



PROVISIONAL CONSTITUTION
September 2020

DOCUMENT CONTEXT

This document is Sögur's **Provisional Constitution**. It sets out Sögur's essential framework of rules and norms. It also integrates this framework with Sögur's current legal status as Sogur Monetary Technologies Limited, an English company limited by guarantee.

This Provisional Constitution will serve Sögur until a permanent Constitution is ratified by Sögur's Assembly – a governance entity allowing for the Participants (as defined below) to participate in the decision making processes of the Sögur currency, as further described in Article 13 below.

This Provisional Constitution includes, without limitation, the following sections:

- **General Principles**
Relevant for all stages in Sögur's governance development.
- **Governance Framework**
Setting forth the future governance structure to be implemented by the end of the transition period.
- **Transitional Framework**
Establishing the governance structure during the transition period.

Capitalised terms used in this Provisional Constitution shall have the meaning ascribed to them herein.

Main Changes in this Provisional Constitution

The main changes in this Provisional Constitution are as follows:

1. Article 8: This Provisional Constitution provides that the Assembly has the ability to change the thresholds for qualification as Participants, in terms of the amount of tokens and the period of holding.
2. Article 12: Democconomy Voting shall be the sole method for determining the Participants' voting power.
3. Article 13: This Provisional Constitution provides a description of the Assembly's rights and responsibilities, including its veto right over changes to the Monetary Model.
4. Article 17: This Provisional Constitution provides for a new transition phase, which shall come into effect following the approval of this Provisional Constitution.
5. Article 20: This Provisional Constitution provides a detailed timeline and process for the preparation and ratification of a permanent Constitution.
6. Article 21: This Provisional Constitution provides the conditions for any changes to it.

This version of the Provisional Constitution will come into effect if and when it is approved by the Participants.

INTRODUCTION

1. **Sögur** is a project to create and maintain a digital token (“**SGR**”), which aims to serve as a global currency.
2. Sögur operates on the basis of a clear normative hierarchy. At the top of that hierarchy is Sögur’s **Constitution** which establishes the core principles, rules and norms upon which the Sögur operation functions. All other rules and procedures are drafted and executed in light of the Constitution.
3. Formalising a Constitution for Sögur requires a minimum level of traction that can only be gained following Sögur’s launch to the public, and as the project matures. Therefore, this Provisional Constitution will serve Sögur until its permanent Constitution is drafted and ratified by the qualified Sögur governance entities, or until replaced or changed in accordance with Article 21 hereof.
4. The Provisional Constitution sets the top layer in Sögur’s normative and institutional hierarchy until a permanent Constitution is approved. The framework defines the powers and limitations of the intermediary governance entities.

OBJECTIVE

5. Sögur’s **Objective** is to issue, operate and maintain the Sögur Currency in accordance with the Constitution and Sögur’s **Monetary Model**¹.

SÖGUR’S LEGAL STRUCTURE

6. The Sögur project is executed through Sogur Monetary Technologies Limited, an English company limited by guarantee (“**Company**”).
7. The Company’s Articles of Association (“**Articles**”) that govern the Company’s legal operations are in line with this Provisional Constitution and are attached as Annex A.

¹ The rules and algorithms determined to maintain the stability of the SGR token price as described in a dedicated document on Sögur’s website (www.sogur.com).

ESTABLISHING THE HOLDERS' SOVEREIGNTY

8. The Currency Holders are the sovereign of the Sögur project, and the Company's corporate structure aims at reflecting their sovereignty.

In order to qualify as a **Currency Holder**, one must on-board with Sögur (which includes the provision of relevant information and documentation, allowing Sögur to confirm its identity) and hold SGR Tokens and/or SGN Tokens in its whitelisted wallet.

In order to be able to exercise their sovereignty and participate in the decision making processes, Currency Holders must hold in their whitelisted wallets a predetermined qualifying amount of SGR or SGN tokens for a qualifying period, thus qualifying as **Participants**. The Intermediary Board shall determine the initial qualifying amount of SGR or SGN tokens and the qualifying holding period, and any changes thereto shall be determined by the Assembly. Any such change setting out higher qualification thresholds would not affect Currency Holders that already became Participants prior to the change.

In order to be able to transact with the Smart Contract, buying and selling SGR for ETH, a Currency Holder must also successfully complete the relevant know-your-customer (KYC) and anti-money laundering and counter-terrorism financing (AML/CTF) checks, in line with the policies of the Company. The ability to transact with the Smart Contract is also subject to regulatory requirements and limitations which may apply, based on the laws and regulations applicable to the Currency Holder.

9. The legal framework of a company limited by guarantee was found to be the most suitable for enabling Sögur's vision and establishing the Participants' sovereignty. This was done in the following manner:
 - (a) As a company limited by guarantee, Sögur's legal owners are the **Company's Members**² (the "**Members**"). On that account, the Articles give the Members no rights and privileges except the ones they hold by law.
 - (b) Concerning Members' rights-by-law, the Members have signed an agreement with the company ("**Step-in Agreement**") to not use any of their rights at law without the consent of an independent entity set up to represent the interests of the Currency Holders ("**Step-in Committee**"). The Step-in Agreement is attached as Annex B.

²Under English law, a company limited by guarantee does not have any shares or shareholders. Instead, it is owned by its members, who agree to pay a set amount of money towards the company's debts (the "guarantee").

THE GENERAL PRINCIPALS

10. In fulfilling the Objective, Sögur shall operate under the following **General Principles** in all stages of its governance development:
 - (a) No Currency Holder shall be discriminated by any of Sögur's governance entities or the Company or any employee or official of the Company based on gender, religion, sexual orientation, race or any other irrelevant factor, and shall be treated equally in all administrative and normative aspects;
 - (b) Sögur is based on the principle that the Currency Holders are Sögur's sovereign and all decisions must represent their general will. The ability to effectively act upon such will shall be deemed essential to achieve the Objective. Therefore, Sögur will operate upon a governance model that is designed to fulfill the Objective, detailed hereunder;
 - (c) Sögur adopts common not-for-profit principles. As part of this, the Company shall not, under any circumstances, distribute any kind of dividends to its Members or other stakeholders. Furthermore, the income and property of the Company shall be applied solely in promoting the Objective;
 - (d) Sögur will operate according to the Monetary Model and its implementation in the **Smart Contract**³. Changes to the Monetary Model shall be limited to cases where they are necessary in order to promote the balance between stability and sustainable long term growth, and will be subject to certain entrenchment provisions;
 - (e) The predictability of the Smart Contract operations is key to the stability of the Sögur currency. Amendments to the Smart Contract shall be limited and take into account the need for predictability. Changes to the smart contract will not be made retrospectively;
 - (f) Sögur shall respect local laws in every country in which it operates as a legal entity, as well as international law and standards, in accordance with these General Principles;
 - (g) Sögur's governance entities, employees and officials shall act in good faith when representing or acting on behalf of Sögur;
 - (h) Sögur shall welcome individuals and entities of all nationalities to take part in Sögur, subject to applicable regulatory limitations, Sögur's anti money laundering and terrorism financing policies, and business limitations that Sögur deems essential;
 - (i) Sögur's governance entities, employees and officials shall operate with meaningful transparency toward the Currency Holders in all significant matters, supplying relevant information and clear rationalisations of actions of governance entities where relevant;

³ The system of contracts deployed on a public blockchain used or referenced by the SGR Token.

- (j) All Currency Holders shall be able to buy or sell SGR Tokens at will, subject to their completion of Sögur's KYC and AML/CTF procedures and applicable regulatory limitations;
- (k) All SGR Tokens shall be freely transferable at all times, subject to applicable regulatory limitations;
- (l) Sögur shall have no claim over Currency Holders' SGR holdings;
- (m) All rights and privileges given to **SGN**⁴ Token holders in their capacity as such, except the right to convert their SGN Tokens into SGR Tokens as set out in the Smart Contract, will be equal to the rights of SGR Token holders. In cases where voting power depends on the amount of units of SGN Tokens or SGR Tokens held there will be no difference between the voting power carried by the SGR Tokens and the SGN Tokens; and
- (n) The proceeds from the issuance of SGR tokens are dedicated to the repurchase of such tokens and will only be used in accordance with the Monetary Model.

These General Principles shall apply to Sögur and its governance entities, officials and employees, and guide them in their action at all times. Sögur's governance entities may, and are encouraged to, implement internal rules of procedure to derive from these General Principles. Any such rule of procedure must not be contrary to, or violate, these General Principles.

These General Principles shall also guide all those involved in the drafting of the permanent Constitution, which shall be built on the basis of these principles, but may deviate and remove therefrom in terms of specifics, and amend or add any provision of the General Principles.

SÖGUR'S GOVERNANCE FRAMEWORK

11. **Sögur's Governance Framework** is described in brief hereunder and in more detail in the "Sögur Governance Model" - a document available at www.Sögur.com. The guiding principles of the Governance Framework are as follows:
 - (a) The framework's basic premise is that the Currency Holders are the sovereign of the Sögur project and hence the framework is designed to represent and to facilitate action in accordance with their general will.
 - (b) The framework is based on separation of powers between different governance entities, restricting any concentration of power in the hands of a single governance entity.
 - (c) The framework is designed to facilitate expertise-based decision making capacities while maintaining Currency Holders' sovereignty.

⁴ Saga Genesis ("SGN") is a voucher token that can be converted to SGR. It is used for predefined remuneration to the project's early backers and other stakeholders that enabled the creation and the ongoing development of the project. In addition, 36% percent of the SGN tokens were apportioned to the Company for usage towards fulfilling its mission (For more info on SGN see our whitepaper).

12. All votes and decisions to be made by the Assembly shall be determined by the Demoeconomy Voting method, which dynamically balances between the ‘one person – one vote’ approach and the ‘one token – one vote’ approach, taking into account inequalities in the Sögur’s economy.

The Demoeconomy formula is set out below, and any change of the formula may only be done by way of amending the Constitution:

The following gives a formula for the Demoeconomy voting power, $V(i)$, of an entity in Sögur:

$$V(i)=(1-G)*S(i)+(G)*ID(i)$$

It is based on:

- 1) $S(i)$ - the relative voting power a voter would have had if we used the “one token - one vote” method, i.e. the tokens the entity has relative to number of tokens eligible to **vote**⁵.
- 2) $ID(i)$ - the relative voting power a voter would have had if we used the “one holder - one vote” method, i.e. his 1 vote divided by the number of eligible voters.
- 3) G - is the Gini Coefficient of the current Sögur economy. It gives the weighting of the wealth-based method. $1-G$ is the weighting of identity-based method.

For example, let’s assume there are 100 tokens in an economy and 100 holders. Entity A holds 3 tokens. Therefore, entity A holds 3% of all tokens but represents 1% of entities who hold tokens. Assuming the Gini coefficient is, let’s say, 0.4, then entity A’s voting influence is given by:

$$V(A)=(1-G)*S(A)+(G)*ID(A) = 0.6*3\%+0.4*1\% = 1.8\%+0.4\%=2.2\%$$

According to Demoeconomy voting, entity A’s voting power represents 2.2% of the total voting power.

