Decentralized Autonomous Organizations (DAO)

Roadmap for DAO projects in Dutch Corporate Structures

Olivier Rikken
Benjamin Gideonse
Frank Putman

www.dutchblockchaincoalition.org
**Decentralized Autonomous Organizations** or DAOs are seen as a new way to organize projects and organizations in the Web3 space. DAOs aim to dismiss traditional hierarchal structures and management layers. Within DAOs, a shared treasury is managed by the involved community or tokenholders. Decision making is done by the community, often through token voting systems. The integrity guarding of the voting and the execution of the votes is generally enforced through the use of blockchain based smart contracts. Currently, there is no specific legal wrapper for DAOs under Dutch corporate law.

### ROADMAP DAO PROJECTS IN DUTCH CORPORATE LAW

There is no "one DAO". DAOs can serve many purposes or business objectives. DAOs can be set up requiring many manual actions to highly automated and autonomous. DAOs can be extremely centralized to highly decentralized. The lack of a specific legal wrapper for DAOs under Dutch corporate law does not mean that it is not possible to use any of the existing Dutch corporate structures for DAOs.

Under Dutch law, highly decentralized DAOs can be problematic, but if a DAO community accepts certain levels of centralization or some more centralized processes, there are various possibilities to fit DAOs in existing legal frameworks. This roadmap gives a first guidance.

Please be aware that if one ends up in a certain category by using this roadmap, they should always consult a legal specialist as this roadmap is for first guidance only and in no way, shape or form legal advice. This roadmap only considers Dutch corporate law and legal entities in their own right (excluding general European legal frameworks). Combinations of legal entities were out of scope of this roadmap. Financial law, privacy law and any other laws are not part of this roadmap.

---

**DAO Roadmap**

<table>
<thead>
<tr>
<th>Goal of participation</th>
<th>Number of participants</th>
<th>Liability limitation for internal participants</th>
<th>VM or decentralized?</th>
<th>VM or centralized?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Partnership</strong></td>
<td><strong>Yes</strong></td>
<td><strong>No</strong></td>
<td>DMV</td>
<td>Limited Partnership</td>
</tr>
<tr>
<td><strong>Normal Partnership</strong></td>
<td><strong>Yes</strong></td>
<td><strong>No</strong></td>
<td>DMV</td>
<td>Limited Partnership</td>
</tr>
<tr>
<td><strong>General Partnership</strong></td>
<td><strong>Yes</strong></td>
<td><strong>No</strong></td>
<td>DMV</td>
<td>Limited Partnership</td>
</tr>
<tr>
<td><strong>Limited Partnership</strong></td>
<td><strong>Yes</strong></td>
<td><strong>No</strong></td>
<td>DMV</td>
<td>Limited Partnership</td>
</tr>
</tbody>
</table>

**Not a DAO - do token give economic rights?**

- **Yes**: Foundation - interdisciplinary, participants can have right. But no decision rights.
- **No**: Liability can be limited or not and voting can be weighted or non-weighted.

**Can participants appoint delegates or core team?**

- **Yes**: Can voting weight differ per participant.
- **No**: Can voting weight differ per participant.

**Is there an existence of participants involved?**

- **Yes**: Can all participants directly vote on all topics? Full autonomy with participants.
- **No**: Liability limitation for internal participants.

---

For more detailed information, please refer to the Dutch Blockchain Coalition. Please note that the information provided is for first guidance only and should be supplemented with legal advice from a qualified source.
IMPORTANT GENERAL CONSIDERATIONS

There are various important general consideration to take into account when one wants to fit a DAO in a Dutch legal wrapper.

1) In most legal frameworks "bestuurders" need to be appointed that may have various degrees of autonomous decision-making power.
2) Transfer of ownership/governance tokens under certain frameworks requires a notarial deed under Dutch law.
3) Always have a constitution that could serve as partnership agreement/articles of association (AoA) etc. and have the DAO participants agree to them before they can participate.
4) If you choose one of these corporate forms under Dutch law, your DAO will need to register at the Dutch Chamber of Commerce. Be aware that your DAO will need to provide information on its governance and their participants.
5) UBO (ultimate beneficiary owners) should be (publicly and centrally) registered if under Dutch Law.

IMPORTANT SPECIFIC CONSIDERATIONS

1) Partnerships (In Dutch Maatschap, VoF or CV) – In a partnership agreement one can arrange trade of tokens and elements like indemnity without the need of a notary deed. If nothing specific is arranged in a partnership agreement, trading of tokens resulting in a new partner entering or an existing partner exiting will de facto lead to ending of that partnership and start of a new partnership.
2) BV – always need "bestuurders" and notarial deed for creation, transfer of ownership and changes in articles of association. Additional rules can be added in shareholders’ agreement, no notarial deed is needed for that. In exceptional cases it can be arranged that part of the tokens can be traded without notary deed if this entails economic - non-voting tokens.
3) A foundation is in many ways very unsuitable for a DAO – except potentially for certain social or human purpose DAOs.
4) Foundations and associations are not allowed to share profits with their tokenholders.
5) Association and cooperation do not require a notary deed for trading of tokens.

FINAL NOTES

The category where one ends when going through the roadmap as displayed above could be a possible suitable legal framework for your DAO. Please always consult a legal advisor for specific details that are mandatory to have in place if one chooses for a legal framework under Dutch Law. If your initiative ends up in the "unknown" category, probably no suitable legal structure under Dutch corporate law in their own is available for your DAO at the time of writing.

For more details, one can read the DAO Dutch legal framework report on the site of the Dutch Blockchain Coalition.