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DISCLAIMER

The information contained herein is subject to revisions and amendments by the Echelon PRIME Foundation. This document is not, and should not be construed as, legal or financial advice. No element of this document is finalized until it has been approved and ratified by the Emissaries Prime.

1.0 MISSION

The Echelon PRIME Foundation (EPF) is a Cayman Islands Foundation Company dedicated to building and supporting a Web3 ecosystem for game developers via the ERC-20 token, PRIME. Echelon enables a new generation of gaming innovation within an open-source and community-led environment. Echelon fosters the decentralization of its infrastructure, governance, and token to connect an ecosystem of games. PRIME and Web3-focused development tools are available to all ecosystem partners. The community shapes the evolution and development of these tools and infrastructure over time.

1.1 PRIME TOKEN

PRIME is the native asset of Echelon. Reference to PRIME in this charter is a reference to the PRIME token. Holders can spend PRIME to activate various functions within Echelon-approved games and tools. PRIME is also the vehicle to decentralize governance and enable broad community participation.

1.2 CONNECTING WITH THE ECHELON COMMUNITY

Engaging a broad community is central to the success of Echelon, PRIME, and any games building within the ecosystem. Community members can provide feedback on governance decisions, build smart contracts that leverage PRIME, and create development tools to support the EPF. Other ways that the community can interact with and support Echelon:

- Communicate via Twitter and Discord
- Submit governance proposals
- Play Echelon-approved games to earn PRIME
- Join in-game bonds or clans

- Participate in NFT drops
- Cache Echelon-approved digital assets
- Produce content
- Vote or participate in elections

1.3 WEB3 GAMING PLATFORM

The movement towards Web3 reflects shifting attitudes around value within gaming ecosystems. Traditionally, video games are value extractive towards players. In Web3, games can be value-additive. Players of Parallel and other Echelon-approved games can earn fungible and non-fungible tokens by playing and winning games. A substantial portion of the PRIME token's fixed supply is allocated to the gamer reward pool to enable these benefits.

1.4 ECHELON GOVERNANCE BOARD

The Echelon Governance Board is an oversight panel that oversees EPF operations, compliance and legal review.

1.5 EMISSARY PRIME COUNCIL

The Emissary Prime Council is a committee that interfaces with the Echelon community on a day-to-day basis, interpreting and operationalizing PRIME holder proposals. The council consists of eleven Emissaries Prime (EPs) which are elected by the community to represent the interests of PRIME holders and Echelon partners.

1.6 OPERATIONS

With guidance from the token holders and EPs, the EPF conducts various aspects of operations, including (but not limited to):

- Maintaining and hosting technical infrastructure to maintain the PRIME ecosystem

- Managing relationships with contributors & vendors

- Bookkeeping and accounting

- Setting and regularly reviewing annual budgets

- Setting and regularly reviewing quarterly KPIs

- Monitoring health of the PRIME ecosystem

2.0 ECOSYSTEM

Echelon creates and distributes essential tools and infrastructure designed to encourage innovation in novel gaming models and economies. These tools encompass smart contract libraries, secure communication infrastructure, public dissemination of information to stakeholders, governance structures, token distribution frameworks and mechanisms, and more. A critical component of this process is making this infrastructure simple for games to adopt and players to use.

2.1 GAME DEVELOPER TOOLS

2.1.1 Inb0x

Inb0x is a simple messaging tool built for Web3. It uses end-to-end encryption to allow users to securely communicate to and from their Ethereum address. Users can connect to Inb0x with their ethereum wallet, chat with the owner of a given wallet, make offers on NFTs, and more.

2.1.2 PR[SYS]

The pack reservation system, called PR[SYS], is a proprietary NFT distribution mechanism. PR[SYS] enables projects issuing NFTs to accept, package, and fulfill orders in a unique way

that minimizes the impact to Ethereum. This improves the user experience by virtually eliminating "gas wars" and limiting bot purchases to achieve a wide distribution of assets.

2.1.2 Smart Contract Templates

Echelon is developing contracts that recognize and enable caching of Echelon-approved digital assets. These contracts are built with the Echelon NFT classification system in mind, allowing for easy inclusion of Primary, Cornerstone, and PRIME Set NFTs in other games.

