ICVC DAO

WE BACK FOUNDERS BUILDING THE NEW INTERNET

INTERNET COMPUTER

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Introduction

ICVC DAO is a community-governed Web3 venture builder dedicated to identifying and nurturing high-potential early-stage ventures within the ICP ecosystem. Our focus is on projects that have displayed early traction and are before their Service Nervous System (SNS) launch.

Currently, projects within the Internet Computer ecosystem suffer from a lack of funding options past their nascent funding stage, such as a funded campaign or angel investment, and rely on early SNS launches to fund their development. ICVC DAO aims to bridge this gap and provide projects with the funding required to build a mature working product and broad community prior to an SNS launch, thereby allowing the continued development of promising projects within the Internet Computer ecosystem

Our objective is to support innovative projects that demonstrate the potential to revolutionize various aspects of the decentralized internet and align with the overarching goals of the Internet Computer ecosystem. These projects are selected by a comprehensive and diligent community-driven process based on a step-by-step consideration of key project attributes such as business model, market opportunity, team and more...

ICVC DAO Founding Team

ICVC DAO was launched by a core group of IC project founders that have extensive experience building, running and raising funds for IC projects. Having identified this gap in the funding ladder, the ICVC DAO has set out to fix it by proposing to the IC community the means to act as an effective and practical venture builder: guiding and fostering the next generation of innovative ventures on the ICP.

Luke Dugdale	Co-Founder of Funded, CEO of Plug
Mazens Zibara	Co-Founder of Funded, CTO of Plug
Clement Mayer	Co-Founder of Funded, COO of Plug
Isaac Dugdale	Co-Founder of Bookie
Orlando Hutchings	Co-Founder of Carbon Crowd

Overview

ICVC DAO is a Decentralized Autonomous Organisation (DAO) controlled by ICVC token holders. The investment decisions, the appointment of evaluators and agents, as well as any important choice pertaining to ICVC DAO will be voted on by holders of ICVC tokens and encoded in smart contracts.

By operating as one sole actor, the community will gain access to unique opportunities and better conditions that would not be available to each one of us operating on their own. The ICVC DAO platform provides a medium to make clearly defined investment decisions as a community through a diligent investment process designed for the token holders to make informed investments decisions, facilitate community debate and truly engage with project founders

As part of the focus on early stage ventures, ICVC DAO targets investment amounts between **$500,000** and **$2,000,000**. ICVC DAO's investment gives ICVC DAO an equity stake in the company and an allocation of any future ICO or SNS launch. Whilst terms may vary in exceptional circumstance and subject to negotiation, ICVC DAO generally applies standard deal terms across projects of:

- **A 20% equity stake in the company**
- **A 10% allocation of any future ICO or SNS launch**

At the close of each investment process, as further detailed in section 3, ICVC token holders will have a final vote to decide if ICVC DAO should proceed with the investment or not. Should the vote be towards rejection, the investment will not be undertaken. Should the vote be towards the affirmative, a term sheet will be sent to the relevant project. Investment funds will be disbursed provided and upon the successful return of a signed term sheet by the relevant project.

Investment Process

3.1. Investment Process Overview

ICVC DAO introduces a pioneering approach to venture capital, where all decisions are governed by the community of ICVC token holders. Recognizing that not all individuals possess professional venture capital experience, ICVC DAO has developed a comprehensive process to guide token holders in making informed investment decisions. This process is meticulously designed to evaluate ventures across multiple dimensions, ensuring a thorough assessment beyond just financial metrics.

Structured Evaluation Process

The ICVC DAO investment process is segmented into 9 distinct steps, each dedicated to evaluating a different aspect of a venture. Examples of steps include business model, market opportunity and team composition, among others. This multi-faceted approach allows token holders to gain a deep understanding of each project's strengths and weaknesses before making an investment decision.

Timed Discussion And Voting Phases

ICVC DAO's due diligence phase is open for a period of 14 days, ensuring enough time for in-depth consideration of each step. ICVC DAO provides specific guidelines for each step, aiding token holders in their assessment and facilitating a structured community debate

Community Grading System

Token holders participate in the evaluation process by assigning a grade from 1 to 10 to each due diligence step. This grading system encourages active participation and allows the community to quantitatively express their confidence in various aspects of the venture. Upon completion of all sections, an overall grade is calculated as the average of the grades assigned to each section by all participating token holders

3.2. Submission Process For Venture Funding (Step 0)

To apply for funding from ICVC DAO, venture fund seekers must utilize the ICVC DAO platform's application form. This form is designed to capture high level information about the venture, including insights into the business model, team dynamics, market potential, and more, within specified word limits for each response. Furthermore, venture fund seekers must include a recorded video pitch and their proposed raise amount from ICVC DAO in dollar value as well as their grounds for their implied valuation.