13. Sögur’s Governance Framework is based on a multi-branch system of governance with checks and balances. This structure includes the following governance entities:

- (a) **An Executive Council** – an elected team of experienced professionals in charge of managing Sögur’s ecosystem and operations. The Executive Council will serve as the Company’s Board of Directors. The Executive Council will be elected by the Assembly.
- (b) **The Assembly** – the forum for all Participants to express their views and participate in the ongoing formation of the general will, as well as to participate in various governance processes. Participants may either represent themselves in the Assembly or appoint delegates to vote on their behalf. The Assembly’s responsibilities and authorities include:
 1. Ongoing monitoring and scrutinizing the Executive Council’s actions, including requesting information and setting hearings with members of other branches.
 2. Electing the Executive Council.

⁵ Holdings may be calculated over time, to prevent holders from gaining excess voting power by buying tokens immediately prior to a vote in order to gain influence

3. Dismissing the Executive Council and announcing new elections.
 4. Exercising a veto right over changes to Sögur's Monetary Model.
 5. Voting on operational matters brought before the Assembly by the Executive Council.
 6. Raising issues to be discussed and resolved by the Executive Council, including the power to require the Executive Council to discuss and resolve specific issues.
- (c) **Monetary Committee** – Responsible for ensuring the long term sustainability and soundness of SGR as currency. The Monetary Committee, subject to the Assembly's veto right, shall have the sole authority to amend Sögur's Monetary Model and its implementation in the Smart Contract.
- (d) **Constitutional Council** – a mandatory arbitration entity responsible for resolving disputes, whether between one Sögur entity and another, or between any Sögur entity and Currency Holder(s). The Constitution (and this Provisional Constitution until a permanent Constitution is ratified) serves as the basis for the Council's resolutions. Moreover, the Council possesses the highest authority with regards to interpreting the Constitution.

THE TRANSITION FRAMEWORK

14. The Governance Framework will be established in phases, starting from an **Initial Phase** at the time of the **SGR Launch**⁶, to be followed by a **Second Phase** (detailed below in Article 17) at the time of the approval of this Provisional Constitution, and then through a series of **milestones**⁷ until the fulfillment of the Governance Framework.
15. As part of the transition towards fulfillment of the Governance Framework, Sögur will adopt a permanent Constitution that will replace this Provisional Constitution, anchor the Objective and General Principles and delineate the top hierarchy of the core principles, rules and norms upon which Sögur functions.
16. At the Initial Phase, all decision-making rights are given to the Company's intermediary board of directors ("**Intermediary Board**"). The Intermediary Board may use its powers only in order to promote the Objective.
17. The Second Phase will go into effect following the approval of this Provisional Constitution, while concluding the Initial Phase. Within this phase the following governance structure will be adopted:
 - (a) The Intermediary Board is to serve as the Executive Council. The members of the Intermediary Board shall serve as the initial members of the Executive Council, until removed by the Assembly as provided below.
 - (b) The Assembly is to be formed and to begin its activity through a designated blockchain-based voting and delegation system 30 days following the Second Phase's launch. Once formed, the Assembly will have the immediate authority to use its powers, except for its power to dissolve the Executive Council and elect a new one, which will come into effect 30 days following the Assembly's formation.
 - (c) Until formed, rights and powers of the Constitutional Council are temporarily given to the Step-in Committee. Prior to the date of the first elections for the Executive Council, the Constitutional Committee (or, if not yet formed, the Step-in Committee) shall set out the procedures for the elections, including thresholds and prerequisites for candidates to be nominated.
 - (d) Until formed, rights and powers of the Monetary Committee are given to the Executive Council.
 - (e) The following decisions-making rights are delegated by the Executive Council to the Assembly ("**Voting Rights**"):
 - Reserve Management*
 1. Determining the identity of the financial institution(s) that host the Fiat Reserve from those willing to do so at a competitive cost;
 2. Determining the portion of the USD reserve to be held in stablecoin -0%, 5%, 10%, or 15%;

⁶December 10th, 2019.

⁷Article 20 delineates the milestones.

3. Determining the USD stablecoin(s) to be used for the purpose above;
4. Determining which portion of EUR or GBP is to be held in stablecoin –0%, 5%, 10% or 15%, once the credibility and liquidity of such stablecoins is verified;
5. the currency (from the existing basket) in which the RMB portion is to be held in case RMB is not available at the reserve holding institutions;
6. the primary bank to host the Fiat Reserve where more than one is willing to provide such services at competitive costs;

Liquidity Management

7. *Determining* the identity of the primary ETH liquidity provider;
8. Determining the identity of the two additional supporting ETH liquidity providers;

Miscellaneous

9. Determining the identity of the statutory auditor (where more than one is willing to provide such services at competitive costs).
- (f) The Executive Council may decide to delegate additional decision-making rights to the Assembly. Once delegated, only the Assembly can decide to hand those decision making rights back to the Executive Council.
- (g) The Executive Council is responsible to bring to the Assembly any issue that necessitates a decision and falls under the Assembly's decision-making rights. The Executive Council shall have discretion on whether and how such a matter be brought before the Assembly, including whether or not any such item is ready to be voted on (e.g. when two or more competitive offers for financial institutions hosting a Fiat Reserve are available under item 1. above under Reserve Management). The Executive Council may bring its recommendations before the Assembly. Should a majority of the Assembly believe a matter should have been brought to its vote under paragraphs (e) or (f) above of this Article, it may bring an inquiry before the Executive Council, and in any event of dispute, the matter shall be brought before the Constitutional Council.
- (h) Any Participant(s) holding, either directly or by delegation, more than 5% of the Assembly's voting power can suggest a proposal to be voted upon in the Assembly, as long as the suggested decision falls under the Assembly's decision making rights. The Executive Council may block a proposal if it does not fall within the Assembly's decision-making rights or if acting upon such a proposal might be deemed illegal in a relevant jurisdiction. Such a proposal will remain publicly displayed along with the Executive Council's reasoning for blocking it.
- (i) The Executive Council is committed to act upon any proposal or decision that was adequately accepted by the Assembly.
- (j) The Executive Council is obligated to set up and maintain a voting procedure that is open and accessible to all Participants. The procedure will include an anti-spam

mechanism to ensure its proper function.

18. Until the formation of the Assembly, the Monetary Model will not be amended unless absolutely necessary for the survival of the Sögur Currency and only with the approval of the Step-in Committee.
19. The implementation of Sögur's Governance Framework will be in accordance with the following milestones:
 - (a) within 12 months of the SGR Launch, the Participants will be provided with a technological solution that will allow them to participate in the vote to replace the Intermediary Board with an elected Executive Council;
 - (b) on the later to occur of: (i) 24 months of the SGR Launch; and (ii) SGR market cap reaching 100M SDR, the multi-branch structure described in Article 13 will be established; and
 - (c) within 36 months of the SGR Launch, elections for the Executive Council will be held, assuming such election was not performed before.

The Executive Council must commit to ensuring the implementation of Sögur's Governance Framework according to these milestones, to the best of their combined ability. In accordance with the Step-in Agreement, if any of the milestones mentioned above in this Section 19 is not fulfilled, the Step-in Committee has the authority to dissolve the Executive Council and appoint a new Executive Council designated to fulfill the above mentioned milestone.

20. Subject to Article 19 above, the adoption of the permanent Constitution will be in accordance with the following milestones:
 - (a) Within 12 months from the first election of the Executive Council, the Executive Council will prepare and present a proposal for a permanent Constitution to be ratified by the Assembly.
 - (b) In case the proposal has not been ratified, an additional period of 12 months is afforded to the Executive Council to propose an amended draft for ratification by the Assembly.

In case the Executive Council fails to meet any of these two milestones, the Executive Council shall be dissolved, and an election for a new Executive Council shall be held within 30 days. The newly elected Executive Council must itself meet the two milestones above, or it shall too be dissolved.

21. Changes to this Provisional Constitution can only be proposed by the Executive Council and require the approval of the Assembly.

ANNEX A - THE COMPANY'S ARTICLES OF ASSOCIATION

Introduction¹

Sogur Monetary Technologies Limited is a not-for-profit membership organisation which aims to facilitate the issuance and operations of Sogur, a global digital currency (the **Project**).

The governance structure of the organisation is based on the axiom that the Currency Holders (as defined in the articles) are the sovereign of the Project and as such have the right to govern it. To this end, a multi-branch system of governance with checks and balances will be built to ensure the Project is governed according to the Currency Holders' general will. As part of this multi-branch structure, the Board (as defined in the articles) of Sogur Monetary Technologies Limited will be elected directly by the Currency Holders with voting power that will be determined in a way that takes into account to some degree the amount of SGR Tokens and SGN Tokens (as defined in the articles) held by each Currency Holder (i.e. voting results will reflect on both participant based results (one holder — one vote) and stake based results (one token — one vote)).

The election of the Board by the Currency Holders necessitates a critical mass of Currency Holders with enough engagement to the Project. Since this is not the case before the launch of the Project and during the first year thereafter, an Intermediary Board (as defined in the articles), appointed by the members of the company, will temporarily assume the powers of the directors of the company for the purpose of company law. The Intermediary Board administers the activities of the company on the basis of this document (including the Objective (as defined in the articles)), the general law and the Step-in Agreement (as defined in the articles).

Sogur Monetary Technologies Limited is housed within an English company limited by guarantee. These articles of association are binding upon members, and can be amended from time to time in accordance with their terms.

¹ This introductory section is to assist Currency Holders in their understanding of the company's principles and the Sogur Currency. This section is for explanatory purposes only and is not intended to be legally binding or to affect the construction or interpretation of the articles of association themselves.

THE COMPANIES ACT 2006
A PRIVATE COMPANY LIMITED BY GUARANTEE
ARTICLES OF ASSOCIATION

5 OCTOBER 2020

of

SOGUR MONETARY TECHNOLOGIES LIMITED

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PRELIMINARY

1. MODEL ARTICLES DO NOT APPLY

None of the articles in the model articles for a private company limited by guarantee set out in Schedule 2 to The Companies (Model Articles) Regulations 2008 shall apply to the company.