2.1.3 Game Oracles

Echelon requires game oracles to monitor a player's performance and their NFTs in an on-chain ledger. The ledger triggers the emissions smart contract to distribute PRIME for match wins, and packages data into APIs that service the game. These APIs contain information about wins, losses, and the history of players and their NFTs.

2.1.4. Dynamic Repricing Oracle

Echelon and projects within its ecosystem use a dynamic repricing oracle to adjust the cost of PRIME Sinks in order to maintain a balance between game reward supply and sink replenishment. In essence, the price of the PRIME Sinks is dynamically adjusted to the necessary replenishment requirements of caching and game reward pools.

2.1.5 APIs & SDKs

Any new Echelon project to utilize community-developed smart contracts must provide an audit on those contracts. Contracts that pass audits may be adopted into production. NFTs created by Echelon-based projects may be eligible to participate in Echelon's governance. The inclusion of additional assets as Echelon-approved digital assets (EADAs) would require vetting through standard EPF governance processes per sections 4.1 and 4.2.

2.2 REFERENCE MODELS

2.2.1 Game Economy Modeling

Predictive game economy modeling occurs regularly. Monitoring is conducted on a consistent basis to ensure the health of the game reward system. These data points are integral tools to onboarding new gaming partners.

2.2.2 PRIME Rewards

Players earn PRIME by playing and winning games within the Echelon ecosystem. PRIME tokens are emitted to gamers based on game outcome and other factors. The distribution of PRIME across games is reflective of the popularity and success of each Echelon-approved game. Other applications and tools that further the mission of Echelon are eligible to capture reward pool distributions by providing novel PRIME Sinks.

2.2.3 PRIME Sinks

PRIME Sinks are features within a game or project in the Echelon ecosystem that require payment in PRIME. Sinks encourage the development of features, to enable user retention, while replenishing the game reward pool. Sinks may dynamically fluctuate in PRIME-denominated price based on oracle inputs. PRIME spent in sinks does not leave circulation. Instead, it is redistributed into the game reward pool contract, caching contracts, and other functions to help balance the economy as it scales. Projects looking to build a PRIME Sink must pass an Echelon community governance vote prior to accessing the game reward pool.

