



xDAC

Build Your Decentralized Company

White Paper

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info@xdac.co | www.xdac.co



Abstract

With a focus on creating true global indiscriminatory economic growth, organizations, entrepreneurs, and investors need a sustainable ecosystem free from the influence of regulatory agencies and malicious third-parties. As companies seek ways to raise capital through ICOs, streamline operations by using blockchains, enhance growth, and increase profitability, they need to determine the advantages of establishing and managing business in different locations worldwide. Most significant barriers they face are hiring local talent, keeping up with innovation, the increased cost of operating in a foreign countries, corporate taxes, and government regulations [1].

This document highlights the benefits of creating a business-oriented Decentralized Autonomous Companies (xDAC), a subclass of DAO, on a decentralized network with Proof of Work (PoW) incentive mechanism, its governance, management tools and an alignment system built on top of EOS. xDAC governance is regulated by an xDAC Platform, which is designed to be a self-sustainable decentralized ecosystem consisting of businesses motivated to participate and reap the rewards of their success without geographical restrictions or limitations. Initially, the xDAC Platform will be designed specifically for profit-driven companies but is modular enough to accommodate other types of organizations.

The paper first highlights the principles of an organization and the function of xDAC. Finally, the paper defines the three major interconnected services xDAC plans on implementing to ensure its overall success; governance, finances and workforce.



About this document

This document and any other documents published in association with this white paper relate to a potential token offering to persons (contributors) in respect of the intended development and use of the network by various participants. This document does not constitute an offer of securities or a promotion, invitation or solicitation for investment purposes. The terms of the contribution are not therefore intended to be a financial service offering document or a prospectus. The token offering involves and relates to the development and use of experimental software and technologies that may not come to fruition or achieve the objectives specified in the white paper. The purchase of tokens represents a high risk to any contributors. Tokens do not represent equity, shares, units, royalties or rights to capital, profit or income in the network or software or in the entity that issues tokens or any other company or intellectual property associated with the network or any other public or private enterprise, corporation, foundation or other entity in any jurisdiction.

The token is not therefore intended to represent a security interest.



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1. Introduction

The Internet is a powerful vessel for exchanging information whether you're the head of a multinational corporation in China or a hedge fund manager on Wall Street. The exchange of real-time information is one of the major reasons our global economy has seen extensive growth over the past decade. But with any great advancement in a shared technology, comes with it a series of drawbacks and limitations. The Internet is no exception. Simply put, the Internet is an incredible resource for exchanging information, but it lacks the economic means of tracking financial transactions across its vast platform.

The introduction of Blockchain technology has given the digital world a secure digital ledger to track financial transactions. Hardened against forgery by trusted time stamping and through the dissemination of its distributed database, a Decentralized Autonomous Organization (DAO) provides business owners a collective way to manage their company transparently and more efficiently. By eliminating the need to involve a mutually accepted trusted third party in a financial transaction, the focus of a DAO is not entirely on company creation, but on establishing a set of standards for decentralized businesses.

As a subclass of DAO, an xDAC is a company on a decentralized network with a built-in Proof of Work (PoW) incentive mechanism, a comprehensive governance and management tool, and a support system for DApps and internal Autonomous Agents - all housed on top of EOS. The benefits of an xDAC are limitless. For one, the instant creation of an xDAC allows for seamless dispute resolution; whereas, traditional companies face never ending roadblocks financially and administratively if arbitration is necessary.

Secondly, fundraising through ICOs, crypto payment processing, and automatic payrolls provide support for DApp and internal autonomous agents. We believe xDAC, an advanced decentralized platform, will pave the way for Bots and Artificial Intelligence (AI) to become a part of company structure challenging developers to create internal autonomous agents that are sophisticated enough to join company teams. In other words, the future is bright for profit-driven decentralized companies established on an xDAC platform. This will be highlighted throughout this paper.

Finally, by analyzing two of the key features of an xDAC (dispute resolution and seamless payment processing), owners reap the benefits of decentralized ledger technology, security of stored information, and automated dispute resolution. In addition, an xDAC provides users with an open-sourced platform establishing the governance for decentralized application (DApps) and Autonomous Agents.



Whether it's the ability to issue voting or non-voting tokens through smart contract distribution channels, an automated PoW performance rating system or the creation of an established Liability Fund, an xDAC allows participants to reap the benefits of their success without geographic limitations. In the subsequent chapters, we will not only highlight the benefits of establishing a xDAC company but address the many challenges that face Blockchain technology.

