

FlexUp Charter General Conditions (Charter-GC)

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SECTION I – INTRODUCTION

Article 1. FlexUp Economic Model

The FlexUp Economic Model is designed to foster the virtuous development of projects, businesses, organisations, and society at large. It promotes collaboration among individuals and groups, based on principles of simplification, non-discrimination, transparency, and alignment of interests. The model focuses on the creation and implementation of virtuous mechanisms and systems that support businesses resilience, wealth creation and fair wealth distribution, with a strong focus on social, governance, and environmental considerations.

Article 2. Composition of the Charter

- 2.1 The Charter sets out the practical implementation of the FlexUp Economic Model,
- 2.2 The Charter is composed of the following documents, in descending order of priority:
 - a) the FlexUp Charter Special Conditions ("**Charter-SC**"),
 - b) the FlexUp Charter General Conditions ("**Charter-GC**"), i.e., the present document,which together define the binding framework through which the FlexUp Economic Model is applied to this specific Project (the "**Charter**"). They form an inseparable contractual whole.
- 2.3 The Charter-SC specifically defines the nature of the Project, the identity of its Holder, and sets out any Exceptions or Extensions to the Charter-GC for this Project.
- 2.4 The Charter-GC establishes the general operating framework of the FlexUp Economic Model and applies to all FlexUp Projects globally.
- 2.5 In case of conflict or contradiction within the documents mentioned in Article 2.2 above, precedence will be accorded in line with their listed priority.

Article 3. Object

- 3.1 The purpose of the Charter is to define:
 - a) how the Holder will develop and manage the Project, particularly in relation to the rules governing the use and allocation of cash; and
 - b) the terms of collaboration between the Holder and the Associates involved in the Project.
- 3.2 The intent is to engage Associates in the Project's development, sharing of risks, and participation in profits through a common remuneration system that ensures transparency and aligns the interests of the Holder and the Associates.

Article 4. Definitions and Parameters

- 4.1 Capitalized words are Defined Terms, whose definitions are given in Appendix 1 (the "**Glossary**") or, if not there, elsewhere in the Contract. An index of Defined Terms is given in Appendix 11.
- 4.2 Some Defined Terms may be similar to terms that have a different common meaning from that given in the definitions in this Article or elsewhere in the Charter. Where these terms begin with an uppercase letter, they are considered as Defined Terms and the definitions given in the Glossary or elsewhere in the Charter apply. However, where these terms are written in lower case letters, they are not Defined Terms, and the common meaning of these terms applies.

4.3 Text that is highlighted in yellow are “Parameters”. For each Parameter, a default value is provided in the Charter-GC, and a list or range of possible values is provided in Appendix 12.

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SECTION II - PROJECT MANAGEMENT AND GOVERNANCE

Article 6. Holder

- 6.1 The Charter allows for two configurations of the Holder-Project relationship:
- a) **"Single-Project Holder"**: The Holder is a Legal Entity, exclusively dedicated to a single Project. In this case:
 - i. The Project and the Holder are one and the same entity.
 - ii. The Defined Terms "Project" and "Holder" are synonymous throughout the Charter.
 - iii. The Project cannot be transferred to another Holder.
 - iv. All Operations of the Holder relate to the Project and vice versa.
 - b) **"Multi-Project Holder"**: The Holder manages multiple Projects. In this case:
 - i. The Project is a distinct economic entity within the Holder's broader operations.
 - ii. The Project belongs to the Holder.
 - iii. The Project may be transferred to another Holder as per Article 6.6.
 - iv. Only Operations specifically related to the Project are governed by this Charter.
- 6.2 The specific configuration applicable to this Charter is defined in the Charter-SC.
- 6.3 Adherence to the Charter does not grant the Associate any power, mandate, proxy or right to represent the Holder or the Project. The Associate may not act on behalf of the Holder or the Project without the Holder's prior agreement In Writing.
- 6.4 Subject to any provisions to the contrary contained in the Charter or in the respective Associate Contracts of each Associate:
- a) The Holder remains free to manage the Project as they see fit, as per applicable legislation, and – if the Holder is a Legal Entity – in accordance with the Holder's internal governance documents (such as its bylaws, articles of association, or statutes).
 - b) the Associates have no rights over the Project or the Holder other than those conferred by the Charter or by any Contract they have with the Project.
 - c) The Holder and Secretary must ensure that all actions and decisions are compliant with the applicable legal and regulatory frameworks, including securities laws, corporate governance standards, and financial reporting obligations.
- 6.5 The Charter is a contractual document that binds the Project and the Associates.
- a) For the avoidance of doubt, in case the Holder is a Legal Entity, the Charter does not replace or modify the Holder's internal governance (such as its bylaws, articles of association, or statutes).
- 6.6 For Multi-Project Holders only:
- a) On a proposal of **the Holder**, the Assembly may at any time decide, by Major decision, to transfer the Project to another Owner, under the conditions defined in the said proposal, entailing a modification of the Charter-SC in order to indicate in particular the identity of the new Holder and to provide for the transfer of ownership of the Project to the new Owner (who will subsequently be referred to as the new Holder).
 - b) If the former Holder holds Tokens, he remains an Associate of the Project.
 - c) Any Holding Agreement executed with the former Holder shall automatically terminate on the date of transfer of ownership of the Project. Any amounts owed by the Project to the former Holder under the former Holding Agreement shall be paid to the former Holder as per the terms of the said former Holding Agreement.

- d) Any other Regulated Contract will be replaced by a new Contract, on identical terms, signed between the former Holder (as a Participant) and the new Holder (as a Project).

Article 7. Secretary

- 7.1 For the purposes of the Project and of the Charter, the Holder **may** appoint a "Secretary", a Legal Person (Individual or Legal Entity) or a Subaccount belonging to a Legal Person, Associate or not.
- a) The Secretary is empowered to represent the Project in dealings with Third Parties, either alone or together with the Holder's representative(s) mentioned in Article 10.8.
 - b) The deed of appointment of the Secretary by the Holder shall specify the conditions, in particular the duration and any remuneration.
 - c) The Holder may at any time terminate the appointment of the Secretary and appoint a new Secretary with immediate effect.
 - d) The Holder shall notify the Associates of the appointment and dismissal of the Secretary within a maximum period of **7ⁱⁱⁱ** days In Writing.
 - e) In the absence of a Secretary, the representative of the Holder designated in Article 10.8 shall automatically assume the role of Secretary with respect to the Charter.

Article 8. Council

8.1 Composition of the Council

- a) The "Council" is composed of a maximum of **5^v** Accounts (the "Council Members"): the Secretary, who chairs it, and a maximum of **4^v** "Councillors".
- b) The Councillors shall be elected by the Associates in the manner indicated in Article 8.2 (the "Election") for a term of office beginning **on the day following^{vi}** of the Assembly Meeting which elected them and ending **on the day^{vii}** of the Annual Meeting of the following year at midnight;
- c) Councillors **are not^{viii}** remunerated for their mandate, and any related expenses (travel, etc.) **remain at their charge^x**.
- d) The Assembly may decide to dismiss a Councillor at any time.
- e) A dismissed Councillor may not be reappointed or stand for election to the Council without approval of the Assembly.
- f) In the event of dismissal, resignation, death, or incapacity of one or more Councillors (a "Vacancy"), or at any other time as decided by the Secretary, a new Election shall be held in which all positions are renewed. The Election shall take place within **45^x** days of the said Vacancy or decision. The Council shall not take any decision during this period, except in case of emergency duly justified In Writing by the Council in its decision.

8.2 Election of the Council

- a) For each Election, an "Election Window" is opened **30^{xi}** days before the date of the Meeting recording the results of the Election and closes **2^{xii}** days before the date of the said Meeting, at **midnight^{xiii} Paris time^{xiv}**.
- b) At any time during the Election Window, each Associate may:
 - i. nominate a candidate of its choice, an Account, Associate or not, other than the Secretary;
 - ii. vote for one or more of the candidates, including by splitting his votes between several candidates;
 - iii. if they have already voted, change their vote as many times as they wish, considering the evolution of the votes for the different candidates.
- c) During the Election Window, the Project will communicate, at least **once a week^{xv}** the updated list of candidates and the number of votes received by each.
- d) At the close of the Election Window, the **4^{xvi}** candidates with the most votes are elected to the Council.
- e) If there are fewer than **4^{xvii}** candidates, all candidates shall be elected as Councillors and the number

of Councillors shall be less than the maximum indicated in Article 8.1a).

8.3 Council meetings

- a) The Council shall meet at least one time per quarter^{xxiii}, convened In Writing, by the Secretary or by a joint request from at least 2 Councillors, with at least 7^{xxix} days' notice. The notice shall contain: the date, time and place of the meeting, the teleconference connection arrangements, if any, the agenda for discussion, the list of Council Members, as well as any document that may be useful for a proper understanding of the issues to be discussed.
- b) If all Council Members agree, a Council meeting may validly take place without all the conditions of Article 8.3a) having been fulfilled.
- c) Each Council Member may participate in the discussions in person or by teleconference.
- d) If they do not participate, each Council Member may express his opinion In Writing to the Secretary, not later than the day before the meeting, on each of the items on the agenda and, if applicable, his vote on one or more resolutions if their text was transmitted with the convocation. If the text of a resolution is drafted or modified during the meeting, the votes transmitted In Writing are not considered.

8.4 Council decisions

- a) Each Council Member has one vote^{xx}.
- b) Decisions of the Council may be taken at a Council meeting or by written consultation, on a proposal from the Secretary or by a joint proposal from at least 2 Councillors.
- c) Decisions of the Council shall be taken if 50% or more^{xxi} of the existing votes are in favour, irrespective of the number of votes participating in the vote. In the event of a tie, the vote of the Secretary shall prevail^{xxii}.

8.5 The decisions subject to a Council vote and their effect on the Project (binding or advisory) are described in Appendix 5.

Article 9. Assembly

9.1 Assembly Meetings

- a) The Assembly meetings shall be convened In Writing by (i) the Secretary, (ii) a minimum of 2^{xxiii} Councillors or (iii) one or more Associates holding, in aggregate, at least 10^{xxiv} % of the votes, with 7^{xxv} days' notice (the "Meeting").
- b) For each Financial Year, the first Meeting scheduled for the approval of the Annual Report (the "Ordinary Meeting") shall take place within 3^{xxvi} months from the beginning of that Financial Year. If the Assembly does not approve the Annual Report at the Ordinary Meeting, it shall be reconvened within 30 days.
- c) Other meetings of the Assembly (the "Extraordinary Meetings") shall be convened as and when necessary.
- d) The convocations contain:
 - i. for all Meetings: the date, time and place of the meeting, the agenda of the discussions and, if applicable: the teleconference arrangements, if any, the text of the resolutions, as well as any document that may be useful for a good understanding of the subjects on the agenda.
 - ii. for the Ordinary Meeting: a report on the progress of the Project and its prospects and the Annual Report;
 - iii. for any resolution relating to an amendment to the Charter or for which voting In Writing is also accepted: the text of the said resolution.
- e) A Meeting may validly take place even if the conditions of Articles 9.1a), 9.1b) and 9.1d) have not been complied with, as long as 75^{xxvii} % of the existing votes are in favour.
- f) The Associates may participate in the discussions at the place indicated in the convocation or by

teleconference, in person or through a representative, Associate or not, mandated In Writing.

- g) If the text of the resolutions has been sent with the convocation, the text of the resolutions may only be amended during the Meeting if 50^{xxviii} % of the existing votes are in favour.
- h) If voting In Writing is allowed, any Associate may vote by any written means indicated by the Secretary, including via the Platform. Voting In Writing shall be open to Associates from the day after the convocation is sent. Voting In Writing ends the day before the Meeting at midnight. Failure to reply within this time limit will be considered as an abstention by the Associate. If the text of a resolution has been sent with the convocation and it is modified during the Meeting (Article 9.1g), the Associate who voted In Writing shall be deemed to have abstained from voting on the new text of this resolution.

9.2 Assembly decisions

- a) The votes at the Assembly are distributed according to the percentage of Tokens held by each Associate.
- b) An Assembly decision can be taken:
 - i. by a vote in a Meeting (including votes In Writing) (Article 9.1 or, if applicable, Article 9.2f), or
 - ii. by a consultation In Writing signed by one or more Associates.
- c) In the absence of participation or representation at a Meeting, each Associate may cast his vote In Writing to the Secretary not later than the day before the Meeting on any resolution the text of which was included in the notice of meeting.
- d) A "Simple" decision of the Assembly is taken:
 - i. by a vote in a Meeting if more than 50% of the votes cast are in favour, with a quorum of 50% of the existing votes; or
 - ii. by a consultation In Writing, provided it is signed in favour by one or more Associates holding at least 50%^{xxix} of the existing votes.
- e) A "Major" decision of the Assembly is taken:
 - i. by a vote in a Meeting if more than 75%^{xxx} of the votes expressed (excluding abstentions) are in favour, provided that Associates holding at least 67%^{xxxi} of the existing votes are present or represented; or
 - ii. by a consultation In Writing, provided it is signed in favour by one or more Associates holding at least 75%^{xxxii} of the existing votes.
- f) If the quorum, as indicated in d) or e) as the case may be, required for a decision is not reached, then that decision may again be put to a vote by the Assembly at a further Meeting or consultation In Writing, with a minimum of 30 days' notice. At this second vote, the quorum indicated in d) or e) as the case may be, shall not apply.

9.3 A copy of the decisions of the Assembly shall be made available to the Associates.

9.4 The decisions subject to the Assembly, their type (Simple or Major) and their effect on the Project (binding or advisory), are described in Appendix 5. Any Assembly decision that is not explicitly qualified as Major is considered as a Simple decision.

Article 10. Other management principles and governance

10.1 Transparency

- a) All Associates holding Tokens have access to the Cashflow Plan and the Annual Report (Actual, Budget and Forecast).
- b) Councillors have access to the details of all Operations.
- c) Information provided under paragraph a) and b) above are considered Confidential Information, and are subject to the confidentiality provisions given in Article 27 or to any other more stringent confidentiality provisions that the Associate and/or Councillor may be subject to.

- d) By way of exception from paragraph b) above, a Councillor with a Conflict of Interests shall not have access to Confidential Information relating to that Conflict of Interests.
- e) The Project shall notably use the Platform to comply with its transparency obligations as defined in the present Article according to the available functionalities.

10.2 Promotion of the General Interest

Each FlexUp Project must seek above all to serve the common good and the general interest, with particular emphasis on environmental sustainability and social, individual and collective well-being. This means contributing to well-being and promoting interests, both individual and collective, at several spatial and temporal levels, in particular:

- a) first the broadest groups, including the Earth, society as a whole, and focusing on social, societal and environmental aspects;
- b) then intermediate groups, such as the local communities in which the Project is located;
- c) and finally, the individuals, including Third Parties and Associates, considering both their collective interest, such as the proper development of the Project and the preservation of the value of their Credits and the increase in the value of the Tokens, and the individual interest of each;

These interests must be considered taking into account the short, medium and long term perspectives, focusing first on the long term (such as honouring the Project's existing commitments and ensuring its economic sustainability), then the medium term, and finally the short term.

In the event of a Conflict of Interests, the respective costs and benefits should be assessed, and ways sought to minimise and offset the costs. This assessment must take account of the fact that impacts closer to home (spatially and temporally) are generally more certain and easier to assess, whereas impacts further away are more uncertain and more difficult to assess. A risk or uncertainty factor must therefore be considered to correct the assessment of relative costs and benefits.

These principles will guide the actions and decisions of the Project Holder, the Secretary and the Advisors in relation to the Project and must be respected in all activities relating to the FlexUp Project.

These principals of common good and general interests are collectively referred to as the "**General Interest**".

10.3 Conflict of Interests

- a) The Holder, the Secretary, each Councillor (or candidate) and each Associate is required to declare to the Holder and to the Council any interest that he or she has or may have, directly or indirectly (including as an Affiliate of a project or company competing with the Project) which is likely to conflict with the interest of the Project (a "**Conflict of Interests**"). All Conflicts of Interest must be managed in accordance with applicable laws and regulations, and any unresolved conflicts must be disclosed in the Project's Annual Report or other relevant filings.
- b) A Legal Person with a Conflict of Interests may not participate in the taking of a decision on which the Conflict of Interests is likely to influence his or her vote unless a **Simple**^{xxxiii} decision of the other Associates allows him to do so.

10.4 Regulated Operations

- a) Any Operation between the Project, on the one hand, and the Holder, the Secretary, and Councillor or any other Participant Affiliated to the Project, on the other hand, is called "**Regulated**".
- b) The Project is required to submit to the Council (Appendix 5.c):
 - i. for prior approval: any confirmation or modification of a Regulated Contract or Order;
 - ii. for discharge: an annual summary of all Regulated Operations.
- c) All Regulated Operations must comply with applicable laws and regulations, including those governing conflicts of interest, and must be reported to the relevant regulatory bodies where required.

10.5 Holding Agreement

The Holder shall draw up, with the agreement of the Council, a Contract defining the terms and conditions of the Holding of the Project (the "**Holding Agreement**", which shall be a Regulated Contract), including:

- a) the Products supplied by the Holder to the Project and the corresponding Remuneration;
- b) the way taxes, fees, overheads, or any other costs incurred by Holder are allocated to the Project;
- c) either on a flat rate basis,
- d) or on an actual basis according to a transparent and fair distribution key;
- e) the conditions for transferring the Project to another Holder, subject to a Major decision of the Assembly.

10.6 Communication by e-mail

- a) To enable e-mail communication between the Project and the Associates, each is required to provide his/her correspondent(s) with the e-mail address(es) to be used for sending e-mails to his/her attention.
- b) It is the responsibility of each individual to ensure that his or her email services are operational and correctly configured in order to receive and read the emails sent to him or her once they have been validly sent by the sender to the address provided.

