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- a. When the Shardus software is used in development or testing, the non-commercial license still applies.
- b. When the Shardus software is used in production the Licensee must take further action to initiate the process of obtaining a commercial license within 30 days.
- c. The Licensee must use the most current version of the license file to determine the requirements for obtaining a commercial license.
- d. The Licensee must notarize the unique signature of the current license file on the blockchain and create a page on the Licensee website announcing the intent to license and include a link to the notarization transaction. This will ensure that even if the license file is changed the Licensee only needs to fulfill the requirements of the license file version that was notarized.
- e. The Licensee must send an email to [admin@shardus.com](mailto:admin@shardus.com) of the intent to license and include the URL of the announcement page on the Licensee website.
- f. For Public Networks
  - i. Has coin, token or other asset
    1. Networks which are open to the public and have a coin, token or other asset, must distribute at least 1% of the maximum supply to Shardus token (ULT) holders through a claim process. The details of the process is described below in the Claim Process section.
  - ii. With no coin, token or other asset
    1. Same requirements as a private network.
- g. For Private Networks
  - i. Networks which are not open to the public must acquire Shardus tokens and convert them to a license token on the Ethereum network. The Shardus smart contract has a "purchaseLicense" function which burns the Shardus tokens and issues a license token to the sender. This process is described below in the Purchase License section.
- h. The commercial license applies only to one network. Additional production networks will need to obtain their own separate commercial license even for the same entity.
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- o. The following users are not considered Licensees and do not need to obtain a commercial license if they were not involved with the initial creation or launch of the network:
  - i. Any developer of decentralized apps on a smart contract platform based on the Shardus software.
  - ii. Any operator of a node in a network based on the Shardus software.
  - iii. Any developer contributing to the application software which includes the Shardus software.
  - iv. Any user, developer or entity building on or using an already commercially licensed network.
- p. Although this license file may be updated in the future, previous versions of the license file will be honored for any Licensee that has already obtained a license based on a previous version of this file.

## 12. Claim Process

- a. This only applies to public networks with an asset.

- b. There must be a record of the claim process on a public blockchain. This is done through a smart contract that allows claim transactions.
- c. The actual implementation of the claim process may vary. The following provides guidelines on how it could be done. However, items which are noted as “must” are required.
- d. A snapshot must be taken of all addresses holding Shardus token (ULT) and the balance they had after the software is being used in production.
- e. Licensee must create an announcement page on the Licensee website:
  - i. The page must include the link to the block explorer transaction showing the hash of the license file the Licensee has notarized using a public key belonging to the Licensee.
  - ii. The page must link to the smart contract used to process claims. The activity on this smart contract provides proof on the blockchain of fulfilling the requirements to obtain a license.
  - iii. The page must state what percentage of the maximum supply of Licensee network coins are allocated to be claimed by Shardus token (ULT) holders.
  - iv. The page must state the exact date and time of the snapshot.
  - v. The page must state the date when the claim period will start. The claim period must start within 100 calendar days of the main network genesis.
  - vi. The page must state the date when the claim period will end. The claim period must run for at least 730 days (2 years).
  - vii. The announcement page must be created at least 30 days in advance of the snapshot date and time.
- f. The Licensee must send an email to [admin@shardus.com](mailto:admin@shardus.com) and include the URL of the announcement page on the Licensee website at least 30 days in advance of the snapshot date.
- g. The snapshot must cover all networks where ULT is present. These currently include the Ethereum and Polygon network.
- h. The snapshot must be at the same time across all the networks where ULT is present.
- i. For an address that has ULT on multiple networks the sum of the ULT on all networks must be used.
- j. The following addresses on all networks must not be included in the snapshot:
  - i. Issuing address: 0x19caf17b4EA9f8DD9B5E8f17Ab0C3C10F132691D
  - ii. Polygon bridge address: 0x40ec5b33f54e0e8a33a975908c5ba1c14e5bbdbf
- k. Addresses belonging to exchanges, AMM and other contracts must also be excluded. For example:
  - i. 0x061a7abe5313b886aa27fcc1f1c876fedf3ce1ea (SushiSwap - Polygon)
  - ii. 0x2A35F755c9938c63141FB8D26a9045ABE6917d71 (DODO - Polygon)
  - iii. 0x4B658c395804f90D76aA1995391E4730C7208dE7 (DODO - Polygon)
  - iv. 0xae70AE3D5197729bD1Be63415d40Ab251A89EBEb (Uniswap - Ethereum)
- l. A smart contract to process claims must be deployed by the Licensee. The smart contract must be on a well established network that has low transaction fees.
  - i. If the Licensee network has smart contract capabilities the contract to process claims can be deployed there.
- m. A loadSnapshot function on the smart contract is used to load the addresses and the corresponding balances as they were when the snapshot was taken.
- n. A distribution server is operated by the Licensee which controls the distribution of the claimed assets.
  - i. If the Licensee network has smart contract capabilities the features of the distribution server can be implemented in a smart contract.
- o. A web page which allows users to claim coins on the Licensee network is setup on the Licensee website where:
  - i. Users can connect their wallet to the web page.
  - ii. Users can enter their claim address to see the amount of coins they can claim and if a claim has already been made or not.
  - iii. Users can enter the recipient address on the Licensee network and click a Claim button to initiate the claim process.
  - iv. When the user clicks on the Claim button a transaction is submitted to a claim function on the smart contract and includes the recipient address on the network of the Licensee. The transaction is also signed and proves ownership of the address holding the ULT.
- p. The smart contract must validate the transaction and mark the address as claimed.

- q. The distribution server monitors the smart contract for claim transactions and initiates a transaction on the network of the Licensee to fulfill the claim.
  - i. If the Licensee network has smart contract capabilities the fulfillment of the claim can be handled by the smart contract.
- r. The actual distribution of the asset to those who have claimed can use a vesting schedule and does not need to be given at once. However the vesting schedule must distribute all claimed assets within 2 years of being claimed.
- s. For assets which are inflationary and don't have a fixed max supply there must be a distribution periodically at least once every 100 days to meet the distribution percentage. The distribution due to inflation must be given immediately and cannot be over a period of time. The number of times a periodic distribution occurs to maintain the inflation percentage can be indefinite.
- t. Any unclaimed assets after the claim period ends do not need to be distributed by the Licensee to ULT holders.
- u. The public announcement on the Licensee website and the activity on the smart contract provides proof of fulfilling the requirements to obtain a license.

### 13. Purchase License

- a. This only applies to private networks or public networks without an asset.
- b. The smart contract for the Shardus token on the Ethereum network has a "purchaseLicense" function. <https://etherscan.io/address/0x09617f6fd6cf8a71278ec86e23bbab29c04353a7#code>
- c. The Licensee can query the contract to see what the current cost is in terms of Shardus tokens.
- d. The cost will be some percentage of the current token circulating supply.
- e. The Licensee can acquire Shardus tokens on the market.
- f. The Licensee sends the required amount in Shardus tokens to the purchaseLicense function along with a string to identify the company and the network; such as "Company A Network X".
- g. A license token will be sent to the address that sent the Shardus tokens and the Shardus tokens used in the purchase will be burned to reduce the total circulating supply.
- h. The license token is not transferable.
- i. The license token will serve as proof on the blockchain of fulfilling the requirements to obtain a license. The license token is non-transferable.