2. Existing Problems

Business is defined by three important components: governance, finances and workforce. In existing systems these components are separated and therefore highly ineffective. Companies are making every attempt to comply with laws, but in today's global marketplace, each customer can be regulated by different laws and companies are required to create network of branches across different countries.

Finances are held by third parties, banks, payment processors or other financial institutions. Companies, therefore, are often forced to offshore their accounts to avoid jurisdiction issues. Paying employees require using third parties to process payroll from funds stored in third party institutions. In other words, companies have very little control over their business transactions and are wasting precious time and money on mundane tasks versus concentrating their efforts on managing their business operations.

Company stakeholders are able to see the overall mission statement of a company but are unable to uncover the maze of jurisdiction issues, offshore finances and employees' performances behind closed doors. This leaves investors and customers no recourse to initiate dispute or litigation. The normal procedure is to secure representation by way of retainer and lock in a court date; meanwhile a company can dissolve, and money transferred out of company accounts. This puts a potential investor in a difficult situation and leaves them exposed without proper arbitration.

Centralized businesses have single point of failure and legal challenges with operations worldwide. Businesses store internal information about their relationships with employees, partners, and customers on centralized services and their bank accounts are under constant government surveillance which makes businesses vulnerable. Payment processing account can be disconnected at any time and reason never unveiled at will of payment processing company which often results in business failure. Business license can be taken away from business by government or business type not supported by financial institutions. In case of



disputes, businesses have to deal with complicated negotiations or lengthy and expensive court hearings. Business success is being punished by higher tax rates, but taxes are not being used to stimulate their progress.

In recent years a number of new projects were backed by ICOs on platforms like Ethereum. In most cases, they were not business platforms and do not provide any governance. Many of these ICOs have been identified as fraudulent and are designed to take advantage of investors. There needs to be a decentralized authority to re-establish investor faith by way of a systematic, unbiased arbitrator.

Another problem xDAC is trying to solve is that people currently use cryptocurrencies mostly for speculation and trade on exchanges while converting from or to Fiat currencies. This is causing large volatility on crypto markets as there are no values being created within crypto ecosystem and people are forced to use exchanges in order to convert their wages into crypto or from crypto to spend their profits; therefore, exchanges are the weakest point of an ecosystem and easy to attack by hackers or governments.

3. Solution

xDAC Platform aggregates three components together in one place, automates them, so system is beneficial for company and their customers. Companies have control over their governance, finances and their respective team. Business partners have confidence that companies they deal with are reliable and solvent by using a transparent system of governance and dispute resolution. An xDAC Platform is focused on creating a comprehensive framework for entrepreneurs, teams, autonomous agents or investors in crypto space who can benefit from decentralization.

xDAC helps owners to operate a transparent decentralized company in front of their investors. Company owners can manage their team, tokens and financials, and securely store data on a decentralized ledger. Automated governance and dispute resolution will add to the speed of business evolution and reward systems will make companies and their teams more productive, efficient, and motivated.



4. What is xDAC?

xDAC is an entity created and operated on decentralized digital ledger by one or multiple human or Autonomous Agent [2] owners or a mixture of both that share a common purpose and unites in order to focus their various talents and organize their collectively available skills or resources to achieve specific, declared goals.

Decentralized company owns capital and other, primary digital, assets. It can also collaborate with other partners or businesses inside and outside of decentralized network – making it a highly versatile entity.

Such a company exists as long as it is able to self-update its most basic components and continue being recognized as the same entity or until it decides to terminate its existence.

xDAC companies can use an xDAC extension for better recognition in forms: Company name, “xDAC”, “Xdac” or “xdac”.

