Disqualified Person Compensation Policy

1. Objective. Digital Asset Tax Action ("**Corporation**") is an Illinois not-for-profit corporation organized and operated exclusively for purposes permitted under Internal Revenue Code ("**IRC**") Section 501(c)(3) and in particular for the purposes stated in the Corporation's Articles of Incorporation ("**Purpose**"). The objective of this Disqualified Person Compensation Policy ("**Policy**") is to protect the Corporation's resources, prevent Excess Benefit Transactions (defined below), and to ensure that compensation paid to Disqualified Persons (defined below) is reasonable and that, with respect to the same, the requirements necessary to establish the rebuttable presumption of reasonableness as stated in 26 CFR 53.4958-6 are satisfied.

2. Definitions. For purposes of this Policy, the following terms have the following meanings when capitalized. When not capitalized, these terms are to be given their plain and ordinary meanings:

2.1. "**Disqualified Person**" means any person who was in a position to exercise substantial influence over the affairs of the Corporation at any time during a five-year lookback period, ending on the date of the transaction, including a Corporation director, officer, a Related Party (defined below), and other persons defined as disqualified persons by 26 CFR 53.4958-3 (e.g., founders, substantial contributors, key employees).

2.2. **"Excess Benefit Transaction"** means any transaction in which an economic benefit is provided by the Corporation, directly or indirectly, to or for the use of a Disqualified Person and the value of the economic benefit provided by the Corporation exceeds the value of the consideration (including the performance of services) received by the Corporation.

2.3. **"Related Party"** means:

- A person's relatives, which include the person's:
  - Spouse or domestic partner;
  - Ancestors; and
  - Siblings or half-siblings, children (whether natural or adopted), grandchildren, and great-grandchildren, and their spouses and domestic partners.

- Any entity or trust of which the person or the person's relatives serve as a director, trustee, officer, employee, or volunteer;

- Any entity or trust in which the person or the person's relatives have a thirty-five percent (35%) or greater ownership or beneficial interest; and

- Any other entity or trust in which the person or the person's relatives have a material financial interest.

3. Policy. Before entering into a transaction with a Disqualified Person, the Corporation's Board of Directors ("**Board**") must determine that the compensation to be paid to the Disqualified Person is reasonable. In making this determination, the Board must use the following process, which is designed to satisfy the requirements of 26 CFR 53.4958-6, "Rebuttable presumption that a transaction is not an excess benefit transaction."

4. Approval by the Board. The compensation arrangement must be approved in advance by the directors who do not have a conflict of interest (defined below) with respect to the compensation arrangement. For purposes of this Policy, a director does not have a "**conflict of interest**" with respect to a compensation arrangement only if the director:

(i) Is not a Disqualified Person participating in or economically benefitting from the compensation arrangement and is not a Related Party;

(ii) Is not in an employment relationship subject to the direction or control of any Disqualified Person participating in or economically benefitting from the compensation arrangement;

(iii) Does not receive compensation or other payments subject to approval by any Disqualified Person participating in or economically benefitting from the compensation arrangement;

(iv) Has no material financial interest affected by the compensation arrangement; and

(v) Does not approve a transaction providing economic benefits to any Disqualified Person participating in the compensation arrangement, who in turn has approved or will approve a transaction providing economic benefits to the director.

5. Assessing Compensation Reasonableness. The Board shall assess the reasonableness of compensation based on what would ordinarily be paid for like services by like organizations (whether taxable or tax-exempt) under like circumstances.

5.1. Total Compensation. Except as otherwise provided in 26 CFR 53.4958-4(b)(ii), the Board shall assess the reasonableness of compensation based on the total economic benefit the Disqualified Person will receive from the Corporation, including: (i) all forms of cash and noncash compensation, including salary, fees, bonuses, severance payments, all forms of tax-deferred compensation that are earned and vested; (ii) unless excludable from income as a de minimis fringe benefit, the payment of liability insurance premiums for, or the payment or reimbursement by the Corporation of: (a) any penalty, tax, or expense of correction owed under 26 USC 4958; (b) any expense not reasonably incurred by the Disqualified Person in connection with a civil judicial or civil administrative proceeding arising out of the Disqualified Person's performance of services on behalf of the Corporation; or (c) any expense resulting from an act or failure to act with respect to which the person has acted willfully and without reasonable cause; and (iii) all other compensatory benefits, whether or not included in gross income for income tax purposes, including payments to welfare benefit plans, such as plans providing medical, dental, life insurance, severance pay, and disability benefits, and both taxable and nontaxable fringe benefits, including expense allowances or reimbursements (other than expense reimbursements pursuant to an accountable plan), and the economic benefit of a below-market loan.

5.2. Non-fixed Compensation. If the compensation payable to the Disqualified Person is not fixed at the time it is approved by the Board (e.g., a discretionary bonus), the maximum compensation that could be paid to the Disqualified Person must be fixed. The Board shall assess the reasonableness of the compensation on the maximum amount of compensation that could be paid to the Disqualified Person.

5.3. Comparability Data. The Board shall obtain and review data from which it can assess the reasonableness of the compensation for the services rendered to the Corporation. Such data may include, but is not limited to:

- Compensation levels paid by similarly situated organizations, both taxable and tax-exempt, for functionally comparable positions;

- The availability of similar services in the geographic area of the Corporation;

- Current compensation surveys compiled by independent firms;

- Actual written offers from similar institutions competing for the services of the Disqualified Person; and

- If the Corporation has on average annual gross receipts (including contributions) of less than $1 million, based on an average of the Corporation's three prior taxable years, appropriate data as to comparability includes data on compensation paid by three comparable organizations in the same or similar communities for similar services.

5.4. Expert Opinions. The Board may also rely upon reasoned written opinions of qualified legal counsel, certified public accountants, or accounting firms with expertise regarding the relevant tax law matters, and independent compensation experts who:

- Hold themselves out to the public as compensation consultants;

- Perform compensation valuations on a regular basis;

- Are qualified to make compensation valuations for the types of services involved in each instance; and

- Provide the Board with a written statement that the preceding requirements are met.

5.5. Documenting the Board's Decisions. Within 60 days of determining whether a Disqualified Person's compensation arrangement is reasonable for a specific arrangement, the Board shall document its determination in a written report. The report must include:

- The terms of the transaction that was approved and the date it was approved;

- The directors who were present during debate on the transaction that was approved and those who voted on it;

- The comparability data obtained and relied upon by the Board and how the data was obtained;

- Any actions taken with respect to consideration of the transaction by a director who had a conflict of interest with respect to the transaction; and

- The basis for any determination that reasonable compensation for the arrangement is higher than the range of comparability data obtained.

The report must be approved by the Board as reasonably accurate and complete within a reasonable time, after it is finalized. The approved report must be maintained in the meeting minutes of the Corporation.

6. **Record Retention.** The Corporation shall retain and destroy records related to this Policy as provided in the Corporation's Record Retention and Destruction Policy.

7. **Periodic Reviews.** The Board shall review this Policy at least once every three years.

8. **Questions.** Any questions relating to the scope, interpretation, or operation of this Policy should be directed to the President or the Board.