law Restrictions.** Distributed Ledger Foundation ("DLF") is a Delaware not-for-profit corporation organized exclusively to further the promotion of the common business interests of its members consistent with the provisions of Section 501(c)(6) of the Internal Revenue Code of 1986, as amended (the "Code") and regulations thereunder. DLF is exempt from federal income tax under Section 501(a) of

the Code. The purpose of this Directed Funding Policy is to ensure that the receipt and use by DLF of all Directed Funds is consistent with its legal obligations as a nonprofit, and does not have an adverse impact on DLF continuing to be an organization exempt from federal income tax as described in Section 501(c)(6) of the Code.

2. **Eligibility to Contribute Directed Funding.** Any DLF Member or Chapter in good standing is eligible to contribute Directed Funds to DLF for a specific project or purpose. In addition, more than one Member or Chapter may join together, to make a series of contributions to fund a project, such as, for example, via a matching funds program.
3. **Acceptance of Directed Funds.** DLF will make a determination as to whether or not the purpose or proposed project to be funded by Directed Funds is consistent with the requirements of this Directed Funding Policy, and any other DLF Policy. If the project meets the requirements of DLF, DLF may accept the Directed Funds. DLF shall have the sole and absolute discretion to accept or reject Directed Funds.
4. **Restrictions on Purposes for Use of Directed Funds.** Directed Funds will be accepted by DLF only for purposes that advance the mission of DLF, and that benefit its members and the distributed ledger technology community generally, as determined in the sole discretion of DLF. Contributions will not be accepted for purposes designed to solely benefit any DLF Member(s) or Chapter(s), for purposes designed to provide a DLF Member with a competitive advantage over other entities, subject to any restrictions unacceptable to DLF, or under circumstances that may cause DLF to cease to qualify as an organization described in Section 501(c)(6) of the Internal Revenue Code of 1986, as amended, or otherwise exempt from federal income tax under Section 501(a). In all cases, the use of Directed Funds will be subject to the requirement that all work products and other deliverables produced through the expenditure of Directed Funds be owned by DLF, be subject to the DLF IPR policy, and be made publicly available on the DLF website.
5. **Treatment of Directed Funds.** All contributions of Directed Funds are irrevocable donations to DLF, to be used for the specific purpose(s) for which they were received.
6. **Extent of Funding Member Control Over the Use of Directed Funds.** Subject to the requirements set forth in this Directed Funding Policy, the DLF Member or Chapter contributing Directed Funds may designate a specific purpose for which the Funds are to be spent, recommend person(s) or entities to whom Directed Funds will be paid, specify the general category or subject matter for which the Directed Funds should be used, as well as other related requirements specified in a memorandum of understanding negotiated between DLF and the DLF member at the time the Directed Funds are contributed. Notwithstanding the foregoing, in the event that subsequent to the acceptance of Directed Funds DLF determines that the project may cause DLF to cease to be an organization described in Section 501(c)(6) of the Internal Revenue Code of 1986, as amended, or exempt from federal income tax under Section 501(a), DLF shall have the sole and absolute right to terminate such project. In such event, all unused funds will remain the property of DLF and available for future projects. The DLF member shall not have a right to receive a refund of its contributions.

7. **Use of Directed Funds.** All Directed Funds may be used or disbursed by DLF for the specific purpose(s) for which they were received, subject to reasonable restrictions, if any, designated by the contributing DLF Member or Chapter. DLF shall have the sole and absolute discretion to determine the manner and method of fulfilling the purpose or conducting the project for which such funds were received. The DLF Member or Chapter that contributes Directed Funds may make such recommendation as it desires for DLF consideration. DLF shall conduct such due diligence and review of any recommendations as it deems appropriate. In no event shall any contributor of Directed Funds have the ability to require that any vendor, supplier, contractor or other party to be retained by DLF to complete the project funded by the Directed Funds. All decisions pertaining to same shall be in the sole and absolute discretion of DLF, which discretion shall be final and not subject to review.
 - 7.1. **Deliverables.** DLF shall have no responsibility to the DLF Member or Chapter contributing Directed Funds for the ultimate deliverables or outcome resulting from the Directed Funds and shall not be liable for the services or work products to be provided under any project involving the use of Directed Funds. DLF shall not be a guarantor as to the final work product in any case.
 - 7.2. **Administrative Expenses.** In conducting any project involving the use of Directed Funds, DLF reserves the right to deduct from the Directed Funds reasonable sums incurred for out-of-pocket expenses by DLF, and a reasonable administrative fee for undertaking and managing the project.
8. **Use of Work Product and Other Project Deliverables.** All work products and deliverables resulting from the use of any Directed Funds will be owned by DLF and subject to the DLF IPR Policy. DLF may make such work product freely available on its website. In no case will ownership of, access to, or use of any such work product be restricted to or by any DLF Member or Chapter.
9. **Funding Member Requests to Terminate a Project.** A DLF Member or Chapter that contributed the Directed Funds can request that DLF terminate a specific project undertaken with such funds, and DLF will use reasonable efforts to do so, consistent with its commitments to the service providers and other participants involved. In the event of any such termination, all unused funds will remain with DLF and generally available for future projects. The DLF Member or Chapter that contributed the Directed Funds shall not have a right to receive a refund of its contributions.
10. **Responsibility/Liability of DLF to Funding Member for Project Performance.** DLF takes on only the general obligation to use and administer the disbursement of the Directed Funds for the general purpose specified by the contributing DLF Member or Chapter, subject to the limitations and conditions described in this Directed Funding Policy, any applicable memorandum of understanding, and any other applicable DLF Policies, as amended from time to time. DLF does not take on any responsibility for achieving any specific result or

deliverable, or for ensuring that any resulting work product or services are acceptable to the DLF member.

11. **Disposition of Unused Directed Funds.** All Directed Funds will be applied for a specific purpose. If a project under which such funds are expended does not exhaust the funds, the remaining funds may be contributed to the DLF general fund at the sole discretion of the funding DLF Member or Chapter, or will continue to be maintained in a segregated account for the specific purpose originally designated or for an additional project(s) within the scope of the designated purpose. Directed Funds are not refundable.
12. **Maintenance and Accounting for Directed Funds.** All contributions of Directed Funds will be received, held by DLF, and separately accounted for on its books and records as Directed Funds. Directed Funds, however, may be co-mingled with the general DLF funds. To ensure transparency, reports of expenditures of Directed Funds will be made available to DLF members upon reasonable request.
13. **Other Restrictions or Requirements for the DLF Directed Funding Program.** All directed funding programs must be consistent with the legal obligations of DLF and its members under applicable antitrust, tax, and fair business practice laws and regulations.
14. **Additional information about the DLF Directed Funding Program.** Contact the DLF Executive Director: ed@distributedledgerfoundation.org