4.1. Why customers trust xDAC more than traditional businesses?

- Fast and automated dispute resolution: xDAC provides arbitration system for any given dispute between two parties which allows arbitrators to resolve dispute based on documents provided by applicant and defendant very quickly.
- Liability fund that can cover company's debts or liabilities: **Liability Fund** is liability coverage in case of the xDAC's debts or liabilities. It is created as percentage from received payment that is stored on separate wallet until certain limits are reached.
- Transparency: Ownership in public xDAC organization is transparent and transferable. Voting token holdings are public, and owners have the right to transfer ownership to another party. There are four transparent functions of ownership built into public xDAC:
 - (a) List all voting token holders (and their holdings)
 - (b) Issue tokens, arbitrarily or with parameters
 - (c) Sell or transfer tokens



(d) Issue new non-voting tokens

4.2. Why businesses prefer xDAC over traditional companies?

- Same governance across entire platform
- Control over teams and finances
- Easy fundraising
- xDAC platform profits distributed back to xDAC's, not to other projects
- No local government registrations and interference
- Less administrative adherence, more time to focus on business

4.3. Why support for Internal Autonomous Agents?

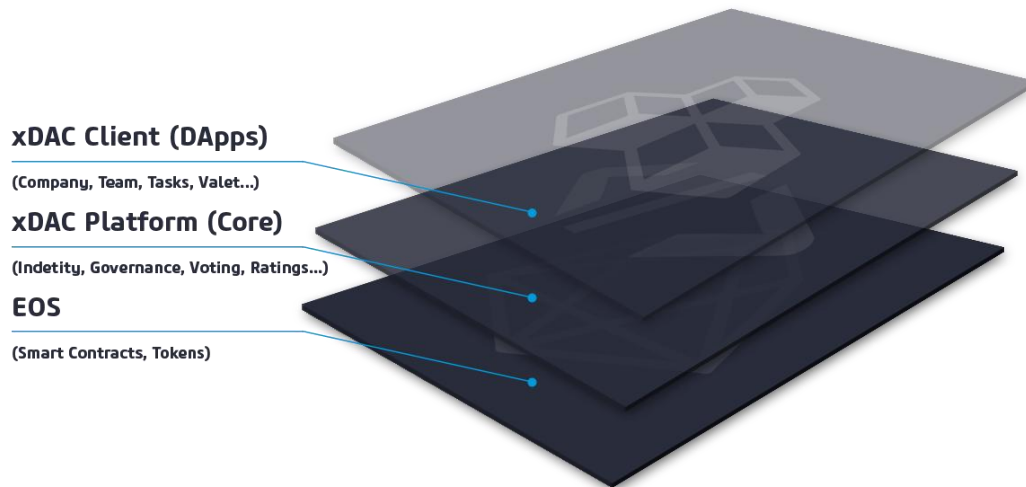
Automation is a necessity in today's fast-paced, digital world. The benefits of automation far outweigh the drawbacks especially for companies using 3rd party external services. Trading bots, SEO bots, or other subscription services are prime examples. If companies begin using services on other platforms, they have more difficult time managing their data and analyzing the efficiency of the service.

Our goal is to encourage developers to create internal autonomous agents that are sophisticated enough to join company teams. This will allow for tailored solutions instantly measurable in-house versus relying on a third party services. Automated agents are paid as team members by performance rather than by subscription models that companies have to pay even when service end up being ineffective.



5. Architecture

Ecosystem can be viewed as several distinct technological layers strategically connected together.



5.1.EOS Platform

Among the decentralized smart contract platforms, EOS is the most advanced, feeless, blockchain platform. Only in its testing phase, the growing developer community is in the midst of testing on top of the EOS platform, creating a vibrant ecosystem of second layer protocols and projects.

EOS is a dynamic blockchain with a large contingency of developers. With the introduction of WebAssembly, developers are allowed to use C++ with smart contracts to receive higher performance of native code. C++ has already extended a number of libraries with tested and proven code available to developers. This limits the margin of error and can be used in smart contracts.[4] EOS lays reasonable foundation for running smart contracts that are managed by xDAC Platform functions.

Scalability in a secure blockchain environment has become a hot topic in the industry and one that must be addressed. EOS is scaled to perform tens of thousands of transactions per second while other blockchains are seemingly congested with smaller projects. Nonetheless, the xDAC Platform developer team is willing to



adopt a hybrid solution, such as side chain settlements, should in fact network congestion on the public EOS network pose a significant problem.

5.2.xDAC Platform (Core)

xDAC Platform is the public's smart contracts layer which provides an open-sourced implementation of the key components creating not only an environment but the governance for decentralized applications (DApps) and Autonomous Agents to be built on.

The xDAC platform will be generating revenue from fees that will be used to reward the most productive xDACs based on their PoW performance rating to incentivize their productivity on xDAC platform.

