

# **APPENDIX D - Motivation-Based Collateralised Project Funding Note**

## **APPENDIX D**

### **CHRONOBANK 2017 VOTING RESOLUTION**

## **MOTIVATION-BASED COLLATERALISED PROJECT FUNDING NOTE**

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**Submitted for TIME Token Holder Vote Updated ChronoBank White Paper February 2018**

**Document Reference:** CB-PFN-2018-001 **Status:** Proposal for Approval

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### **RECITALS**

#### **WHEREAS:**

1. ChronoBank conducted a crowdsale of TIME tokens commencing in December 2016 and concluding with the Token Generation Event on 27 February 2017;
2. The Crowdsale Proceeds were intended to fund the development and operation of the ChronoBank system as described in the White Paper;
3. During the period from 2017 to the present, cryptocurrency projects have faced widespread challenges in accessing traditional banking and payment services;
4. Major financial institutions in Australia, the United States, Europe, and other jurisdictions have restricted or denied banking services to cryptocurrency-related businesses, creating practical difficulties for legitimate project expenditure;
5. These banking access challenges have necessitated alternative arrangements to ensure continuity of project funding and operations;
6. Mr Sergei Sergienko, in his capacity as Chief Executive Officer of the ChronoBank Entity, has been willing to utilise his personal banking relationships and personal banking accounts to advance the ChronoBank DAO TIME token holders funds to facilitate project expenditure where necessary;

7. It is appropriate that such arrangements be documented and formalised to ensure accountability, transparency, and protection of TIME token holder interests;
8. Structuring such arrangements as collateralised advances, rather than as remuneration or benefits, provides accountability and alignment of interests between project leadership and TIME token holders;
9. Requiring collateralisation in the form of TIME tokens provides security for the interests of TIME token holders;
10. Requiring arm's-length interest ensures commercial reasonableness of the arrangements;
11. The express prohibition on forgiveness without further token holder approval protects TIME token holders from dilution of their interests;
12. This arrangement is being submitted to TIME token holders for approval as part of the vote on the Updated White Paper;

**NOW, THEREFORE**, the following terms and conditions are hereby established for the Motivation-Based Collateralised Project Funding Note:

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## **ARTICLE 1: DEFINITIONS**

In this Note, unless the context otherwise requires:

**1.1 “Advance”** means any payment of personal funds by Sergei for Project Expenses, or any funds directed and advanced by Sergei on behalf of the ChronoBank Entity, in each case subject to and in accordance with the terms of this Note.

**1.2 “Aggregate Cap”** means USD 8,000,000 (eight million United States Dollars), or its equivalent in other currencies or Digital Assets, being the maximum total exposure authorised under this Note.

**1.3 “Arm's-Length Interest Rate”** means an interest rate determined on the basis of rates that would be agreed between unrelated parties in comparable circumstances, having regard to the risk profile, security arrangements, and prevailing market rates for similar project funding arrangements.

**1.4 “Capitalised Interest”** means interest calculated under Article 7 that has been added to the Outstanding Balance in accordance with Article 7.3.

**1.5 “ChronoBank Entity”** or **“CBE”** means the entity or entities responsible for coordinating the development, operation, and management of the ChronoBank system, administered and governed as a decentralised autonomous organisation.

**1.6 “Collateral”** means the TIME tokens pledged by Sergei as security for his obligations under this Note, as described in Article 8.

**1.7 “Crowdsale”** means the sale of TIME tokens conducted by ChronoBank commencing in December 2016.

**1.8 “Crowdsale Proceeds”** means all cryptocurrency assets received by the ChronoBank Entity during or as a result of the Crowdsale.

**1.9 “Digital Assets”** means cryptocurrencies, tokens, and other blockchain-based assets.

**1.10 “Effective Date”** means the date on which this Note is approved by TIME token holder vote.

**1.11 “Enforcement Event”** means an event described in Article 8.5.

**1.12 “Note”** means this Motivation-Based Collateralised Project Funding Note.

**1.13 “Outstanding Balance”** means, at any time, the aggregate of all Advances made under this Note, plus all Capitalised Interest, less all Repayments.