10.7 Groupings

- a) In the case of a Grouping, the Constituents of the Grouping shall enter into a "**Grouping Agreement**".
 - i. This Grouping Agreement shall define the terms and conditions governing the collaboration of its Constituents, including the distribution of rights, responsibilities, and obligations in their joint role as Legal Owners of the Grouping .
 - ii. In the absence of a Grouping Agreement, each Constituent of the Grouping shall be individually liable for all rights, duties, and obligations related to the Account.
- b) The Grouping Agreement shall appoint a representative (the "**Grouping Representative**") who, unless expressly stated otherwise, shall be responsible for:
 - i. Receiving any notifications related to the Project;
 - ii. Acting as the Grouping's representative for any legal, accounting, or fiscal matters, including but not limited to invoices and contracts.
- c) The Grouping Agreement is binding only on its signatories and does not confer any rights, benefits, or obligations on third parties.

10.8 Representation

- a) Each Account is represented by its Owner, who in turn is represented by, as the case may be:
 - i. by the Individual him/herself if the Owner is an Individual,
 - ii. by its legal representative if it is a Legal Entity,
 - iii. by the Grouping Representative if it is a Grouping, referred to as the "**Representative**".
- b) By way of exception from Article 10.8a) the Owner of an Account may appoint any other Legal Person to represent him/her, subject to notification In Writing:
 - i. to the Project if that Account is a Participant,
 - ii. to the Council if this Account is the Project.

10.9 Rights and obligations of an Account

- a) If an Account does not have its own legal personality, all the rights and obligations arising from the Charter, or the Associate Contracts attached to this Account apply to the Owner of the said Account for which he is committed and solely responsible.

- b) If the Owner is a Grouping, the rights and obligations are shared by the members of the Grouping in accordance with the terms of the Grouping Agreement. This means that, unless expressly stated otherwise in the Grouping Agreement, the members of the grouping are collectively responsible for the performance of the Obligations and collectively benefit from the rights granted to the Account. The Grouping Representative, designated by the Grouping Agreement, acts as the representative of the grouping in the exercise of these rights and obligations.

SECTION III - FINANCIAL MANAGEMENT

Article 11. Monthly Cycle

11.1 The Project conducts a monthly cash management cycle ("**Monthly Cycle**") at least once per calendar month.

For each Monthly Cycle:

11.2 The "**Resolution Effective Date**" is the date for which the Monthly Cycle is executed and may be equal to or prior to the actual execution date. It is used to determine the balance of the Reserves for the Resolutions. If there is a single Monthly Cycle, its Resolution Date is should normally be the 20thxxxiv of each month. If there is a second Monthly Cycle, its Resolution Effective Date should normally be the 5thxxxv of each month. Actual Resolution Effective Dates may vary depending on circumstances.

11.3 The "**Resolution Cutoff Date**" is the date used to filter Outflows that will be processed by in that Monthly Cycle. Any Outflows whose Due Date is after the Cutoff Date will not be taken into account in this Monthly Cycle. If the Resolution Date is on or before the 15th of the month, the Cutoff Date is the end of the month; otherwise, it is the end of the following month.

11.4 The Project evaluates and identifies:

- a) the balance of "**Monthly Reserves**" (Liquidity, Flex, Base, Strategic) on the Resolution Date.
- b) the Outflows which meet these criteria ("**Selected Outflows**"):
 - i. Priority is a "**Monthly Priority**" (Firm, Preferred, Flex, or Superflex),
 - ii. Due Date is on or before the Cutoff Date,
 - iii. Outflow status was "**Active**" (valid Due Date and Principal) on the Resolution Date.
- c) the "**Target Balance**" of the Base Reserve and Flex Reserve.

11.5 On the Resolution Date, the Project executes each "**Monthly Resolution**" in this order:

- a) Firm Outflows Resolution,
- b) Preferred Outflows Resolution,
- c) Base Reserve Resolution,
- d) Flex Outflows Resolution,
- e) Flex Reserve Resolution,
- f) Superflex Outflows Resolution.

For each Monthly Resolution

11.6 The "**Available Reserves**" (given in the order in which they can be drawn from) are as follows:

- a) Firm Outflows: Liquidity, Flex, Base, Strategic,
- b) Preferred Outflows: Liquidity, Flex, Base, Strategic,
- c) Base Reserve: Liquidity, Flex,
- d) Flex Outflows: Liquidity, Flex,
- e) Flex Reserve: Liquidity,

f) Superflex Outflows: Liquidity

11.7 The applicable Outflow Resolution Mechanisms, as described in Appendix 6, are as follows:

- a) Firm Outflows: Manual,
- b) Preferred and Flex Outflows: **Proportional**^{xxxvi},
- c) Superflex Outflows: **Capped**^{xxxvii}.

11.8 For each Outflows Resolution:

- a) Selected Outflows are further filtered by the corresponding Priority.
- b) "**Available Cash**" is the sum of Available Reserves' balances,
- c) "**Total Due Amount**" is the sum of Selected Outflows' Due Amounts,
- d) "**Total Payable Amount**" is the minimum between Available Cash and Total Due Amount,
- e) Total Payable Amount is allocated to from the Available Reserves to the Payable Reserve,
- f) Total Payable Amount is distributed to Selected Outflows as per the corresponding Resolution Mechanisms,
- g) for each Selected Outflow:
 - i. the status is updated to 'Resolved',
 - ii. the "**Payable Amount**" is as per Article 11.8f),
 - iii. the "**Residue Amount**" is Due Amount minus Payable Amount,
- h) any Residue Amount is Deferred as a new Outflow as per the Tranche's Payment Terms (Appendix 2).

11.9 For each Reserve Resolution:

- a) "**Available Cash**" is the sum of Available Reserves' balances,
- b) "**Target Balance**" is calculated as follows:
 - i. **Base Reserve**: sum of Base Outflows over the next 12 months,
 - ii. **Flex Reserve**: sum of Flex Outflows for the next 6 months.
- c) Council may approve reducing Target Balances by all or part of Probable Inflows (Appendix 10).
- d) "**Delta**" is Target Balance minus current balance,
 - i. if Delta is positive, the Delta is allocated from the Available Reserves to this Resolution's corresponding Reserve,
 - ii. if Delta is negative, the absolute value of Delta is allocated from this Resolution's corresponding Reserve to the Liquidity.

11.10 After the Monthly Cycle, the Project pays the Payable Amount from the Payable Reserve for each Outflow marked as Payable before their respective Due Dates.

Article 12. Deferral

12.1 If, following a Resolution, the Residue of an Outflow (the "**Current Iteration**") is greater than zero, a new Outflow (the "**Next Iteration**") is created and linked to the same Tranche to carry this Residue (a "**Deferral**").

12.2 In case of Deferral:

- a) the status of Current Iteration is changed to "**Resolved**",
- b) the Payable Amount of the Current Iteration becomes due on its Due Date,
- c) the Residue Amount of the Current Iteration is transferred to the New Iteration, and shall become due on the Next Iteration's Due Date,
- d) the status of New Iteration is set to "**Active**", and the other properties of the New Iteration are determined based on the Payment Terms of the Tranche (Appendix 2).

Article 13. Cashflow Plan

Each **year**^{xxxviii}, or at any other time as needed at the Project's initiative:

- 13.1 The Project provides the Council with a "**Cashflow Plan**" presenting, in actual values over the last 12 months, and in scheduled or forecast values for the next **12**^{xxxix} months, the following amounts for each calendar month:
- a) the initial Cash at the beginning of the month, divided between the different Reserves;
 - b) the various Inflows, Outflows (grouped by Priority), Allocations, Flow and Surpluses, as per Appendix 4 ;
 - c) the main indicators set out in Article 11 for Monthly Resolutions, and in Article 18 for Annual Resolutions.

Article 14. Annual Report

- 14.1 Within **30** days from the start of each Financial Year, and at any other time as needed at the Project's initiative, the Project creates an "**Annual Report**" and submits it to the Council for approval. The Annual Report includes the following sections:
- a) a summary of the key events from the previous Financial Year,
 - b) primary objectives for the upcoming Financial Year,
 - c) the "**Actual**" cashflow for the previous Financial Year (N-1),
 - d) the "**Budget**" cashflow for the new Financial Year (N),
 - e) the "**Forecast**" cashflow for the following Financial Year(N+1),
- and, if applicable:
- f) a proposed "**Allotment Key**" if different from the default one given in Article 16.5.
 - g) a proposed "**Token Buyback Price**" if different from the Token Index given in Article 20,
- 14.2 The Council can approve or reject each section of the Annual Report:
- a) in case of approval: with or without reservations, or
 - b) in case of refusal: providing reasons for the refusal and possibly additional reservations.
- 14.3 The Project may:
- a) resubmit the Annual Report to the Council as many times as needed, addressing all or some of the Council's reservations and objections, or
 - b) finalise the Annual Report, regardless of the Council's approval. In this case, the Project shall respond In Writing to each of the Council's remaining objections and reservations and attach the responses to the Annual Report.
- 14.4 Once finalised following review by the Council, the Project submits the Annual Report to the Assembly for approval.
- a) The Annual Report must be prepared in accordance with applicable financial reporting standards and must include disclosures required by relevant regulatory bodies, including any material risks, compliance with securities laws, and any other legal obligations.
 - b) The approval process for the Assembly follows the same steps as outlined in Article 11.2 and 11.3, with the Assembly taking the role of the Council in this process.
 - c) The finalised version of the Annual Report, following review by the Assembly, is made available to all Associates.
- 14.5 The Project may only commit to new Outflows if:
- a) they were foreseen in the last version of the Budget finalised under the conditions of Article 14 or, failing that, if a Budget has not yet been finalised for a given Financial Year, the last Forecast finalised for that same Financial Year, or

b) if they have been individually approved by the Council.

14.6 In addition, the Project may only commit to new Outflows with a Base Priority if the balance of the Base Reserve is sufficient to cover it, or if an Associate has committed to cover it as per Article 21.

Article 15. Annual Cycle

15.1 The Project conducts an annual cash management cycle ("**Annual Cycle**") at least once per year.

15.2 An Annual Cycle is composed of two successive multi-step processes:

- a) "**Allotment Process**": the Net Excess Cash is allocated to the various Annual Reserves according to the Allotment Key,
- b) "**Annual Resolutions**" process: part of this cash is used to pay Equity Outflows.

15.3 An Annual Cycle can be:

- a) an "**Ordinary Cycle**": which is conducted by the Project in the first quarter of each Financial Year,
- b) an "**Extraordinary Cycle**": which can be conducted by the Project in any subsequent quarter.

15.4 For each Annual Cycle, the "**Reference Date**" is equal to the last Monthly Resolution Date of the previous month.

Article 16. Allotment Process

Overview

16.1 An Allotment Process is composed of two successive steps:

- a) allocating the Net Excess Cash from the Liquidity reserve to the Allotment Reserve, then
- b) allocating the balance of the Allotment Reserve to the various Annual Reserves according to the Allotment Key.

Step 1 - Allocation to the Allotment Reserve

16.2 For each Allotment Process, the Project allocates the Net Excess Cash to the "**Allotment Reserve**" on the Reference Date.

16.3 The Allotment Reserve is used exclusively for the Allotment as described in this Article.

16.4 Extraordinary Cycles are subject to the approval, by a Major Decision of the Assembly, of an updated Annual Report submitted by the Project for this purpose as per Article 14.4. If this approval is not given within 60 days of the Reference Date, the Extraordinary Cycle is cancelled, and any funds in the Allotment Reserve are allocated back to the Liquidity.

Step 2 - Allocation according to the Allotment Key

16.5 Subject to applicable regulation, and unless the Assembly approves by Major Decision a different "**Allotment Key**", as proposed by the Project in the corresponding Annual Report, the Project allocates the balance of the Allotment Reserve (the "**Allotment**") to the "**Annual Reserves**" according to the following Allotment Key:

- 30^{xt} % to the Strategic Reserve,
- 40^{xli} % to the Credit Buyback Reserve,
- 10^{xlii} % to the Token Buyback Reserve,
- 10^{xliii} % to the Distribution Reserve,
- 10^{xliv} % to the Endowment Reserve.

16.6 If the Project proposes a different Allotment Key, the sum of the percentages must be equal to 100%, and no percentage can be less than 5%.

Article 17. Annual Reserves

Strategic Reserve

17.1 The Strategic Reserve is funded by:

- a) the corresponding Allotment,
- b) any Inflow Funding or Inflow Donation explicitly allocated to it by the Payor.

17.2 The Strategic Reserve is available for:

- a) Base Outflows, but only after the Liquidity, Flex and Base Reserves have been exhausted; and
- b) any other use proposed by the Project and validated by the Council.

Credit Buyback Reserve

17.3 The Credit Buyback Reserve is funded by:

- a) the corresponding Allotment,
- b) any Surplus from the Token Buyback Resolution,
- c) any Inflow Funding or Inflow Donation explicitly allocated to it by the Payor.

17.4 The Credit Buyback Reserve is used exclusively for the Credit Buyback Resolution (Article 18).

Token Buyback Reserve

17.5 The Token Buyback Reserve is funded by:

- a) the corresponding Allotment,
- b) any Surplus from the Credit Buyback Resolution,
- c) any Inflow Funding or Inflow Donation explicitly allocated to it by the Payor.

17.6 The Token Buyback Reserve is used exclusively for the Token Buyback Resolution (Article 18).

Distribution Reserve

17.7 The Distribution Reserve can be funded by:

- a) the corresponding Allotment,
- b) any Surplus from the Credit Buyback Resolution or Token Buyback Resolution,
- c) any Inflow Funding, Inflow Donation explicitly allocated to it by the Payor.

17.8 The Distribution Reserve is used exclusively for the Distribution Resolution (Article 18).

Endowment Reserve

17.9 The Endowment Reserve can be funded by:

- a) the corresponding Allotment,
- b) any Inflow Donation explicitly assigned to it.

17.10 The funds available in the Endowment Reserve are used exclusively to fund one or more Endowment Accounts.

17.11 An Endowment Account has as its exclusive purpose the financing of "**Beneficiaries**" (Legal Persons, Groupings, etc.) having a "**Vocation**" (purpose or activity) that is "**Beneficial**" (having a positive social, environmental, or societal impact), and the related supervision and management.

17.12 The nature of the financing mentioned above ("**Endowments**") may notably include donations, loans (including soft loans, subsidised loans, equity loans, etc.), investments, or funding under the FlexUp Model.

- 17.13 A Beneficiary can notably be an individual, a collective, an association, a company (in particular a social and solidarity company), a foundation, an investment fund (in particular a sustainable and responsible fund), a FlexUp Community.
- 17.14 The Beneficiary shall justify, a priori and a posteriori, the proper use of the Endowments, as per the Beneficiary's Vocation.
- 17.15 Beneficial Vocations may notably include:
- a) development, promotion, training, and implementation of the FlexUp economic model, of the FlexUp Community model and of other collaborative systems that improve the quality of life of individuals and the functioning of society;
 - b) support for social entrepreneurship, development of local economies in regions in difficulty;
 - c) support for sustainable development and ecological transition.
- 17.16 An "**Endowment Account**" is an Account independent of the Project and is therefore not accounted for in the Project's FlexUp Accounting. It has its own FlexUp Accounting, the summary of which is accessible to the Project's Council. It is held and managed by a specialised Participant, certified by FlexUp, proposed by the Project, and approved by the Assembly. Any income generated by the Endowment Account from its financing activities remains in this Account and will be reinvested in other Beneficiaries.
- 17.17 The proper use by the Endowment Account of funds provided by the Project may be audited at any time at the request of the Project.
- a) Such audits will be conducted by an independent, certified auditing firm agreed upon by the Project and the Participant managing the Endowment Account and paid for by the Project.
 - b) In the case of discrepancies or misuse of funds, the Project reserves the right to mandate remedial action against the Participant, which may include but is not limited to, reallocation of funds, financial compensation and penalties, termination of Participant's management of the Endowment Account, or legal action. In addition, the audit cost incurred by the Project shall be reimbursed by the Participant.

Article 18. Annual Resolutions

For each Annual Resolutions Process:

- 18.1 Upon initiating the Annual Resolutions Process, the Project assesses:
- a) the balance of the "**Annual Reserves**", which include the Credit Buyback Reserve, Token Buyback Reserve and Distribution Reserve, following the Allotment.
 - i. If the current balance of the Annual Reserves is different from what it was following the Allotment, then latest value is used, and the Project shall justify the difference in Writing to the Council.
 - ii. If the resulting balance is 0, the corresponding Resolution does not take place.
 - b) the outstanding Equity Outflows which have not yet been marked as "Payable" (the "**Selected Outflows**").
- 18.2 Within **7** days of initiating the Annual Resolutions Process, the Project sends a notification In Writing to each Associate including:
- a) the balance of the Annual Reserves,
 - b) a summary of Associate's Selected Outflows,
 - c) a Buyback Request form,
 - d) the deadline for submitting a Buyback Request, which is **15^{xlv}** days after the notification date.
- 18.3 For each Selected Outflow:
- a) the Project and/or the corresponding Associate, depending on the applicable Payment Terms, may submit, at any time before the submission deadline, a "**Buyback Request**" for of all or part of the Outflow (from 0% to 100%, "**Buyback Request Percentage**") via the form,

- b) requests received before the submission deadline are considered "**Valid Buyback Request**".
- c) if both the Associate and the Project are entitled to make a Buyback Request and submit a request before the deadline, the highest of the two percentages is used as the Valid Buyback Request.

18.4 On the Resolution Date, the Project performs each "**Equity Resolution**" in the following order:

- a) Surplus Resolution,
- b) Credit Buyback Resolution,
- c) Token Buyback Resolution,
- d) Distribution Resolution.

18.5 The applicable Resolution Mechanisms, as described in Appendix 6, are as follows:

- a) Credit Buyback Resolution: **Capped**,
- b) Token Buyback Resolution: **Proportional**,
- c) Distribution Resolution: **Proportional**.