5.2.1. Account Types

Three types of accounts will exist on xDAC Platform:

- i. **New xDAC:** By creating an xDAC, owners will create a new company and are permitted to add team members, set their privileges, issue tokens, and other functions related to xDAC management.

xDACs can make their information public and distribute tokens to the public through ICOs or any other public offering. xDAC will become an automatically transparent to investor accounts. Investors will have full access to review company processes and may vote from their investor account which, in turn, makes future ICOs more secure.
- ii. **Team Member:** This account is design for company employees, contractors, freelancers or autonomous agents looking to join a specific xDAC team or any other team looking to hire new members into their team.
- iii. **Investor:** From access to the database of public xDACs to information about their teams, productivity, financials, investors have the power to vote from their xDAC account.



5.2.2. Identity Management

All owners, members and investors need to verify their identity. By combining blockchain with identity verification, a digital ID is created for ecosystem participants and function as a digital watermark. Such an ID can be assigned to every smart contract transaction. Suitable identity verification protocols which aim at tackling consumer identity theft and reduce online identity fraud are readily available in the xDAC Platform.

5.2.3. Governance and Disputes

Governance within xDAC companies is the most important component of the platform. It establishes digital jurisdiction over xDACs created and operated by business owners.

xDAC must be a platform that its customers and business partners can easily trust. It's imperative that special attention be paid to automation and decentralization of governance and disputes resolution protocol.

Voting on proposals between xDAC owners and investors will be governed by a DAO concept that was deployed on the Ethereum network [5]. xDAC owners cast votes based on the value of the xDAC's tokens they control.

Simply stated, conflicts and disputes between xDAC owners, customers, employees or other third parties can arise. Traditional judicial systems offer multiple methods of resolving disputes; they include: negotiation, mediation, arbitration or litigation [6]. If dispute is not resolved by negotiation, often businesses are required to seek council which can be an arduous yet expensive approach especially if the dispute involves two business jurisdictions.

In decentralized environments reliable dispute resolution should be automated and swift. Decentralized dispute resolution has the potential to create a new industry of independent arbitrators capable of resolving business disputes faster than traditional judicial systems.

Furthermore, consumer protection is critical and possible xDAC freezing in real time can prevent further damages to other customers. This trickle-down effect must be monitored at all times via an automated system – safeguarding customers and business partners.



Recent problems with BitGrail exchange is prime example. BitGrail became insolvent three months prior to ownership disclosing the truth. Customers were sending money to the exchange the entire time and most fiscal damages took place during the last three months. Customers were powerless, unable to freeze the company's account, since the company ended up being outside of their jurisdiction.

i. **Dispute Resolution**

Any third party with payment history with xDAC can start dispute.

If disputed amount is less than xDAC's liability fund (see section 5.2.6), dispute can be resolved directly between both parties unless one party does not agree with the result and wish to escalate the dispute to Dispute Representative Board.

In case disputed amount is larger than xDAC's liability fund, company will be automatically frozen until dispute is resolved by voting of Dispute Representative Board.

ii. **Dispute Representative Board and Voting**

The Dispute Representative Board (DRB) is a group of at least five anonymous arbitrators (representatives) which are xDAC token holders. A quorum of 60% of all votes is required for any dispute to be resolved. Representatives are casting their vote based on documentation provided by both sides. 60% is needed to resolve any dispute.

xDAC can set the per vote bounty for each dispute resolution and dispute will wait for resolution in the pool of disputes available to random representatives.

Representatives will be paid per dispute in xDAC tokens. The higher the bounty for dispute resolutions the xDAC sets, the faster the dispute will be resolved as representatives will be looking for highest rewards. This results in expedient resolutions in the most objective way imaginable.



Any selected representative can review the dispute, vote on it accordingly and receive a bounty for resolution. Representatives can decide to resolve any dispute from a pool of disputes based on the bounty amount.

If applicant or defendant does not agree with result, they can escalate dispute two more times until a resolution has been reached. Disputes will be resolved if 60% votes are reached in two out of the three hearings.

iii. **Assigning a Representative**

xDAC has the ability to choose voting representatives on their behalf. This is a powerful decentralization tool that has no strong analog in Proof of Work or Proof of Stake protocols. In conventional PoS systems, the account owner's node must be running to participate in voting. xDAC has the ability to reassign consensus to any account at any time. A change of xDAC representative is performed by subtracting the vote weight from the old representative and adding the weight to the new representative.