**1.14 “Personal Payment Arrangements”** means the use by Sergei of personal bank accounts, credit facilities, or other personal financial arrangements to make payments for Project Expenses.

**1.15 “Project Expenses”** means all legitimate costs and expenditures incurred in furtherance of the Project Objectives, as more particularly described in Article 4.

**1.16 “Project Objectives”** means the objectives described in the White Paper and Updated White Paper, including development of the ChronoBank system, TimeX, LaborX, and related ecosystem components.

**1.17 “Repayment”** means any payment made by the ChronoBank Entity directed to Sergei that was not applied to facilitate project expenditure in satisfaction of amounts owing under this Note.

**1.18 “Sergei”** means Mr Sergei Sergienko, Chief Executive Officer of the ChronoBank Entity.

**1.19 “TIME Token”** means the ERC20 token deployed at Ethereum contract address 0x6531f133e6DeeBe7F2dcE5A0441aA7ef330B4e53.

**1.20 “Token Generation Event” or “TGE”** means the completion of TIME token generation on 27 February 2017.

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## **ARTICLE 2: PARTIES AND RELATIONSHIP**

### **2.1 Parties**

This Note is made between:

1. The ChronoBank Entity, administered and governed as a decentralised autonomous organisation on behalf of TIME token holders; and

2. Mr Sergei Sergienko, in his personal capacity and in his capacity as Chief Executive Officer of the ChronoBank Entity.

## **2.2 Nature of Relationship**

1. This Note creates a debtor-creditor relationship between the ChronoBank Entity (as debtor) and Sergei (as creditor) in respect of Advances made under this Note.
2. This Note does not constitute an employment agreement, service contract, or any other form of engagement between Sergei and the ChronoBank Entity.
3. Advances made under this Note are separate from, and shall not be set off against, any other arrangements between Sergei and the ChronoBank Entity.

## **2.3 Capacity**

Sergei enters into this Note voluntarily and with full understanding of its terms, including the collateralisation requirements and the restrictions on forgiveness.

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# **ARTICLE 3: HISTORICAL AND TEMPORAL SCOPE**

## **3.1 Background**

1. The Crowdsale concluded with the Token Generation Event on 27 February 2017.
2. Since that date, banking access challenges have created difficulties in utilising Crowdsale Proceeds for legitimate Project Expenses.
3. Sergei has utilised Personal Payment Arrangements to facilitate continuity of project funding where necessary.

## **3.2 Application**

1. This Note applies from 27 February 2017 onwards.
2. All Advances made by Sergei from the Token Generation Event to the Effective Date are hereby confirmed and ratified as Advances under this Note, subject to all applicable terms.
3. All Advances made after the Effective Date shall be subject to the terms of this Note from the date on which they are made.

## **3.3 Retroactive Confirmation**

TIME token holders confirm and ratify that Advances made by Sergei prior to the Effective Date:

1. Were made in good faith and in furtherance of the Project Objectives;

2. Were necessitated by banking access challenges affecting the project;
  3. Are properly treated as Advances under this Note; and
  4. Are subject to all terms of this Note, including interest, collateralisation, and repayment obligations.
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## **ARTICLE 4: PURPOSE OF FUNDING**

### **4.1 Authorised Purpose**

Advances under this Note shall be used exclusively for Project Expenses, which include:

1. **Core Development:** Software engineering, smart contract development, blockchain development, product design, technical implementation, and related development activities;
2. **Infrastructure:** Hosting, servers, cloud services, development tools, and technical infrastructure;
3. **Personnel:** Salaries, contractor payments, and compensation for team members (excluding Sergei's personal remuneration, which is subject to separate arrangements);
4. **Professional Services:** Legal counsel, accounting, auditing, consulting, and other professional services;
5. **Marketing and Communications:** Brand development, marketing campaigns, community management, public relations, and communications;
6. **Business Development:** Partnerships, integrations, exchange listings, and ecosystem development;
7. **Operations:** Office facilities, equipment, travel, and general operational expenses;
8. **Compliance:** Regulatory filings, licenses, registrations, and compliance-related costs.

