

# CATAWBA DIGITAL ECONOMIC ZONE ISSUES PROPOSED REGULATION ON DAOS

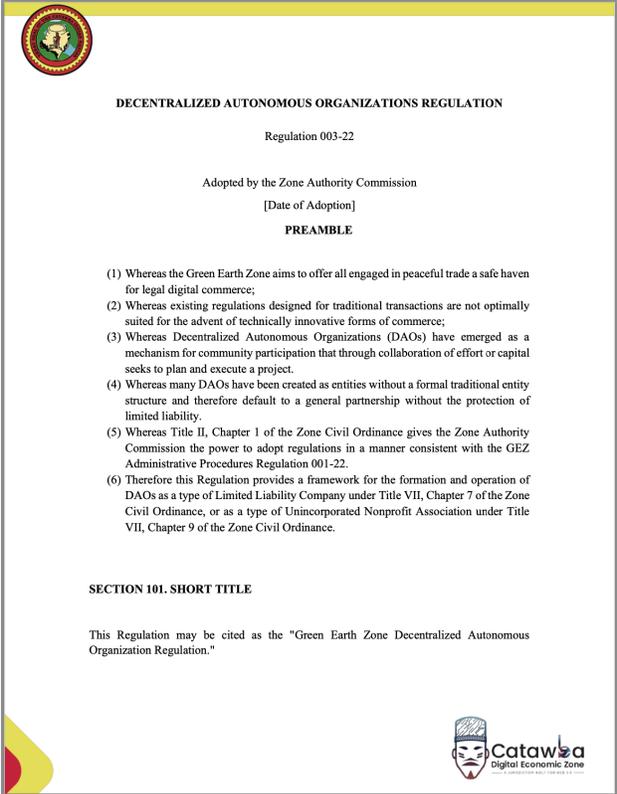
*The Catawba Digital Economic Zone, the 1st jurisdiction in the US for web3 & fintech, issued a Notice of Proposed Rule on Decentralized Autonomous Organisations*

ROCK HILL, SOUTH CAROLINA, UNITED STATES, August 12, 2022

/EINPresswire.com/ -- This Notice was released after integrating public comments from the [Zone's Advanced Notice of Proposed Rulemaking](#) in June. This Notice of Proposed Rule gives the public a final opportunity to comment on the draft DAO regulation ([draft here](#)) before the Zone Authority Commissioners vote.

We welcome feedback on the draft DAO regulation via forms (<https://airtable.com/shrMXdyAPbkTsWvZs>) on the CDEZ's [Zone Authority website](#), email ([daos@zoneauthority.io](mailto:daos@zoneauthority.io)), or on the CDEZ Discord server (<https://discord.gg/cdez>). The comment period ends on September 10th, 2022.

The draft regulation provides a “menu” option for DAOs to be regulated as two different entity types: Limited Liability Companies (LLCs) or Unincorporated Non-Profit Associations (UNAs). The LLC model draws inspiration from Wyoming’s 2021 law-regulated DAOs, with similar responsibilities, capabilities, and technologically specific clarifications.



**DECENTRALIZED AUTONOMOUS ORGANIZATIONS REGULATION**

Regulation 003-22

Adopted by the Zone Authority Commission

[Date of Adoption]

**PREAMBLE**

- (1) Whereas the Green Earth Zone aims to offer all engaged in peaceful trade a safe haven for legal digital commerce;
- (2) Whereas existing regulations designed for traditional transactions are not optimally suited for the advent of technically innovative forms of commerce;
- (3) Whereas Decentralized Autonomous Organizations (DAOs) have emerged as a mechanism for community participation that through collaboration of effort or capital seeks to plan and execute a project.
- (4) Whereas many DAOs have been created as entities without a formal traditional entity structure and therefore default to a general partnership without the protection of limited liability.
- (5) Whereas Title II, Chapter 1 of the Zone Civil Ordinance gives the Zone Authority Commission the power to adopt regulations in a manner consistent with the GEZ Administrative Procedures Regulation 001-22.
- (6) Therefore this Regulation provides a framework for the formation and operation of DAOs as a type of Limited Liability Company under Title VII, Chapter 7 of the Zone Civil Ordinance, or as a type of Unincorporated Nonprofit Association under Title VII, Chapter 9 of the Zone Civil Ordinance.

**SECTION 101. SHORT TITLE**

This Regulation may be cited as the "Green Earth Zone Decentralized Autonomous Organization Regulation."



DAO Rule Notice by the Zone Authority of the CDEZ, Aug 12th 2022

The UNA option is unique and would be the first of its kind, globally. UNAs provide the flexibility that DAOs crave, governing themselves almost exclusively through their "governing principles", rather than statutory requirements. These can be verbal, written, or even software-based rules. Unlike LLCs, UNAs do not require a registered agent. Yet, they are still protected by limited liability. And while the original UNA is mostly for non-profit purposes, the regulation leverages the UNA law's existing exemptions to allow UNA DAOs to provide compensation, including through staking.

#### ABOUT THE CATAWBA DIGITAL ECONOMIC ZONE'S ZONE AUTHORITY

The Catawba Digital Economic Zone is the first jurisdiction created for Fintech and Digital Asset growth in the United States. Located in the Carolinas, the Zone has world-class laws optimized for digital service industries, finance, and blockchain. It is in the territory and under the jurisdiction of the Catawba Indian Nation of South and North Carolina.

Press Kit: Press releases, and logos

<https://drive.google.com/drive/folders/1tUfrRqIKzQEE59jaHDs2KgsgU7I1lu6N>

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