Credit and Token Buyback Resolutions

18.6 For each Buyback Resolution (Credit and Token):

- a) the "**Available Cash**" is equal to the corresponding Buyback Reserve's balances, if applicable after incorporating the Surplus from the other Buyback Resolution,
- b) the "**Total Due Amount**" is equal to the sum of the Due Amount (as defined in 18.7 and 18.9a)i below) for all corresponding Valid Buyback Requests,
- c) the "**Total Payable Amount**" is equal to the minimum between the Available Cash and the Total Due Amount,
- d) the Project immediately allocates the Total Payable Amount from the corresponding Buyback Reserve to the Payable Reserve,
- e) for each Valid Buyback Request:
 - i. the same steps as outlined in Article 11.8g) and 11.8h) apply, substituting "Selected Outflow" by "Valid Buyback Request".
- f) for each Selected Outflow:
 - i. the Outflow is marked "Payable",
 - ii. the "**Payable Amount**" is assigned as per Article 11.8f) above,
 - iii. the "**Residue Amount**" is equal to the difference between the Due Amount and the Payable Amount
- g) for any Selected Outflow that has a Residue Amount, this amount is Deferred as a new Outflow (the "**New Iteration**") whose properties are determined according to the Deferral Options of the Tranche' Payment Terms (Appendix 2).
- h) All allocations and payments shall be made in compliance with the applicable regulations and laws of the jurisdiction in which the allocation and payment occur.

Credit Buyback Resolution

18.7 For each Credit Buyback Resolution, and for each Valid Buyback Request, the Due Amount is equal to the Outstanding Amount multiplied by the Buyback Request Percentage.

Token Buyback Resolution

For each Token Buyback Resolution:

18.8 If the Token Buyback Price proposed by the Project in the Annual Report is not approved by the Assembly, the Token Buyback Resolution is equal to the Token Index, as defined in Article 20, at the Token Buyback Resolution Date.

18.9 For each Valid Buyback Request:

- a) the following values are calculated for the current Iteration:
 - i. Due Amount is equal to the product between: (i) the Number of Tokens, (ii) the Token Buyback Price, and (iii) the Buyback Request Percentage,
 - ii. Buyback Number of Tokens is equal to the Payable Amount divided by the Token Buyback Price,
 - iii. Residue Number of Tokens is equal to Payable Number of Tokens minus the Buyback Number of Tokens,
- b) if Residue Number of Tokens is greater than 0, the next Iteration is created with the following properties:
 - i. Reference Index is equal that of the current Iteration,
 - ii. Number of Tokens is equal to the Residue Number of Tokens of the current Iteration,
 - iii. Principal Amount is equal to Number of Tokens multiplied by the Reference Index,

Surplus Resolution

18.10 For each Surplus Resolution: if the balance of a Buyback Reserve (as calculated in 18.2a) is greater than the Total Due Amount for the corresponding Buyback Resolution (as calculated below), the difference (the "**Surplus**") is allocated to the other Buyback Reserve and, in the event of a Surplus of the latter, to the Distribution Reserve.

Distribution Resolution

18.11 For each Distribution Resolution

- a) The "**Available Cash**" is equal to the Distribution Reserve's balances, if applicable after incorporating the Surpluses from the Buyback Resolutions,
- b) the Project immediately allocates the Available Cash from the Distribution to the Payable Reserve,
- c) The Available Cash is distributed to all Tokens in the Selected Outflows according to the Resolution Mechanisms mentioned in Article 18.5 and Appendix 6, using the "Number of Tokens" of the associated Token as a basis for the Mechanism (as opposed to the Due Amount).
- d) for each Token in the Selected Outflows:
 - i. a new Distribution Outflow is created, linked this Token, and marked as "Payable",
 - ii. the "Payable Amount" for this Distribution is equal to the value calculated for this Token in Article 18.11c) above.

Payment

18.12 After the Annual Resolutions Date, and for each Outflow marked as Payable therein, the Project pays the Payable Amount, from the Payable Reserve within **7** days.

SECTION IV - MANAGEMENT OF THE CHARTER, ASSOCIATES AND ASSOCIATE CONTRACTS

Article 19. Associate

19.1 A Participant becomes an "**Associate**" as soon as he agrees to submit all or some of its relations with the Project to the terms of the Charter:

- a) by signing an Associate Contract, or
- b) by signing an Act of Adhesion, using the model given in Appendix 9, prior to the Transfer of Commitments to this Participant (Article 21).

19.2 A Participant remains an Associate until all the following conditions are met:

- a) expiry of all the Associate Contracts which bind him to the Project, even in the event of Downgrade;

b) payment or cancellation by the Project of all Outflows owed to that Associate.

19.3 The consequences of adherence to the Charter are as follows:

- a) The Associate accepts all the terms of the Charter and undertakes to respect them as long as he remains an Associate.
- b) The Associate confirms that he has fully understood the FlexUp Model and accepts that the timing and amount of payments related to Flexible Outflows that the Project may owe to the Associate may be subject to change, including because of the level of available cash, as per the Payment Terms of the corresponding Tranches and the terms of the Charter.
- c) The Project gives the Associate certain economic rights (participation in the results of the Project) and political rights (voting on certain decisions, binding or not) on the Project, in relations to the Tokens owned by the Associate, as described in the Charter for Associates.

19.4 A Contract with a clause indicating that it is governed by the Charter is referred to as an "**Associate Contract**".

Article 20. Tokens

20.1 Outflows whose Priority is Token, also referred to simply as "**Token(s)**", are a type of Commitment that share similar characteristics as Stocks, namely:

- a) Each Token is associated with a fixed number of Token Units;
- b) The Notional value of a Token Unit is equal to the "**Token Index**", which changes over time as indicated below. The Token Index is the same for all Tokens in the Project. The Token Index does not represent the fair market value of a Token Unit, but is used to calculate the number of Token Units for a given Token;
- c) At any given time, the Outstanding Amount of a Token is determined by multiplying the number of Token Units of that token by the current **Token Index**;
- d) Tokens represent a share in the Project's potential future value and grant certain rights to their holders.

20.2 Tokens represent a contractual right within the FlexUp model to participate in the Project's potential future value and decision-making processes such as the right to:

- a) nominate and vote for Candidates to the Council (Article 8.2);
- b) participate and vote in the Assembly (Article 9);
- c) receive payments related to Token Buybacks and Distributions (Article 18).

20.3 The issuance of Tokens does not involve the creation of Stock (i.e. actual securities or shares in a legal entity). Instead, Tokens represent a contractual right within the FlexUp model to participate in the Project's potential future value and decision-making processes.

20.4 In certain cases, Tokens may also give right to the issue of Stock as described in Article 22.

20.5 The issuance or buyback of Tokens, and when applicable the corresponding Stocks, shall be conducted in accordance with the applicable regulations and laws of the jurisdiction in which the issuance or buyback occurs.

Token Index

20.6 The Token Index represents the Notional value of a Token Unit and serves as a baseline for calculations within the FlexUp Model.

20.7 The initial value of the Token Index on the Project Start Date is 10^{α} per token, where " α " is the Project's Currency.

20.8 The Token Index increases daily according to the "**Token Indexing Rate**" as follows:

- a) The initial Token Indexing Rate on the Project Start Date is 25%^{xlvii} per annum.
 - b) The Token Indexing Rate may be modified at any time by a Simple Decision. The new Token Indexing Rate takes effect the day after the decision unless another effective date is specified in the decision.
 - c) In any case, the Token Indexing Rate cannot be negative.
- 20.9 The Assembly may decide to modify the value of the Token Index at any time under the following conditions:
- a) By Simple Decision for upward adjustments: at any time;
 - b) By Major Decision for downwards adjustments, at any time, at the Project's request, provided the following conditions are met:
 - i. The Project can justify that its Notional valuation based on the current Token Index is significantly higher than its fair market value, and
 - ii. This overvaluation impedes the Project's ability to secure or maintain participation of existing or prospective Associates, and,
 - iii. This situation poses a threat to the Project's viability, and
 - iv. The proposed new Token Index is realistic and does not result in excessive dilution for current Token holders.
 - c) By Simple Decision for downward adjustments, if all the conditions in 20.9b)i to 20.9b)iv are met and the following additional condition is satisfied:
 - i. this reduction is requested as a condition of investment by one or more non-Associated Third Parties, totalling an amount exceeding 10%^{xlviii} of the total Outstanding Amount of the Project's Outflows at that date.

Token creation and issuance

- 20.10 Tokens are created and issued to Associates upon Order Confirmation for those Tranches whose Principal Priority is Flexible (i.e., not Firm) and whose Risk Factor is greater than 0.
- a) if the Tranche Principal Priority is Token: a Primary Token is created in consideration for the Principal of a Tranche, and the Token Principal is equal to the Tranche Principal,
 - b) else: a Secondary Token is created (in addition to a Primary Main Commitment) in consideration for the delay and associated risk in the payment of the Principal of a Tranche, and the Token Principal is equal to the Tranche Principal multiplied by the Tranche Risk Factor.
- 20.11 For all Tokens:
- a) the "**Reference Index**" is equal to the Token Index at the time of issuance.
 - b) the "**Number of Tokens**" is equal to the Principal divided by the **Reference Index**.

20.12 If the Tranche Principal is only known later (for example if the order quantity is only known upon Delivery), the Token Principal and the Number of Tokens is calculated at that time.

Token redemption

- 20.13 Tokens are classified as either Redeemable or Non-Redeemable depending on who has the right to make a Token Buyback Request at an Annual Resolution:
- a) "**Redeemable Tokens**": both the Project and the Associate can make a Buyback Request;
 - b) "**Non-Redeemable Tokens**": only the Associate can make a Buyback Request.
- 20.14 For Redeemable Tokens, the Project can only make a Buyback Request at an Annual Resolution if the Token Buyback Price for this Annual Resolution exceeds the "**Minimum Redemption Price**". The Minimum Redemption Price is calculated as the Reference Index accrued from the Token issue date until the corresponding Annual Resolution Date, using the applicable daily Token Indexing Rate, irrespective of any changes in the Token Index that may have been decided since the Token issue date.

- 20.15 By default, all issued Tokens are Non-Redeemable and all Token Index and Token Prices mentioned in the Charter refer to Non-Redeemable Tokens unless explicitly stated otherwise.
- 20.16 The Project may only issue Redeemable Tokens if it has explicitly disclosed to the recipient Associate, at the time of Token issuance, that the Project has the option to buy back the Tokens and the terms of such buyback. This is done notably by selecting the Redeemable Tokens Option in the Order's Payment Terms, as per Appendix 2.J.
- 20.17 Redeemable Tokens are subject to a fixed discount compared to Non-Redeemable Tokens, as indicated in Appendix 2.J. (the "**Redeemable Token Discount**").
- a) The Redeemable Token Discount applies to:
 - i. The Token Index at the time of issue, resulting in approximately more Redeemable Tokens being issued relative to Non-Redeemable Tokens, all other factors being equal;
 - ii. The Token valuation.
 - b) However, in all other aspects, Redeemable and Non-Redeemable Tokens are considered equal and have identical financial and voting rights. Specifically, the Redeemable Token Discount does not impact:
 - i. The voting rights,
 - ii. The Buyback Price at the time of Token Buyback; and
 - iii. rights to Distributions.
- 20.18 Voting Rights for Token-Specific Changes:
- a) Any changes to the Charter that differently impact Redeemable and Non-Redeemable Tokens require:
 - i. A Major Decision of the Assembly (considering all Tokens, both Redeemable and Non-Redeemable), and
 - ii. A Simple Decision of the holders of Redeemable Tokens, and
 - iii. A Simple Decision of the holders of Non-Redeemable Tokens.
 - b) For the purposes of this clause, a change is considered to "differently impact" if it alters the relative rights, values, or treatment of Redeemable Tokens compared to Non-Redeemable Tokens.
 - c) This voting requirement is in addition to any other voting requirements specified elsewhere in the Charter for amendments or decisions.
 - d) If either group of Token holders (Redeemable or Non-Redeemable) has no Tokens issued at the time of the vote, the Simple Decision requirement for that group is waived.

Article 21. Transfers

General considerations

- 21.1 For Commitment governed by the Charter, the following terms and conditions apply:
- a) For all Commitment Transfer:
 - i. the Transferor has the obligation to notify the Project at the latest 7 days after the transfer effective date,
 - ii. if the Transferor is the payee
 - b) For Commitment whose Priority is not Token, all Commitment Transfers are subject to the Transfer Restrictions and the Pre-emption Rights described in the present Article.
 - c) For all Commitments, additional restrict may arise from the applicable legislation or any applicable specific contractual arrangement.

Token Transfer Restrictions

21.2 Subject to the provisions of this Article, no Associate (the "**Transferors**") shall make a Transfer (as defined in the Glossary) of any Token (or related Tranche) governed by the Charter or any related interest (the "**Securities**") to any party (the "**Transferees**") without first complying with the provisions of this Article. This applies whether the Transferors or Transferees are acting individually or in coordination with other parties.

21.3 The restrictions set forth in this Article shall not apply to:

- a) A Transfer by an Associate to any of its Affiliates;
- b) A Transfer made pursuant to court decision of competent jurisdiction, or to a Transfer made in connection with the enforcement of a valid pledge or security interest, provided that the Transferee agrees in writing to be bound by the terms and conditions of the Charter;
- c) A Transfer which, when considered with other Related Transfers, represents less than 2% of the total Number of Tokens in all Active Tokens;
- d) A Transfer which, when considered with other Related Transfers, represents less than 5% of the total Number of Tokens in all Active Tokens, and which have been approved by the Council;

provided that:

- e) for in all cases a) to d) above:
 - i. the Transferee is already an Associate or agrees in writing to be bound by the terms and conditions of the Charter via the Act of Adhesion (Appendix 9), and
 - ii. the Transfer does not result in a breach of any applicable law, regulation or agreement.
- f) in c) and d) above, "**Related Transfers**" are those that:
 - i. are made within a 24-month period,
 - ii. are made by the same Transferors, or by Transferors acting in concert,
 - iii. are made to the same Transferees, or Transferees acting in concert.

21.4 All Transfers must be conducted in a manner that complies with the relevant legal and regulatory frameworks, including any necessary registrations or exemptions.

21.5 Any Transfer of Securities made in violation of this Article 21 shall be considered null and void, without prejudice to Article 24.

Token Transfer Pre-emption Rights

21.6 Transfer Notice

- a) If a Transferor wishes to Transfer any Securities, he shall first give written notice (the "**Transfer Notice**") to the Project specifying the details of the Securities proposed to be Transferred, the proposed purchase price and the other terms and conditions of the proposed Transfer (the "**Transfer Terms**"), and the identity of the proposed transferee(s) (the "**Transferees**").
- b) The Project shall keep the Transferee's identity confidential and shall not disclose it to the other Associates unless the need for disclosure is duly justified by the Project and approved by the Council.

21.7 Project's Primary Pre-emption Right

- a) The Project shall have the right, but not the obligation, to purchase all or part of the Securities on the Transfer Terms by giving written notice (the "**Project Acceptance Notice**") to the Transferor, within 30 days from the date when the Project receives the Transfer Notice (the "**Notification Date**"), indicating which portion of the Securities that it wishes to purchase.

21.8 Associates' Secondary Pre-emption Rights

- a) If the Project does not decide to purchase all the Securities it shall promptly, but in no event later than 7 days after receipt of the Transfer Notice, communicate the Transfer Notice to the other Associates ("**Offerees**").

- b) Each Offeree shall then have the right, but not the obligation, to purchase all or part of the remaining Securities, excluding those purchased by the Project, on the Transfer Terms by giving written notice (the "**Individual Acceptance Notice**") to the Project within 21 days of the Notification Date (such Offerees that do being referred to as "**Buyers**"), indicating which portion of the Securities that he wishes to purchase,
- c) If all the Buyers' total purchase intentions exceed the remaining Securities, excluding those purchased by the Project, each Buyer's allocation will be reduced proportionally, and the Project will notify each Buyer accordingly.
- d) The Project shall send the Individual Acceptance Notices (adjusted as necessary as per c) to the Transferor within 30 days of the Notification Date.

21.9 Obligation to Purchase and Sell

- a) The Project shall purchase, and the Transfer shall sell, on the Transfer Terms, the portion of the Securities indicated in the Project Acceptance Notice within 60 days of the Notification Date.
- b) Each Buyer shall purchase, and the Transferor shall sell, on the Transfer Terms, the Securities portion indicated on the Individual Acceptance Notice (adjusted as necessary as per 21.8c) within 60 days of the Notification Date.

21.10 Transferor shall have the right, for a period of 90 days from the Notification Date to Transfer the Securities not purchased by the Project and the Buyers to the Transferee(s), provided that the Transfer is on terms and conditions no more favourable to the Transferee than the Transfer Terms. Any Securities not Transferred within this 90-day period shall again be subject to the provisions of this Article.

Article 22. Stock Issue and Token Equivalence

22.1 This Article applies exclusively to Single-Project Holders that are for-profit Legal Entities capable of issuing **Stocks** (for example companies).

- a) It does not apply to Multi-Project Holders or to Legal Entities that cannot issue Stocks.
- b) It applies to Legal Entities that have a single class of Stocks. If multiple classes of Stocks exist, specific provisions must be detailed in the Charter-SC to address this scenario.

22.2 Token Conversion Rights:

- a) Each Token gives its owner the right to receive Stocks at the conversion rate specified in the Charter-SC ("**Token Conversion Rate**").
- b) Once Stocks are issued for a given Token, that Token retains all its other characteristics and rights, except for the right to receive additional Stocks.

22.3 Stock Issuance :

- a) The Project may decide to issue Stocks at any time, for example:
 - i. To issue Stocks to Token holders without associated Stocks,
 - ii. To issue Stocks without associated Tokens (e.g., in a funding round that does not follow the FlexUp Model, with investors who do not adhere to the Charter).
- b) When issuing Stocks, the Project must simultaneously offer to issue Stocks to Token holders without associated Stocks. . In such case, Associates owning Tokens without associated Stocks have the right to accept or reject the offer to receive Stocks for all or part of their Tokens that do not already have associated Stocks.

