

THE ARBITRUM FOUNDATION

AMENDED & RESTATED BYLAWS

21 July 2023

As adopted by the Foundation on 20 July 2023

1. **Mission.** The mission of the Foundation is to foster, develop, authorize and/or govern ArbitrumDAO-Approved Chains. This includes but is not limited to:

- Enabling the development of technical improvements and feature development to maintain and increase Arbitrum capabilities to provide low cost, high throughput scaling solutions with best-in-class user experience.
- Fostering ecosystem growth through strategic grants to align with partner projects including, but not limited to, infrastructure providers, application developers, artists, creators, brand partnerships, creative studios, and strategic growth partners.
- Organizing educational initiatives and both participating in and hosting events to increase awareness of and promote Arbitrum technology and ecosystem.

2. **Defined Terms**

(a) **"Administrative Budget Wallet"** means the account that contains ArbitrumDAO-approved Foundation assets (as well as other assets contributed to or acquired by the Administrative Budget Wallet), which will be utilized by the Foundation for purposes of operational and administrative costs as well as Arbitrum ecosystem growth.

(b) **"AIP"** means an Arbitrum Improvement Proposal, which is a proposal put forth by a Tokenholder to a vote in accordance with the AIP Process.

(c) **"AIP Process"** means the rules and procedures of submitting and voting on AIPs as described in the ArbitrumDAO Constitution, in particular "Section 2: DAO Proposals and Voting Procedures", as may be amended from time to time pursuant to an AIP.

(d) **"ArbitrumDAO"** means, collectively, the decentralised community of individuals that own a Token, as evidenced by the Ethereum blockchain and/or Arbitrum One chain.

(e) **"ArbitrumDAO Constitution"** means the Constitution of the ArbitrumDAO as available at <https://docs.arbitrum.foundation/dao-constitution>, including any amendments thereto.

(f) **"ArbitrumDAO-Approved Chains"** means the Arbitrum One and Arbitrum Nova chains and any additional chains as authorized by the ArbitrumDAO. A **"Governed Chain"** is an ArbitrumDAO-Approved Chain that is governed by the Token, whereas a **"Non-Governed Chain"** is an ArbitrumDAO-Approved Chain that is not governed by the Token.

(g) **"Bylaws"** means these amended and restated governing bylaws of the Foundation as may be amended from time to time.

(h) **"Cayman Islands Law"** means the rules, regulations and laws of the Cayman Islands from time to time.

- (i) **"Data Availability Committee"** is the committee described in the Section 5 of the ArbitrumDAO Constitution.
- (j) **"DAO"** means "decentralised autonomous organisation".
- (k) **"Emergency Meeting"** has the meaning given in Section 3(b)(v) of these Bylaws.
- (l) **"Foundation"** means The Arbitrum Foundation, a Cayman Islands foundation company.
- (m) **"Foundation Articles"** means the Memorandum and Articles of Association (as may be amended from time to time).
- (n) **"Foundation Director(s)"** means the director(s) of the Foundation, which have certain powers and duties pursuant to Cayman Islands Law and as further described in the Foundation Articles.
- (o) **"Foundation Supervisor"** means the supervisor of the Foundation, which has certain powers and duties pursuant to Cayman Islands Law and as further described in the Foundation Articles.
- (p) **"Governance Forum"** means a governance forum page as designated by the Foundation and ratified by the Tokenholders from time to time, which initially shall be located at <https://forum.arbitrum.foundation/>.
- (q) **"Security Council"** is the council formed in accordance with the ArbitrumDAO Constitution and as further described in Section 4.
- (r) **"Token"** means the governing token of the ArbitrumDAO, known as \$ARB, represented on the Ethereum blockchain and/or the Arbitrum One chain.
- (s) **"Tokenholder"** means any holder of the Token.