### **4.2 Prohibited Uses**

Advances shall not be used for:

1. Personal expenses of Sergei or any other individual;
2. Investments or activities unrelated to the Project Objectives;
3. Any illegal purpose; or
4. Distribution to token holders or any form of dividend payment.

### **4.3 Documentation Requirements**

Sergei shall maintain records of Advances including:

1. Date of each Advance;
  2. Amount in original currency and USD equivalent;
  3. Description of Project Expenses funded;
  4. Supporting documentation (invoices, receipts, contracts) where reasonably available.
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## **ARTICLE 5: PERSONAL PAYMENT ARRANGEMENTS**

### **5.1 Authorisation**

TIME token holders authorise Sergei, where reasonably necessary to ensure project continuity and completion, to:

1. Utilise Personal Payment Arrangements to make payments for Project Expenses; and
2. Advance personal funds for Project Expenses.

### **5.2 Treatment as Advances**

All payments made through Personal Payment Arrangements shall be treated as Advances under this Note and shall be subject to:

1. All terms and conditions of this Note;
2. The Aggregate Cap limitation;
3. Interest provisions under Article 7;
4. Collateralisation requirements under Article 8;
5. Repayment obligations under Article 9.

### **5.3 Acknowledgement of Necessity**

TIME token holders acknowledge that:

1. Banking access challenges have created legitimate difficulties in utilising Crowdsale Proceeds directly;
2. Personal Payment Arrangements have been necessary to ensure continuity of project funding;
3. Sergei's willingness to utilise personal arrangements has benefited the project; and

4. These arrangements are intended as temporary measures during a period of banking access constraints.
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## **ARTICLE 6: FUNDING CAP**

### **6.1 Aggregate Cap**

1. The maximum aggregate amount that may be outstanding under this Note at any time shall not exceed USD 8,000,000 (eight million United States Dollars).
2. The Aggregate Cap includes all Advances and all Capitalised Interest.
3. No Advance shall be made that would cause the Outstanding Balance to exceed the Aggregate Cap.

### **6.2 Currency Conversion**

1. Advances denominated in currencies other than USD shall be converted to USD at the prevailing market exchange rate on the date of the Advance.
2. For Digital Assets, the prevailing market rate shall be determined by reference to major exchanges or reputable price aggregators.

### **6.3 Notification Thresholds**

The ChronoBank Entity shall notify TIME token holders when the Outstanding Balance reaches:

1. 50% of the Aggregate Cap (USD 4,000,000);
2. 75% of the Aggregate Cap (USD 6,000,000); and
3. 90% of the Aggregate Cap (USD 7,200,000).

### **6.4 Cap Increase**

Any increase to the Aggregate Cap beyond USD 8,000,000 shall require express approval by TIME token holder vote.

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## **ARTICLE 7: INTEREST AND CAPITALISATION**

### **7.1 Interest Rate**

1. The Outstanding Balance shall bear interest at a rate determined on an Arm's-Length Basis.

2. The Arm's-Length Interest Rate shall be determined having regard to:

- Prevailing market rates for comparable secured lending;
- The risk profile of the ChronoBank project;
- The collateralisation provided under Article 8;
- Rates charged in similar cryptocurrency project funding arrangements.

1. The initial interest rate shall be documented and disclosed to TIME token holders.

## **7.2 Interest Calculation**

Interest shall be calculated:

1. On the daily Outstanding Balance;
2. Using an actual/365 day count convention;
3. Compounded annually.

## **7.3 Capitalisation**

1. Interest shall be calculated as at 31 December of each calendar year (or the next business day if 31 December is not a business day).
2. Calculated interest shall be added to the Outstanding Balance as Capitalised Interest.
3. Capitalised Interest shall itself bear interest from the date of capitalisation.
4. Capitalised Interest is subject to the Aggregate Cap.