INTERPRETATION

2. DEFINED TERMS

2.1 In the articles, unless the context requires otherwise:

alternate or **alternate director** has the meaning given in article 29 and article 30 respectively;

articles means the company's articles of association, as from time to time amended;

Assembly has the meaning given in article 5(d)(ii)(A);

bankruptcy includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;

Board means the company's board of directors once the directors have been elected by the Currency Holders;

chairman has the meaning given in article 18;

chairman of the meeting has the meaning given in article 37;

Companies Act means the Companies Act 2006 including any statutory modification or re-enactment of it for the time being in force;

company means Sogur Monetary Technologies Limited (registered number 12182049);

Constitution has the meaning given in article 5(d)(i);

Currency Holders means the SGR Holders and the SGN Holders who have on-boarded with the Company (which includes the completion of relevant know-your-customer (KYC) and anti-money laundering and counter-terrorism checks), in line with the policies of the company);

director means a director of the company, and includes any person occupying the position of director, by whatever name called;

document includes, unless otherwise specified, any document sent or supplied in electronic form;

electronic form has the meaning given in section 1168 of the Companies Act;

eligible director means a director who is entitled to vote on the relevant matter at a directors' meeting but excluding any director whose vote is not to be counted in respect of the relevant matter;

Final Phase of Governance means the final phase of governance of the company set up in accordance with the principles set out in article 5;

General Principles means the principles outlined in article 4;

Governance Entity means any committee of the company or the Intermediary Board (which for the avoidance of doubt includes the Intermediary Board) from time to time;

Intermediary Board means the board of directors from time to time until a Board is chosen by the Participants;

member has the meaning given in section 112 of the Companies Act;

Monetary Model means the rules and algorithms set to maintain the stability of the SGR token price and as described in a dedicated document on the company's website (www.Sogur.com), as amended from time to time;

Objective has the meaning given in article 3;

ordinary resolution has the meaning given in section 282 of the Companies Act;

Participants means such Currency Holders who hold in their whitelisted wallets a predetermined qualifying amount of SGR Tokens or SGN Tokens for a qualifying period. The Intermediary Board shall determine the initial qualifying amount of SGR Tokens or SGN Tokens and the qualifying holding period, and any changes thereto shall be determined by the Assembly. Any such change setting out higher qualification thresholds would not affect Currency Holders that already became Participants prior to the change;

participate in relation to a directors' meeting, has the meaning given in article 16;

proxy notice has the meaning given in article 43;

relevant situation has the meaning given in article 21;

Reserve means the net proceeds from the issuance and redemption of SGR Tokens and aimed solely to pay out the outstanding supply of the SGR Tokens as described in the Monetary Model;

Sogur Currency means the SGR Tokens;

SDR means Special Drawing Rights, and refer to a monetary reserve currency created by the International Monetary Fund (IMF) in 1969;

SGR Holders means the current holders of the SGR Tokens from time to time;

SGR Launch means 10 December 2019;

SGR Market Capitalisation means the value of all SGR Tokens in circulation (as calculated by multiplying the number of SGR Tokens in circulation by the price of a SGR Token, both as determined by the Smart Contract;

SGR Tokens means the Sogur tokens;

SGN Holders means the current holders of the SGN Tokens from time to time;

SGN Tokens means the Saga Genesis tokens;

Smart Contract means the system of contracts used or referenced by either the SGR Token or the SGN Token;

special resolution has the meaning given in section 283 of the Companies Act;

Step-in Agreement means the agreement between the Company and the member, with third party rights for the Step-in Committee, from time to time;

Step-in Committee means the committee appointed pursuant to the Step-in Agreement or otherwise;

subsidiary has the meaning given in section 1159 of the Companies Act;

Transition Principles means the principles outlined in article 5; and

writing means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

- (a) Unless the context otherwise requires, other words or expressions contained in these articles bear the same meaning as in the Companies Act as in force on the date when these articles become binding on the company.
- (b) Unless the contrary intention appears, words importing the singular number include the plural number and vice versa, words importing one gender include all genders and words importing persons include bodies corporate and unincorporated associations.
- (c) Headings to the articles are inserted for convenience only and shall not affect construction.

OBJECTS

3. OBJECTS

The **Objective** of the company is to issue, operate and maintain the use of the Sogur Currency in a manner that best serves the interest of the Currency Holders through the General Principles (as set out in article 4) and the Transition Principles (as set out in article 5) and in accordance with the Monetary Model.

4. THE GENERAL PRINCIPLES

The following principles are the **General Principles** which are intended to guide the company and its Governance Entities, officials and employees in issuing and operating the Sogur Currency:

- (a) no Currency Holder shall be discriminated by any Governance Entity or the company or any elected official or employee of the company based on gender, religion, sexual orientation, race or any other irrelevant factor, and shall be treated with equality in all administrative and normative aspects;
- (b) the company adopts common not-for-profit principles. As part of this, the company shall not, under any circumstances, distribute any kind of dividends to its members or other stakeholders;
- (c) the company's corporate governance is based on the principle that the Currency Holders are the company's sovereign and all decisions must represent their general will. The ability to effectively act upon such will shall be deemed essential for the company to achieve the Objective;
- (d) members shall have no powers or privileges other than those matters that arise out of law;
- (e) the company will operate according to the Monetary Model and its implementation in the Smart Contract. Changes to the Monetary Model shall be limited to cases where they are

necessary in order to promote the balance between stability and sustainable long term growth and will be subject to certain entrenchment provisions;

- (f) the predictability of the Smart Contract operations is key to the stability of the Sogur Currency. Amendments to the Smart Contract shall be limited and take into account the need for predictability. Changes to the smart contract will not be made retrospectively;
- (g) the company shall use its reasonable endeavours in so far as it is reasonably able to respect international law and standards and national laws of all jurisdictions that the company operates in;
- (h) all Governance Entities, employees and officials of the company shall act in good faith when acting on behalf of the company;
- (i) the company shall welcome individuals and entities of all states to own Sogur Currency, subject to regulatory and business limitations that the Board deems essential;
- (j) the Governance Entities, employees and elected officials of the company shall operate with meaningful transparency toward the Currency Holders in all significant matters, supplying relevant information and clear rationalisations of actions of Governance Entities where relevant;
- (k) all Currency Holders shall be able to buy or sell the Sogur Currency at will, in accordance with the articles and the core structure and audit processes of the company;
- (l) all SGR Tokens shall be freely transferable at all times, subject to applicable regulatory limitations;
- (m) the company shall have no claims over Currency Holders' SGR Tokens or SGN Tokens; and
- (n) all rights and privileges given to SGN Token Holders, except the conversion to the SGR Tokens as set out in the Smart Contract, will be equally given to SGR Token Holders. In cases where voting power depends on the amount of units of SGN Tokens or SGR Tokens held there will be no difference between the voting power carried by the SGR Tokens and the SGN Tokens.

5. THE TRANSITION PRINCIPLES

The following principles are the **Transition Principles** which are intended to guide the company in the progression towards the Final Phase of Governance:

- (a) the company will adopt a phased governance framework: starting from an initial phase and going through a series of milestones until reaching the Final Phase of Governance;
- (b) the Board will be elected by the Participants. The voting power of the Participants will be determined in a way that takes into account to some degree the amount of SGR Tokens and SGN Tokens of each Currency Holder (i.e. voting results will reflect on both participant based results (one holder — one vote) and stake based results (one token — one vote)). Until the Board is elected by the Participants, the Intermediary Board will assume the role of the board of directors of the company. The Intermediary Board will have limits on its power as described in article 10;
- (c) until the implementation of the Final Phase of Governance, under the Step-in Agreement, the member will be required, to the extent the Step-in Committee has been appointed, to have the

consent of the Step-in Committee (having consideration to the Objective) prior to taking any action as a member (whether pursuant to members' rights granted under these articles or pursuant to applicable law);

- (d) the Final Phase of Governance will be built according to the following principles and structure:
- (i) the company should adopt a constitution that will anchor the Objective and General Principles (the **Constitution**);
 - (ii) to promote the Objective and in light of the General Principles, the company will adopt a multi-branch system of governance with checks and balances. As part of this structure, the Board will be elected directly by the Participants. In addition, the following entities will be formed:
 - (A) an assembly of all Participants (the **Assembly**) where Participants can participate in the Objective, directly or by a delegate. The Assembly will have the power to dismiss the Board and propose decisions for the Board (which the Board will be required to either follow or explain why they have not followed). For the purposes of this article 5(d)(ii)(A), a Participant or delegate of a Participant (an **Assembly Member**) participates in the Assembly when they can communicate to other Assembly Members any appropriate information or opinions they have on any particular item of the business of the Assembly. In determining whether any Assembly Member is participating in an Assembly, it is irrelevant where any Assembly Member is or how they communicate with other Assembly Members in the Assembly.
 - (B) a monetary committee (the **Monetary Committee**) that will be responsible for the long term stability and monetary soundness of the Sogur Currency. The Monetary Committee will, subject to the Assembly's veto right, be given the sole authority to update the Monetary Model and the Smart Contract functionality in line with the General Principles; and
 - (C) a constitutional council that will act as a mandatory arbitration entity for dealing with disputes between any Governance Entity or between any Governance Entity and a Currency Holder (the **Constitutional Council**). The Constitutional Council will possess the highest authority with regards to interpreting the Constitution;
 - (iii) the transition to the Final Phase of Governance will be in accordance with the following milestones:
 - (A) within 12 months of the SGR Launch, the Participants will be provided with a technological solution whereby the Currency Holders have the ability to replace the Intermediary Board and elect a Board;
 - (B) on the later to occur of: (i) 24 months of the SGR Launch; and (ii) the SGR Market Capitalisation reaching SDR 100,000,000, establishing the multi-branch structure described in Article 5(c);
 - (C) within 36 months of the SGR Launch, holding an election for the Board assuming such election was not performed before; and

- (D) any additional milestones that will be decided by the Intermediary Board (or the Board if such has been elected). Such milestones should be publicly published;
- (e) the Final Phase of Governance will exhibit separation of power between different Governance Entities, and restrict any concentration of power in the hands of a single Governance Entity, in accordance with the General Principles; and
- (f) as part of the implementation of the Final Phase of Governance, these articles will be replaced and new articles will be adopted by the company. The new articles adopted by the company will reflect the Final Phase of Governance and the General Principles and will include a no distribution clause similar to that outlined in Article 8.

POWERS

6. POWERS

Provided such action is on an arm's length basis and is not in conflict with the Objective, the company has the power to:

- (a) buy, lease or otherwise acquire and deal with any property real or personal and any rights or privileges of any kind over or in respect of any property real or personal and to improve, manage, develop, construct, repair, sell, lease, mortgage, charge, surrender or dispose of or otherwise deal with all or any part of such property and any and all rights of the company;
- (b) borrow and raise money in such manner as the directors shall think fit and secure the repayment of any money borrowed, raised or owing by mortgage, charge, lien or other security on the company's property and assets;
- (c) invest and deal with the funds of the company not immediately required for its operations in or upon such investments, securities or property as may be thought fit, except that the funds in the Reserve are to be used only to support the stability of the Sogur Currency according to the Monetary Model and the company has no power to use these funds for any other purpose;
- (d) subscribe for, take, buy or otherwise acquire, hold, sell, deal with and dispose of, place and underwrite shares, stocks, debentures, debenture stocks, bonds, obligations or securities issued or guaranteed by any government or authority in any part of the world;
- (e) lend and advance money or give credit on such terms as may seem expedient and with or without security to customers and others, to enter into guarantees, contracts of indemnity and suretyships of all kinds to receive money on deposit or loan upon such terms as the company may approve and to secure or guarantee the payment of any sums of money or the performance of any obligation by any company, firm or person including any holding company or subsidiary;
- (f) lobby, advertise, publish, educate, examine, research and survey in respect of all matters of law, regulation, economics, accounting, governance, politics and/or other issues and to hold meetings, events and other procedures and co-operate with or assist any other body or organisation in each case in such a way or by such means as may, in the opinion of the directors, affect or advance the Objective in any way;
- (g) pay all or any of the Intermediary Board's approved expenses incurred in connection with the promotion, formation and incorporation of the company and to contract with any person, firm or company to pay the same;

- (h) employ and remunerate staff as is necessary for carrying out the work of the company;
- (i) enter into contracts to provide services to or on behalf of other bodies;
- (j) open and operate bank accounts and other facilities for banking and draw, accept, endorse, issue or execute promissory notes, bills of exchange, cheques and other instruments;
- (k) instigate, bring, defend, conduct and conclude any legal, regulatory, administrative, or other proceedings in any jurisdiction in order to defend, preserve or further the legal rights and interests of the company, its assets or the members;
- (l) incorporate subsidiary companies to carry on any trade; and
- (m) do all such other lawful things as are incidental or conducive to the pursuit or to the attainment of any of the Objective.