Once submitted, the application becomes visible to all ICVC DAO token holders, opening up the opportunity for a community-wide review. A vote is then conducted to determine if the venture should progress to the full due diligence process. If the vote advances the venture to the next round, the founders will have two weeks to complete all required information as outlined below. This step ensures that entrepreneurs are not required to engage in an extensive application process upfront, saving them time and effort unless they successfully pass the initial community vote.

3.3. 15 Step Investment Process

ICVC DAO's investment process includes a dedicated discussion forum, ensuring comprehensive community discussion and interaction. For certain steps, teams must submit Excel files, with specific templates provided on the ICVC DAO website. Additionally, one step of the process involves a video interview to gain further insight into the teams and their projects.

Step 1: Business Model

- Problem & Unique Value Proposition (q1.1 in appendix B)
- Early Traction (q1.2 in appendix B)
- Go-To-Market Strategy (q1.3 in appendix B)
- Revenue Model (q1.4 in appendix B)
- Product Roadmap (q1.5 in appendix B)
- ICP Technology (q1.6 in appendix B)
- Risks (q1.7 in appendix B)

Step 2 : Market Opportunity

- Total Addressable Market (q2.1 in appendix B)
- Target Market Segment (q2.2 in appendix B)
- Target Customer (q2.3 in appendix B)
- User Feedback (q2.4 in appendix B)
- Competitor Comparison (q2.5 in appendix B)

Step 3: Team Evaluation

- Team Overview (q3.1 in appendix B)
- Team Commitment (q3.2 in appendix B)

Step 4: Product & Technology Assessment

- Product Overview (q4.1 in appendix B)
- Technology Stack (q4.2 in appendix B)
- Product demo **video submission**: 5-10 mn video demonstration showcasing the technology and functionality of the product or service (q4.3 in appendix B)

Step 5: Financial Model Analysis

- Financial models: Standardized **financial model spreadsheet** document submission (Financial spreadsheet template in appendix C)

Step 6: Traction & Metrics

- Monthly Active Users (q6.1 in appendix B)
- User Growth Rate (q6.2 in appendix B)
- Monthly Revenue (q6.3 in appendix B)
- Revenue Growth (q6.4 in appendix B)
- Gross Revenue (q6.5 in appendix B)
- Current Revenue Streams (q6.6 appendix B)
- Key Performance Indicators (q6.7 appendix B)

Step 7: Funding

- Use Of Funds (q7.1 in appendix B)
- Runway (q7.2 in appendix B)
- Previous Funding (q7.3 appendix B)

Step 8: Legal, Regulatory & Exits

- Exit Strategies (q8.1 in appendix B)
- Legal Structure (q8.2 in appendix B)
- Regulatory Risks (q8.3 in appendix B)

Step 9: Final Vote & Funds Disbursal

After completing grading on all prior steps, ICVC token holders can view a comprehensive final report to inform their final vote. This report includes:

- Project Overview: High level description of the project and its mission.
- Overall Grade: Averaged from all sections, on a scale out of 10.
- Money Being Raised: The total capital amount the project is seeking from ICVC DAO.

ICVC token holders cast a final vote, choosing "yes" to proceed with the investment or "no" to close the project opportunity. A "yes" vote result triggers the sending of a term sheet. Conversely, a "no" vote result concludes the project's opportunity for funding through ICVC DAO.

3.4. Disbursements

The investment capital to be sent from ICVC DAO to the approved venture will be fixed in dollar amount at the time of the successful signing of a term sheet. This amount will thereafter be sent by ICVC DAO to the venture in $ICP based on the ICP/USD exchange rate throughout the disbursement process.

ICVC DAO holds investment capital in $ICP within the ICVC DAO treasury. As such, investments into projects involve the transfer of SNS treasury funds and are thereby considered 'critical proposals' which are subject to more stringent rules in order to ensure they are only passed with broad community consensus.

'Critical proposal' types and the transfer of SNS treasury funds are subject to protocols which shape the ICVC DAO disbursement process. Pertinent limits include:
- Critical proposals can only be passed if 20% of the total voting power votes yes and 67% of the exercised voting power votes yes.
- The voting period for critical proposal types is 5-10 days and cannot be changed by the SNS.
- The rate at which funds can be transferred from the treasury is capped based on the size of the treasury. It is assumed ICVC DAO will fall under the 'large' treasury range, such that the total amount that can be transferred from the ICVC DAO treasury in a 7 day period can be worth at most 300,000 XDR.