3. **Voting Matters.**

- (a) Pursuant to the ArbitrumDAO Constitution, the Foundation Articles, and these Bylaws, the Tokenholders may approve Constitutional AIPs and Non-Constitutional AIPs (each as defined in the ArbitrumDAO Constitution) in order to:
 - (i) add, remove or expand the whitelist of permitted validators on Arbitrum One, Arbitrum Nova and/or any other Governed Chain, or remove the whitelist altogether;
 - (ii) appoint and remove members of the Data Availability Committee on Arbitrum Nova or any other Governed Chain that employs a Data Availability Committee;
 - (iii) appoint and remove members of the Security Council in accordance with the ArbitrumDAO Constitution;

- (iv) govern the Sequencer on each Governed Chain (if applicable), including expanding the number of Sequencers;
- (v) pursuant to the Foundation Articles, elect individuals or organisations into the role of director and/or supervisor of the Foundation;
- (vi) pursuant to the Foundation Articles, remove individuals or organisations from the role of director and/or supervisor of the Foundation (provided that the Foundation may not, at any time, be left with no directors and/or no supervisor);
- (vii) provide consent to any proposed changes to these Bylaws which amend or remove the rights of the Tokenholders under these Bylaws;
- (viii) provide consent to any proposed changes to the Foundation's Articles which amend or remove the rights of the Tokenholders under the Foundation's Articles;
- (ix) approve the authorization of a Non-Governed Chain; and
- (x) approve any other action in accordance with the ArbitrumDAO Constitution, the Foundation Articles and these Bylaws.

(b) The Foundation Director(s) shall engage in any activity which, in their reasonable discretion, does not contradict the terms set forth in any AIP approved by Tokenholders, the ArbitrumDAO Constitution, these Bylaws, or the Foundation Articles, including but not limited to the following actions:

- (i) approve transactions from the Administrative Budget Wallet;
- (ii) coordinate emergency operations with the Security Council on behalf of the ArbitrumDAO or the Foundation;
- (iii) upon approval by the ArbitrumDAO, create and administer an ecosystem growth plan with a corresponding set of criteria and objectives;
- (iv) make changes to these Bylaws if the Foundation Directors believe such changes would improve the Foundation Directors' ability to fulfill their obligations (the "**Amendment Authority**"). Directors must act in good faith to exercise such Amendment Authority pursuant to the AIP Process unless such Amendment Authority must be exercised at an Emergency Meeting as described in Section 3(b)(v) below; and
- (v) call and hold emergency meetings ("**Emergency Meetings**") to enable the Foundation Directors and the Security Council to rapidly respond to an imminent security threat to the ArbitrumDAO, any protocol utilizing the Token, the Tokenholders, or the Foundation, and the same rules that apply to Foundation Directors meeting in accordance with the Foundation Articles will apply to Emergency Meetings, except that:

- (A) an Emergency Meeting may be convened by the Security Council without prior notice to the Foundation Directors;
- (B) there is no quorum requirement for an Emergency Meeting; and
- (C) the Foundation Directors will not publish minutes of an Emergency Meeting until the underlying security threat has been remedied or judged to no longer be a threat, in the discretion of the Foundation Directors and the Security Council.

4. **Security Council**

- (a) The provisions set out in the ArbitrumDAO Constitution, in particular “Section 3: The Security Council” and “Section 4: Security Council Elections”, shall apply.
- (b) The Security Council is a 12-member committee which is delegated the authority to engage in Emergency Actions and Non-Emergency Actions as described in the ArbitrumDAO Constitution, and is otherwise tasked with ensuring that AIPs are in compliance with the ArbitrumDAO Constitution.

5. **Proposal Phases, Requirements and Structure**

- (a) The provisions set out in Section 2 of the ArbitrumDAO Constitution shall apply.
- (b) **Foundation Director Rejection:** If, following the approval of an AIP by the ArbitrumDAO, a majority of the Foundation Director(s) acting in the best interests of the Foundation Company reasonably determine that such AIP, if implemented, would:
 - (A) compromise the Foundation Director(s)' fiduciary duties as they are owed to the Foundation;
 - (B) be in violation of these Bylaws, the Foundation Articles, the ArbitrumDAO Constitution, the AIP Process, any statutory requirements of Cayman Islands Laws or the laws or regulations of any other applicable jurisdiction;
 - (C) cause the Foundation to be in breach of any contracts, agreements or any other arrangements; and/or
 - (D) be against the best interests of the Foundation,

such Foundation Director(s) may direct the Security Council or take such other steps as are required to reject such AIP.

