



CuBitDAO™

DEPOSIT and REDEMPTION AGREEMENT

The purpose of CuBit™ is to stop erosion of your wealth from inflation and volatility. This protection results from real estate investments by the CuBitDAO™ Administrator (Administrator). The value of these investments is regularly reported in the CuBitDAO Asset Ledger™ (Ledger) and periodically audited by outside auditors.

Regardless of how you come into possession of CuBit™ all holders of CuBit™ are Members of the CuBitDAO™ (Members). All Members are bound by this Deposit and Redemption Agreement (Deposit Agreement, Agreement). Redemption of CuBit™ deposits is governed by the Ledger State as well as the liquid and real estate assets as shown in the Ledger and by certain regulatory constraints (see Regulations below).

The terms of this Agreement are recorded in a readable format on a public blockchain. When you acquire CuBit™ from the CuBitDAO™ a time-stamped record is made on the Ethereum Mainnet linking this agreement to the Ethereum transaction record of your deposit. This immutable record is evidence of your acceptance of these terms and conditions.

By acquiring CuBit™, regardless of the method of your acquisition, you certify that you have read, understand, and agree to the terms and conditions of the CuBitDAO™ Deposit and Redemption Agreement.

1. **Members agree and accept** that this agreement transfers in perpetuity with all transfers of CuBit™. Regardless of how you came into possession of CuBit™ all holders of CuBit™ are Members of the CuBitDAO™ and all Members are bound by this Agreement.
2. **Members agree and accept** that acceptance by the CuBitDAO™ of proffered currency as a Deposit with the commensurate issuance of CuBit™ in receipt is constrained by applicable Regulations (see Regulations below).
3. **Members agree and accept** that the Redemption of their CuBit™ is constrained by applicable Regulations, and the Redemptions Policy (see below) of the CuBitDAO™.
4. **Members agree and accept** that the reliance of the Redemptions Policy on asset ratios does not create or imply any direct connection between individual Deposits and specific assets. To wit, Members have no direct claim on real estate assets held in support of the Ledger.
5. **Redemptions Policy**
 - 5.1. **Redemption of CuBit™** by Members is contingent upon the Ledger State. Valid Ledger States are:

- 5.1.1. **Transition** – Deposits and donations are accepted during Transition. However, no redemptions are allowed while the Ledger is in Transition State. Transition State is adopted during the initial period (pre-launch) while the *CuBitDAO™* is being funded. When Ledger values hit predefined pre-launch targets the Ledger State will be changed by the Administrator to one of the other Ledger States, as appropriate. After the pre-launch, Transition can also be invoked by a vote of the Members for some extraordinary reason such as an existential threat to the *CuBitDAO™*.
 - 5.1.2. **LAOut** – Liquid Assets Out of Target (LAOut) happens when the value of liquid assets as a percentage of all the assets in the Ledger falls below the minimum threshold allowed under the contract between the Members and the Administrator. While LAOut prevails, all redemptions are considered Real Estate Redemptions and fall within the restrictions of that redemption policy.
 - 5.1.3. **REOut** – Real Estate Assets Out of Target (REOut) occurs when the value of real estate assets as a percentage of all the assets in the Ledger falls below the minimum threshold allowed under the contract between the Members and the Administrator. On-Demand Redemptions and Real Estate Redemptions are available when the Ledger State is REOut.
 - 5.1.4. **Stable** – Stable State occurs when real estate assets and liquid assets are within the thresholds established under the contract between the Members and the Administrator. On-Demand Redemptions and Real Estate Redemptions are available when the Ledger State is Stable.
- 5.2. **Members agree and accept that On-Demand Redemptions** are available on individual wallet balances up to the percentage of liquid assets indicated in the Ledger at the time of the redemption request, depending upon regulatory approval of the transfer (see Regulations above). Under normal circumstances this on-demand redemption will take only a matter of minutes.
- 5.3. **Members agree and accept that Real Estate Redemptions** occur when a redemption request exceeds the percentage of the wallet balance matching the percentage of liquid assets in the Ledger. To fulfill Real Estate Redemptions, the Administrator may take up to one hundred twenty (120) calendar days or the Maximum RE Redemption Period specified in the *CuBitDAO™* Operating Agreement (*CuBitDAO™* solidity contract on the Ethereum Mainnet), whichever is more. This period provides sufficient time for the Administrator to liquidate real estate assets without adversely impacting the value of *CuBit™* that typically would occur from a hasty liquidation of real estate. All real estate redemptions are also subject to regulatory approval (see Regulations above).
- 5.4. **Members agree and accept that currency** provided to Members in exchange for their *CuBit* will default to ETH. However, the Administrator may change this to any other currency which is acceptable to the Administrator and the Members. Variations of the redemption currency may be applied by the Administrator to selected ad hoc individual redemptions or the Administrator may apply it to all redemptions. Variations may result in delays in redemptions.
6. **Members agree and accept that exchanges of *CuBit™*** to and from individual wallets do not involve the Administrator and don't affect the Ledger. They are independent of the

official exchange rate(s) of the Ledger and its current state. All risks associated with private or public exchanges of *CuBit*[™] which are not controlled by the Administrator are wholly the responsibility of the transaction participant(s).