Therefore, ICVC DAO expects in some instances to have to undertake several disbursements from the treasury in order to send an accepted venture their full investment amount. In this case, successive proposals and disbursements will be made to a disclosed wallet held by ICVC DAO. Once the full investment amount is held by the disclosed ICVC DAO wallet, ICVC DAO will send the full investment funds to the accepted venture.

As each disbursement is subject to community vote and 'critical proposal' voting thresholds, there exists a risk one or several disbursements may fail to obtain a positive community vote despite the venture overall being accepted for investment by community vote in the ICVC DAO investment process. In the event of a sustained stoppage ICVC DAO will return all funds from any prior venture relevant disbursements back to the ICVC DAO treasury and the investment into the concerned venture will be cancelled.

Learn more about 'critical proposals' and the transfer of SNS treasury funds **here.**

Voting Powers

The ICVC DAO governs the investment decisions of ICVC DAO by successive community votes on each step of the investment process.

ICVC DAO marks a distinction between 'Internal vote' steps, used to express and gauge community judgment, and 'SNS vote' steps which may trigger a direct action from ICVC DAO.

4.1. SNS Vote Steps

SNS vote steps are those binary decisions that are bound by SNS governance and may trigger a direct action from the ICVC DAO.

Step 0 and Step 9 of the investment process are considered SNS voting steps. These decisions respectively govern whether an initial venture application merits going through the full evaluation process, and if ICVC DAO should invest in the venture or not at the conclusion of the investment process.

Eligibility

In order to vote on an SNS voting step, ICVC token holders must hold and use an eligible neuron with a minimum of **100 $ICVC** locked with a minimum dissolve delay of 6 months.

Voting Power

The voting power of an individual neuron for an SNS voting step varies as a function of the $ICVC token amount locked within said neuron multiplied by its respective dissolve delay bonus and multiplied by its age bonus. This ensures that community members with significant capital or interests in the ICVC DAO maintain a fairly weighted vote in the investment decisions of ICVC DAO. The voting power of individual neurons is further detailed in Section 6.2.4.

4.2. Internal Vote Steps

Internal vote steps offer more flexibility in response options and are crucial to foster community debate and express the overall assessment of the venture under consideration.

Steps 1 through to Step 8 of the investment process are considered internal voting steps.

Eligibility

All ICVC token holders are eligible to vote on internal vote steps. In order to vote on an internal vote step, ICVC token holders must hold and use an ICVC neuron.