22.4 Fixed Conversion Rate:

- a) The Project guarantees a fixed conversion rate between Tokens and Stocks at all times.
- b) The Token Conversion Rate may only be adjusted in the case of a stock split or stock merge, and such adjustment must be proportional to the split or merge ratio.

22.5 Equality of Financial Rights:

- a) The Project guarantees equal financial rights (considering the Token Conversion Rate) at all times among:
 - i. Tokens without associated Stocks,
 - ii. Tokens with associated Stocks, and
 - iii. Stocks without Tokens.
- b) This includes the following financial rights:
 - i. Distributions paid to Tokens must be equivalent to dividends paid to Stocks,
 - ii. Token Buyback offers must be equivalent to Stock buyback offers,
 - iii. Liquidation proceeds to Tokens and Stocks must be equivalent.

22.6 Any issuance of Stocks shall comply with applicable securities laws, and any necessary registrations or exemptions shall be obtained before issuance.

Article 23. Liquidation

23.1 A “**Liquidation**” is triggered:

- a) By a court decision ordering the liquidation of the Holder.
- b) For a Multi-Project Holder in which the Holder itself is not subject to liquidation:
 - i. At the request of the Project, by a Major Decision of the Assembly, if the Project is unable to honour its Firm Commitments.

23.2 Liquidation Process:

- a) Upon triggering of a Liquidation, the monthly cycle, annual cycle, and allotment process as described in previous sections of this Charter are no longer applicable.
- b) The Liquidation process shall proceed as follows:
 - i. All assets of the Holder (in case of a Single-Project Holder) or all assets allocated to the Project (in case of a Multi-Project Holder) are sold by the Project, if applicable under the authority of the court-appointed liquidator.
 - ii. The proceeds from the sale of assets are allocated to pay all outstanding Commitments, irrespective of their Due Date (if any), in the following order:
 - o First, the proceeds are allocated to pay all Firm Commitments. Within Firm Commitments, the allocation of proceeds is made according to applicable legislation and contractual provisions.
 - o Second, the remaining proceeds (if any) are allocated to pay all Flexible Commitments, in the order of their Priority as defined in this Charter.
 - o If, for a given Flexible Priority, the proceeds are insufficient to pay all the Commitments, the available proceeds are allocated proportionally to all Commitments of that Priority.

23.3 Equality of Stock and Token Rights in Liquidation:

- a) As per Article 22.5, proceeds paid to Tokens are equivalent to those paid to Stocks, taking into account the Token Conversion Rate.

23.4 Termination of the Charter:

- a) Upon completion of the Liquidation process and distribution of all proceeds, this Charter shall terminate.
- b) Any remaining rights or obligations of the Parties under this Charter shall cease to exist, except for any provisions explicitly stated to survive termination.

23.5 Reporting and Transparency:

- a) The Holder or appointed liquidator shall provide regular updates to all Associates regarding the progress of the Liquidation process.

- b) A final report detailing the sale of assets and distribution of proceeds shall be provided to all Associates upon completion of the Liquidation process.

Article 24. Payments, Wallets and Slices

- 24.1 A Slice refers to the sub-section of a Wallet containing payments related to the Project.
- 24.2 With regards to the Project, there are 2 types of Slices:
- a) **Project Cash Slice:** a Slice held in a Holder's Wallet, held by the Holder on the Project's behalf, on the following terms:
 - i. Project Cash Slices must always have a non-negative balance.
 - ii. The balance of a Project Cash Slice belongs to the Project and is part of the Project's Cash.
 - b) **Associate Funding Slice:** a Slice held in an Associate's Wallet, Holder or not, on the following terms:
 - i. The balance of an Associate Funding Slice can be positive or negative. A positive balance indicates funds owed by the Associate to the Project, while a negative balance signifies funds owed by the Project to the Associate.
 - ii. The balance of an Associate Funding Slice does not belong to the Project and is not part of the Project's Cash.
- 24.3 All payments made to or collected by the Project, or on behalf of the Project, shall be made to/from a Project Cash Slice, unless otherwise specified in the present Article.
- 24.4 An Associate (including the Holder) may make a payment on behalf of the Project from an Associate Funding Slice (reducing its balance) if all the following conditions are met:
- a) the Outflow Priority is Base, or the Outflow is marked as Payable following a Resolution, and
 - b) the Due Date is reached or is within the next **15** days, and
 - c) the balance of the Project Cash Slices is insufficient to cover the payment, or the Associate has received prior permission from the Holder to make the payment.
- 24.5 An Associate may collect a payment related to an Inflow into an Associate Funding Slice (increasing its balance) if all of the following conditions are met:
- a) the Associate Funding Slice balance is negative, and its net value is equal to or greater to the payment amount (i.e.: this will reduce the money that the Project owes to the Associate), and
 - b) the Associate has received prior permission from the Holder to collect the payment,
- 24.6 If an Associate other than the Holder makes or collects a payment on behalf of the Project, he must report it to the Project. The Project reserves the right to refuse to recognise the payment as related to the Project if it does not align with the Project's scope or Charter conditions.
- a) if the Project refuses to recognise a payment collected by the Associate, the latter shall immediately refund the payment.
 - b) if the Project refuses to recognise a payment made by the Associate, the latter shall bear sole responsibility for making this payment and may take any measures he deems necessary, such as for example claiming reimbursement of the payment.
- 24.7 If the Associate Funding Slice shows a negative balance, indicating the Project owes funds to the Associate), the Associate may at any time request to convert all or part of this balance into Credits by placing a new Funding Order to the Project for the request amount. The Payment Structure for this Order shall be 100% Standard Credit (as defined in Appendix 3) unless other terms are agreed with the Project.
- 24.8 If the Associate Funding Slice shows a positive balance, indicating the Associate owes funds to the Project, the Project may mandate repayment to a Cash Slice within **15** days.

Article 25. Downgrade

- 25.1 The Project reserves the right to "Downgrade" an Associate in the following cases:
- a) In case of a Transfer of Titles by the Associate without the Project's prior consent, or in violation of the Transfer conditions given in Article 21;
 - b) In the event of a change in the Associate's Control without the Project's prior consent;
 - c) In the event of a serious breach by the Associate of any of its obligations to the Project, particularly under the Charter or an Associate Contract, which has not been remedied by the Associate within 30 days of a written request from the Project.
- 25.2 The Holder may notify the Associate In Writing of its decision to Downgrade the Associate within 30^{xlix} days of becoming aware of the facts giving rise to its decision (cases 25.1a) and 25.1b)) or from the expiry of the deadline for remedying the breach (case 25.1c)). The Downgrade is effective immediately from the date of such notification.
- 25.3 In case of Downgrade:
- a) the Associate's Tokens lose their voting rights,
 - b) the Project has the right to Convert all or part of the Associate's Tokens to Superflex, with a Principal equal to 50% of the Token's Outstanding Amount,
 - c) the Associate and the Project may each, for any Equity Resolution, make a Buyback request for all or part of the Associate's Equity,
 - d) apart from a) to c) above, all other rights and obligations of the Project and the Associate arising from the Charter and any Associate Contracts with this Associate, remain in force.
- 25.4 The Project may at any time reverse, with immediate or retroactive effect, its decision to Downgrade the Associate.

Article 26. Withdrawal

- 26.1 Any Associate who has voted against an amendment to the Charter approved under the conditions of Article 9.2b) may request to withdraw from the Charter if he can demonstrate that this amendment causes a particular disadvantage or has a disproportionate negative impact on the Associate (a "Withdrawal").
- 26.2 In case of a Withdrawal:
- a) All Outflows of this Associate are Converted, with the following new properties of the new Iterations:
 - Principal = Outstanding Amount of that Outflow at the date of application or, for Token Outflows, the product between the number of Tokens and the Index Price at the date of application;
 - Interest rate = 0;
 - Priority = Superflex;
 - Due date = end of quarter;any Residues of these Iterations being each Deferred at the end of the following quarter under the same conditions.
 - b) As regards to the Project's Base and Flex Commitments to that Associate, these shall revert to their original Priority as of the Due Date in force prior to the Conversion mentioned in a) above.
- 26.3 This Article does not apply to any new changes to the Charter decided under the conditions of Article 29.4 following an update of the Charter-GC by FlexUp.

Article 27. Confidential Information

- 27.1 Each Associate may receive Confidential information from the Project in their capacity as an Associate. "Confidential Information" means any non-public information disclosed to Associates by the Project,

regardless of its form or medium, that is marked or designated as confidential, or should reasonably be considered confidential due to its nature or the circumstances surrounding its disclosure.

27.2 Associates agree to:

- a) Maintain the confidentiality of the Confidential Information.
- b) Use the Confidential Information solely for the purposes of performing their obligations or exercising their rights under the Charter and any Associate Contract to which they are a Party;
- c) Disclose the Confidential Information only to their employees, agents, or contractors who have a need to know and are bound by confidentiality obligations no less restrictive than those in this clause. Any disclosure of Confidential Information must comply with applicable data protection and privacy laws, including but not limited to the General Data Protection Regulation (GDPR) and other relevant privacy regulations.
- d) Protect the Confidential Information using the same degree of care as they use to protect their own confidential information of a similar nature, but no less than a reasonable degree of care;
- e) Promptly notify the Project of any unauthorized use, disclosure, or loss of Confidential Information.

27.3 The confidentiality obligations under this clause do not apply to information that:

- a) Is or becomes publicly known through no fault of the Associate;
- b) Is rightfully known to the Associate at the time of disclosure without an obligation of confidentiality.
- c) Is independently developed by the Associate without reference to the Project's Confidential Information;
- d) Is required to be disclosed by law, court order, or government authority, provided that the Associate gives the Project prompt notice of such requirement and reasonably cooperates with the Project's efforts to contest or limit the scope of the disclosure.

27.4 Upon termination of Associate status (as per Article 19.2), Withdrawal (as per Article 26), or at the Project's request, the Associate shall promptly return or destroy all copies of the Project's Confidential Information in their possession or control, except as required by law or as necessary to comply with their ongoing obligations under the Charter or any active Associate Contracts.

27.5 In the event of a Downgrade (as per Article 22), the Associate's confidentiality obligations remain in full force and effect, regardless of any changes to their rights or status within the Project.

27.6 The confidentiality obligations under this clause shall survive the termination or expiration of the Associate Contract, Associate status, Withdrawal, or Downgrade for a period of three (3) years, or for such longer period as may be required by applicable law or the nature of the Confidential Information.

27.7 Any Account who ceases to be an Associate but continues to hold any Outflows or remains party to any Associate Contracts shall continue to be bound by these confidentiality obligations until all such Outflows are paid or cancelled and all such Associate Contracts have expired.

Article 28. FlexUp License

28.1 This Charter-GC and all documents that refer to it are distributed under the terms of the FlexUp Licence, which can be found on the FlexUp website (www.flexup.org).

Article 29. Publication and Updating of the Charter

29.1 FlexUp reserves the right to publish an updated version of the Charter-GC and any other contractual document that refer to it at any time, without prior notice, and to distribute and publish the new version by any means, including publication on the Platform.

29.2 Any new version of the Charter-GC will automatically apply to the Project and all Associate Contracts, replacing the previous version of the Charter-GC, within 30 days of its publication date.

- 29.3 The Project shall be responsible for keeping itself informed of updates to the Charter-GC and for communicating them to the Associates.
- 29.4 The Assembly may decide, within 90 days from the date of publication, by Simple Decision, to introduce new Exceptions in the Charter-SC, having the effect of invalidating one or more modifications made by a new version of the Charter-GC compared to the previous version.

Article 30. Parameters and other Changes to the Charter

30.1 For each Parameter contained in the Charter-GC:

- a) A default value is provided in the main body Charter-GC, highlighted in yellow, and a list or range of possible values is provided in Appendix 12;
- b) At the time of creating and signing the Charter-SC, the Holder can freely override the default value by indicating the applicable value in the Charter-SC.
- c) Once the Charter-SC has been signed, the Parameters can be modified by the Assembly under the conditions of the Article 9 and Appendix 5

It is specified that for any Parameter for which the Associates have defined a value different from the one recommended in Appendix 12 FlexUp does not guarantee the optimal functioning of all the functionalities of the Platform.

Appendix 1. FlexUp Glossary

Defined Term	Definition, specific terms and conditions
Acceptance, Accept	For an Order or part of an Order: the Client's acceptance of its Delivery as per the terms of the Order (and related Contract if applicable).
Account	<p>An Account is an economic scope within the FlexUp Economic Model, representing all or part of the economic activities of its Owner and serving as the primary unit for recording operations.</p> <p>In the FlexUp Model:</p> <ul style="list-style-type: none"> – Transactions are made between two distinct Accounts. – All other Operations are linked to one Account. <p>While an Account defines this operational and accounting perimeter, the legal capacity to enter into contracts and the associated rights and responsibilities are vested in its Owner (the Legal Subject – which is an Individual, Legal Entity, or Grouping – that the Account represents). Consequently, when an Account is mentioned in a legal or contractual context (e.g., "an Account signs a contract"), it is understood that its Owner is the legally bound party acting through or represented by the Account.</p> <p>In the context of a specific Charter, an Account can be the Project or a Participant.</p> <p>There are 5 types of Accounts: Individual, Legal Entity, Grouping, Subaccount, and Undefined (whose type is unknown).</p> <p>Especially for Main Accounts (i.e., Accounts of type Individual, Legal Entity, or Grouping), where the Owner directly embodies the Legal Subject of the Account, the term 'Account' is often used to refer to both the economic scope and its Owner (the Legal Subject) interchangeably. This is also reflected in Article 10.9, concerning the rights and obligations of an Account.</p>
Active	<p>For a Commitment: a status indicating that:</p> <ul style="list-style-type: none"> – it has a valid Principal, – its Priority Base or FlexGroup and it has a valid Due Date, or its Priority is Equity, – it has not yet been Resolved. <p>For a Tranche or Order: indicating that at least one related Commitment is Active.</p>
Affiliate	<p>In relation to an Account and a Legal Entity, two Accounts or two Legal Entities: the fact, directly or indirectly, that one is Controlled by the other or that both are under common Control.</p> <p>Concerning two Individuals: having a family relationship of first degree (parents, children, spouses) or second degree (brothers/sisters, grandparents/children).</p>
Allocation, Allocate	The allocation of amounts in one or more Reserves to another Reserve under the conditions defined in Article 11 (Monthly Allocations) or in Article 14.3a) (Annual Allocations).
Allotment Reserve	The portion of the Cash reserved exclusively for annual Allotment under the conditions of Article 16.

Annex	Annex to the Charter.
Article	Article of the Charter, including its Annexes.
Assembly	All Associates holding Tokens with voting rights.
Associate	For an Account: the Holder and any other Participant adhering to the Charter under the conditions of Article 19. For a Contract, Order, Commitment: governed by the Charter.
Associate Contract	The Contract between the Project and an Associate, governed by the Charter under the conditions of Article 19.4.
Available Cash	The part of the Cash which is available for a given Resolution or Allotment, as defined in Article 11, Article 16, Article 17 and Article 18.
Base	A set of Priorities including Firm and Preferential Priorities.
Base Reserve	The portion of the Cash reserved for Base Outflows (Article 11).
Buyback Request	For a Credit or Token: a request made by the Project or an Associate for an Outflows to be processed by the upcoming Buyback Resolution.
Cash	All sums of money (physical, paper or digital) belonging to the Project, and held for and on behalf of the Project by the Holder. This cash can be in: <ul style="list-style-type: none"> – one or more Slices (sub-sections of Wallets); – one or more Reserves.
Charter, FlexUp Charter	The contractual framework for management of the Project by the Holder and the relationship between the Holder and the Associates, in relations to the Project. The Charter consists of the special conditions (Charter-SC) and the general conditions (Charter-GC). All Associates adhere to this framework (Article 19), and all Associate Contracts are governed by it.
Charter-GC	The present document and its Annexes, which is an integral part of the Charter.
Charter-SC	The special conditions of the Charter, which notably designate the Holder and the Project and specify any Exceptions and Extensions to the general conditions (Charter-GC), and which is an integral part of the Charter.
Client	In the broadest sense, the Account (Project or Participant, as the case may be) which receives the Product from Supplier, and which pays Supplier the corresponding Remuneration.
Commercial	Relating to a Contract or an Order: for which the Contributions are Products (non-financial contribution). For Commercial Contracts, Tranches represent the Remuneration only, including the Initial Remuneration (paid by the Client to the Supplier) and any applicable Rebates (paid by the Supplier back to the Client). the net sum (Inflows minus Outflows) of the Tranches is equal to the Order Principal (the net sum of the Portion percentages is therefore equal to 100%). Example of Commercial are purchase/sale of products and services, employment, rental, royalties, taxes.