Further jurisdiction rules can and will be evolving continuously.

5.2.4. xDAC Ownership and Token Issuance

With creation of xDAC, owners have option to issue a certain number of voting or non-voting tokens and distribute tokens between the owners/public through ICOs or token sale. Issuance of tokens will be performed through smart contract on the EOS platform.

- **Voting Tokens**

Goal of voting tokens is incentivizing voters that are involved in project, separate voters from speculative token holders and remove exchanges that hold large volumes from participating.

Voting Tokens are fully transferable and represent stake in the xDAC and voting rights. Owner or multiple owners with more than



50% of tokens controls the xDAC. If xDAC wishes to raise capital, they can use their own tokens to sell to investors or to the public.

- **Non-Voting Tokens**

Non-Voting Tokens enable platform development and support of the associated ecosystem. It is intended to give contributors the ability to support and transact on the platform.

While realizing the technological benefits of the EOS platform and its developer ecosystem, launching an ERC23 compliant token removes friction by providing liquidity to token holders. An ERC23 token offer enables xDACs to break down the technological barriers to exchange listings, default support from decentralized exchanges, and peer-to-peer trading protocols such as 0x and AirSwap.

The amount of tokens held by each owner determines their stake in xDAC and is used for voting rights. A company can raise capital by voting to sell existing tokens held by owners or issue additional tokens.

Transfer of company ownership will be part of xDAC platform and will be instrumental in streamlining due diligence while avoiding escrow services. Transfer of company assets (see section 5.3.2) can be resolved by smart contract and will be based on payment from the buyer to the seller's wallet.

5.2.5. Wallets and Payment Processing

xDAC platform will provide xDAC with two hot wallets as well as two hot wallets for each team member for XDAC Tokens.

xDAC Wallets: One wallet is for operational transactions accessible to xDAC owners or to authorized team members. The second wallet will be liability fund.

More wallets can be provided to xDACs to store their own company tokens or other tokens they receive as payment for their goods or services.

Team Member Wallets: Primary wallet team members use for receiving payroll salary whereas the second wallet will be retirement fund.



xDAC Payment Processing will be automatically available within each xDAC wallet. Every time xDAC receives payment, payment to liability fund will be subtracted from proceeds.

5.2.6. xDAC Liability Fund

An xDAC Liability Fund is coverage in case the xDAC's debts or liabilities exceed a certain debt-to-equity ratio. It is calculated as a percentage of received payments stored in a separate wallet until certain threshold is reached. Liability fund is not accessible to owners during the company's existence and is available for transfer 90 days after the company is ceased or transferred to new owner. Default settings on percentage and limits will be specified later; however it can be changed by xDAC owners and it is entirely in their power to establish a liability fund limit based on their business type. When setting up liability fund it is advised to set higher limit to avoid company freeze when small disputes are initiated.

For example, if xDAC's limit is set to 100 XDAC tokens and your customer disputes a transaction equal to 150 XDAC tokens, xDAC will be frozen until the dispute is resolved.

After a company is acquired, liquidated, or closed, a Liability Fund will become a Retirement Fund and will be distributed between owners. This will be based on their respective stake in the company.

5.2.7. Team Member Retirement Fund

Team members have automatically set up their own retirement fund on their second wallet where a certain percentage of their wages will be transferred accordingly. Furthermore, profit from xDAC platform will be distributed between xDACs and team members retirement fund based on their Team Member Rating (TMR) (see 5.2.8). This will motivate team members to stay on the platform for a long time. Profit will stop being paid once team member is not under contract. The Retirement Fund will be available for transfer after team member's accounts is closed. If team member wants to rejoin the platform following account cancellation, TMR will restart.



5.2.8. PoW Performance Rating

xDAC's PoW mechanism allows for an automated rating system by incorporating Democratic Collective Welfare (DCV)[3] based on tracking work ethic and delivering tasks on time. Each task will be rated between 0 and 1 (0 means task not finished, not delivered, or not paid on time) whereas (1 means task was finished and payment initiated). Team Member Rating (TMR) is the sum of the overall ratings R divided by the number of tasks T . By calculating TMR, we can rate the entire team or company by using the following algorithm:

Team Rating: $TR = (TMR_1 + TMR_2 + \dots + TMR_n) / n$

or

Company Rating: $CR = (TR_1 + TR_2 + \dots + TR_n) / n$

Where n is the number of team members or teams within unit.