6A. TRANSFER OF ASSETS

If deemed necessary by the Board, for the benefit of the Currency Holders and for the better fulfilment of the Objective, the Board may transfer any of the assets, liabilities and/or operations of the Company to any successor entity, either in the United Kingdom or elsewhere. For the avoidance of doubt, such a transfer under this article 6A shall not be considered as a winding up or dissolution of the Company.

LIMITED LIABILITY AND GUARANTEE

7. LIABILITY OF MEMBERS

The liability of each member is limited to £1, being the amount that each member undertakes to contribute to the assets of the company in the event of its being wound up while he is a member or within one year after he ceases to be a member, for:

- (a) payment of the company's debts and liabilities contracted before he ceases to be a member;
- (b) payment of the costs, charges and expenses of winding up; and
- (c) adjustment of the rights of the contributories among themselves.

NO DISTRIBUTION

8. NO DISTRIBUTION

- 8.1 The income and property of the company shall be applied solely in promoting the Objective.
- 8.2 No dividends or bonus may be paid or capital otherwise returned to the members.
- 8.3 No member shall receive remuneration from the company in respect of carrying out their duties as member.
- 8.4 If upon the winding up or dissolution of the company there remains, after the satisfaction of all its debts and liabilities, any property whatsoever, the same shall not be paid to or distributed among the members of the company generally, but shall be given or transferred, to:

- (a) a body or bodies having objects similar to the Objective or the objects of the company and which shall prohibit the distribution of its or their income and property to an extent at least as great as is imposed on the company by virtue of these articles; or
- (b) if and so far as effect cannot be given to the provisions of article 8.4(a), then to a body or bodies the objects of which are the promotion of charity and anything incidental or conducive thereto,

such body or bodies to be determined by the Intermediary Board at or before the time of dissolution.

ENTRENCHMENT

9. ENTRENCHMENT

Articles 3, 4, 5, 8 and 9 and 10 cannot be changed or altered without the consent of all members.

DIRECTORS' GENERAL POWERS, DUTIES AND RESPONSIBILITIES

10. DIRECTORS' GENERAL POWERS

10.1 Subject to the articles, the directors are responsible for: (a) the management of the company's business, for which purpose they may exercise all the powers of the company; and (b) the implementation of the transition of the company to the Final Phase of Governance.

10.2 The directors will not:

- (a) take any actions that are not in accordance with the Objective; or
- (b) make use of the funds in the Reserve other than in accordance with the Monetary Model.

10.3 The Intermediary Board will not amend the Smart Contract or the Monetary Policy unless absolutely necessary for the survival of the Sogur Currency and only in accordance with the Step-in Agreement.

11. DIRECTORS MAY DELEGATE

11.1 Subject to the articles, the directors may delegate any of the powers which are conferred on them under the articles:

- (a) to such person or committee;
- (b) by such means (including by power of attorney);
- (c) to such an extent;
- (d) in relation to such matters or territories; and
- (e) on such terms and conditions;

as they think fit. The directors will maintain responsibility for the actions in relation to any such delegation.

11.2 If the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated.

11.3 The directors may revoke any delegation in whole or part, or alter its terms and conditions.

12. COMMITTEES

12.1 Committees to which the directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the articles which govern the taking of decisions by directors.

12.2 The directors may make rules of procedure for all or any committees, which prevail over rules derived from the articles if they are not consistent with them.

DECISION-MAKING BY DIRECTORS

13. DIRECTORS TO TAKE DECISIONS COLLECTIVELY

13.1 The general rule about decision-making by directors is that any decision of the directors must be either a majority decision at a meeting or a decision taken in accordance with article 14.

13.2 If:

(a) the company only has one director; and

(b) no provision of the articles requires it to have more than one director;

the general rule does not apply, and the director may take decisions without regard to any of the provisions of the articles relating to directors' decision-making.

14. UNANIMOUS DECISIONS

14.1 A decision of the directors is taken in accordance with this article when all eligible directors indicate to each other by any means that they share a common view on a matter.

14.2 Such a decision may take the form of a resolution in writing, copies of which have been signed by each eligible director or to which each eligible director has otherwise indicated agreement in writing.

14.3 A decision may not be taken in accordance with this article if the eligible directors would not have formed a quorum at such a meeting.

15. CALLING A DIRECTORS' MEETING

15.1 Any director may call a directors' meeting by giving notice of the meeting to the directors or by authorising the company secretary (if any) to give such notice.

15.2 Notice of any directors' meeting must indicate:

(a) its proposed date and time;

(b) where it is to take place; and

(c) if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.

15.3 Notice of a directors' meeting must be given to each director, but need not be in writing.

15.4 Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the company not more than seven days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

16. PARTICIPATION IN DIRECTORS' MEETINGS

16.1 Subject to the articles, directors **participate** in a directors' meeting, or part of a directors' meeting, when:

- (a) the meeting has been called and takes place in accordance with the articles; and
- (b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.

16.2 In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.

16.3 If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is. In the absence of such a decision, the meeting is deemed to take place at the location from where the chairman participates.

17. QUORUM FOR DIRECTORS' MEETINGS

17.1 At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.

17.2 The quorum for directors' meetings may be fixed from time to time by a decision of the directors, but subject to paragraph 17.3, it must never be less than two eligible directors, and unless otherwise fixed it is two eligible directors.

17.3 For the purpose of any directors' meeting (or part of a meeting) held in accordance with article 21 to authorise a director's conflict of interest, if only one eligible director is in office, the quorum is one eligible director.

17.4 If the total number of directors for the time being in office is less than the quorum required, the director or directors in office must not take any decision other than a decision:

- (a) to appoint further directors; or
- (b) to call a general meeting so as to enable the members to appoint further directors.

18. CHAIRING OF DIRECTORS' MEETINGS

18.1 The directors may appoint a director to chair their meetings.

18.2 The person so appointed for the time being is known as the **chairman**.

18.3 The directors may terminate the chairman's appointment at any time.

18.4 If the chairman is not participating in a directors' meeting within ten minutes of the time at which it was to start, the participating directors may appoint one of themselves to chair it.

19. CASTING VOTE

- 19.1 If the numbers of votes for and against a proposal are equal, the chairman or other director chairing the meeting has a casting vote.
- 19.2 But this does not apply if, in accordance with the articles, the chairman or other director is not to be counted as participating in the decision-making process for quorum or voting purposes.

DIRECTORS' INTERESTS

20. DIRECTORS' INTERESTS IN RELATION TO TRANSACTIONS OR ARRANGEMENTS WITH THE COMPANY

The relevant provisions of the Companies Act (including without limitation sections 177 and 182 of the Companies Act) shall apply in relation to declarations of interests in proposed and existing transactions or arrangements with the company.

21. DIRECTORS' INTERESTS OTHER THAN IN RELATION TO TRANSACTIONS OR ARRANGEMENTS WITH THE COMPANY

- 21.1 If a situation (a **relevant situation**) arises in which a director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the company (including, without limitation, in relation to the exploitation of any property, information or opportunity, whether or not the company could take advantage of it but excluding any situation which cannot reasonably be regarded as likely to give rise to a conflict of interest) the following provisions shall apply if the conflict of interest does not arise in relation to a transaction or arrangement with the company:

- (a) if the relevant situation arises from the appointment or proposed appointment of a person as a director of the company:

(i) the directors (other than the director, and any other director with a similar interest, who shall not be counted in the quorum at the meeting and shall not vote on the resolution); or

(ii) the members (by ordinary resolution),

may resolve to authorise the appointment of the director and the relevant situation on such terms as they may determine;

- (b) if the relevant situation arises in circumstances other than in paragraph (a):

(i) the directors (other than the director and any other director with a similar interest who shall not be counted in the quorum at the meeting and shall not vote on the resolution); or

(ii) the members (by ordinary resolution),

may resolve to authorise the relevant situation and the continuing performance by the director of his duties on such terms as they may determine.

- 21.2 Any reference in paragraph 21.1 to a conflict of interest includes a conflict of interest and duty and a conflict of duties.

- 21.3 Any terms determined by the directors or the members under paragraphs 21.1(a) or 21.1(b) may be imposed at the time of the authorisation or may be imposed or varied subsequently by either the directors or the members and may include (without limitation):
- (a) whether the interested directors may vote (and be counted in the quorum at any meeting) in relation to any decision relating to the relevant situation;
 - (b) the exclusion of the interested directors from all information and discussion by the company of the relevant situation; and
 - (c) (without prejudice to the general obligations of confidentiality) the application to the interested directors of a strict duty of confidentiality to the company for any confidential information of the company in relation to the relevant situation.
- 21.4 Any authorisation given under paragraphs 21.1(a) or 21.1(b) may be withdrawn by either the directors or the members by giving notice to the director concerned.
- 21.5 An interested director must act in accordance with any terms determined by the directors or the members under paragraphs 21.1(a) or 21.1(b).
- 21.6 Except as specified in paragraph 21.1, any proposal made to the directors and any authorisation by the directors in relation to a relevant situation shall be dealt with in the same way as any other matter may be proposed to and decided by the directors in accordance with the articles.
- 21.7 Any authorisation of a relevant situation given by the directors or the members under paragraph 21.1 may provide that, where the interested director obtains (other than through his position as a director of the company) information that is confidential to a third party, he will not be obliged to disclose it to the company or to use it in relation to the company's affairs in circumstances where to do so would amount to a breach of that confidence.
- 21.8 If the directors make an authorisation under paragraph 21.1, impose or vary the terms of an authorisation under paragraph 21.3, or withdraw an authorisation under paragraph 21.4, they shall, as soon as reasonably practicable, notify the members of this fact and provide, where applicable, any relevant particulars regarding the authorisation or its terms.
- (a) If the members make an authorisation under paragraph 21.1, impose or vary the terms of an authorisation under paragraph 21.3, or withdraw an authorisation under paragraph 21.4, they shall, as soon as reasonably practicable, notify the directors of this fact and provide, where applicable, any relevant particulars regarding the authorisation or its terms.
 - (b) A director shall, as soon as reasonably practicable, declare the nature and extent of his interest in a relevant situation within paragraph 21.1(a) or 21.1(b) to the other directors and the members.

Failure to comply with this requirement does not affect the underlying duty to make the declaration of interest.

- 21.9 If a declaration of interest in relation to a relevant situation proves to be, or becomes, inaccurate or incomplete, a further declaration must be made.

22. DIRECTORS' INTERESTS GENERALLY AND VOTING

- 22.1 Subject to the Companies Act and to articles 20 and 21, a director notwithstanding his office:

- (a) may be a party to, or otherwise interested or participate in, any transaction or arrangement with the company or in which the company is otherwise interested;
- (b) may act by himself or his firm in a professional capacity for the company (except as auditor) and he or his firm shall be entitled to remuneration as if he were not a director;
- (c) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the company or in which the company is otherwise interested; and
- (d) shall not, by reason of his office (or of the fiduciary relationship established by holding that office), be accountable to the company for any remuneration, profit or other benefit resulting from any relevant situation authorised under article 21 or any interest permitted under paragraphs 22.1(a), 22.1(b), or 22.1(c), and no contract, transaction or arrangement shall be liable to be avoided on the grounds of any director having an interest authorised under article 21 or permitted under paragraphs 22.1(a), 22.1(b), or 22.1(c).