3.0 FINANCE
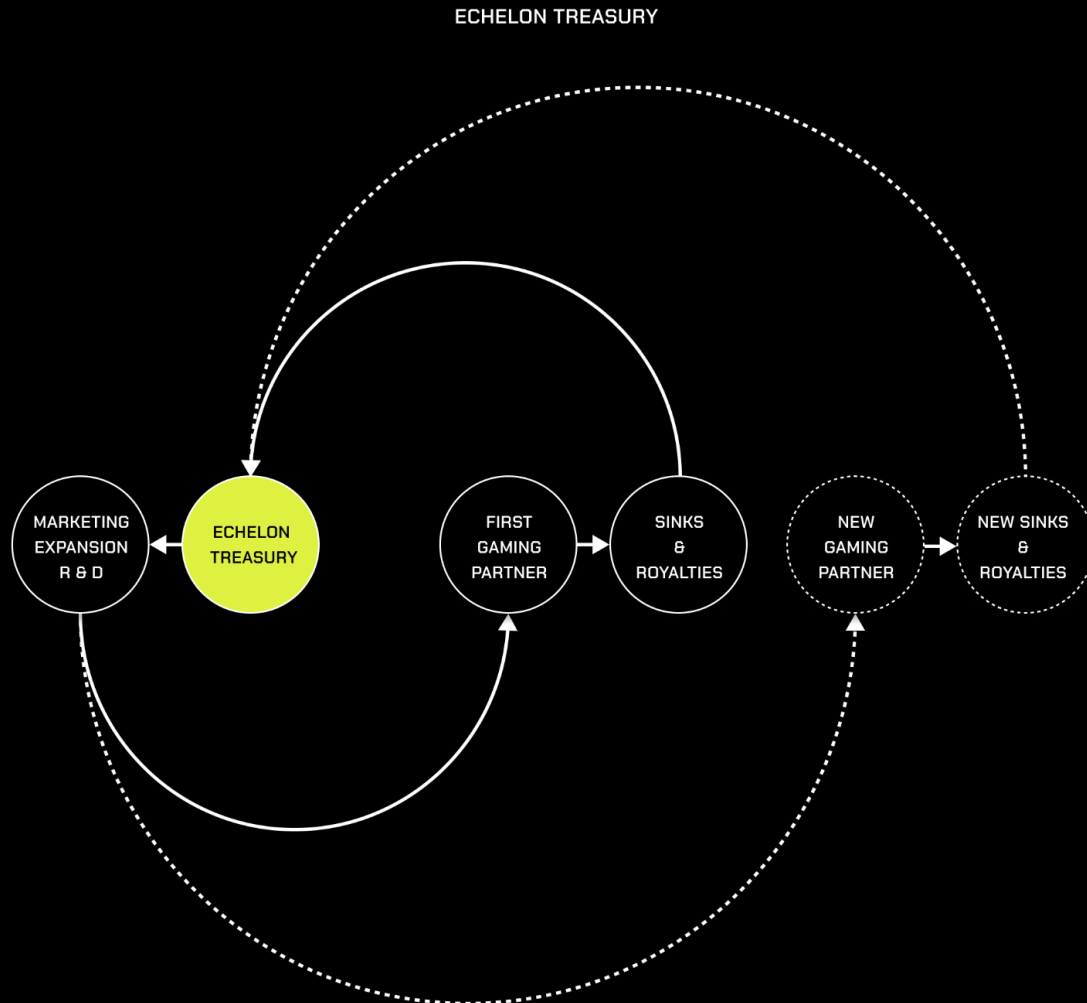
ECHELON TREASURY

The Echelon Treasury is filled through secondary market royalties, PRIME Sinks, and fees from Echelon products and services. It is currently composed of ETH and stablecoins. When PRIME launches, the Treasury will retain a portion of the initial distribution. Currently, ½ of the 10% royalty on secondary market sales of EADAs funds the treasury. The treasury is also funded by Parallel TCG sinks as well as PRIME Sink revenue from additional games and tools in the Echelon ecosystem, which currently include Inb0x and PR[SYS].

3.1 TREASURY USES

PROPOSED ANNUAL BUDGET ALLOCATIONS
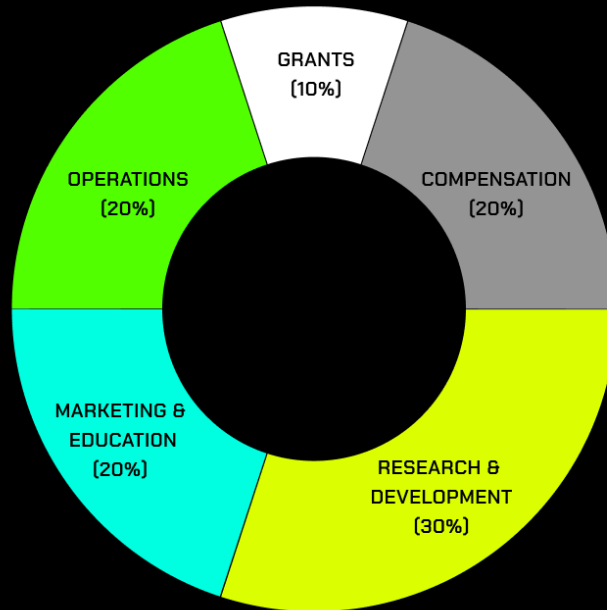
The Echelon Treasury supports the Echelon PRIME Foundation, its partner projects, and the PRIME token. A list of such Treasury initiatives include, but are not limited to:

- Expanding the collection of Echelon-approved games
- Researching and developing software and tooling
- Promoting and marketing Echelon initiatives
- Furthering blockchain gaming adoption via education initiatives
- Incentivising further blockchain gaming development
- Compensating contributors to the PRIME ecosystem (including EPs)
- Funding the general operations of the EPF

3.2 TREASURY MANAGEMENT

The treasury will have a fixed allocation of ETH, PRIME and stablecoins. Future EP cohorts can submit a community proposal to modify the allocation. Strategies and approaches to manage treasury assets must be approved by the community and mitigate risk across various protocols and strategies.