Commitment	A financial obligation of one Party (the Payor, often the Client) to pay a sum of money to another Party (the Receiver, often the Supplier), especially in the context of an Order. For a given Tranche, the first Commitment (called the first Iteration) is created upon Confirmation of the related Order. The later Commitments (the later Iterations) are created upon Deferral of the Residue of an Active Iteration during a Resolution.
Commitment Transfer	All operations, carried out directly or indirectly, free of charge or against payment, regardless of the cause and terms (transfer, contribution, merger, demerger, universal transfer of assets, capital increase, waiver of subscription rights in favour of named persons, pledges, seizures, etc.), the object or effect of which is, immediately or otherwise to transfer, immediately or in the future, in part or in full, the benefit (ownership, usufruct, or any other right or advantage arising) of one or more Commitments, including operations having the object or effect, whether instantaneous or not, of dismembering the rights or obligations arising from these.
Confidence Rate	For a Probable Inflow: an indicator, expressed as a percentage (from 0% to 100%), representing the probability that the payment will be made at its Due Date, calculated as per Appendix 10.
Confirmation, Confirm	For an Order: the agreement between the Supplier and the Client on the Order, triggering the respective Delivery and Remuneration commitments.
Confirmed	For an Order: it has been confirmed by both Parties. For a Tranche or Commitment: the related Order is Confirmed.
Conflict of Interests	As defined in Article 10.3.
Constituent	An Account that is part of a Grouping.
Contract	<p>A legally binding agreement between two or more parties, typically involving the Project and a Participant. This agreement establishes mutual obligations enforceable by law, primarily concerning:</p> <ul style="list-style-type: none"> – the Delivery of Product(s) by the Supplier (whether the Participant or the Project, as applicable) to the Client (either the Project or the Participant, depending on the situation); – in exchange, the payment by the Client of the Remuneration to the Supplier, under the agreed Payment Terms. <p>A Contract might encompass one or more Orders or delineate conditions under which subsequent Orders may be Confirmed. If a Contract's Holder is also the Owner of the Participant, even if there isn't a distinct legal contract due to both the Project and the Participant being legally identical, the Contract is viewed as a Regulated Contract. Within the scope of the Charter, for such a Regulated Contract, the Project is represented by the Council.</p>
Contract-GC	The general conditions of FlexUp Contracts, which apply to all Contracts for which the Project is the Client, and which are an integral part of such Contracts.
Contract-SC	<p>The special conditions of a Contract which notably specify the following:</p> <ul style="list-style-type: none"> – the identity of the Participant and the Project, – the Products offered by the Supplier, – the Remuneration to be paid by the Client in return for the Products Delivered, – the Remuneration Structures and the Payment Terms,

	– the methods of Confirmation, Delivery, Declaration and Acceptance of Orders.
Contribution	<p>The value provided by a Supplier to a Client under a Contract or Order, in exchange for a Remuneration, unless the Contract is a Donation, in which case no Remuneration is expected.</p> <p>The nature of the Contribution depends on the type of Contract:</p> <ul style="list-style-type: none"> – Commercial Contracts: a Contribution is a Product (non-financial contribution), – Funding and Donation Contracts: the Contribution is a Payment, – Transfer Contracts: the Contribution is an existing Commitment (financial obligation) being transferred from the Supplier to the Client of this new Contract (for which the Supplier is the existing Commitment's Payee, and the Client becomes the new Payee, while the original Payor of the Commitment remains unchanged).
Control	The fact, directly or indirectly, acting alone or in concert with a third party, as the case may be: of being an owner, of holding a majority of the voting rights, of having the power to take decisions or of appointing agents or managers.
Conventional	<p>In accordance with the standard economic, legal, and fiscal models that underpin most national and international regulatory frameworks – distinct from the FlexUp Model.</p> <p>For a Contract, Order, or Commitment: not governed by the Charter.</p> <p>Conventional Commitments always have Firm Priority.</p>
Cosys	A non-trading property company (" <i>société civile</i> "), registered in Paris in Trade and Companies Register under number 519 072 417 and whose registered office is located at 10 Rue Saint Paul, 75004 Paris.
Credit	<p>For a Priority: a Priority level lower than Superflex and equivalent to Token, and which belongs to the Equity group of Priorities.</p> <p>For an Outflow: a Flexible Outflow whose Priority is Credit.</p> <p>Credits are paid during the Credit Buyback Resolutions (Article 18), and do not have a Due Date until a Valid Buyback Request has been made for such Resolutions.</p>
Credit Buyback Reserve	The portion of the Cash reserved for Credit Buyback (Article 13).
Currency	The currency in which the Project's FlexUp Accounting will be maintained, as designated in the Charter-SC.
Custodian	Any Legal Person providing payment services, such as holding Wallets on behalf of their Owners. Custodians include for example: banks, credit card companies, electronic payment service provider such as PayPal, etc.
Cycle	<p>A sequence of steps, including Resolutions and Allocations, executed periodically to determine how Commitments should be processed.</p> <p>Cycles include:</p> <ul style="list-style-type: none"> – Monthly Cycle conducted at least once per month (Article 11), – Annual Cycles: conducted at least one per year (Article 13).
Declaration,	For all or part of an Order: a declaration by the Supplier of its Delivery.

Declare	
Deferral, Deferral	For an Outflow and following the Resolution that gave rise to a Residue: the creation of a new Commitment (the next Iteration) (22.5b)).
Delivery, Deliver	For a Product and in the context of an Order: the fulfilment of all the Supplier's Commitments to the Client relating to this Product, under the conditions set out in the Contract, such as, for example: the delivery of a good or the performance of a service by a supplier, the performance of his work by an employee, the provision of premises by a lessor, the provision of funds by a banker or an investor, etc. A Delivery may be partial or complete, depending on the case. Unless otherwise specified, a Delivery is considered complete.
Disbursement	The actual payment made by the Project to a Participant.
Distribution	A Flexible Outflow, the amount of which is calculated and paid as per Article 18 based on the Number of Tokens held by an Associate. A Distribution is treated, for accounting and tax purposes, as per the applicable regulations, according to the nature of the Commitment which gave rise to the issue of the Tokens. Depending on the case, a Distribution may be a dividend (for shareholders), an additional remuneration (for suppliers), a rebate (for clients), a bonus (for employees), a participating interest (for lenders).
Distribution Reserve	The portion of the Cash reserved for Distributions (Article 18).
Donation	<p>Relating to a Contract or an Order: for which the Contributions are monetary (i.e. payments), and there is no Remuneration.</p> <ul style="list-style-type: none"> – Inflow Donation: the Supplier is a Participant, the Client is the Project, the Contributions are Inflow Tranches, and there are no Outflow Tranches. – Outflow Donation: the Supplier is the Project, the Client is a Participant, the Contributions are the Outflow Tranches, and there are no Inflow Tranches. <p>Examples of Donations are grants, subsidies, and donations.</p>
Due Amount	<p>For an Outflow: the amount that is due for the Resolution in which it is processed.</p> <ul style="list-style-type: none"> – Monthly Outflows: Due Amount is equal to the Principal on the Resolution Date. – for Equity Outflows with a Valid Buyback Request: Due Amount is equal to Outstanding Amount on the Resolution Date multiplied by the Buyback Request Percentage. <p>Equity Outflows for which there is no Valid Buyback Request do not have a Due Amount.</p>
Due Date	<p>For Firm Commitments: the date on which it must be paid in full.</p> <p>For Flexible Commitments: the date determining in which Resolution the Outflow is to be resolved, to determine which part of the Outflow's Due Amount, if any, must be paid by that date. The method for calculating Due Date for Flexible Outflows is given in Appendix 2.</p>
Equity	A set of Priorities including Credit and Token.
Exception	For the Charter or an Associate Contract: an express derogation, total or partial, indicated in the respective special conditions, from one or more of the stipulations of the general conditions.

Extensions	For the Charter or an Associate Contract: an additional to the general conditions (GC) added in the special conditions (SC).
Financial Year	A period of 12 consecutive months beginning on 1st of January and ending on 31st December of each calendar year.
Firm	For a Priority: the highest Priority level, which belongs to the Base group of Priorities. For an Outflow: whose payment is not contingent on the results of the Project.
Flex	For a Priority: a Priority level lower than Preferred and higher than Superflex, and which belongs to the FlexGroup group of Priorities. For an Outflow: a Flexible Outflow whose Priority is Flex. Flex is paid during the Monthly Resolutions (Article 11).
Flex Reserve	The portion of the Cash reserved for Firm Outflows, the Base Reserve Allocation and Flex Outflows (Article 11).
Flexible	For a Priority: any Priority that is not Firm (i.e. this group includes Preferred, Flex, Superflex, Credit and Token). For an Outflow: a conditional Commitment, whose payability contingent on the results of the Project, as defined in the Charter, specifically on the availability of cash. For example, a Flexible Outflow can be: <ul style="list-style-type: none"> – if the Project is the Client: a conditional variable remuneration supplements, which is paid on top of the Order's Firm price, – if the Project is the Supplier: a conditional rebate that is applied to the Initial Order price. For a Tranche, Payment Term or Payment Structure: for which any related Priority is Flexible.
FlexGroup	A set of Priorities including Flex and Superflex Priorities.
FlexUp	A project owned and managed by Cosys under the terms of the Charter-GC. Whenever the term "FlexUp" is used in reference to a Legal Person, it refers to Cosys.
FlexUp Accounting	The Project's cost accounting according to the FlexUp Model, indicating the actual values (for past periods) and forecast values (for future periods), aggregated, or detailed, of the indicators defined therein.
FlexUp Community	A participatory and supportive ecosystem for living and working, focused on the common good and the general interest. Made up of individual members, it hosts one or more FlexUp Projects, each actively contributing to social, societal and environmental objectives. Each FlexUp Community has its own resources and is governed by a FlexUp Constitution which defines its principles, its functioning and its commitments.
FlexUp Model	The economic model whose purpose is described in Article 0 and whose operating procedures are described in the Charter-GC.
Flow	For each Period and for certain types of Operations: the total amount realised, as follows: <ul style="list-style-type: none"> – for Inflows: the amount paid,

	<ul style="list-style-type: none"> – for Outflows: the Amount Payable as calculated during the corresponding Resolution, – for Reserves: the amount Allocated to/from them; <p>Actual amounts for past periods, and projected amounts for future periods. A list of the different types of Flow is given in Appendix 4.</p>
Funding	<p>Relating to a Contract or an Order: for which the Contributions are Payments (transfer of funds) made by the Supplier.</p> <p>In Funding Orders, the Principal of the Remuneration is equal to the Contribution amount. The net sum (Inflows minus Outflows) of the Principal of the Tranches of a Funding is thus equal to 0.</p> <p>Examples of Funding Orders are loans and equity financing.</p>
General Interest	As defined in Article 10.2.
Grouping	<p>A collection of several Legal Persons (i.e., Individuals or Legal Entities), collectively referred to as the Constituents, that jointly own an Account. The Constituents must sign a Grouping Agreement as per Article 10.7. For example, a Grouping can be: a joint venture, a partnership, a consortium, a syndicate, an unincorporated association, a collective, etc. Although the Grouping is not a Legal Person, and does not have legal personality, it is considered a distinct legal party and may enter into contracts in that capacity.</p>
Holder	<p>The Project's Legal Owner (Individual, Legal Entity or Grouping), as designated in the Charter-SC:</p> <ul style="list-style-type: none"> – In the case of a Single-Project Holder (only applicable for a Legal Entity), the Holder and the Project are the same entity. – In the case of a Multi-Project Holder: the Holder may have other economic activities outside the Project.
In Writing	By post, by e-mail, via the Platform (as soon as the appropriate functionalities are available) or via any other IT platform allowing the traceability of exchanges in writing.
Initial Remuneration	For a Tranche, a Commitment or a Payment: due or paid by the Client to the Supplier, in exchange for the supplier of the Products in the context of an Order, before any potential Rebate applies.
Inflow	For a Tranche, Commitment or Payment: paid or to be paid by a Participant to the Project.
Individual	A natural person (i.e., an individual human being).
Interest	<p>An Outflow due in addition to the Principal of a Tranche, in consideration for the delay and associated risk in the payment of that Principal, calculated and paid as per the Payment Terms (Appendix 2).</p> <p>Interest may represent interests on loans, late payment penalties, dividends, etc</p>
Interest rate	The rate, expressed as a percentage per annum, used to calculate Interest.
Invoicing-GC	Specific invoicing terms and conditions that apply to all Associate Contracts under the FlexUp Charter where Project is the Client and Associate is the Supplier, as given in Appendix 7.
Legal Entity	A legal entity (i.e. a Legal Person other than an Individual) such as for example: a

	company, an NGO, a public entity, a foundation, etc.
Legal Person	A person, natural or juridical, of whatever nature, with a legal personality of its own. A Legal Person can be a Legal Entity or an Individual.
Legal Subject	A party that can legally enter into a Contract. A Legal Subject can be a Legal Person (Individual or Legal Entity) or a Grouping.
Lettering	A procedure used to link a Payment to one or more Commitment, and to link a Commitment to one or more Payments.
Liquidity	The Reserve containing all Cash not allocated to another Reserve. All Inflows are automatically allocated, except for Funding or Donation Inflows that are explicitly allocated to another Reserve (e.g., to the Strategic Reserve). Liquidity is part of the Available cash for all Monthly Resolutions and is used first by these Resolutions, before other Reserves.
Main Commitment	A Primary Commitment whose Primary Priority is not Token. This includes Commitments whose Primary Priority is Firm, Preferred, Flex, Superflex or Credit.
Main Account	An Individual, Legal Entity or Grouping Account. A Main Account is always its own Owner and represents a distinct Legal Subject.
Movement	A Payment or Allocation.
Net Excess Cash	The balance of Liquidity at the end of the Monthly Cycle (i.e.: after the Superflex Resolution).
Notional	The term 'Notional' refers to a value, such as risk or Token Value, that serves as a representational baseline for calculations in the FlexUp Model. It is not an actual market valuation. FlexUp does not claim any correlation between these Notional values and their fair market equivalents.
Operation	Any economic operation or activity carried out or envisaged by the Project, including: <ul style="list-style-type: none"> – Transactions (Operations related to a Participant), – Allocations (Operations between Reserves), – other Operations, notably related to the Project administration (Resolutions, etc.)
Order	An arrangement wherein the Supplier agrees to Deliver specified Contributions to the Client, and reciprocally, the Client commits to pay the Supplier the stipulated Remuneration under agreed Payment Terms. Once an Order is Confirmed, it creates a legally binding obligation between the Supplier and the Client. Any Order that isn't encompassed within a distinct Contract is treated as a Contract in its own right. The Remuneration associated with an Order can be segmented into multiple Tranches.
Outflow	For a Tranche, Commitment or Payment: paid or to be paid by the Project to a Participant.
Outstanding Amount	For a Commitment: the sum of money that remains owed by the Payor to the Payee in connection to that Commitment at a given time, irrespective of its Due Date, as defined in Appendix 2.

	For a Tranche or Order, the sum of the Outstanding Amount of all related Commitments of that are not Payable or Cancelled.
Owner	<p>For an Account: the Main Account (Individual, Legal Entity or Grouping) that it ultimately belongs to and whose Legal Subject holds the legal rights and responsibilities for it.</p> <p>Depending on the type of Account, the Owner is determined as follows:</p> <ul style="list-style-type: none"> – for a Main Account: the Account itself (i.e., the Account is self-owned, and its Owner is the Legal Subject it represents). – For a Subaccount: the Owner of the Subaccount's Parent. <p>Depending on context, the Owner may refer to the Main Account or to the Legal Subject that it represents.</p>
Paid	For a Commitment: a status indicating that is the Paid Amount is equal to the Payable Amount.
Parameter	<p>Any text that is highlighted in yellow in the Charter-GC represents a Parameter.</p> <p>For each Parameter:</p> <ul style="list-style-type: none"> – a default value is provided in the Charter-GC, and a list or range of allowed values is provided in Appendix 12, – at the time of creating and signing the Charter-SC, the Holder may freely override the default value by specifying the applicable value in the "Parameters" section of the Charter-SC, – once the Charter-SC has been signed, the Parameters may only be modified by the Assembly in accordance with the procedures set out in Article 9 and Appendix 5. – It is expressly stated that if the Associates select a value outside the allowed range specified in Appendix 12, FlexUp does not guarantee that the Platform will be able to support or process such values correctly.
Parent	<p>For a Subaccount: the Account that it is directly attached to.</p> <p>The Subaccount represents a subset of the activities of its Parent. The Parent can be any type of Account (except Undefined), including another Subaccount.</p> <p>If this Subaccount's Parent is a:</p> <ul style="list-style-type: none"> – a Main Account: then the Parent is also the Owner of this Subaccount. – another Subaccount: then the Owner of the first Subaccount is that other Subaccount's Owner.
Participant	The Account, other than the Project, which has carried out, or is likely to carry out, Transactions with the Project, such as for example: employees, suppliers, customers, investors, banks, public entities, etc.
Payable	For an Outflow: a status indicating that it has processed by a Resolution and that the Payable Amount is greater than 0 (Article 11 and Article 18).
Payable Amount	For an Outflow: the amount to be paid from the Payable Reserve following the Resolution that processed it.
Payable Reserve	The portion of the Cash reserved exclusively for the payment of Payable Amounts.

Payee	<p>For a Tranche, Commitment or Payment: the Payee is the Party who has received, or is due to receive, possibly subject to certain conditions as specified in the Charter and related Contracts, the related payments from the Payor.</p> <p>The Payee can be the Supplier in the following cases:</p> <ul style="list-style-type: none"> - Commercial Contracts: for the Initial Remuneration - Funding Contracts: for the Remuneration. <p>The Payee can be the Client in the following cases:</p> <ul style="list-style-type: none"> - Commercial Contracts: for any applicable Rebates, - Funding & Donation Contracts: for the initial Contribution (i.e. the funding or donated amount).
Payor	<p>For a Tranche, Commitment or Payment: the Payor is the Party who has made, or who bears the legal obligation to make, possibly subject to certain conditions, the related payments to the Payee.</p> <p>The Payor can be the Client in the following cases:</p> <ul style="list-style-type: none"> - Commercial Contracts: for the Initial Remuneration, - Funding Contracts: for the Remuneration <p>The Payee can be the Client in the following cases:</p> <ul style="list-style-type: none"> - Commercial Contracts: for any applicable Rebates, - Funding & Donation Contracts: for the initial Contribution (i.e. the funding or donated amount).
Payment	A payment between the Project and a Participant, generally following a Commitment in the context of an Order.
Payment Terms	<p>For a Tranche: the conditions under which it may be paid, via one or more Commitments, and in one or more Payments, considering in particular:</p> <ul style="list-style-type: none"> – for Firm Inflows and Outflows: the stipulations of the respective Contracts, or in the absence of a Contract, the applicable legal provisions; – for Flexible Outflows: the provisions of Article 11.5 and the Specific Conditions of the corresponding Associate Contract, referring to the Payment rules defined in Appendix 2 such as in particular: Due date of the Principal, Priority of the Principal, Interest rate ...
Period	A month, a quarter, or a year.
Platform	A comprehensive, cloud-based software solution that integrates various business management and accounting functionalities for companies, notably (but not exclusively) for those adopting the FlexUp Model, currently under development, which should ultimately be available on www.flexup.org .
Portion	The ratio, expressed in %, between the Principal amount of a Tranche and the total Principal amount of an Order.
Potential	<p>For an Order: it has not yet been confirmed by both Parties.</p> <p>For a Tranche or a Commitment: the related Order has not yet been confirmed.</p>
Preferred	A Flexible Outflow, with a Priority lower than Firm and higher than Flex, forming part of the Base Outflow.