22.2 Subject to articles 20 and 21, a director shall be entitled to vote on any decision concerning any matter in which he has, directly or indirectly, an interest or a duty.

22.3 In the case of an alternate director, an interest of his appointor shall be treated as an interest of the alternate in addition to any interest which the alternate otherwise has.

22.4 Subject to the Companies Act, the company may, by ordinary resolution, suspend or relax the provisions of this article to any extent or ratify any contract, transaction or arrangement not duly authorised by reason of a contravention of this article.

22.5 Where proposals are under consideration concerning the appointment of two or more directors to offices or employments with the company or any body corporate in which the company is interested, the proposals may be divided and considered in relation to each director separately and (provided he is not otherwise precluded from voting) each of the directors concerned shall be entitled to vote (and to form part of the quorum) in respect of each proposal except that concerning his own appointment.

22.6 Subject to paragraph 22.7, if a question arises at a meeting of directors or of a committee of directors as to the right of a director to participate in the meeting (or part of the meeting) for voting and quorum purposes, the question may, before the conclusion of the meeting, be referred to the chairman whose ruling in relation to any director other than the chairman is to be final and conclusive.

22.7 If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chairman, the question is to be decided by a decision of the directors at that meeting, for which purpose the chairman is not to be counted as participating in the meeting (or that part of the meeting) for voting and quorum purposes.

23. RECORDS OF DECISIONS TO BE KEPT

The directors must ensure that the company keeps a record, in writing, for at least ten years from the date of the decision recorded, of every unanimous or majority decision taken by the directors.

24. DIRECTORS' DISCRETION TO MAKE FURTHER RULES

Subject to the articles, the directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to directors.

DIRECTOR APPOINTMENTS AND REMUNERATION

25. METHODS OF APPOINTING DIRECTORS

- 25.1 The first director of the company shall be Mr Ido Sadeh Man.
- 25.2 Any person who is willing to act as a director, and is permitted by law to do so, may be appointed to be a director:
- (a) by ordinary resolution; or
 - (b) by a decision of the directors.
- 25.3 In any case where the company has no members and no directors, the Step-in Committee, to the extent it has been appointed, has the right, by notice in writing, to appoint a person to be a director.

26. TERMINATION OF DIRECTOR'S APPOINTMENT

A person ceases to be a director as soon as:

- (a) that person ceases to be a director by virtue of any provision of the Companies Act or is prohibited from being a director by law;
- (b) a bankruptcy order is made against that person;
- (c) a composition is made with that person's creditors generally in satisfaction of that person's debts;
- (d) a registered medical practitioner who has examined him gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;
- (e) notification is received by the company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms;
- (f) all of the other directors sign a notice to the effect that he be removed from office; or
- (g) he is removed from office by special resolution.

27. DIRECTORS' SERVICES AND REMUNERATION

- 27.1 Directors may undertake any services for the company that the directors decide and the company may enter into a contract of service with any director on such terms as the directors think fit.
- 27.2 Any appointment of a director to an executive office shall terminate if he ceases to be a director but without prejudice to any claim to damages for breach of contract of service between the director and the company.
- 27.3 Directors are entitled to such remuneration as the relevant Governance Entity with authority to so approve determines:
- (a) for their services to the company as directors; and
 - (b) for any other service which they undertake for the company.
- 27.4 Subject to the articles, a director's remuneration may take any form.

27.5 Unless the directors decide otherwise, directors' remuneration accrues from day to day.

28. DIRECTORS' EXPENSES

The company may pay any reasonable expenses which the directors, alternate directors and the company secretary (if any) properly incur in connection with their attendance at:

- (a) meetings of directors or committees of directors;
- (b) general meetings; or
- (c) separate meetings of the holders of debentures of the company,

or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the company.

ALTERNATE DIRECTORS

29. APPOINTMENT AND REMOVAL OF ALTERNATES

29.1 Any director (the **appointor**) may appoint as an **alternate** any other director, or any other person to:

- (a) exercise that director's powers; and
- (b) carry out that director's responsibilities,

in relation to the taking of decisions by the directors in the absence of the alternate's appointor.

29.2 Any appointment or removal of an alternate must be effected by notice in writing to the company signed by the appointor, or in any other manner approved by the directors.

29.3 The notice must:

- (a) identify the proposed alternate; and
- (b) in the case of a notice of appointment, contain a statement signed by the proposed alternate that the proposed alternate is willing to act as the alternate of the director giving the notice.

30. RIGHTS AND RESPONSIBILITIES OF ALTERNATE DIRECTORS

30.1 Subject to the articles, an alternate may act as an **alternate director** to more than one director and has the same rights, in relation to any decision of the directors as the alternate's appointor.

30.2 Except as the articles specify otherwise, alternate directors:

- (a) are deemed for all purposes to be directors;
- (b) are liable for their own acts and omissions;
- (c) are subject to the same restrictions as their appointors; and
- (d) are not deemed to be agents of or for their appointors,

and, in particular, each alternate director shall be entitled to receive notice of all directors' meetings and of all committee meetings of directors of which his appointor is a member.

- 30.3 Subject to the articles, a person who is an alternate director but not a director:
- (a) may be counted as participating for the purposes of determining whether a quorum is present (but only if that person's appointor is not participating); and
 - (b) may otherwise participate in a unanimous decision of the directors (but only if his appointor is an eligible director in relation to that decision and is not participating).

No alternate may be counted as more than one director for such purposes.

- 30.4 An alternate director is not entitled to receive any remuneration from the company for serving as an alternate director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing made to the company.

31. ALTERNATES VOTING AT DIRECTORS' MEETINGS

Subject to the articles, a director who is also an alternate director has an additional vote at a directors' meeting on behalf of each appointor who is:

- (a) not participating in the directors' meeting; and
- (b) would have been an eligible director if he were participating in it.

No alternate may be counted as more than one director for the purpose of determining whether a quorum is present.

32. TERMINATION OF ALTERNATE DIRECTORSHIP

An alternate director's appointment as an alternate terminates:

- (a) when the alternate's appointor revokes the appointment by notice to the company in writing specifying when it is to terminate;
- (b) on the occurrence in relation to the alternate of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a director;
- (c) on the death of the alternate's appointor;
- (d) when the alternate's appointor's appointment as a director terminates; or
- (e) where the directors otherwise decide.

MEMBERSHIP

33. BECOMING AND CEASING TO BE A MEMBER

- 33.1 The subscribers to the memorandum of association of the company and such other persons as the directors shall admit to membership shall be members of the company. No person shall be admitted as a member of the company unless:

- (a) he is approved by a decision of the directors and has complied with such conditions as the directors may from time to time prescribe for applicants for membership;
- (b) he is approved by the Step-in Committee in accordance with the Step-in Agreement; and

- (c) that person who wishes to become a member has delivered to the company an application for membership in such form as the directors require executed by him.

33.2 Membership shall not be transferable.

33.3 A member of the company shall cease to be a member if:

- (a) he resigns by giving one month's notice to the company;
- (b) he dies;
- (c) he is excluded from membership under paragraph 33.4;
- (d) he becomes bankrupt or makes any arrangement or composition with his creditors generally, or (being a company) goes into liquidation other than for the purposes of solvent reconstruction;
- (e) the Step-in Committee decides, in accordance with the Step-in Agreement that he shall cease to be a member; or
- (f) he otherwise ceases to qualify for membership under these articles.

Cessation of membership:

- (i) shall not entitle the former member to repayment of any part of any subscription or levy previously paid by him; and
- (ii) shall not affect the former member's liability to pay any subscription or levy which became due and payable before he ceased to be a member.

33.4 Any member may be excluded from membership of the company by special resolution. Such member shall have seven clear days' notice sent to him of the meeting and he shall be entitled to attend the meeting and be heard in defence but shall not be entitled to be present at the voting or take part in the proceedings otherwise than as the directors shall permit.

34. ONE CLASS OF MEMBERSHIP

For the purposes of the Companies Act there shall be only one class of membership. Other classes of membership may be established from time to time by the directors but persons admitted to those classes shall not be members for the purposes of the Companies Act. The directors shall also have power at their discretion to discontinue admissions to any class of membership not conferring membership for the purposes of the Companies Act or to close down any such class or classes. Particulars of persons admitted to the classes which do not confer membership for the purposes of the Companies Act will not be entered in the register of members.

ORGANISATION OF GENERAL MEETINGS

35. ATTENDANCE AND SPEAKING AT GENERAL MEETINGS

35.1 A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.

35.2 A person is able to exercise the right to vote at a general meeting when:

- (a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting; and
- (b) that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.

35.3 The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.

35.4 In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.

35.5 Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

36. QUORUM FOR GENERAL MEETINGS

No business other than the appointment of the chairman of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum.

37. CHAIRING GENERAL MEETINGS

37.1 If the directors have appointed a chairman, the chairman shall chair general meetings if present and willing to do so.

37.2 If the directors have not appointed a chairman, or if the chairman is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start:

- (a) the directors present; or
- (b) (if no directors are present), the meeting,

must appoint a director or member (including a proxy or a corporate representative) to chair the meeting, and the appointment of the chairman of the meeting must be the first business of the meeting.

37.3 The person chairing a meeting in accordance with this article is referred to as the **chairman of the meeting**.

38. ATTENDANCE AND SPEAKING BY DIRECTORS AND NON-MEMBERS

38.1 Directors may attend and speak at general meetings, whether or not they are members.

38.2 The chairman of the meeting may permit other persons who are not members of the company to attend and speak at a general meeting.

39. ADJOURNMENT

39.1 If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chairman of the meeting must adjourn it.

39.2 The chairman of the meeting may adjourn a general meeting at which a quorum is present if:

- (a) the meeting consents to an adjournment; or

- (b) it appears to the chairman of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.
- 39.3 The chairman of the meeting must adjourn a general meeting if directed to do so by the meeting.
- 39.4 When adjourning a general meeting, the chairman of the meeting must:
- (a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors; and
 - (b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting.
- 39.5 If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the company must give at least seven clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given):
- (a) to the same persons to whom notice of the company's general meetings is required to be given; and
 - (b) containing the same information which such notice is required to contain.
- 39.6 No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

VOTING AT GENERAL MEETINGS

40. VOTING: GENERAL

- 40.1 A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the articles.
- 40.2 Subject to these articles, the provisions of the Companies Act shall apply in relation to voting rights on a resolution taken on a show of hands at a meeting and on a poll taken at a meeting, provided that a member shall not be entitled to attend or to vote at a general meeting of the company if any monies presently payable by him to the company are unpaid.

41. ERRORS AND DISPUTES

- 41.1 No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.
- 41.2 Any such objection must be referred to the chairman of the meeting whose decision is final.

42. POLL VOTES

- 42.1 A poll on a resolution may be demanded:
- (a) in advance of the general meeting where it is to be put to the vote; or
 - (b) at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.

- 42.2 A poll may be demanded by:
- (a) the chairman of the meeting;
 - (b) the directors;
 - (c) two or more persons having the right to vote on the resolution; or
 - (d) a person or persons representing not less than one tenth of the total voting rights of all the members having the right to vote on the resolution.