TMR is productivity rating of single team member and can be used in team members working profile as recommendation in the future if they decide to join other team or company as companies will be looking for highest rating members to benefit from their rating at platform profit distribution (see section 7).

TR can be used to measure performance of the team and compare with other teams.

CR is used for calculation of platform profit distribution and it is possible to use it publicly for investors to show how effective company is in terms of delivering on their plans.

Both TR and CR are also important information for new team members looking for job so they have an idea what team or company they are about to join and how they can benefit from platform profit sharing in case company rating is higher.

Company is all about people and teams. This rating model is going down to lowest point in company hierarchy and measures productivity of everyone and that is being reflected in rating number. System is automated,



transparent, self-motivating and removing problems with fake reviews many freelance website like Upwork have [7].

The majority of the revenue coming from platform fees are split between xDACs and awarded based on CR. This incentivizes xDACs to compete with one another; which in turn, boosts productivity and forces them to use the platform and XDAC tokens.

5.2.9. Team Management and Privileges

Each team member creates a Team Member account on xDAC Platform and the xDAC owner adds this team member to the company. xDAC owners designate a supervisor and members are automatically placed into the company's hierarchy. Members without a designated supervisor assign themselves as the owners.

Privileges are available for each member. Owners specify access restrictions based on position of each member separately. Owners can select from list of member privileges or a maximum monetary value they have the ability to manage alone or with co-signer.

5.2.10. Project Management

Project management is a critical component of PoW Performance Rating. It also helps xDAC keep up with task and future plans and it automates payments to team members. Project managers can specify tasks for team members. After a task is marked as finished and approved by the project managers, payment to team members is automatically initiated via smart contract.

The xDAC Platform will be further developed by xDAC Foundation based on feedback from platform users. Platform users can financially incentivize features for the sake of expediting the adoption of certain features.



5.3.xDAC Client

xDAC Client is a user interface that aggregates all available DApps and Autonomous Agents in one place. The initial plan is to build website and desktop applications for easier interaction with xDAC Platform.

Listed applications might not be available with initial releases and could be added in different order as work on project progresses. Here are some of DApps features:

5.3.1. Company Overview

To maintain xDAC culture across all owners and team members, it is important to specify xDAC name, company vision, social profiles, contact information, targeted customers, brand identity and other important company information related to brand and company goals.

5.3.2. Voting, Bylaws and Company Assets

Each xDAC will have the option to issue specified amount of voting or non-voting tokens at creation and split tokens between owners or launch token sale or ICO. All issued tokens are compliant with the ERC23 token standard which means that stakeholders' addresses can be linked to a name or tag or fetched by a secure identity provider.

i. **Voting**

Each owner of xDAC issued voting tokens have right to vote for ideas or important company decisions. In case of voting, new task is assigned to token owners in their account where each owner of voting token can vote. Voting is governed by a DAO concept.

ii. **Bylaws**

Owners are able specify their own bylaws as the rules of an xDAC, established by the board of owners during the process of starting an xDAC.