Primary Commitment	<p>A Commitment that represents the Principal of a Tranche:</p> <ul style="list-style-type: none"> – for the first Iteration, it represents the full Principal of the Tranche; – for the following Iterations, it represents the remaining unpaid amount, also called the Residue. <p>Primary Commitment include Main Commitments and Primary Tokens.</p> <p>At any time, for a given Tranche, the sum of the Payables (from all resolved Iterations) and the current Principal (for the active Iteration) of all related Primary Commitments must always equal the original Principal of the Tranche.</p>
Principal	<p>For an Order: the sum of the value of each order item, including direct taxes (VAT or sales tax).</p> <p>For a Tranche: the Order Principal multiplied by the Tranche Portion.</p> <p>For a Primary Commitment:</p> <ul style="list-style-type: none"> – for the First Iteration: the Principal for the Tranche, – for later Iteration: the Residue of the previous Iteration. <p>For a Secondary Commitment:</p> <ul style="list-style-type: none"> – for Interests: the Principal of the Primary Commitment that this Commitment is related to, – for Dividends: there is no Principal, – for Secondary Tokens: the Principal for the Tranche multiplied by the Risk Factor.
Priority	<p>A rank determining the order in which Outflows are paid and Reserves are drawn from.</p> <p>For Outflows: Priorities are, in descending order of priority (highest Priority is paid first, lowest Priority is paid last):</p> <ul style="list-style-type: none"> – Base: which includes Firm, then Preferred; then – FlexGroup: which includes Flex and then Superflex; then – Equity: which includes Credit and Tokens (both of equal Priority). <p>Distributions are Outflows, but they do not have a Priority.</p> <p>For Reserves: Priorities are, in ascending order of priority (lowest Priority is drawn from first, highest Priority is drawn from last):</p> <ul style="list-style-type: none"> – Liquidity, – Flex, – Base, – Strategic. <p>Other Reserves have specific uses and are not considered to have specific Priority level.</p>
Probable Inflows	<p>The sum of the forecast Inflows for the following months, each weighted by their respective Reliability Rate, as defined in Appendix 10.</p>
Product	<p>Any type of Contribution other than a Payment or a Commitment.</p> <p>Examples of Products include:</p> <ul style="list-style-type: none"> – Physical goods and merchandise – Services of any kind

	<ul style="list-style-type: none"> – Labor or work – Real estate and property – Public services – Intangible assets (intellectual property, rights, etc.) – Any other non-financial tangible or intangible deliverable with an economic value. <p>This deliberately broad definition of a product enable the FlexUp Economic Model to handle diverse types of business transactions within a unified framework, treating all types of transactions consistently.</p>
Project	<p>The Account to which the Charter relates, as designated in the Charter-SC:</p> <ul style="list-style-type: none"> – For a Multi-Project Holder: it represents a distinct economic scope within the Holder's operations; – For a Single-Project Holder: it is synonymous with the Holder.
Project Start Date	The date, as designated in the Charter-SC, on which the Project is deemed to have started.
Rebate	For a Tranche, a Commitment or a Payment: due or paid by the Supplier back to the Client, as a reduction of the Initial Remuneration.
Receipt	The actual payments received by the Project from a Participant.
Receiver	<p>The Party (often the Supplier) who is to receive payment for a Commitment (if any, subject to conditions), or who receives a payment. The Receiver may also be the Client, for example in the following cases:</p> <ul style="list-style-type: none"> – in case of Funding: the Receiver of the initial contribution of the Funding is the Client (who will be Payor for the Refund Commitments) – in the case of a rebate: the Receiver of the rebate is the Client (who had initially paid a higher price).
Regulated	For an Operation: between the Project and a Participant Affiliate of the Holder.
Remuneration	The sum of one or more amounts, whatever their nature, paid or likely to be paid by a Client to its Supplier (and vice versa in certain cases) in return for the Delivery of one or more of the latter's Products, such as, for example: the price of a product or service paid to a supplier, the salary paid to an employee, the interest and repayment of a loan paid to a bank, the dividends and buyback of securities paid to shareholders, the taxes paid to public entities, etc.
Remuneration Structure	A set of one or more Tranches, each with its own Portion and Payment Terms, defining the terms of payment for an Order.
Reserve	<p>The portion of the Cash that is earmarked for a certain use. The Charter defines several Reserves and for each of them:</p> <ul style="list-style-type: none"> – the terms and conditions under which sums are allocated to it, – the type of Operations for which these amounts are available. <p>A summary of the Reserves is given in Appendix 4.</p>
Residue	For an Outflow: the balance of that Commitment remaining after the Resolution in which it has been resolve, equal to the difference between the Outstanding Amount and the Payable Amount.

Resolution	<p>A procedure carried out periodically, which involves the following actions:</p> <ul style="list-style-type: none"> – for a set of Outflows of a given Priority: – determines the Payable Amount for each Outflow, – allocates the corresponding sums to the Payable Reserve, – creates a new Iteration for any Outflow that has a Residue, – for a given Reserve: – determines how much should be allocated to or from this Reserve.
Resolved	For a Commitment: it has been processed by a Resolution.
Risk Factor	<p>For a Tranche: an indicator, expressed as a percentage (from 0% to 100%), representing the level of risk on the payment of this Tranche by the Project.</p> <p>The Risk Factor is used to calculate the Secondary Tokens issued to the Associate to compensate for this risk (Article 20).</p> <p>The Risk Factor is calculated upon Order Confirmation (Appendix 2).</p> <p>The Risk Factor is always equal to 0 for a Firm Outflow.</p>
Scheduled:	For a Commitment: a status indicating that it is Active and that the Due Date is determined (compared to Active, this also includes Equity Outflows for which a Valid Buyback Request has been made).
Scheduling, Schedule	For a Base or FlexGroup Commitment: the scheduling of the payment of its Outstanding Amount (Principal + Interest) on a certain date, as per its Payment Terms Payment.
Secondary	<p>A Commitment issued in consideration for the delay and associated risk in the payment of the Principal of a Tranche.</p> <p>Secondary Outflows include:</p> <ul style="list-style-type: none"> – Interest, – Distribution, and – Tokens issued for Tranches whose Priority is Flexible but not Token (i.e.: Preferred, Flex, Superflex and Credit).
Slice	A sub-section of a Wallet containing payments made to or collected by a specific Account, or on behalf of that Account.
Stock	A share, stock, equity or equivalent which represents a unit of ownership in a for-profit Legal Entity, typically a corporation.
Strategic Reserve	The portion of the Cash destined primarily to fund the development of the Project, which can be used for Base Outflows (Article 11), or for other Outflows with the approval of the Council (Article 13).
Subaccount	An account which belongs to another Account (which can be a Individual, Legal Entity, Grouping or another Subaccount).
Superflex	<p>For a Priority: a Priority level lower than Flex and higher than Equity, and which belongs to the FlexGroup group of Priorities.</p> <p>For an Outflow: a Flexible Outflow whose Priority is Superflex.</p> <p>Superflex are paid during the Monthly Resolutions (Article 11).</p>

Supplier	In the broadest sense and regardless of its nature, the Account, Project, or Participant as the case may be, which provides the Product(s) to the Client in return for a Remuneration.
Surplus	The unused balance of the Credit Buyback Reserve or Token Buyback Reserve allocated, respectively (Article 13).
Target Balance	For the Base and Flex Reserve: the target balance (Article 11).
Target Price	For an Order: the Principal.
Token	<p>For a Priority: a Priority level lower than Superflex and equivalent to Credit, and which belongs to the Equity group of Priorities.</p> <p>For an Outflow: a Flexible Outflow whose Priority is Token. Tokens can be Primary or Secondary Outflows and are created and issued under the conditions of Article 20.</p> <p>Tokens are paid during the Token Buyback Resolutions (Article 18), and do not have a Due Date until a Valid Buyback Request has been made for such Resolutions. Tokens also give voting rights and financial rights (Article 20).</p>
Token Buyback Reserve	The portion of the Cash reserved for the Token Buyback (Article 13).
Token Index	An index used to calculate the Number of Tokens in a Token (Article 20).
Tranche	<p>An amount that may be paid by the Project to a Participant, or vice versa, in connection with the Project, as Product or Remuneration, including in connection with an Order, under certain Payment Terms.</p> <ul style="list-style-type: none"> – The Order Principal may be divided into one or more Tranches, depending on the Remuneration Structure chosen by the Parties. – The Principal amount of each Tranche is determined when the total amount of the Order is determined and is equal to the Order Principal multiplied by the Tranche Portion. – The Outstanding Amount of a Tranche at a given date is equal to the sum of its Principal and Interest accrued at that date, minus any payments already made at that date. A Tranche may give rise to one or more Commitments (each of which may give rise to one or more Payments), called Iterations of the Tranche.
Transaction	An Operation between two Accounts, referred to as the Parties to the Transaction. Examples of Transactions are Payment, Commitment, Contract, Order, Delivery.
Transferor	For the Transfer of a Transaction: the Party of the Transaction that intends to transfer, or who has transferred, the Transaction to another Account (the Transferee), thereby transferring all the rights and obligations arising from this Transaction to the Transferee.
Transfer	<p>Relating to a Contract or an Order: where the Contribution is an existing Commitment.</p> <p>For Transfer Order, the Supplier is the Payee of this Commitment. The Client becomes the new Payee, while the original Payor of this Commitment remains unchanged.</p> <p>. For Transfer Orders, the net sum (Inflows minus Outflows) of the Tranches is equal to the Order Principal (the net sum of the Portions is therefore equal to 100%).</p>

	<p>When the Project is the Client, the Participant (Supplier) Remuneration consists of one or more Outflow Tranches, with the sum their Principals equal to the Order Principal.</p> <p>When the Participant is the Client, the Project (Supplier) Remuneration consists of:</p> <ul style="list-style-type: none"> – An "Initial Price" made up of one or more Inflow Tranches, with the sum their Principals greater than or equal to the Order Principal; – if applicable, a "Rebate" made up of one or more Outflow Tranches, with the sum of their Principals equal the difference between the Target price and the Initial price. <p>Example of Commercial are: purchase/sale of products and services, employment, rental, royalties, taxes.</p>
Transferees	<p>For the Transfer of a Transaction: the Account who intends receive the Transaction from the Transferor, thereby replacing the Transferor for all the rights and obligations arising from this Transaction.</p>
Wallet	<p>A physical, paper or digital 'container' belonging to one or more legal Owners, used to store money, and to/from which payments can be made. A Wallet can be held by the legal Owners themselves (such as in a purse, a cash box, a register or a safe) or by a Custodian (a bank, a credit card company, any other type of payment service provider such as PayPal, etc.). A Wallet can be used by several Accounts, with one Slice of the wallet for each account.</p>

Appendix 2. Payment Terms, Risk Factor

SECTION I - INTRODUCTION

Overview

1. Each Order is composed of one or more Tranches, as defined in the Payment Structure of the Order.
2. Each Tranche refers to a portion of the Order Principal, specifying how it must be paid.
3. Each Tranche is composed of one or more Commitments, as defined in the Payment Terms of the Tranche.
4. A Commitment refers to a specific financial obligation:
 - for the Payor to pay the Payee,
 - on certain terms (Due Date, Priority, Due Amount, etc.) determined based on the Payment Terms of the Tranche.

Tranche

5. A Tranche is defined by the following properties:
 - **Portion**: the percentage (positive or negative) of the Order Principal assigned to this Tranche,
 - **Payment Terms**: a collection of “**Payment Rules**”, and for each a “**Payment Option**”, as defined in this Appendix, that collectively describe how the Principal of the Tranche must be paid.
6. The Tranche Principal is equal to the Order Principal multiplied by the Tranche Portion.

Tranche Sign

7. Orders relate to a Client and a Supplier, and the Principal of an Order is always positive.
8. Commitments relate to a Payor and a Payee, and the Principal of a Commitment is always positive.
9. Tranches link Client and Supplier, on the one hand, to Payor and Payee, on the other hand.
10. The Portion (and thus the Principal) of a Tranche can be positive or negative.
11. The sign of the Tranche Portion (the “**Sign**”) indicates the respective roles:
 - Positive: the Client is the Payor, and the Supplier is the Payee,
 - Negative: the Client is the Payee, and the Supplier is the Payor.

Tranche Portion

12. Depending on the type of Order, the Portions of all the Tranches in this Order must meet the following constraints:
 - a. **Commercial Orders**: the sum of the Portions must be 100%.

For example:

 - for a Purchase: +70% (Firm Price) and +30% (Flex Price),
 - for a Sale: +120% (Initial Price) and -20% (Flex Rebate).
 - b. **Funding Orders**: the sum of the Portions must be 0%.

For example:

 - for an investment in Tokens: -100% (Inflow) and +100% (Outflow),
 - for a loan that must be repaid in 4 Flex annuities: 1 Tranche with a Portion of -100% (Inflow) and 4 Tranches with a Portion of +25% (Outflows).
 - c. **Donation Orders**: each Portion must be negative, and the sum of the Portions must be -100%.

For example:

- for a grant received: -100% (Inflow).

Commitment Level and Type

13. There are two "**Levels**" of Commitments:
 - a. **Primary**: issued in consideration for the Principal of a Tranche (Type can be Main or Token),
 - b. **Secondary**: issued in consideration for the delay and associated risk in the payment of the Principal of a Tranche (Type can be Token, Interest or Distribution).
14. There are four "**Types**" of Commitments, each possessing distinct characteristics and governing provisions:
 - a. **Main**: the Level is Primary, and the Outstanding Amount is fixed over time,
 - b. **Token**: the Level can be Primary or Secondary, the Number of Tokens Units is fixed over time, and Outstanding Amount can vary over time with the Token Index or the Token Price,
 - c. **Interest**: the Level is Secondary, their Outstanding Amount increases over time with the Interest Rate, and their Due Amount is equal to the Outstanding Amount,
 - d. **Distribution**: Level is Secondary, they are created in a Distribution Resolution.

Commitment creation

15. Distribution Commitments are created Distribution Resolution.
16. For all other Types, Commitments are created on the following occasions:
 - first Iterations: upon Confirmation of an Order,
 - later Iterations: upon Deferral of a previous Commitment.
17. Upon Deferral, the next Iteration of a Commitment always has the same Level and Type as that Commitment, except for Main or Interest Types which can be changed to Token.

Commitment properties

18. According to the Commitment Type, the **Outstanding Amount** is calculated as follows:
 - a. **Main**: equal to the Principal,
 - b. **Token**: increasing or decreasing over time, equal to the Number of Tokens multiplied by:
 - the Token Buyback Price if a Valid Buyback Request has been made for this Token in the context of a Token Buyback Resolution,
 - the Token Index in all other cases.
 - c. **Interest**: accruing over time with the Interest Rate applied to the Principal of the Main Commitment, equal to the sum of New Interest and, for later Iterations, Accrued Interest.
 - d. **Distribution**: value assigned in the Distribution Resolution.

Main Commitments

19. First Main Iterations have the following properties:
 - a. **Principal**: the Tranche Principal, determined upon Order Confirmation of a later date, as applicable.
 - b. **Priority**: the Tranche Principal Priority;
 - c. **Due Date**:
 - if Priority is Credit: determined when a Valid Buyback Request is made and is **7** days after the corresponding Resolution date.
 - in all other cases: calculated based on the following Tranche Principal properties (as defined below): Start, Adjustment, Period and Offset.
 - d. **Outstanding Amount**: the Commitment Principal,

e. **Due Amount:**

- if Priority is Credit: the Outstanding Amount multiplied by the Buyback Request Percentage.
- in all other cases: the Outstanding Amount.

20. Whenever different than for First Iterations, the properties of Later Main Iterations are as follows:

- a. **Principal:** the Residue of the previous Iteration,
- b. **Priority:** the Tranche Residue Priority;
- c. **Due Date:**
 - if Priority is Credit: determined when a Buyback Request is made.
 - in all other cases: calculated based on the Due Date of the previous Iteration and the Tranche Residue Period

Token Commitments

21. First Token Iterations have the following properties:

- a. **Principal:** the Tranche Principal, multiplied – if Secondary – by the Tranche Risk Factor,
- b. **Priority:** Token,
- c. **Due Date:** determined when a Buyback Request is made,
- d. **Reference Index:** the Token Index on the Order Confirmation Date,
- e. **Number of Tokens:** Principal divided by Reference Index,

22. Whenever different than for First Iterations, the properties of Later Token Iterations are as follows:

- a. **Principal:** the Number of Tokens multiplied by the Reference Index,
- b. **Reference Index:** the Reference Index of the First Iteration,
- c. **Number of Tokens:** the Residue Number of Tokens of the previous Iteration.

Interest Commitments

23. First Interest Iterations have the following properties:

- a. **Principal:** the Principal of the Tranche's active Main Commitment,
- b. **Priority:** the Tranche Interest Priority,
- c. **Interest Rate:** the Tranche Interest Rate,
- d. **Start Date:** the starting point for calculating interests, calculated based on the Tranche Interest Start and the applicable Order or Commitments dates (as per the corresponding Payment Options defined below),
- e. **New Interest:** calculated by accruing the Interest Rate over the sum of the Principal and the Outstanding Amount, from the Start Date until the Due Date.
- f. **Outstanding Amount** = Due Amount = New Interest
- g. **Due Date:**
 - if Priority is Credit: determined when a Buyback Request is made.
 - in all other cases: calculated based on the following Tranche Interest properties (as defined below): start and period.