3.2.1 Operating Runway

Most of the EPF's expenses are denominated in stablecoins. To ensure Echelon has ample runway regardless of market conditions, the treasury must maintain a stablecoin-denominated balance to support a long-term operating window of expenses. Outside the operating window, excess stablecoin assets may be used for yield generation.

3.2.2 Financial Summary

The EPF must produce an annual financial summary so that the community has transparency into the uses and overall health of the treasury.

3.3 TREASURY OPERATIONS

Echelon treasury funds comprise of two wallets:

a. **'Hot'** Gnosis Safe Multi-sig wallet for frequent operations and transactions of less than $150,000 USDC. Hot wallet transactions require (2) of (11) EP signatures to send the transaction.

b. **'Cold'** Gnosis Safe Multi-sig wallet for infrequent operations and transactions in excess of $150,000 USDC. Cold wallet transactions require (6) of (11) EP signatures to send the transaction.

3.4 COMPENSATION

As an emerging ecosystem with significant potential, Echelon's ability to attract top talent to the EP role is an important issue for all stakeholders hoping to see the community develop and prosper. Competitive compensation policies are a valuable tool in the Foundation's efforts to attract outstanding contributors.

3.4.1 Compensation as a Percentage of Treasury

Salary compensation EPs, contractors, developers, agencies, etc. must not exceed 20% of the dollar value of the Echelon treasury, which will be evaluated following each EP election.

3.4.2 Monthly Base Compensation

EP salary is paid monthly in either USDC or Ether. EPs choose between these two options at the beginning of their term and are paid in their chosen currency for the duration of their term. Suspended EPs forfeit pay for at least one month. Suspensions persisting longer than one month forfeit additional salary. EPs which are removed from office before the end of their term forfeit all future salary.

3.4.3 PRIME Bonus

EPs are eligible for a bonus payment in PRIME. EPs may earn as little as 50% and as much as 150% of their target bonus at the end of their term. Each EP is rated by every other EP on a scale from 50% to 150% in a blind survey. The percentage of the target grant that an EP receives is the average of the survey results. This allows compensation to reflect the efforts of individual EPs and better align incentives. The total bonus pool for EPs must not be less than 0.125% or exceed 0.375% of the total PRIME supply per year.

4.0 EP GOVERNANCE

4.1 EMISSARY VOTING GUIDELINES

Once a community proposal has passed the community vote, the proposal will enter the Emissary Council Review. The EP council will review the documentation, discuss the merits of the proposal and prepare a formal vote to move the proposal forward. Refer to Section 3.0 of the **PRIME Update** for more info.
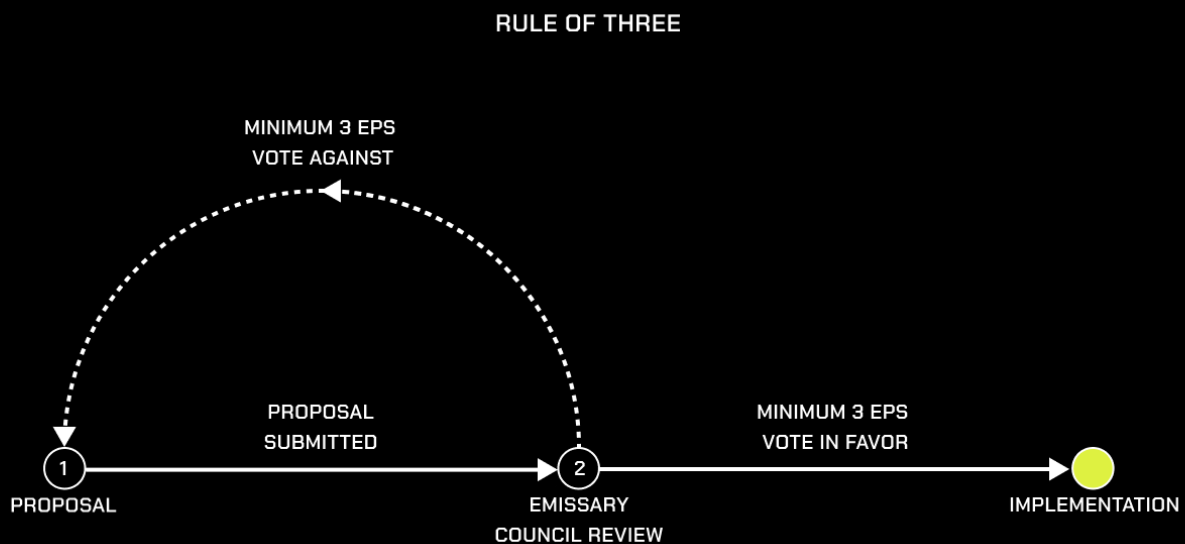
RULE OF THREE