## **7.4 Interest Statements**

The ChronoBank Entity shall prepare annual statements showing:

1. Opening Outstanding Balance;
  2. Advances made during the year;
  3. Interest calculated;
  4. Repayments made;
  5. Closing Outstanding Balance.
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## **ARTICLE 8: COLLATERALISATION**

### **8.1 Collateral Requirement**

As security for his obligation to receive Repayment only in accordance with this Note, and as alignment of interest with TIME token holders, Sergei pledges a portion of his personal TIME token holdings as Collateral.

### **8.2 Collateral Amount**

1. The amount of Collateral shall be sufficient to provide reasonable security for the Outstanding Balance.
2. The Collateral amount shall be adjusted periodically to maintain appropriate coverage based on the Outstanding Balance and the market value of TIME tokens.
3. The specific formula for calculating required Collateral shall be documented and disclosed to TIME token holders.

### **8.3 Nature of Security Interest**

1. The Collateral constitutes a security interest only.
2. Pledging of Collateral does not represent a transfer of beneficial ownership to the ChronoBank Entity or TIME token holders.
3. Unless and until an Enforcement Event occurs, the Collateral remains in Sergei's custody and under his control.
4. Sergei shall not sell, transfer, or encumber the Collateral without the consent of TIME token holders (which may be given through governance mechanisms).

### **8.4 Voting Rights**

1. Sergei retains voting rights in respect of Collateral during the security period.
2. In the event of an Enforcement Event, voting rights may be suspended pending resolution.

### **8.5 Enforcement Events**

The following constitute Enforcement Events:

1. Failure by the ChronoBank Entity to make a Repayment that has been validly demanded under Article 9.2 and is due under this Note;
2. Insolvency, bankruptcy, or similar proceedings affecting the ChronoBank Entity;
3. Material breach of this Note by Sergei;

4. A TIME token holder vote expressly demanding enforcement of the Collateral.

## **8.6 Enforcement Procedure**

Upon an Enforcement Event:

1. The ChronoBank Entity (acting through governance mechanisms) may realise the Collateral;
  2. Proceeds from realisation shall be applied to the Outstanding Balance;
  3. Any surplus remaining after satisfaction of the Outstanding Balance shall be returned to Sergei;
  4. If realisation proceeds are insufficient to satisfy the Outstanding Balance, the deficiency remains an unsecured obligation.
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## **ARTICLE 9: REPAYMENT**

### **9.1 Repayment Obligation**

All Advances and Capitalised Interest are repayable to Sergei in accordance with this Article 9.

### **9.2 Repayment Triggers**

Repayment may be demanded or made upon:

1. **Project Completion:** Achievement of milestones constituting substantial completion of the Project Objectives, as determined through governance;
2. **Availability of Funds:** When project funds become available for Repayment without impairing ongoing operations;
3. **Governance Decision:** A TIME token holder vote authorising or directing Repayment;
4. **Partial Repayment:** The ChronoBank Entity may make partial Repayments at any time.

### **9.3 Repayment Currency**

Repayment may be made in:

1. USD or equivalent fiat currency;
2. ETH or other Digital Assets at fair market value, by agreement between the parties;
3. TIME tokens at fair market value, by agreement between the parties.

#### **9.4 Repayment Mechanics**

1. Repayments shall be applied first to Capitalised Interest and then to principal Advances.
2. Each Repayment shall be documented with date, amount, and currency.