For More Information Contact the *CuBit*DAO[™] Administrator as shown in the Ledger at www.CuBitREvolution.com.

Defined Terms

- **Deposits:** When a person exchanges an acceptable currency for *CuBit*[™] through the *CuBit*DAO[™] Exchange the accepted currency is categorized as a Deposit into the DAO treasury. The *CuBit*[™] issued to the Member is a receipt currency directly proportional to the amount of the Deposit. The amount of *CuBit*[™] issued is calculated by dividing the Deposit by the USD Deposit Exchange Rate (Deposit Rate) as published in the Ledger.
- **Donors and Donations:** During pre-launch when a person seeks to acquire *CuBit*[™] from the *CuBit*DAO[™] their funds are accepted into the treasury of the DAO and the person will be issued a receipt stating the amount of *CuBit* they are entitled to receive. At the end of the pre-launch, the receipt information will be used by the DAO to deliver *CuBit*[™] to those who qualify. Donations will be converted to Deposits and donors will become Members.
- **LA Ratio:** The Liquid Asset Ratio (LA Ratio) is calculated by dividing the value of Liquid Assets published in the Ledger into the Total Assets published in the Ledger.
- **Ledger / Asset Ledger:** The *CuBit*DAO[™] Administrator maintains a publicly viewable Asset Ledger at www.CuBitREvolution.com. This Ledger is the publication of certain key performance indicators of the DAO.
- **Ledger State:** This is one of the key performance indicators published in the Asset Ledger. It indicates the current status of DAO assets.
- **Liquid Assets:** Liquid Assets, as used in the Ledger, are all assets held by the Administrator in the category of Liquid Assets. Typically, these are currencies and currency equivalents.
- **On-Demand Redemptions:** The LA Ratio published in the Ledger dictates what amount of the Member's *CuBit*[™] can be Redeemed without delay after passing Regulatory hurdles.
- **Person / Persons:** A Person is any natural person or organization that may be recognized at law in the United States of America.
- **Pre-Launch:** During the *CuBit*[™] pre-launch period the Ledger State is "Transition." All deposits during this pre-launch are treated as donations. Pre-launch will end when specified goals have been met by the DAO. When pre-launch ends, the DAO will execute an airdrop to provide *CuBit*[™] into the wallets of all who qualify.

- **Real Estate Assets:** Real Estate Assets, as used in the Ledger, are all assets held by the Administrator in the category of Real Estate Assets. Typically, these are legally binding claims on real estate which the Administrator is holding in trust for the CuBitDAO™.
- **Real Estate Redemptions:** The RE Ratio published in the Ledger dictates what amount of the Member's CuBit™ may be Redeemed only after passing Regulatory hurdles and the conversion of Real Estate Assets into Liquid Assets.
- **RE Ratio:** The Real Estate Ratio (RE Ratio) is calculated by dividing the value of Real Estate Assets published in the Ledger into the Total Assets published in the Ledger.
- **Regulations / Regulatory:** The US Government, and some international treaties, have established a collection of regulations known as Know Your Customer (KYC), Know Your Beneficiary (KYB), Anti-Money Laundering (AML), Suspicious Activity Reports (SAR), and others which may exist or may be created subsequently. These Regulations establish standards (hurdles) which constrain financial transactions which include those of the CuBitDAO™. These constraints are “hurdles” which Persons making Deposits or asking for Redemptions must overcome to complete these transactions. Members and their sources of funds must pass these regulatory hurdles to be accepted as Deposits. Likewise, Members and the destinations for their Redemptions must pass these regulatory hurdles to be processed as Redemptions. These hurdles are set by appropriate regulatory agencies of the US Government.
- **Redemptions:** As a receipt currency, when a person requests that the CuBitDAO™ Exchange provide them some other acceptable currency in exchange for their CuBit™ that person is redeeming their receipt for the corresponding amount of Deposits. The value of each redemption is determined by multiplying amount of CuBit™ being redeemed by the USD Redemption Rate (Redemption Rate) displayed in the Ledger. The Redemption Rate is typically less than the USD Deposit Rate to ensure that administrative and transactional costs of the redemption transaction are paid without harming the value of CuBit™ held by other Members.

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