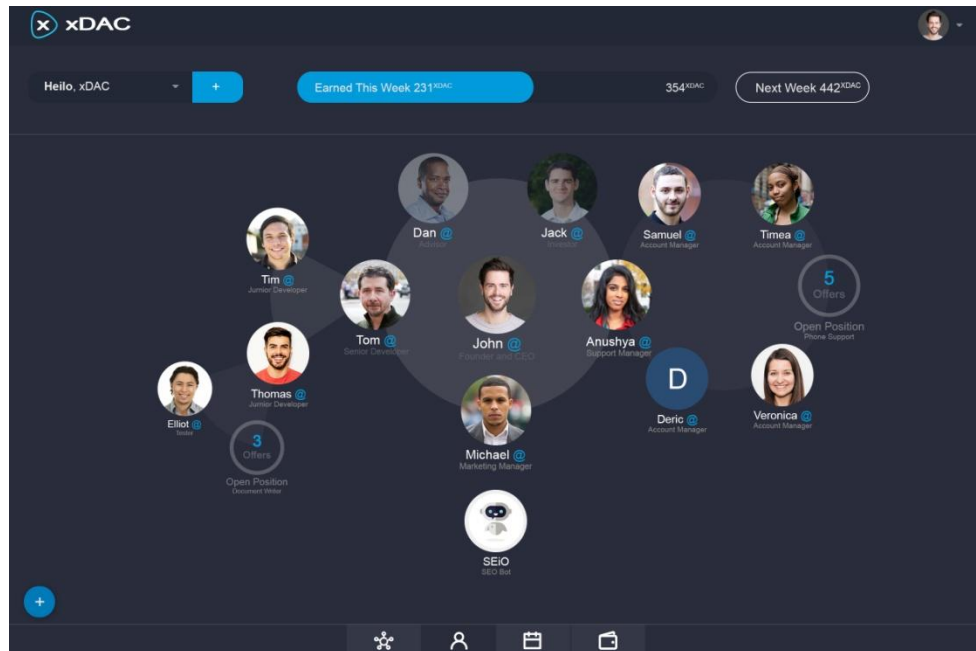
iii. Company Assets

List of company assets and their value can speed up a company sale, acquisition or liquidation. The list will be available to all xDAC owners.

5.3.3. Team

xDAC team consist of team members (employees, contractors, freelancers or autonomous agents, etc.) that can work from same or remote locations. Initially, the company can hire team members after signing up for a membership account.

Designed for xDAC team members, managers will add each company's personnel to hierarchy. With placing team member into xDAC hierarchy, each employee will get privileges allocated to specific xDAC functions tailored to their responsibilities.

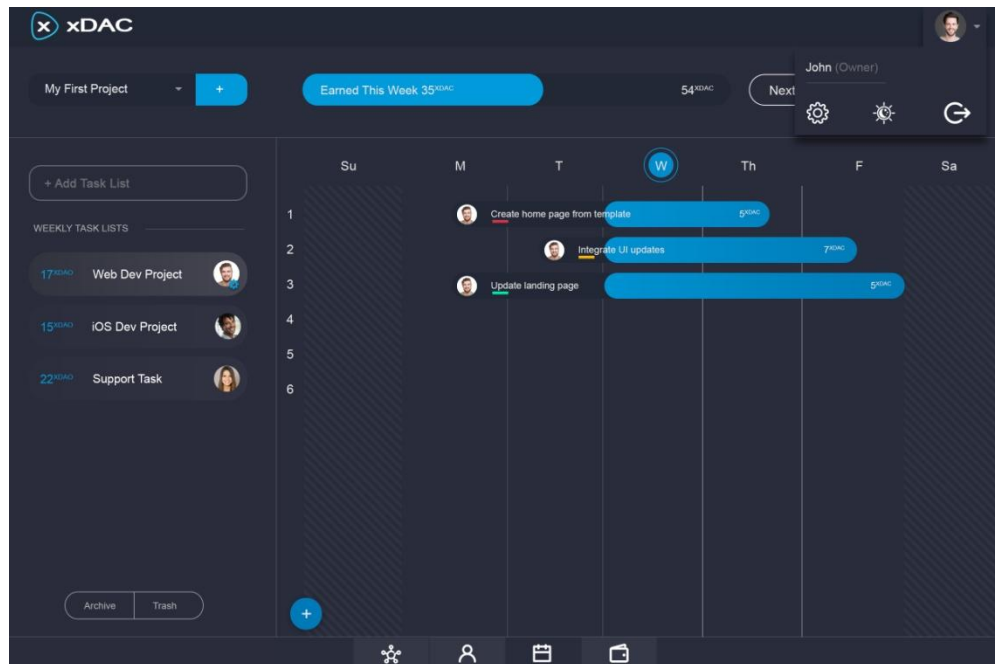


Furthermore, the user interface will let owners choose the amount to pay, the frequency, the tokens to reward, and the parameters. This is to safeguard the company in case xDAC doesn't want to pay certain employees based on assigned tasks. Team members are paid in XDAC tokens.



5.3.4. Project management

Project and task management is an important part of xDAC DApp ecosystem. It is the productivity DApp that forces leaders to manage their team effectively. Each assigned task has price options in XDAC tokens which keeps the team motivated while increasing token usability. Project management DApp provides the option to create projects, task lists and tasks and assign tasks to any team member.



5.3.5. Wallet

The most important part of each company is payment processing and digital wallet. xDAC Platform will create wallet for each xDAC upon company establishment. Wallet will contain merchant features like a “Buy Now” button and streamlined billing. The “Buy Now” button can be placed on the company’s website and billing options allow for the creation of invoices.