4.1.1 Rule of Three

At least three EPs must disagree with the proposal in order for the proposal to fail. In other words, 9 out of 11 votes in favor will ratify a motion. In addition, a minimum of 3 EPs must vote in favor to ratify a motion.

1. [9] in favor, [2] against, [0] abstain - RATIFIED
2. [8] in favor, [3] against, [0] abstain - REJECTED
3. [3] in favor, [3] against, [5] abstain - REJECTED

4.2 DIRECTOR AUTHORITY

Subject to applicable law, the Memorandum and Articles of Association of EPF (M&A) and this Charter, the Directors of EPF will comply with any EP council vote and are authorized to take any actions reasonably necessary on behalf of EPF to give effect to a EP council vote including passing any director resolutions to memorialize such EP council vote provided that any Director may veto a proposal or place such limitations on its observation and implementation a Director in its discretion, deems necessary or appropriate to:
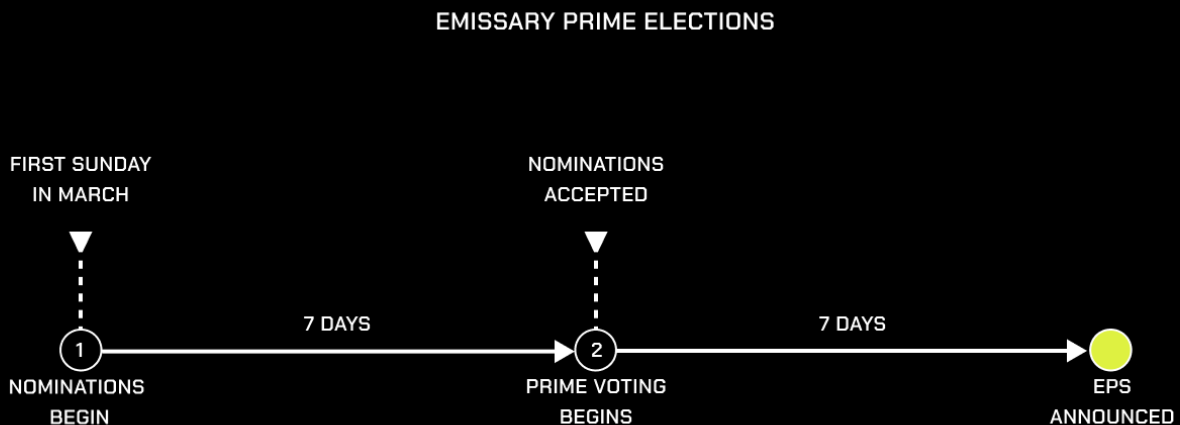
(a)   Ensure compliance with any applicable law or regulation of any jurisdiction;

(b)   Ensure that EPF acts in accordance with its Memorandum & Articles of Association and these bylaws (as amended from time to time); or

(c)   To prevent any harm including reputational harm to EPF.

4.3 ELECTIONS

4.3.1 Emissary Prime Elections

Emissaries Prime are elected by the community annually to serve a one-year term. The inaugural cohort was elected by holders of Primary NFTs. Subsequent elections will use the PRIME token for voting.

4.3.2 Election Process and Timing

EMISSARY PRIME ELECTIONS

FIRST SUNDAY
IN MARCH

NOMINATIONS
ACCEPTED

7 DAYS

7 DAYS

1   NOMINATIONS BEGIN

2   PRIME VOTING BEGINS

EPS ANNOUNCED

1. **Nomination Period.** Each candidate must be nominated by a community member or themselves. Nominated candidates must accept the nomination to be considered.
2. **Voting Period.** Eligible voters cast their votes. All holders of PRIME at the beginning of the voting period are eligible to vote.

The nomination period begins the first Sunday in March each year. Candidates are elected by the third Sunday in March. New EPs take their positions starting on April 1 to allow for a transition period.