24. Whenever different than for First Iterations, the properties of Later Interest Iterations are as follows:

- a. **Start Date:** the Due Date of the previous Iteration,
- b. **Accrued Interest:** the Residue of the previous Iteration,
- c. **Outstanding Amount** = Due Amount = New Interest + Accrued Interest

Distribution Commitments:

25. All Distribution Iterations have the following properties Due Date is calculated during the Distribution Resolution.

Payment Properties

26. Payment Terms are composed of multiple "**Payment Properties**".
27. For each Payment Property, a "**Payment Option**" (or "**Options**") is selected by the Parties (if required):
- either a value selected from a list of (e.g., Principal Priority, Interest Period),
 - or a value assigned within a certain range (e.g., Interest Rate, of Principal Offset),
- the available Options are indicated in the tables below.
28. The Option is then used by the corresponding "**Payment Rule**" to determine the properties of the Commitments related to that Tranche.
29. Some Options are interdependent (the choice of an Option in one Payment Property will make it possible or impossible to choose certain Option in another Payment Property).
- For example, some Options in one Payment Property are only available if certain Options have been selected for in another Payment Property (see column "Available if"),
30. For each Option, statements can be given (see column "Statements"), with the following meanings:
- * : default option - this Option is automatically applicable if another Option has not been explicitly chosen.
 - ! : Not recommended - this Option is potentially incompatible with the spirit and letter of the Charter of the FlexUp Model; the choice of this option shall be justified In Writing by each of the Parties, thus acknowledging the risks involved in its implementation.
 - ? : Option available in some cases only
 - : Option only available - and automatically chosen (compulsory choice) - if certain Option have been made in another Payment Property (see column "Available if").
31. For each Payment Property, if the Commitment meets more than one criterion of the table, only the first criterion is considered.

Risk Factor

32. The selected Option for each Payment Property determines its "**Risk Factor**".
33. The "**Risk Factor**" of a Tranche is equal to the product of the Risk Factor of each Payment Property, within the 0% to 100% range, as described in Section II below.
34. For Tranches whose Risk Factor is greater than 0% (this excludes notable Tranches whose Primary Priority is "Firm"), the Overall Risk Factor is used to create Secondary Token Commitments, issued in consideration for the risk taken on the payment by the Project of the Principal of the Tranche, according to the selected Payment Terms, as indicated in Article 20.10b).

SECTION II - PAYMENT TERMS, PROPERTIES AND OPTIONS

A. Primary Priority

- This Property determines the Priority for the first Primary Iteration for an Outflow.
- The Options are:

Option	Mentions	Risk Factor
Token	!	100%

Credit	*	80%
Superflex		60%
Flex		40%
Preferred		20%
Firm		0%

Notes

- "Firm" and "Tokens" are not recommended,
- "Credit" is the default.

Comments:

- In the FlexUp Model, the objective is to align the interests of the Associates, by aligning their Remuneration systems. Thus, for the Primary Priority of any Tranche of a given Order governed by the Charter:
 - The option "Firm" is possible, but not recommended, as it does not associate the Participant with the risks of the Project on that Tranche. Furthermore, if all the Tranches of an Order have the Primary Priority set to "Firm", this Order does not qualify as Associated, and the Participant does not benefit from the Associate status for this Order. The recommended alternative is "Preferred", which has a low risk due to the presence of a Base Reserve and the prohibition for the Project to take any new Commitment with a Base Priority if there is not sufficient cash in the Base Reserve to cover this new Commitment (see Article 14.6).
 - The "Tokens" choice is also not recommended as it places the Associate at greater risk as, Token is the lower Priority level, and the Token Unit Index may decrease as well as increase, as per Article 20.9.

B. Primary Start Reference

- If the Primary Priority is "Credit" or "Token", this Property is undefined (not applicable), and the Risk Factor is 100%.
- Else, it determines the "**Primary Start Date**" which is used - together with Primary Delay - to calculate the Due Date of the first Primary Iteration.
- The "**Primary Due Date**" is equal to the Primary Start Date plus the Primary Delay (counted in days)
- For a given Order, the Primary Start Date is determined by the date corresponding to the selected Option, as follows:

Option	Mentions	Risk Factor
Order Delivery Finish Date	*	100%
Order Delivery Middle Date	?	90%
Order Delivery Start Date	?	80%
Order Confirmation Date	!	70%

- "Delivery Start" and "Delivery Middle" are only available if these Properties exist in the Order.

C. Primary Delay

- If the Primary Priority is "Credit" or "Token", this Property is undefined (not applicable).
- Else, it is used to determine the "**Primary Delay**" which is used - together with Primary Start Date - to calculate the Primary Due Date of the first Primary Iteration.

- It is calculated using the Primary Adjustment, Primary Offset and Primary Period properties, as described below.

Risk Factor

- If Primary Delay is not applicable, its Risk Factor is 100%.
- Else, the Risk Factor is a function of the Delay ("j" expressed in days), as follows:
 - if j is less than or equal to 0, the Risk Factor is 0.
 - Else, Risk Factor is calculated according to the following formula, within a range from 50% to 100%:

$$\frac{\log(j + 45) + 1.35}{6}$$

- For illustration purposes, the approximate values are given below:

Due Date (from Start Date)	j (in days)	Risk Factor
- not applicable -	undefined	100%
Beginning of the month	-15	0
Day before	-1	0
Simultaneously	-	0
Next day	1	50%
7 days	7	51%
15 days	15	52%
End of the month	15	52%
45 days	45	55%
End of next month	46	55%
60 days	60	56%
90 days	90	58%
120 days	120	59%
180 days	180	62%
Year-end	183	62%
1 year	365	66%
2 years	731	71%
3 years	1 096	73%
5 years	1 826	77%
7 years	2 557	79%
10 years	3 653	82%
15 years	5 479	85%
30 years	10 958	90%
50 years	18 263	94%
100 years	32 873	99%

Primary Adjustment

- It is used to adjust the Primary Due Date to the beginning or to the end of the Period that it is in (as defined below).
- The Options are:

Option	Mentions
- no adjustment -	
Beginning of period	
End of period	*

Primary Offset

- It is used to offset the date (after the Adjustment above) by a number of selected Periods (as defined below).
- Offset can be any integer number, positive or negative, the default value is +1.

Primary Period

- It is used to determine the type of period used for the Adjustment and Offset mentioned above.
- The Options are:

Option	Mentions
Year	
Quarter	
Month	*
Day	

D. Interest Rate

- If the Primary Priority is "Token", the Interest Rate is undefined (*i.e., interests cannot be applied to Tokens*).
- Else, it determines the Interest Rate, expressed as %/year, for the all the Interest Commitments.
- Interest Rate can be any value greater or equal to 0%, and the default value is 0%.
- If Interest Rate is 0% or is undefined, the Risk Factor is 100% and all the other Interest related Properties of the Payment Terms, are undefined (*i.e., not applicable*).
- Else, Risk Factor is calculated according to the following formula, where "i" is the Interest Rate, within a range from 0% to 100%:

$$100\% - \frac{i}{15\%}$$

- For illustration purposes, the approximate values are given below:

Interest Rate	Risk Factor
0% or undefined	100%
3%	80%
6%	60%
9%	40%
12%	20%
≥ 15%	0%

E. Interest Priority

- If the Interest Rate is 0% or undefined, Interest Priority is undefined, and the Risk Factor is 100%.
- Else, it determines the Priority for the all the Interest Commitments.
- The Options are:

Option	Mentions	Level	Risk Factor
--------	----------	-------	-------------

- same as Primary Priority -	*		100%
Credit		5	100% - deltaP * IR
Superflex		4	
Flex		3	
Preferred		2	
Firm	!	1	50%

Notes

- If the Interest Priority is between Credit and Firm, then Risk Factor is calculated by comparing the Principal Priority of the Interest Priority, with "deltaP" being the difference in their respective Levels.
- For illustration, here are some examples for an Interest Rate of 5%:

Primary Priority	Interest Priority	deltaP	Risk Factor
Superflex (level 4)	Flex (level 3)	+1	95%
Preferred (level 2)	Credit (level 5)	-3	115%
Credit (level 5)	Preferred (level 2)	+ 3	85%

F. Interest Start Reference

- If the Interest Rate is 0% or undefined, Interest Start is undefined and the Risk Factor is 100%.
- Else, it determines the Interest Start Date for the calculation of the New Interest for the first Interest Iteration.
- The Options are:

Option	Mentions	Risk Factor
Deferral	*	100%
Order Delivery Finish Date	*	100%
Order Delivery Middle Date		95%
Order Delivery Start Date		90%
Order Confirmation Date	!	85%

Notes

- "Delivery Finish" is the recommended and default option for Funding Orders (*i.e., Interest start to accrue as soon as the funds have been received*).
- "Deferral" is the recommended and default option for Commercial Orders (*i.e., Interest only starts to accrue if payment is not made in full at the time of the first Resolution, and if so, only accrues only on the Residue*).

G. Interest Period

- If the Interest Rate is 0% or undefined, Interest Start is undefined and the Risk Factor is 100%.
- Else, it determines the Due Date of all the Interest Commitments (*i.e., the periodicity the Interest*), starting from the Interest Start Date.
- The Options are:

Option	Mentions	Risk Factor
--------	----------	-------------

- same as Primary Period-	*	100%
Annual		90%
Quarterly		80%
Monthly		70%

Notes

- The default Option is "- same as Primary -" (i.e., the Interest Due Date is the same time as the related Primary Due Date).
- Whatever the selected Option, the Interest Due Date cannot be later than the Primary Due Date.

H. Residue Priority

- If the Primary Priority is "Credit" or "Token", the Residue Priority is undefined (not applicable), and the Risk Factor is 100%.
- Else, it determines the Priority of the later Primary Iteration (i.e., the Priority of a Residue after a Monthly Resolution).
- The Options are:

Option	Mentions	Risk Factor
Credit	*	100%
Superflex		90%
Flex		80%
Preferred		70%

I. Residue Period

- If the Primary Priority or the Residue Priority is "Credit" or "Token", the Residue Period is undefined (not applicable), and the Risk Factor is 100%.
- Else, it determines the Due Date of the next Iteration (whenever there is a Residue after a Monthly Resolution), which is equal to the Due Date of the previous Iteration, offset by 1 Period.
- The Options are:

Option	Mentions	Risk Factor
Annual	*	100%
Quarterly		80%
Monthly		60%

J. Token Redemption

- This Property determines if Tokens are Redeemable or Non-Redeemable (i.e. whether they can be bought back by Project as defined in Article 20.13).
- If the Primary Priority is "Firm", or if the Risk Factor for any other Property is 0%, Token Redemption is undefined (not applicable), and the Risk Factor is 100%.
- The Options are:

Option	Type of Token	Mention	Risk Factor	Valuation discount
--------	---------------	---------	-------------	--------------------

Yes	Redeemable	*	125%	20%
No	Non-Redeemable		100%	0%

Notes

- The Option for Non-Redeemable Tokens always carries a Risk Factor of 100%.
- The Option for Redeemable Tokens always carries a Risk Factor greater than 100%, meaning that more Tokens are issued, to compensate for their lower valuation.

SECTION III - ADJUSTED RISK FACTOR

Introduction

The intent of the Risk Factor adjustment mechanism described in this Section (the "**Adjusted Risk Factor**") is to align the Risk Factor more closely with the actual payment performance of the Project. It provides a more equitable allocation of risk and reward for Associates who contribute to the Project when the Project has not been able to pay Outflows in full in the recent months.

For example, if a Tranche's Primary Priority is 'Flex' (Risk Factor 40%) and its Residue Priority is 'Credit', but no payment has been made for Flex Outflows Resolutions over the last 24 months, then the risk for this Tranche is - in practice for the moment - similar to the risk of having the Main Principal Priority as Credit (Risk Factor 80%). So, the Risk Factor should be adjusted accordingly.

Risk Factor Adjustment Mechanism

35. The "**Adjusted Risk Factor**" shall apply to any Tranche which meets all of the following conditions:
 - a. Principal Priority is a Flexible Monthly Priority (Preferred, Flex, and Superflex),
 - b. Residue Priority is Credit, and
 - c. Interest Rate is 0.
36. The Risk Factor shall be dynamically adjusted based on a weighted average Payable Ratio for each Priority Level, calculated as follows:
 - let N be the number of Monthly Resolutions that took place over the last 24 months,
 - let P_i be the Payable Ratio for the i^{th} Monthly Resolution, starting with $i=1$ for the most recent Monthly Resolution.
 - let P be the weighted average Payable Ratio over the last 24 months calculated as follows:

$$P = \frac{\sum_{i=1}^N \left(R_i \cdot \frac{N+1-i}{N} \right)}{\frac{N+1}{2}}$$

- let R be the reference Primary Priority Risk Factor (given in the table in Article A of Section 1 above, for example 40% for Flex),
- let A be the Adjusted Risk Factor. A is calculated as follows:

$$A = R + (0.8 - R) \times (1 - P)$$

37. The Adjusted Risk Factor will be calculated and applied monthly, starting from the first Monthly Resolution.
38. The Adjusted Risk Factor will be communicated to all Associates and will apply to all new Outflows issued from the date of the adjustment until the next adjustment.

Appendix 3. Standard Payment Terms

The "Standard Payment Terms" are defined below:

A. Standard Payment Terms with Non-Redeemable Tokens

Firm (Standard):

- Primary Priority: Firm
- Due Date:
 - Start: Order Delivery Finish Date
 - Offset: 15
 - Period: Days
 - Adjustment: End of period
- Interest Rate: 0.0%
- Residue Priority: not applicable
- Token Redemption: not applicable
- Risk Factor: 0.0%

Preferred (Standard):

- Primary Priority: Preferred
- Residue Priority: Credit
- Token Redemption: No
- Other options: same as Firm (simple)
- Risk Factor: 10.44%

Flex (Standard):

- Primary Priority: Flex
- Other options: same as Preferred (Standard)
- Risk Factor: 20.88%

Superflex (Standard):

- Primary Priority: Superflex
- Other options: same as Preferred (Standard)
- Risk Factor: 31.32%

Credit (Standard):

- Primary Priority: Credit
- Due Date: not applicable
- Residue: not applicable
- Other options: same as Preferred (Standard)
- Risk Factor: 80.0%

Token (Standard):

- Primary Priority: Token
- Other options: same as Credit (Standard)
- Risk Factor: 100.0%

B. Standard Payment Terms with Redeemable Tokens

Each Standard Payment Terms with Redeemable Tokens has the same properties as the corresponding Standard Payment Terms with Non-Redeemable Tokens as described Appendix 3.A above, but with the Token Redemption Property set to "Yes". The resulting Risk Factors are as follows:

Payment Term	Risk Factor
Preferred (Standard Redeemable)	13.05%
Flex (Standard Redeemable)	26.10%
Superflex (Standard Redeemable)	39.15%
Credit (Standard Redeemable)	100%
Token (Standard Redeemable)	125%

Appendix 4. Resolutions, Reserves, Flows and Surpluses

Operation		Corresponding reserves									
Nr	Operation name	Liquidity	Flex	Base	Strategic	Payables	Allotment	credit buyback	token buyback	Distributio n	Edowment s
Daily cycle											
A	1 Inflows	□	-	-	\$	\$	\$	\$	\$	\$	\$
	2 Payables	-	-	-	*	1	-	-	-	-	-
	3 Exceptional outflows	1	2	3	*	-	-	-	-	-	-
Monthly cycle											
B	4 Firm outflows resolution	1	2	3	4	-	-	-	-	-	-
	5 Preferred outflows resolution	1	2	3	4	□	-	-	-	-	-
	6 Base reserve resolution	1	2	□	*	-	-	-	-	-	-
	7 Flex outflows resolution	1	2	-	*	□	-	-	-	-	-
	8 Flex reserve resolution	1	□	-	*	-	-	-	-	-	-
	9 Superflex outflows resolution	1	-	-	*	□	-	-	-	-	-
Annual cycle											
C	10 Net excess cash allocation	1	-	-	-	-	□	-	-	-	-
	Strategic reserve allocation	-	-	-	□	-	%	-	-	-	-
D	Credit buyback reserve allocation	-	-	-	-	-	%	□	-	-	-
	Distribution reserve allocation	-	-	-	-	-	%	-	-	□	-
	Token buyback reserve allocation	-	-	-	-	-	%	-	□	-	-
	Edowments reserve allocation	-	-	-	-	-	%	-	-	-	□
	12 Credit buyback surplus	-	-	-	-	-	-	1	1	2	-
	13 Token buyback surplus	-	-	-	-	-	-	1	1	2	-
E	14 Credit buyback resolution	-	-	-	-	□	-	1	-	-	-
	15 Token buyback resolution	-	-	-	-	□	-	-	1	-	-
	16 Distribution resolution	-	-	-	-	□	-	-	-	1	-

Note: In the table above,

- "-" means that the sums present in this reserve are not available for this operation
- a number indicates the order in which the the reserves are used or filled
- "%" means that the sums present in this reserve are available, and that they are allocated according to the allotment Key
- "*" means that funds can be taken from this reserve if proposed by the project and validated by the Concil
- "□" means that the funds are transferred into this reserve

Color code

From (main source)

From (secondary sources)

To (main target)

To (secondary targets)

Notes: In the table above,

- "-" means that the sums present in this reserve are not available for this operation

- a number indicates the order in which the the reserves are used or filled

- "%" means that the sums present in this reserve are available, and that they are allocated according to the allotment Key

- "*" means that funds can be taken from this reserve if proposed by the project and validated by the Council

- "□" means that the funds are transferred into this reserve

- "\$" : by default inflows go to liquidity, unless funding and donation is another reserve is indicated

Color code

From (main source)

From (secondary sources)

To (main target)

To (secondary targets)

Operation		Excess before	Flux		Excess after
Nr	Operation name	Liquidity before this step	Share of operation realised		Liquidity after this step
Daily cycle					
A	1 Inflows	Initial liquidity	Detailed	Aggregated	Inflows excess cash
	2 Payables		Inflows flux	Inflows flux	
	3 Exceptional outflows				
Monthly cycle					
B	4 Firm outflows resolution	Firm excess cash	Flux sorties stratégique	Flux sortant	
	5 Preferred outflows resolution	Inflows excess cash	Detailed	Aggregated	
	6 Base reserve resolution		Firm outflows flux	Outflows flux	Firm excess cash
	7 Flex outflows resolution		Preferred outflows flux	Outflows flux	Base excess cash
	8 Flex reserve resolution		Base reserve flux	Reserve flux	Gross excess cash
			Flex outflows flux	Outflows flux	Flex excess cash
	9 Superflex outflows resolution		Flex reserve flux	Reserve flux	Flex reserve excess cash
Annual cycle					
C	10 Net excess cash allocation	Flex reserve excess cash	SuperFlex outflows flux	Outflows flux	Net excess cash
D	11 Strategic reserve allocation	Net excess cash		Reserve flux	0
	Credit buyback reserve allocation				credit buyback Surplus
	Distribution reserve allocation				
	Token buyback reserve allocation				token buyback Surplus
E	12 Edowments reserve allocation			Outflows flux	
	Credit buyback surplus				
	13 Token buyback surplus				
	14 Credit buyback resolution		Capital buyback flux	Payables flux	
	15 Token buyback resolution		token buyback flux	Payables flux	
	16 Distribution resolution		Distribution flux	Pavables flux	

Appendix 5. Decisions

A. Council decisions

The following are subject to approval by the Council:

- a. approval of the Annual Report,
- b. deduction of all or part of Probably Inflows in the calculation of the Reserve Target,
- c. creating or modifying a Regulated Transaction,
- d. decision to Downgrade an Associate,
- e. rehabilitating a Party previously dismissed as Councillor (Article 8.1e).