New xDACs will have to establish a liability fund from received payments used to back disputes resolutions and/or fraud (see section 5.2.6).

Payments can be accepted in different crypto currencies and converted by using third party services like ShapeShift or atomic swaps. The third party payments can be easily integrated for currencies that support this option.



The most important feature of Wallet is keeping track of all financial transactions, dates, and notes in key financial reports.

5.3.6. List of xDACs

Investor accounts will be able to view and sort lists of existing public xDACs. Lists will highlight information like Market Cap, Price, Circulation Supply, Employees, Company Rating, etc. Full disclosure of information will instill investor confidence when making the purchase tokens of existing xDAC through ICOs.

6. xDAC Foundation

xDAC Platform and xDAC client is developed by xDAC Foundation – the current team responsible for development and deployment of the xDAC project. xDAC Foundation initiates fund raising through XDAC Token and proceeds will be transferred to the foundation to finance further development.

7. Platform Profit and its Distribution by PoW

xDAC Platform will generate profits from transaction fees, exchange fees, and fees for token creation, distribution through ICOs etc.

We want to make sure the profit generated on xDAC Platform will stay on the platform and gets distributed between xDACs and Team Members by way of participation. Participation is calculated from xDAC CR (see 5.2.8), sum of all CRs and generated profit P.

$$Profit\ xDAC_1 = \frac{CR_1}{(CR_1 + CR_2 + CR_3 + \dots + CR_n)} \times P$$

Profit is then distributed between company team members by dividing xDAC profit by the calculated percentage from sum of ratings in the team.

Profit sharing within the team is defined by Distribution Coefficient (DC).

$$DC_1 = TMR_1 \times (TS + 1)$$



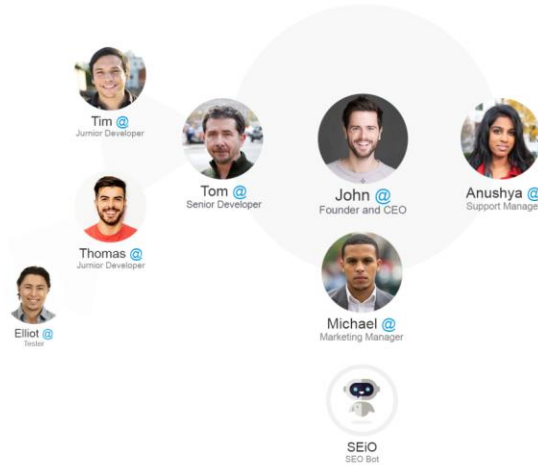
Where Team Size (TS) is number of people team member manages.

Token Distribution to each Team Member will be:

$$\text{Tokens } TM_1 = \frac{DC_1}{(DC_1 + DC_2 + DC_3 + \dots DC_n)} \times P$$

In our following example, an eight person team received profits from a platform of 1,500 XDAC tokens. Distribution is as follows:

xDAC Team Structure



Distribution of xDAC Platform Profit within company

	TMR	Team Size	Distribution Coefficient	Profit Share in %	Token Distribution
John	0.82	7	6.56	38%	569.44
Tom	0.89	4	4.45	26%	386.28
Tim	0.77	0	0.77	4%	66.84
Thomas	0.59	1	1.18	7%	102.43
Elliot	0.75	0	0.75	4%	65.10
Michael	0.92	1	1.84	11%	159.72
SEiO	0.81	0	0.81	5%	70.31
Anushya	0.92	0	0.92	5%	79.86
			17.28	100%	1500.00



Platform users can change profit distribution requirements by voting. This requires majority vote by XDAC token holders.

8. XDAC Token

XDAC token is a platform currency representing value and wealth in the decentralized economy used for exchange of values between xDAC companies, employees, customers and other third-party entities.

The token will be used on the xDAC Platform for dispute resolutions, pay team members, accept payments for services, profit distribution, and incentivize development.

XDAC tokens are ERC-223-compatible tokens distributed on the Ethereum blockchain pursuant to a related ERC-223 smart contract. Ethereum tokens distributed in the ICO phase are pre-existing tokens and will be migrated to another protocol on the EOS platform.

The Ethereum XDAC Tokens do not have any rights, uses, purpose, attributes, functionalities or features, express or implied, including, without limitation, any uses, purpose, attributes, functionalities or features on the xDAC Platform.



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