4.3.3 Continuity and Term Length

Prior to the end of each term, EPs can select up to four current EPs to continue for a second term. This mechanism provides continuity to the Emissary Prime Council. However, all EPs must be elected via community vote at least once every two years. Thus, an EP serving their second term as a result of an EP vote must be re-elected by the community to serve a third term. An Emissary Prime will serve a maximum of 11 consecutive terms.

4.3.4 Election Voting

Eligible voters receive votes proportional to the amount of PRIME held at the beginning of the Voting Period. Votes are square root weighted, following the methodology of other community votes. Voters select their favorite candidates up to the number of open seats. For example, if there are 7 open EP seats, voters can select up to 7 candidates to receive their votes. Candidates with the most votes at the end of the Voting Period are elected.

4.3.5 Community Re-Election or Removal

The community may call for a re-election or removal of all eleven EPs at any time by submitting a proposal per section 3.0 of the Prime Update. Community re-election or

removal proposals are in a tier of their own, requiring a quorum of 71%. These proposals are not subject to final EP approval. Instead, one of Echelon's game partners (ex. Parallel), must approve the community re-election or removal. With a game partner's approval, an election or removal vote will begin following section **4.3.2** of this document. Existing EPs are eligible to be re-nominated and voted in under this process. EP terms under this process end at the earlier of the original end date of the EP terms (i.e. March 31) or the date such EP is removed. This re-election or removal supersedes any continuity rights within **4.3.5**. A game partner's decision to reject a re-election proposal will stand for the remainder of the EP term.

4.4 CONDUCT

EPs are expected to always act in the best interest of the EPF, community, and Echelon ecosystem.

4.4.1 Trading Rules

EPs must hold to an ethical standard wherein they do not trade using asymmetrical information and influence on the market. EPs are not expected to withdraw from participating in the market *entirely* during their terms. However, they must always adhere to the following rules.

1. **No trading with insider information**. EPs may not trade on material, non-public information at any time. Once information is disclosed (or deemed non-material) EPs may act on it along with any other members of the community.
2. **No trading during blackout periods**. A Blackout Period can be called by an EP at any time. With the support of two other EPs (rule of three) a trading halt is validated and implemented. Blackout Period proposals must include specific assets halted and the length of the halt.

4.4.2 Suspensions

An EP can be suspended for actions which are detrimental to the EPF. These actions include, but are not limited to:

- Colluding
- Acting to enrich themselves to the detriment of the EPF
- Circumventing trading rules
- Making inappropriate actions within a working environment
- Missing general meetings without prior notification

A call for suspensions can be initiated by any EP and will follow standard Emissary Voting Guidelines per section **4.1**. The duration of a suspension must be set at the time of voting. Suspended EPs lose pay for at least one month. Pay will continue to be forfeited as long as the suspension is in effect.

4.4.3 Emissary Prime Impeachment

Any EP or community member can submit a proposal to impeach an EP. EPs cannot directly remove another EP. Instead, EP removals must follow the standard procedure for PRIME holder proposals per section 3.1 of the Prime Update.

4.4.4 Voluntary resignation

EPs who voluntarily resign receive compensation for their final active month and forfeit all future salary.

4.4.5 Interim EPs

If an EP is impeached, resigns, or becomes otherwise incapacitated, all future salary is forfeited and a community election for an interim EP is initiated immediately. This election

follows the framework outlined in section 4.3. Interim EPs remain until the end of the original term of the former EP.

4.5 AMENDMENTS TO THE CHARTER

Future Emissaries Prime can draft amendments to the Echelon Charter. These updates must consider the long term health of the PRIME ecosystem and be documented, communicated, and ratified by an EP vote in order to be implemented and shall be implemented in accordance with the EPF Memorandum & Articles of Association.

FOUNDING EMISSARIES PRIME

[EP 1] **4LL**

[EP 2] **metaregular**

[EP 3] **Kalos**

[EP 4] **0xBEW**

[EP 5] **sgtsKill**

[EP 6] **mick**

[EP 7] **cerebrous**

[EP 8] **ultrxparadise**

[EP 9] **Sentiens**

[EP 10] **coldplunge**

[EP 11] **Grug**

– END –