- 42.3 A demand for a poll may be withdrawn if:
- (a) the poll has not yet been taken; and
 - (b) the chairman of the meeting consents to the withdrawal.

42.4 Polls must be taken immediately and in such manner as the chairman of the meeting directs.

43. CONTENT OF PROXY NOTICES

- 43.1 Proxies may only validly be appointed by a notice in writing (a **proxy notice**) which:
- (a) states the name and address of the member appointing the proxy;
 - (b) identifies the person appointed to be that member's proxy and the general meeting in relation to which that person is appointed;
 - (c) is signed by or on behalf of the member appointing the proxy, or is authenticated in such manner as the directors may determine; and
 - (d) is delivered to the company in accordance with the articles and any instructions contained in the notice of the general meeting (or adjourned meeting) to which they relate.
- 43.2 The company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.
- 43.3 Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.
- 43.4 Unless a proxy notice indicates otherwise, it must be treated as:
- (a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting; and
 - (b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

44. DELIVERY OF PROXY NOTICES

- 44.1 A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the company by or on behalf of that person.

- 44.2 An appointment under a proxy notice may be revoked by delivering to the company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.
- 44.3 A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.
- 44.4 If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

45. AMENDMENTS TO RESOLUTIONS

- 45.1 An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:
- (a) notice of the proposed amendment is given to the company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chairman of the meeting may determine); and
 - (b) the proposed amendment does not, in the reasonable opinion of the chairman of the meeting, materially alter the scope of the resolution.
- 45.2 A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if:
- (a) the chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed; and
 - (b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
- 45.3 If the chairman of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chairman's error does not invalidate the vote on that resolution.

ADMINISTRATIVE ARRANGEMENTS

46. MEANS OF COMMUNICATION TO BE USED

- 46.1 Subject to the articles, anything sent or supplied by or to the company under the articles may be sent or supplied in any way in which the Companies Act provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the company.
- 46.2 Subject to the articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being.
- 46.3 A director may agree with the company that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

47. WHEN A COMMUNICATION FROM THE COMPANY IS DEEMED RECEIVED

- 47.1 Any document or information, if sent by first class post, shall be deemed to have been received on the day following that on which the envelope containing it is put into the post, or, if sent by second class post, shall be deemed to have been received on the second day following that on which the envelope containing it is put into the post and in proving that a document or information has been received it shall be sufficient to prove that the letter, envelope or wrapper containing the document or information was properly addressed, prepaid and put into the post.
- 47.2 Any document or information not sent by post but left at a registered address or address at which a document or information may be received shall be deemed to have been received on the day it was so left.

- 47.3 Any document or information, if sent or supplied by electronic means, shall be deemed to have been received on the day on which the document or information was sent or supplied by or on behalf of the company.
- 47.4 If the company receives a delivery failure notification following a communication by electronic means in accordance with paragraph 47.3, the company shall send or supply the document or information in hard copy or electronic form (but not by electronic means) to the member either personally or by post addressed to the member at his registered address or by leaving it at that address. This shall not affect when the document or information was deemed to be received in accordance with paragraph 47.3.
- 47.5 Where a document or information is sent or supplied by means of a website, it shall be deemed to have been received:
- (a) when the material was first made available on the website; or
 - (b) if later, when the recipient was deemed to have received notice of the fact that the material was available on the website.

48. COMPANY SEALS

- 48.1 Any common seal may only be used by the authority of the directors or of a committee of the directors.
- 48.2 The directors may decide by what means and in what form any common seal is to be used.
- 48.3 Unless otherwise decided by the directors, if the company has a common seal and it is affixed to a document, the document must also be signed by at least one authorised person in the presence of a witness who attests the signature.
- 48.4 For the purposes of this article, an authorised person is:
- (a) any director of the company;
 - (b) the company secretary (if any); or
 - (c) any person authorised by the directors for the purpose of signing documents to which the common seal is applied.
- 48.5 The company may exercise the powers conferred by the Companies Act with regard to having official seals and those powers shall be vested in the directors. Subject to the Companies Act, any instrument to which an official seal is affixed shall be signed by such persons, if any, and affixed in such manner as the directors may from time to time determine.

49. NO RIGHT TO INSPECT ACCOUNTS AND OTHER RECORDS

Except as provided by law or authorised by the directors or an ordinary resolution of the company, no person is entitled to inspect any of the company's accounting or other records or documents merely by virtue of being a member.

50. PROVISION FOR EMPLOYEES ON CESSATION OF BUSINESS

The directors may decide to make provision for the benefit of persons employed or formerly employed by the company or any of its subsidiaries (other than a director or former director or shadow director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary.

DIRECTORS' INDEMNITY AND INSURANCE

51. INDEMNITY

- 51.1 Subject to paragraph 51.5, a relevant director of the company or an associated company may be indemnified out of the company's assets against:
- (a) any liability incurred by that director in connection with any negligence, default, breach of duty or breach of trust in relation to the company or an associated company;
 - (b) any liability incurred by that director in connection with the activities of the company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act);
 - (c) any other liability incurred by that director as an officer of the company or an associated company.
- 51.2 The company may fund the expenditure of a relevant director of the company or of any associated company for the purposes permitted under the Companies Act and may do anything to enable such relevant director to avoid incurring such expenditure as provided in the Companies Act.
- 51.3 No relevant director of the company or of any associated company shall be accountable to the company or the members for any benefit provided pursuant to this article and the receipt of any such benefit shall not disqualify any person from being or becoming a director of the company.
- 51.4 The powers given by this article shall not limit any general powers of the company to grant indemnities, purchase and maintain insurance or provide funds (whether by way of loan or otherwise) to any person in connection with any legal or regulatory proceedings or applications for relief.
- 51.5 This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Act or by any other provision of law.
- 51.6 In this article and in article 52:
- (a) companies are **associated** if one is a subsidiary of the other or both are subsidiaries of the same body corporate; and
 - (b) a **relevant director** means any director or former director of the company or an associated company.

52. INSURANCE

- 52.1 The directors may decide to purchase and maintain insurance, at the expense of the company, for the benefit of any relevant director in respect of any relevant loss.
- 52.2 In this article a **relevant loss** means any loss or liability which has been or may be incurred by a relevant director in connection with that director's duties or powers in relation to the company, any associated company or any pension fund or employees' share scheme of the company or associated company.

ANNEX B - STEP IN AGREEMENT

DRAFT: 24 AUGUST 2020

STEP-IN AGREEMENT

DATED _____ 2020

SAGA MONETARY TECHNOLOGIES LIMITED

STEP-IN COMMITTEE REPRESENTATIVE

and

IDO SADEH

ALLEN & OVERY

0126078-0000001 UKO1: 2001532737.4

Allen & Overy LLP

LONDON

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THIS DEED is made on _____ 2020

BETWEEN:

- (1) **Saga Monetary Technologies Limited**, a company limited by guarantee incorporated under the laws of England with company number 12182049 established on 30 August 2019, with registered office at 201 Haverstock Hill, C/O Fkgb Accounting Ltd, London, England, NW3 4QG (the **Company**);
- (2) Mrs Catrina Luchsinger Gaehwiler, with its address at FRORIEP Legal AG | Bellerivestrasse 201 | P.O. Box | 8034 Zurich | T +4144386 6000 | D+41443866124 (the **Step-in Committee Representative**); and
- (3) Ido Sadeh, c/o 201 Haverstock Hill, C/O Fkgb Accounting Ltd, London, England, NW3 4QG (the **Initial Member**).

BACKGROUND:

- (A) Saga Monetary Technologies Limited is a private company limited by guarantee incorporated in England and Wales with company number 12182049 (the **Company**). The Company was established to issue, operate and maintain the use of the Saga Currency in a manner that best serves the interest of the Currency Holders through the General Principles.
- (B) The parties have agreed that an external committee will be formed pursuant to the terms of this deed which will have certain rights set out in this deed in order to ensure that the Company acts in accordance with the Objective (the **Step-in Committee**).
- (C) The Initial Member and the Company entered into a step-in agreement on 9 September 2019 (the **Original Step-in Agreement**).
- (D) Subject to clause 5.2, the Articles and this deed will be read together as one document.

NOW THIS DEED WITNESSES as follows:

1. DEFINITIONS AND INTERPRETATION

- 1.1 In addition to terms defined elsewhere in this deed and subject to clause 1.4 below, the definitions and other provisions in Schedule 7 apply throughout this deed, unless the contrary intention appears.
- 1.2 In this deed, unless the contrary intention appears, a reference to a clause, subclause, paragraph, or schedule is a reference to a clause, subclause, paragraph or schedule of or to this deed. The schedules form part of this deed.
- 1.3 The headings in this deed do not affect its interpretation.
- 1.4 All capitalised terms used but not defined herein have the meaning given in the Articles.

2. TERMINATION OF ORIGINAL STEP-IN AGREEMENT

With effect from the date hereof, the Original Step-in Agreement shall be terminated and each Member and the Company shall be released from its respective obligations under that agreement.

3. OBJECTIVE OF THE COMPANY

The Objective of the Company is to issue, operate and maintain the use of the Saga Currency in a manner that best serves the interest of the Currency Holders through the General Principles and the Transition Principles or as otherwise set out in the Articles.

4. PROVISIONAL CONSTITUTION

The Company and each Member agree and undertake to each other insofar as each such party can lawfully exercise its respective rights that the Company will operate in accordance with the provisions of the Constitution (including the Provisional Constitution, until the final Constitution is adopted).

5. COMPLIANCE WITH AND PRECEDENCE OF THIS DEED

5.1 General undertaking

Each Member must exercise all powers and rights available to that Member (without prejudice to its duties as a director, officer or employee of the Company) in order to give effect to the provisions of this deed and the Provisional Constitution and to ensure that the Company complies with its obligations under this deed, the Provisional Constitution and the Articles. References in this deed to the Members procuring that the Company performs its obligations are to be interpreted accordingly.

5.2 Deed prevails over Articles

Each Member agrees that if any provision of the Articles at any time conflicts or is inconsistent with the provisions of this deed and/or the Provisional Constitution: (i) the provisions of this deed and/or the Provisional Constitution are to prevail to the extent of the conflict or inconsistency, (ii) the Articles will be taken to be read and interpreted accordingly, and (iii) the Articles must be amended to the extent necessary in accordance with clause 5.3.

5.3 Amendments to Articles

Each Member must exercise all powers and rights available to that Member to procure the amendment of the Articles to the extent necessary to give effect to the provisions of this deed and/or the Provisional Constitution.

6. MATTERS REQUIRING THE CONSENT OF THE STEP-IN COMMITTEE

6.1 Matters requiring Step-in Committee approval

No Member will take any action in his/her role as a member without the prior consent of the Step-in Committee in the manner set out in clause 6.2.

6.2 Manner of giving Step-in Committee Approval

Any approval required to be given under clause 6.1 by the Step-in Committee may be given on behalf of the Step-in Committee by:

- (i) email from the Step-in Committee Representative;
- (ii) notice in writing executed by or on behalf of the Step-in Committee; or
- (iii) notice in writing signed by all Committee Members,

in each case stating that the notice constitutes the approval of the Step-in Committee for the purposes of clause 6 of this deed.