#### **9.5 Release of Collateral**

1. Upon full Repayment of all Advances and Capitalised Interest, the Collateral shall be released to Sergei without encumbrance.
  2. Upon partial Repayment, Collateral may be proportionally released if the remaining Collateral provides adequate security for the remaining Outstanding Balance.
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### **ARTICLE 10: NO FORGIVENESS WITHOUT FURTHER VOTE**

**THIS ARTICLE 10 IS A FUNDAMENTAL TERM OF THIS NOTE AND MAY NOT BE AMENDED OR WAIVED EXCEPT BY EXPRESS TIME TOKEN HOLDER VOTE**

#### **10.1 Prohibition on Forgiveness**

No amount owing under this Note may be:

1. Forgiven;
2. Waived;
3. Written off;
4. Converted to salary, wages, bonus, or any form of personal remuneration;
5. Converted to equity, tokens, or any other form of compensation;
6. Satisfied other than by actual payment to Sergei;

WITHOUT further express approval by TIME token holder vote.

#### **10.2 Required Vote for Forgiveness**

Any proposal to forgive, waive, or convert amounts owing under this Note shall require:

1. **Specific Disclosure:** Clear identification of the specific amount proposed to be forgiven;
2. **Rationale:** Written explanation of the reasons for the proposed forgiveness;
3. **Separate Vote:** A separate vote item specifically addressing the forgiveness (not bundled with other governance matters);

4. **Quorum:** Achievement of the applicable quorum for valid voting;
5. **Majority Approval:** Approval by a majority of participating TIME tokens.

### **10.3 Preservation of Token Holder Rights**

1. This Article 10 exists for the express benefit of TIME token holders.
2. The prohibition on forgiveness is intended to protect TIME token holders from dilution of their interests.
3. This Article 10 cannot be amended, modified, or waived without express TIME token holder approval.

### **10.4 Sergei's Acknowledgement**

Sergei acknowledges and agrees that:

1. All amounts advanced under this Note are repayable;
  2. He has no expectation of forgiveness or conversion to personal benefit;
  3. The collateralisation and no-forgiveness provisions are fair and appropriate;
  4. This arrangement aligns his interests with those of TIME token holders.
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## **ARTICLE 11: REPORTING AND TRANSPARENCY**

### **11.1 Quarterly Reporting**

The ChronoBank Entity shall prepare quarterly summaries including:

1. Advances made during the quarter;
2. Cumulative Outstanding Balance;
3. Major categories of Project Expenses funded;
4. Progress toward notification thresholds.

### **11.2 Annual Reporting**

The ChronoBank Entity shall prepare annual statements including:

1. Complete Outstanding Balance reconciliation;
2. Interest calculation and capitalisation;

3. Collateral coverage assessment;
4. Summary of Project Expenses by category.

### **11.3 Access to Information**

TIME token holders shall have access to summary information regarding Advances and Outstanding Balance through appropriate governance channels.

### **11.4 Audit Rights**

Upon request by TIME token holders through governance mechanisms, the ChronoBank Entity shall arrange for independent review of:

1. Advance documentation;
  2. Interest calculations;
  3. Collateral arrangements.
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## **ARTICLE 12: RELATIONSHIP TO OTHER DOCUMENTS**

### **12.1 Integration**

This Note forms part of an integrated set of governance documents approved by the TIME token holder vote, including:

1. The Updated White Paper;
2. Appendix A: TimeX Exchange Development Proposal;
3. Appendix B: LaborX Platform Development Proposal;
4. Appendix C: Governance Clarification Resolution.

### **12.2 Consistency with Appendix C**

This Note should be read together with Appendix C (Governance Clarification Resolution). The authority to make Advances under this Note is subject to the general governance framework established by Appendix C.

### **12.3 Amendment**

1. Except as expressly provided in Article 10, this Note may be amended by TIME token holder vote achieving the applicable quorum and majority approval.

2. Article 10 may only be amended with express TIME token holder approval specifically addressing the amendment to Article 10.
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## **ARTICLE 13: REPRESENTATIONS**

### **13.1 Sergei's Representations**

Sergei represents and warrants that:

1. He enters into this Note voluntarily and with full understanding of its terms;
2. He is the beneficial owner of the TIME tokens pledged as Collateral;
3. The Collateral is free of any encumbrance, lien, or third-party interest;
4. He has the full right and authority to pledge the Collateral under this Note;
5. He will not create any encumbrance over the Collateral during the term of this Note.