6. **Proposals regarding Foundation Directors**

- (a) As set forth in Section 3(a)(vi) and (vii) above, Foundation Directors may be appointed or removed from time to time in accordance with the AIP Process, or as otherwise set forth in the Foundation Articles, provided that the Foundation must always have one director. For the avoidance of doubt, the Tokenholders may elect or remove the

Foundation Directors, or expand or reduce the number of Foundation Directors, pursuant to their approval of a Non-Constitutional AIP.

7. **Relationship between the Foundation and the Tokenholders**

(a) The Tokenholders are represented by the Foundation, which represents the Tokenholders' interests in connection with contractual and legal processes, including regulatory compliance and those other matters set forth in the Foundation Articles.

(b) The Foundation has engaged with certain third parties to provide services as the Foundation Director(s) and Foundation Supervisor, as required by Cayman Islands Law. In accordance with the terms of the Foundation Articles and these Bylaws, and subject to Cayman Islands Law, the Foundation Director(s) and Foundation Supervisor are required to act at the direction of the Tokenholders in respect of certain matters.

(c) The Tokenholders have the authority to make certain decisions in relation to the Foundation as set forth in these Bylaws, the ArbitrumDAO Constitution, and the Foundation Articles. In the event there is ever a conflict between the decisions of the Foundation and the Tokenholders, the decisions of the Tokenholders will prevail, unless a different outcome is required under Cayman Islands Law. For the avoidance of doubt, the Tokenholders have the ability, through the AIP process in the ArbitrumDAO Constitution, to replace directors, change the number of directors, and require the Foundation to take certain actions as set forth in these Bylaws, the ArbitrumDAO Constitution, and the Foundation Articles.

(d) The Tokenholders shall ensure that the Foundation has sufficient authority and resources, including funding, to execute upon the Foundation's mandate, meet the Foundation's obligations under applicable law, and satisfy the Foundation's contractual obligations entered into in accordance with the Foundation Articles or these Bylaws.

(e) The Foundation's Directors are authorised to take any actions reasonably necessary on behalf of the Foundation to give effect to a vote of the Tokenholders including passing any director resolutions to memorialise such vote.

(f) To the extent there is ever a conflict between the provisions of the Bylaws and the Foundation Articles, the Foundation Articles will prevail.

(g) Foundation Directors are not fiduciaries for the Tokenholders.

8. **Dispute Resolution**

(a) Should a controversy, dispute or claim arise out of or in relation to these Bylaws ("**Dispute**"), the Foundation, the Directors, the Supervisor or the Tokenholders (as appropriate) must give 30 days' notice of such Dispute to the relevant party/ies (the "**Notice of Dispute**"). Should the Dispute not be resolved at the expiration of 30 days after service of the Notice of Dispute, the relevant party may commence arbitration proceedings in accordance with (b) below. In any dispute involving the actions of the Foundation Directors or the Supervisor, the Foundation, and not the Foundation Directors or Supervisor, shall be party to the arbitration proceedings.

(b) Should the Dispute remain at the expiration of 30 days after service of the Notice of Dispute, the Dispute shall be settled by arbitration administered by the International Centre for Dispute Resolution in accordance with its International Arbitration Rules (the "**Rules**"). The arbitration shall be seated in George Town, Grand Cayman and governed by Cayman Islands law. The language of the arbitration shall be English. The arbitration shall be determined by a sole arbitrator to be appointed in accordance with the Rules. Any award or decision made by the arbitrator shall be in writing and shall be final and binding on the parties without any right of appeal, and judgment upon any award thus obtained may be entered in or enforced by any court having jurisdiction thereof. No action at law or in equity based upon any claim arising out of or related to these Bylaws shall be instituted in any court of any jurisdiction.