B. Assembly decisions

2. The following are subject to approval by Simple Decision of the Assembly:
 - a. for any given Allotment, choosing an Allotment Key different from the default one given in Article 16.5,
 - b. changing any Parameter of the Charter (including Charter-SC and Charter-GC),
 - c. dismissing a Councillor (see Article 8.1d).
 - d. any decision subject to approval of the Council (as per A. above) which has been referred to the Assembly at the request of the Project or of a Council Member of the Council.
3. The following are subject to approval by Major Decision of the Assembly:
 - a. changing any part of the Charter (including Charter-SC and Charter-GC), other than a Parameter,
 - b. changing the Holder (Article 6.6).

Appendix 6. Resolution Mechanisms

Introduction

- The FlexUp Model proposes several Resolution Mechanisms for Outflow Resolutions.
- For each type of Outflow Resolution, the Charter determines the applicable Resolution Mechanism.
- For each Resolution:
 - if the Total Payable Amount is equal to the Total Due Amount, then, for all Outflows in this Resolution, the Payable Amount is equal to the Due Amount;
 - if the Total Payable Amount is lower than the Total Due Amount, then the Payable Amount for each Outflow in this Resolution is determined according to the selected Resolution Mechanism.

A. Manual Resolution Mechanism

- For each Outflow, Payable Ratio is set manually by the Project to a value from 0% to 100% so that:
- Payable Amount for this Outflow is equal to the product between Payable Ratio and Due Amount, and
- the sum of Payable Amount for all Outflows is equal to Total Payable Amount.

B. Proportional Resolution Mechanism

- "**Payable Ratio**" is equal to Total Payable Amount divided by Total Due Amount (from 0% to 100%),
- For each Outflow, Payable Amount is equal to the product between Due Amount and Payable Ratio.

C. Capped Resolution Mechanism

- A "**Payable Cap**" is calculated so that:
- for any Outflow whose Due Amount is greater than or equal to Payable Cap, Payable Amount is equal to Payable Cap,
- for any Outflow whose Due Amount is lower than Payable Cap, Payable Amount is equal to Due Amount,
- the sum of Payable Amount for all Outflows is equal to Total Payable Amount.

Appendix 7. Invoicing Terms for Associate Contracts (Invoicing-GC)

This Appendix outlines specific invoicing terms and conditions that apply to all Associate Contracts under the FlexUp Charter where Project is the Client and Associate is the Supplier. These terms are a fundamental aspect of the Contracts, ensuring clear understanding and expectations regarding invoicing for the Contract's Parties. They form an integral part of such Contracts, whether or not explicitly including in their Special Conditions or General Conditions documents.

1. Commitments which have a Firm Priority ("**Firm Commitments** ") are unconditional remuneration elements and are not subject to any conditions relative to the Project's financial performance.
2. Commitments which have a Flexible Priority ("**Flexible Commitments** ", which include Preferred, Flex, Superflex, Credit, and Token Priorities), are conditional and variable remuneration supplements, subject to the Project's financial performance as per the principles defined in the Charter.
3. "**Accounting Document**" means any document, final or proforma, relating to an Order, to a Tranche or to a Commitment, and whose nature under the Conventional accounting and/or tax rules may vary according to the nature of the underlying Contract, Services and Remuneration. For example, an Accounting Document may be:
 - a. an invoice or rebate (e.g., *credit note*) for the products or services due to a supplier,
 - b. a payslip for the salary due to an employee,
 - c. a statement for interest or principal repayment due to a bank,
 - d. a confirmation for dividends or the buyback of securities due to shareholders,
 - e. a notice for taxes due to public entities.
4. A final Accounting Document indicating the actual amount to be paid by Client and the actual due date ("**Final Accounting Document**") may be issued by Supplier for Commitments in the following conditions:
 - a. for Firm Commitments: following Acceptance of Delivery, for the Due Amount,
 - b. for Flexible Commitments: following the Resolution in which the Commitment was processed, for the Amount Payable.
5. In all other cases, Supplier may issue a proforma Accounting Document ("**Proforma Accounting Document**") which outlines the estimated costs and payment schedule relating to the Order, Tranche or Commitment, and may be used for budgeting purposes.
6. A Proforma Document serves as a draft Accounting Document, subject to adjustments based on the terms agreed upon in the Charter, Contract or Order. It is important to note that a Proforma Document is not a legally binding invoice, but a draft that can be replaced by a Final Document.
7. A Proforma Document may for example be issued:
 - a. for an Order under negotiation, when the Supplier and Client are finalising the terms,
 - b. for a Confirmed Order, before Delivery, when the final quantities, costs and due dates are yet to be determined,
 - c. for a Confirmed Order, following Delivery:
 - i. for Preferred, Flex and Superflex Commitments: when the Principal and Due Date are known,
 - ii. for Credit and Token Commitments: when the Principal is known,
 - d. following the Resolution in which a Commitment was processed and resulted in a Residue of greater than 0, for the new Commitment (the "**Next Iteration**") carrying this Residue.
8. Supplier shall provide the Final Document replacing the Proforma Document as soon as the conditions of Article 4 are met.

Appendix 8. FlexAdjust Pricing Model

A. Introduction

The intent of the volume-based pricing model described in this document ("**FlexAdjust Pricing Model**") is to ensure fair and transparent pricing based on actual consumption. It aims to mitigate the risks associated with traditional, fixed cost or fixed unit pricing models, and to provide a framework for parties to agree on a flexible pricing structure.

The model is based on a common "scale factor" model where the unit price (P) for a given quantity (Q) is determined by three key parameters: the reference unit price (U₀), the reference quantity (Q₀), and the scale factor (F). The scale factor is a percentage applied to the unit price when the volume increases by a factor of 10.

Example:

- A lawyer's reference rate is 200 €/hour for a reference 20-hour assignment. His scale factor is 70% (= 0.7).
- His price for a 200-hour assignment is 140 €/hour (= 200 x 0.7 since the quantity is 10x bigger),
- His price for a 2-hour assignment rises to 286 €/hour (= 200 / 0.7 since the quantity is 10x smaller).

This model encourages transparency and fairness, avoiding the risks associated with over or underestimating usage levels. It aligns the interests of all parties, minimizing the potential for conflicts that can arise from post-contract renegotiations.

B. Unit Price Calculation

1. The actual unit price for an order is calculated as follows:

$$U = U_0 \times F^{\log_{10}\left(\frac{Q_c}{Q_0}\right)}$$

Where:

- U is the actual unit price for the order,
- U₀ is the "**Reference Unit Price**",
- Q₀ is the "**Reference Quantity**",
- Q_c is the "**Cumulated Quantity**" over the aggregation basis (see below),
- F is the "**Scale Factor**".

2. The actual total price for the order is:

$$P = U \times Q$$

Where:

- P is the total price for the Order (i.e., the Principal),
- U is the actual unit price for the order,
- Q is the actual quantity for the order.

C. Aggregation basis

3. The cumulative quantity (Q_c) used to calculate the unit price for an order is equal to the total quantity over the agreed aggregation basis ("**Aggregation Basis**"), which can be for example:
 - total quantity for all Orders (including the current one) over the last 12-months (on a rolling basis),
 - total quantity for the last 5 Orders (including the current one),
 - total quantity for all Orders up to now (including the current one) for the current calendar month,
 - total quantity of the current Order only.

4. Parties can also agree on minimum and/or maximum values for parameters such for: unit price, total cumulated quantity, quantity per order or per period (month, quarter, year...).

D. Target Quantity and Discrepancy Fee

5. If parties agree on a "**Target Quantity**" (Q_t), the unit price corresponding to the target volume is applied from the first transaction (i.e., Q_t is used in lieu of Q_c in the formula above).
6. If the target quantity is not reached over the aggregation basis, a price adjustment (the "**Discrepancy Fee**") is made to compensate for the difference between the actual average unit price that was applied paid on the actual order, and the target unit price corresponding to the target quantity, with a multiplier of 2x applied to the difference. This Discrepancy Fee is designed to discourage overestimation of target volumes but is less severe than the penalty incurred for not meeting a committed minimum quantity.

7. The Discrepancy Fee is calculated as follows:

$$DF = 2 \times (U_a - U_t) \times Q_a$$

Where:

- DF is the Discrepancy Fee
 - U_a is the actual average unit price over the aggregation basis,
 - Q_a is the actual total quantity over the aggregation basis.
 - U_t is the theoretical unit price calculated for cumulated quantity of Q_t using the formula given in Article 1 above.
8. If a maximum unit price has been agreed to, it includes the Discrepancy Fee.
9. Taking the example above, if the client gave the lawyer a target quantity of 200 hours, but only ends up using 100 hours, then:
- the actual average price applied is 140 €/hours for 100 hours = 14 000 €,
 - the theoretical price for 100 hours is 156 €/hours ($= 200 \times 0.7^{\log_{10}(100/20)}$), giving a difference of 16 €/hour,
 - the discrepancy fee is $16 \times 2 = 32$ €/hr, equal to 3 200 € when applied on total actual quantity of 100 hours,
 - the final actual price is thus 17 200 €, corresponding to a final hourly rate of 172 €/hr

E. Default values

10. Unless otherwise specified in the Contract, the following default parameters shall apply:
- a. scale factor: 70%
 - b. aggregation basis for calculating the actual price: the sum for all Orders (including the current one) over the last 12-months (on a rolling basis) of:
 - iii. if all Orders include the products having the same units and unit price: the Order quantity
 - iv. if Orders include products having different units or unit prices: the Order Principal

Appendix 9. Act of Adhesion

[signatory name]

[transferee name]

[transferee address]

[recipient name]

[holder name]

[holder address]

[location], the [date].

Subject: Adherence to the Charter

[Mrs/Mr] [recipient name],

I, the undersigned, acting on behalf of the Transferee, in view of the transfer from Transferor to Transferee (the "**Transfer**") of certain Contracts, Orders, and/or Commitments (the "**Transactions**"), which are governed by the Charter of the **FlexUp** project (the "**Project**");

- declare that I am fully aware of the stipulations of the Charter and the Securities, including the rights and obligations arising from these,
- agree to abide by them without reservation, and to become an Associate of the Project, effective immediately upon effectiveness of the Transfer.

Transferor:

- Name: [transferor name]
- Address: [transferor address]

Transferee:

- Name: [transferee name]
- Address: [transferee address]

All notifications send to me, as Associate, by the Project should be made to the following addresses:

- Recipient: [Mr/Ms] [transferee representative name]
- Address: [transferee representative address]
- E-mail: [transferee representative email]

Appendix:

- list of Securities

Signature of Transferee

Signature of Holder

Name: [signatory name]

Name: _____

Capacity: [signatory title]

Capacity: _____

Date: _____

Appendix 10. Probable Inflows

1. The Confidence Rate of a Probable Inflow (i.e., potential but not yet paid) equals the product of the Confidence Factors (CF) of each criterion mentioned in this Annex.
2. The factors mentioned above are defined in the tables below.
3. For each of the factors, if more than one criterion is met, only the first criterion is considered.

Criteria 1: Time until/since Due Date	CF1
If Due date is more than 365 days in the future	0%
If Due date is in the future (t = days until due date)	$100\% - t/360$
If Due date is in the past (i.e., payment is already late). (t = days since due date)	$100\% - t / 180$
Due date is more than 180 days in the past	0%

Criteria 2: Order status	CF2
Order Confirmed, Delivery Accepted, Final Accounting Document approved in writing	100%
Order Confirmed, Delivery Accepted, Final Accounting Document approved orally	90%
Order Confirmed, Delivery Accepted	80%
Order Confirmed, Delivery finished	75%
Order Confirmed, Delivery started	70%
Order Confirmed, Delivery not started	65%
Order Sent by Project, confirmed orally by Third-Party but not in writing	60%
Order Sent by one Party, the other Party indicated interest in writing, but did not confirm	50%
Order Sent by one Party, the other Party indicated interest orally, but did not confirm	40%
Order Sent by one Party, no response from the other party	30%
Order discussed, but not sent	20%
No specific Order identified, and inflow is in line with track record over last 12 months	10%
No specific Order identified, and inflow would be above track record over last 12 months	0%
Order or Inflow Cancelled or On Hold, Dispute or litigation	0%

Criteria 3: Quality of guarantees / ratings	CF3
Bank guarantee or equivalent	100%
Promissory note or equivalent	90%
High external credit rating (AAA to A by S&P standards or equivalent)	80%

Moderate external credit rating (BBB to BB by S&P standards or equivalent)	70%
No or neutral external credit rating	60%
Low external credit rating (B to C by S&P standards or equivalent)	40%
Very Low / Default external credit rating (D or lower by S&P standards or equivalent)	0%

Criteria 4: Participant payment track record over the last 3 years	CF4
All past inflows (5 or more) have been paid with No Incident	100%
All past inflows (1 to 4) have been paid with No Incident	90%
No inflows have been due until today	80%
At least 1, but less than 20%* of Inflows have had Incidents	60%
At least 20% and less than 50%* of Inflows have had Incidents	40%
At least 50%* of Inflows have had Incidents	0%

Notes / Definitions:

- No Incident: paid in full and on time (or within 30 days of due date)
- Incident: not paid in full and on time (or within 30 days of due date)
- * these percentages are weighted by Inflow Due Amount

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Appendix 12. Allowed Parameter Values

ⁱ "of the Holder" or "of one or more Associates collectively representing 33% of the Tokens.

ⁱⁱ "may" or "shall"

ⁱⁱⁱ Between 5 and 15 days

^{iv} Between 3 and 9 Council Members

^v always 1 less than the number of Council Members

^{vi} Between the next day and 30 days

^{vii} Depending on the previous choice: between the day and 29 days after

^{viii} "are" or "are not.

^{ix} They are either "left to pay" or "Refunded by the Project and considered as Firm Outflows".

^x Between 30 and 60 days

^{xi} Between 30 and 60 days

^{xii} Between 1 and 15 days

^{xiii} Between 00:00 and 23:59

^{xiv} Indicate the city where the Holder is domiciled.

^{xv} Between once a day and once a week

^{xvi} Must be the same number as the number or Councillors

^{xvii} Must be the same number as the number or Councillors

^{xviii} month, quarter, semester, year

^{xix} Between 5 and 15 days.

^{xx} "Council Member" or "Councillor". If "Councillor", then add the sentence "The Secretary shall have an advisory vote".

^{xxi} "50% or more" or "more than 50%"

^{xxii} "(if the choice of Article 8.4a) is "Council Member") or "the Secretary's vote is deliberative, not advisory" (if the choice of Article 8.4a) is "Councillor")

^{xxiii} Between 2 and 6 Councillors

^{xxiv} Between 10% and 50%.

^{xxv} Between 2 and 15 days

^{xxvi} Between 2 and 6 months

^{xxvii} Between 75% and 100%.

^{xxviii} Between 50% and 75%.

^{xxix} Between 50% and 75%.

^{xxx} Between 67% and 95%.

^{xxxi} Between 50 and 67%.

^{xxxii} Between 67% and 95%.

^{xxxiii} "Simple" or "Major".

^{xxxiv} Between the 15th and 28th

^{xxxv} Between the 1th and 14th

^{xxxvi} "Capped" or "Proportional"

^{xxxvii} "Capped" or "Proportional"

^{xxxviii} month, 2 months, quarter, semester, year

^{xxxix} Between 6 and 24 months

^{xl} Between 5% and 50%.

^{xli} Between 25% and 50%.

^{xlii} Between 5% and 15%.

^{xliii} Between 10% and 25

^{xliv} Between 5% and 50%.

^{xlv} Between 5 and 15 days

^{xlvi} Any numerical value greater than 0.

^{xlvii} Between 5% and 50%.

^{xlviii} Between 5% and 25%.

^{xliv} Between 15 and 60 days

^l Between 110% and 200%

^{li} The valuation discount for Redeemable Tokens must always be equal to : $1 - (1 / \text{Risk Factor})$