### **13.2 ChronoBank Entity Representations**

The ChronoBank Entity represents that:

1. This Note has been approved by TIME token holder vote;
  2. The governance mechanisms for this Note are valid and enforceable within the ChronoBank ecosystem;
  3. Repayment will be made in accordance with this Note when funds are available and repayment is triggered.
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## **ARTICLE 14: MISCELLANEOUS**

### **14.1 No Assignment**

Neither party may assign its rights or obligations under this Note without the approval of TIME token holders.

### **14.2 Entire Agreement**

This Note, together with the other Appendices and the Updated White Paper, constitutes the entire agreement between the parties regarding the subject matter hereof, and supersedes all prior discussions, negotiations, and understandings.

### 14.3 Severability

If any provision of this Note is found to be invalid or unenforceable, the remaining provisions shall continue in full force and effect.

### 14.4 Waiver

1. No waiver of any provision of this Note shall be effective unless in writing and approved through appropriate governance mechanisms.
2. Failure to enforce any provision shall not constitute a waiver of that provision.
3. No waiver shall affect the right to enforce any other provision or the same provision on another occasion.

### 14.5 Notices

Notices under this Note shall be given through the ChronoBank communication channels, including the blog, Telegram, and other official channels.

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## ARTICLE 15: EXECUTION AND APPROVAL

### 15.1 Voting Mechanism

This Note is submitted for approval through the on-chain voting mechanism:

Parameter	Value
Voting Contract	0x1592e638440957034667d9305c6dcf49e5e75dc2
Required Quorum	210,000 TIME
Voting Period	10 days from announcement

### 15.2 Conditions for Approval

This Note shall be deemed approved if:

1. Participation meets or exceeds the required quorum of 210,000 TIME tokens; and
2. A majority of participating TIME tokens vote in favour of approval.

### 15.3 Effective Date

Upon approval, this Note shall take effect immediately.

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## **SCHEDULE 1: FORM OF ADVANCE RECORD**

<b>Field</b>	<b>Description</b>
Date	Date of Advance
Amount (Original)	Amount in original currency
Currency	Original currency (USD, AUD, ETH, etc.)
Amount (USD)	USD equivalent on date of Advance
Purpose	Description of Project Expenses funded
Running Balance	Cumulative Outstanding Balance
Documentation	Reference to supporting documents

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## **SCHEDULE 2: COLLATERAL DETAILS**

### **TIME Token Information**

- Contract Address: 0x6531f133e6DeeBe7F2dcE5A0441aA7ef330B4e53
- Token Standard: ERC20
- Decimals: 8

### **Custody Arrangement**

Collateral TIME tokens shall be held in a wallet address disclosed to the ChronoBank Entity, with the private key retained by Sergei subject to the terms of Article 8.

### **Collateral Calculation**

The required Collateral amount shall be determined as follows:

Required Collateral = Outstanding Balance / TIME Market Price \* Coverage Ratio

Where:

- Outstanding Balance is expressed in USD
- TIME Market Price is the 7-day average price in USD
- Coverage Ratio shall be not less than 100%

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## **SCHEDULE 3: INTEREST RATE DETERMINATION**

### **Methodology**

The Arm's-Length Interest Rate shall be determined by reference to:

1. **Base Rate:** A recognised reference rate such as LIBOR USD 12-month or equivalent;
2. **Risk Premium:** An additional margin reflecting:
  - The early-stage nature of the project
  - Cryptocurrency market volatility
  - The collateralisation arrangement
3. **Comparables:** Rates charged in similar cryptocurrency project funding arrangements, where available.

### **Documentation**

The determined interest rate and the basis for its determination shall be documented and made available to TIME token holders.

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### **Document End**

*This Note is submitted as part of the materials for the TIME Token Holder Vote on the Updated ChronoBank White Paper.*

*Upon approval, this Note shall become binding within the ChronoBank governance framework.*