7. MATERIAL FAILURE

- (a) If a Material Failure occurs, the Step-in Committee, subject to clause 7(b), shall notify the Members and the Company (which shall include notifying the Board), in accordance with the provisions of this deed and in the form set out in Schedule 3, that a Material Failure has occurred (the **Material Failure Notification**).
- (b) If the Step-in Committee considers (in its absolute discretion) that the Board has made all reasonable efforts to avoid the Material Failure it shall have the option, but not the obligation, to delay the Material Failure Notification for a period of up to six months (in its absolute discretion) from the date of the Material Failure, while informing the Members and the Company (which shall include notifying the Board), of its decision to do so.
- (c) From the date of the Material Failure Notification, the Members and the Company shall procure that each of the directors who is not a member of the Committee shall resign from the Intermediary Board. In such case, the Step-in Committee shall have the right to appoint other directors in their place subject to a maximum of five directors at any one time. The Step-in Committee shall take into account the wishes of the Participants (to the extent reasonably practicable) when appointing directors pursuant to this clause 7(c).
- (d) Notwithstanding the above, the Members and the Company shall ensure that any actions taken in accordance with clause 7(c) do not result in the Company having no directors and are in compliance with the Articles.

8. STEP-IN COMMITTEE COMPOSITION AND CORPORATE GOVERNANCE

8.1 Step-in Committee to act in accordance with the Objective

The Step-in Committee will take all decisions set out in this deed in accordance with the Objective.

8.2 Maximum number of Committee Members

The maximum number of Committee Members is three.

8.3 Appointment and removal of Committee Members

- (a) The Committee may from time to time appoint such number of Committee Members as they decide, provided that such appointment receives the prior consent of the Board.
- (b) If there are no Committee Members, the Board will appoint two Committee Members who may then appoint further Committee Members to the extent required.
- (c) Despite any other provision of this deed, a person will be automatically removed as a Committee Member if the person is, or becomes, ineligible to be a director under any applicable law.

8.4 Committee Members

With effect from the date of this deed, the Committee Members are:

- (i) Mr. Barry Topf
- (ii) Mrs. Catrina Luchsinger Gaehwiler

8.5 Chairman

- (a) The Step-in Committee may appoint a Committee Member to chair their meetings. The person so appointed for the time being is known as the **Committee Chairman**.
- (b) The directors may terminate the Committee Chairman's appointment at any time.
- (c) If the Committee Chairman is not participating in a directors' meeting within ten minutes of the time at which it was to start, the participating Committee Members may appoint one of themselves to chair it.
- (d) If the directors have appointed a chairman, the chairman shall chair general meetings if present and willing to do so.
- (e) If the numbers of votes for and against a proposal are equal, the chairman or other director chairing the meeting has a casting vote.
- (f) The initial Committee Chairman is Mrs. Catrina Luchsinger Gaehwiler

8.6 Step-in Committee Charter

- (a) The Step-in Committee shall hold its meetings and exercise its powers under this Agreement in accordance with the terms of the **Step-in Committee Charter** attached hereto as **Schedule 1**. The Charter may be amended from time to time with the consent of the Board and the Step-in Committee, and in any event of inconsistency between this Agreement and the Step-in Committee Charter, the latter shall prevail.

8.7 Fees and expenses of Committee Members

The Company must reimburse the Committee Members in respect of all expenses reasonably incurred by them in connection with the proper performance of their duties as a Committee Member.

8.8 Observer rights

- (a) The Members and the Board are entitled to access to, the same documents and information as a Committee Member and are entitled to receive notice of and attend and speak at, but not to vote at, meetings of the Step-in Committee.
- (b) The Company must reimburse the Members and the Board in respect of all expenses reasonably incurred by them in connection with clause 8.8(a).

8.9 Notice to be given to the Company and the Members

The Step-in Committee will give notice to the Company and the Members of:

- (i) any appointment or removal of the Committee Chairman;
- (ii) any appointment or removal of any Committee Member; and
- (iii) any appointment or removal of the Step-in Committee Representative.

8.10 Information to be provided to the Step-in Committee

The Board shall provide the Step-in Committee with updates regarding the status of the Transition at each meeting of the Step-in Committee.

9. INFORMATION RIGHTS

- (a) Subject to clause 9(b) and in connection with clauses 6 and 7, the Company must give each Committee Member (without prejudice to any rights they may have under applicable law) reasonable access on reasonable notice to:
- (i) inspect the assets of the Company;
 - (ii) inspect and take copies of documents relating to the Company, including the statutory registers and all accounting and other financial records; and
 - (iii) discuss the affairs, finances and accounts of the Company with the relevant responsible officer, any person who reports directly to that officer and the auditor of the Company.
- (b) Nothing in clause 9(a) requires the Company to give any person access to information if to do so would be in breach of applicable law.

10. TERMS OF REFERENCE

The Company and each Member agree to follow and agree to procure that the Assembly Terms of Reference and the Constitutional Council Terms of Reference will be followed by the Assembly and the Constitutional Council, with such changes as the Assembly and the Constitutional Council may approve, respectively.

11. RESTRICTIONS ON MEMBERSHIP

11.1 Appointment of a new Member

The parties agree that no new Member will be admitted unless he is approved with prior written notice by the Step-in Committee and first executes and delivers to the Company a Deed of Adherence.

11.2 Termination right for the Step-in Committee in relation to a Member

- (a) In addition to Articles 33.3 and 33.4, the parties agree that a Member will cease to be a member if the Step-in Committee decides that he or she shall cease to be a Member.
- (b) The Step-in Committee shall give not less than 14 days' notice in writing to the Member in relation to any decision taken pursuant to clause 11.2(a).

12. TERMINATION

Once the Final Phase of Governance has been implemented following the General Principles and the Transition Principles, in accordance with the Constitution, the Board will notify the Step-in Committee of the same, in accordance with this deed. On the date of such notification, the Step-in Committee will be dissolved and this Deed will terminate.

13. NOTICES

13.1 Manner of giving notice

Any notice or other communication to be given under this deed must be in writing (which includes email) and may be delivered by hand or sent by post or email to the party to be served as follows:

- (a) To the Company at: Madison Building, Midtown, Queensway, Gibraltar GX11 1AA, Gibraltar (For the attention of: Mr. Yaron Shalem); Yaron.shalem@saga.org.
- (b) To the Initial Member at: Madison Building, Midtown, Queensway, Gibraltar GX11 1AA, Gibraltar; ido.sadeh@saga.org.
- (c) To the Step-in Committee at: FRORIEP Legal AG | Bellerivestrasse 201 | P.O. Box | 8034 Zurich | T +4144386 6000 | D+41443866124; cluchsinger@froriep.ch & barry.topf@saga.org.

or at any such other address or email address notified for this purpose to the other parties under this clause 13. Any notice or other communication sent by post must be sent by prepaid ordinary post (if the country of destination is the same as the country of origin) or by airmail (if the country of destination is not the same as the country of origin).

13.2 When notice given

Any notice or other communication is deemed to have been given:

- (a) if delivered by hand, on the date of delivery; or
- (b) if sent by post, on the third day after it was put into the post (for post within the same country) or on the fifth day after it was put into the post (for post sent from one country to another); or
- (c) if sent by email, upon the generation of a receipt notice by the recipient's server or, if such notice is not so generated, upon delivery to the recipient's server,

but if the notice or other communication would otherwise be taken to be received after 5.00 pm or on a Saturday, Sunday or public holiday in the place of receipt then the notice or communication is taken to be received at 9.00 am (local time at the place of receipt) on the next day that is not a Saturday, Sunday or public holiday in the place of receipt.

13.3 Proof of service

In proving service of a notice or other communication, it is sufficient to prove that delivery was made or that the envelope containing the communication was properly addressed and posted either by prepaid post or by prepaid airmail or that the email was properly addressed and transmitted by the sender's server into the network and there was no apparent error in the operation of the sender's email system (as the case may be).

13.4 Documents relating to legal proceedings

This clause 13 does not apply in relation to the service of any claim form, notice, order, judgment or other document relating to or in connection with any proceedings, suit or action arising out of or in connection with this deed.

14. POWER OF ATTORNEY

- (a) As security for its obligations under this deed and under the Articles, each party to this deed (other than the Company) (each an **Appointer**) severally, irrevocably and unconditionally appoints, jointly and severally, such person as may be appointed for the purpose by the Step-in Committee (each an **Attorney**), as his duly appointed agent and attorney with the power (the **Power**) to do such things in his name (including the completion, execution and delivery of documents) as may be required or reasonably considered by the Attorney to be desirable to effect the provisions of clause 6 or clause 7.
- (b) The Appointer declares that all acts and things validly and lawfully done by the Attorney in exercising powers under the Power will be as good and valid as if they had been done by the Appointer and agrees, upon request, to ratify and confirm whatever is done in validly and lawfully exercising powers under the Power.
- (c) The Attorney is expressly authorised to do any act as a result of which a benefit is conferred on it or the Appointer.
- (d) Each party agreeing to adhere to this deed by the execution of a Deed of Adherence thereby declares that the Power is given for valuable consideration by way of security for the obligations owed by that party to the parties to this deed and is irrevocable while that party continues to be a Member.
- (e) No Appointer will issue, sign or execute any instrument and undertakes to immediately revoke any powers given under such instrument which contradict or are inconsistent with the Power. If an Appointer fails to revoke such an instrument each Attorney is authorised to revoke the powers given in that instrument which contradict or are inconsistent with the Power.
- (f) Each Appointer acknowledges that its obligations under this clause 14 are of a special nature such that an award of damages will not be, or is unlikely to be, an adequate remedy for breach. Each Appointer acknowledges that the Attorney or the Company should be entitled to relief in the form of specific performance from any court of competent jurisdiction to require any Appointer to comply with its obligations under this clause 14.

15. GENERAL

15.1 Amendment

Except for any changes to Schedule 1 as set out in clause 8.6(a), this deed may only be amended in writing and where the amendment is signed by all the parties and agreed to by the Step-in Committee Representative (acting on behalf of the Step-in Committee).

15.2 Company exclusion

The Company is not required to comply with any obligation contained in this agreement to the extent that to do so would constitute an unlawful fetter on the Company's statutory powers. This does not affect the validity of the relevant provisions as between the other parties or the respective obligations of the other parties under this agreement.

15.3 Assignment

None of the rights or obligations under this deed may be assigned or transferred without the prior written consent of all the parties and the Step-in Committee Representative (acting on behalf of the Step-in Committee).

15.4 Consents and approvals

Except as otherwise expressly provided in this deed, a party may give or withhold its consent to, or approval of, any matter referred to in this deed in its absolute discretion. A party that gives its consent to, or approval of, any matter referred to in this deed is not taken to have made any warranty or representation as to any matter or circumstance connected with the subject matter of that consent or approval.

15.5 Costs

Except as otherwise expressly provided in this deed, each party must pay the costs and expenses incurred by it in connection with entering into and performing its obligations under this deed.

15.6 Entire agreement

This deed contains the entire agreement between the parties relating to the transactions contemplated by this deed and supersede all previous agreements, whether oral or in writing, between the parties relating to these transactions.

15.7 Execution in counterparts

This deed may be executed in any number of counterparts and any party may enter into this deed by executing and delivering a counterpart. Each counterpart constitutes the agreement of the party who has executed and delivered that counterpart. Faxed or scanned signatures are taken to be valid and binding to the same extent as original signatures.

15.8 Exercise and waiver of rights

The rights of each party under this deed:

- (i) may be exercised as often as necessary;
- (ii) except as otherwise expressly provided by this deed, are cumulative and not exclusive of rights and remedies provided by law; and
- (iii) may be waived only in writing and specifically,

and delay in exercising or non-exercise of any such right is not a waiver of that right.

15.9 No partnership or agency

Nothing in this deed or the Articles will be deemed to constitute a partnership between the parties or, unless this deed expressly provides otherwise, constitute any party the agent of any other party for any purpose.

15.10 Severability

The provisions contained in each clause are enforceable independently of each other clause and the validity and enforceability of any clause will not be affected by the invalidity or unenforceability of any other clause.

15.11 Third Party Rights

- (a) Subject to clause 15.11(b), the Step-in Committee Representative (acting on behalf of the Step-in Committee) may enforce any of the terms applicable to the Step-in Committee under the Contracts (Rights of Third Parties) Act 1999.
- (b) The Step- in Committee Representative (acting on behalf of the Step-in Committee) may only enforce the terms of this deed to the extent the Step-in Committee has complied with the provisions of clause 8 and Schedule 1.
- (c) Other than as set out in clause 15.11(a), a person who is not a party to this deed may not enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999.

15.12 Disputes

Subject to clause 15.13, all disputes between any Governance Entities or between any Governance Entity and a Currency Holder shall be resolved by the Constitutional Council in accordance with the Constitutional Council Terms of Reference.

15.13 Constitutional Council Powers

In accordance with the Company's Provisional Constitution, until a Constitutional Council is formed, the Step-in Committee shall temporarily have the rights and powers of the Constitutional Council.

Such powers include:

- (1) The power to resolve all disputes between any Governance Entities or between any Governance Entity and a Currency Holder;
- (2) The highest authority with regards to interpreting the Constitution.
- (3) Prior to the date of the first elections for the Executive Council (if the Constitutional Committee is not yet formed), the Step-in Committee shall set out the procedures for the elections, including thresholds and prerequisites for candidates to be nominated.

In exercising its rights and powers of the Constitutional Council, the Committee shall act in accordance with clauses 4 and 5 of the Constitutional Council Terms of Reference. The procedural requirements for the Step-in Committee's operation under the Step-in Committee Charter shall continue to apply.

15.14 Governing law and Jurisdiction

- (a) The English courts have exclusive jurisdiction to settle any Dispute and each party irrevocably submits to the exclusive jurisdiction of the English courts.
- (b) This deed and any non-contractual obligations arising out of or in connection with it are governed by English law.

IN WITNESS of which this deed has been executed and has been delivered as a deed on the date which first appears on page 1.

SCHEDULE 1
STEP-IN COMMITTEE CHARTER

SCHEDULE 2

FORM OF DEED OF ADHERENCE

THIS DEED POLL is made on ●

BY: ● of ● (the **New Party**).

IN FAVOUR OF: Those persons specified in paragraph 4 of this deed poll.

BACKGROUND:

- (A) The New Party proposes to become a member of ● (the **Company**) [from ●].
- (B) This deed is made by the New Party in compliance with clause 11.1 of a Step-in Agreement dated ● made between, among others, the Company and Ido Sadeh (the **Step-in Agreement**).

THIS DEED POLL WITNESSES as follows:

1. The New Party confirm[s] that [he][it] has been supplied with a copy of the Step-in Agreement.
2. The New Party has agreed to become a member of the Company and to be subject to the Step-in Agreement and the constitution of the Company.
3. The New Party undertakes to be bound by the Step-in Agreement in all respects as if the New Party was a party to the Step-in Agreement and named in it as a Member and to observe and perform all the provisions and obligations of the Step-in Agreement applicable to or binding on a Member under the Step-in Agreement insofar as they fall to be observed or performed on or after the date of this deed.
4. Without prejudice to the generality of clause 3 above, as security for its obligations under the Step-in Agreement and under the Articles, the New Party (as an **Appointer**) irrevocably and unconditionally appoints, jointly and severally, such person as may be appointed for the purpose by the Step-in Committee (each an **Attorney**), as his duly appointed agent and attorney with the power (the **Power**) to do such things in his name (including the completion, execution and delivery of documents) as may be required or reasonably considered by the Attorney to be desirable to effect the provisions of clause 4 or clause 5 of the Step-in Agreement.
5. This deed is made for the benefit of:
 - (a) the Step-in Committee;
 - (b) the parties to the Step-in Agreement; and
 - (c) every other person who after the date of the Step-in Agreement (and whether before or after the execution of this deed) assumes any rights or obligations under the Step-in Agreement or accedes to it.
6. The address and email address of the New Party for the purposes of clause 12 of the Members' Agreement is as follows:

Address: ●
Email: ●
For the attention of: ●.

7. This deed poll and any non-contractual obligations arising out of or in connection with it are governed by the laws of England.
8. Any Dispute arising out of or in connection with this deed must be settled in accordance with clause 15.12 of the Step-in Agreement, which is deemed to be incorporated in full into this deed.

IN WITNESS of which this deed poll has been executed and has been delivered on the date which appears first on page 1.

EXECUTED AS A DEED by [COMPANY)
 NAME])

 Signature of director

 Signature of [director]/[company secretary][witness]

 Name of director

 Name of [director]/[company secretary][witness]

OR

SIGNED, SEALED AND DELIVERED by)
 [INSERT NAME OF INDIVIDUAL] in the)
 presence of:)

 Signature of witness

 Signature

 Name of witness

SCHEDULE 3
FORM OF MATERIAL FAILURE NOTIFICATION

Date: [●]

Saga Monetary Technologies Limited (the **Company**)

[*Address*]

and

Ido Sadeh

[*Address*]

Material Failure Notification

Dear [●]

We refer to the step-in agreement between, among others, the Company and Ido Sadeh relating to the formation of a step-in committee to ensure that the Company acts in accordance with the Objective (as defined in the articles of association of the Company) (the **Step-in Agreement**).

Unless otherwise defined herein, capitalised terms shall have the meaning given to them in the Step-in Agreement.

Pursuant to clause 7 of the Step-in Agreement, the Step-in Committee hereby gives notice that a Material Failure has occurred.

Yours sincerely,

Signed for and on behalf of the Step-in Committee

By: _____

SCHEDULE 4
CONSTITUTIONAL COUNCIL TERMS OF REFERENCE

SCHEDULE 5

ASSEMBLY TERMS OF REFERENCE

SCHEDULE 6
THE PROVISIONAL CONSTITUTION

SCHEDULE 7

DEFINITIONS AND INTERPRETATION

1. Definitions

In this deed:

Articles means the articles of the Company from time to time;

Assembly has the meaning given in the Articles;

Assembly Terms of Reference are set out in Schedule 5, as amended from time to time;

Board means the Company's Board of Directors from time to time, and includes the Intermediary Board;

Business Day means a day other than a Saturday, Sunday or public holiday on which banks are generally open in England and Gibraltar for normal business;

Committee Chairman has the meaning given in clause 8.5(a);

Committee Members means a member of the Step-in Committee from time to time;

Company means Saga Monetary Technologies Limited;

Constitution means the permanent constitution of the Saga Currency enshrining the Final Phase of Governance;

Constitutional Council has the meaning given in the Articles;

Constitutional Council Terms of Reference are set out in Schedule 4, as amended from time to time;

Deed of Adherence means a deed of adherence to this deed to be executed by any transferee of a Share substantially in the form set out in Schedule 2;

Director means a director of the Company;

Dispute means any dispute, claim, difference or controversy arising out of, relating to or having any connection with this deed, including any dispute as to its existence, validity, interpretation, performance, breach or termination or the consequences of its nullity and any dispute relating to any non-contractual obligations arising out of or in connection with it;

Executive Council has the meaning given in the Articles;

Intermediary Board has the meaning given in the Articles;

Material Failure means: (i) a Transition Failure; or (ii) a material breach by the Board of clause 4;

Material Failure Notification has the meaning given in clause 7(a);

Member means the Initial Member (for so long as he is a member of the Company) and any additional members of Company from time to time;

Provisional Constitution means the provisional constitution of the Saga Currency as set out in Schedule 6;

Step-in Committee has the meaning given in the recitals;

Step-in Committee Representative means a representative of the Step-in Committee, appointed by the Step-in Committee, who shall be entitled to enforce this deed, as notified to the Company and the Members, from time to time;

Transition means the transition to the Final Phase of Governance;

Transition Action means any action taken in accordance with the Objective, the General Principles and the Transition Principles; and

Transition Failure means:

- (i) if within 12 months of the SGA Launch the Participants are not provided with a technological solution that will allow them to participate in the vote to replace the Intermediary Board and elect a Board;
- (ii) if on the later to occur of: (a) 24 months of the SGA Launch; and (b) SGA market cap reaching 100M SDR, the multi-branch structure described in Article 13 of the Provisional Constitution has not been established; or
- (iii) if within 36 months of the SGA Launch, elections for the Executive Council have not been held.

2. Things required to be done other than on a Business Day

Unless otherwise indicated, where the day on which any act, matter or thing is to be done is a day other than a Business Day, that act, matter or thing must be done on or by the next Business Day.

3. Other rules of interpretation

In this deed:

- (a) except to the extent the contrary intention appears, any reference, express or implied, to any legislation in any jurisdiction includes:
 - (i) that legislation as amended, extended or applied by or under any other legislation made before or after execution of this deed;
 - (ii) any legislation which that legislation re-enacts with or without modification; and
 - (iii) any subordinate legislation made before or after execution of this deed under that legislation, including (where applicable) that legislation as amended, extended or applied as described in paragraph 3(a)(i), or under any legislation which it re-enacts as described in paragraph 3(a)(ii);
- (b) references to persons or entities include natural persons, bodies corporate, partnerships, trusts and unincorporated and incorporated associations of persons;
- (c) references to an individual or a natural person include his estate and personal representatives;

- (d) subject to clause 15.2, references to a party to this deed include the successors or assigns (immediate or otherwise) of that party;
- (e) references to any English legal term for any action, remedy, method or judicial or arbitral proceeding, legal document, legal status, court, arbitral tribunal, official or any legal concept or thing must, in respect of any jurisdiction other than England, be taken to include what most nearly approximates in that jurisdiction to the English legal term;
- (f) a reference to any instrument or document includes any variation or replacement of it;
- (g) the phrases “to the extent” and “to the extent that” are used to indicate an element of degree and are not synonymous with the word “if”;
- (h) singular words include the plural and vice versa;
- (i) a word of any gender includes the corresponding words of any other gender;
- (j) if a word or phrase is defined, other grammatical forms of that word have a corresponding meaning;
- (k) general words must not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words, and references to "includes" mean "includes without limitation"; and
- (l) nothing is to be construed adversely to a party just because that party put forward this deed or the relevant part of this deed.

EXECUTION PAGES

Executed as a deed by **SAGA MONETARY)**
TECHNOLOGIES LIMITED
acting by _____, a director)
in the presence of:) Director

Witness's Signature

Name:

Address:

SIGNED, SEALED AND DELIVERED by **IDO SADEH)**
in the presence of:)
)

Signature of witness

Signature

Name of witness

SIGNED, SEALED AND DELIVERED by **[●], as the)**
Step-in Committee Representative in the presence of:)
)

Signature of witness

Signature

Name of witness