Voting Power

The voting power of an ICVC neuron for an internal vote step is equal to that of any other and does not vary. As such, internal voting steps allow the community to express their objective assessment of a venture in an even playing field, which will then serve to inform and influence SNS voting steps and thereby ICVC DAO actions.
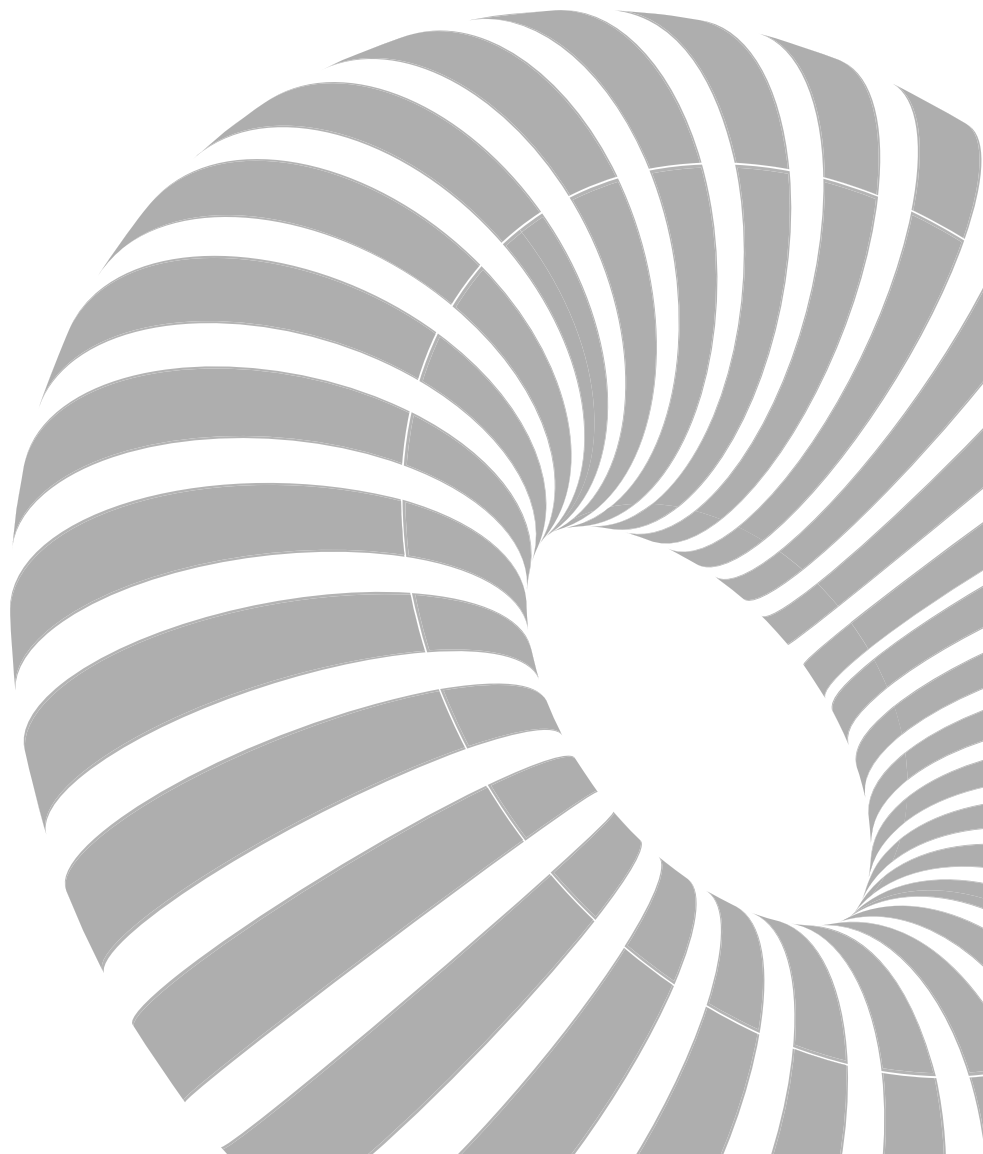
Exits

For the purposes of exits, the initial investment and exit amounts in dollar values will be bookmarked. This allows to effectively determine the profitability of each ICVC DAO investment, regardless of the means by which they exit, and allocate returns to $ICVC token holders accordingly.

5.1. Exit Process

5.1.1. SNS & Token Launch Exits

Should an ICVC DAO venture exit through a token launch liquidity event such as an SNS or ICO, it should be clearly represented prior to this event that ICVC DAO's ownership will be fairly allocated based on the investment terms as determined through the investment process. At this point, ICVC DAO will secure returns by directly distributing the resulting project tokens to $ICVC token holders through a fixed process.

ICVC DAO will distribute to its participants project tokens resulting from venture exits as and when they are received in 'liquid form'. For example, in the case of an SNS exit, ICVC DAO's ownership interest may be received through a basket of neurons with varying dissolve delays. These neurons will be held by ICVC DAO until such time as they are fully dissolved. ICVC DAO will distribute the project tokens to $ICVC token holders successively as and when each neuron dissolves and the tokens themselves can be freely sent and received, hereafter termed a 'liquidity event'.

Through this process, ICVC DAO ensures returns are distributed to $ICVC token holders with clear visibility and thereby limiting the impact on the volatility of the project token. The apportionment of exit returns amongst $ICVC token holders is further detailed in Sections 5.2 and 5.3.

5.1.2. Non-Token Exits

Should an ICVC DAO venture exit through a follow-on VC round, sale of the company to a private entity or any other means by which ICVC DAO's investment would entitle $ICVC token holders to FIAT or other 'real world asset' compensation, these assets would be kept in the DAO's treasury and later converted into $ICP.

As an entity with corporate personhood, ICVC DAO LLC is able to receive and convert any FIAT or 'real world assets' into $ICP whilst maintaining $ICVC token holder control throughout the process. The resulting $ICP would then be sent to the ICVC DAO treasury to return funds to the full on-chain control of ICVC DAO and be distributed to $ICVC token holders through appointed on-chain channels.

In these instances, exit returns would be returned to $ICVC token holders directly in $ICP at the time at which the $ICP funds are received by the treasury. The legal structure of ICVC DAO is further detailed in Section 6 and the apportionment of exit returns amongst $ICVC token holders is further detailed in Sections 5.2 and 5.3.

5.2. Participants & Evaluators

For the purposes of exits, ICVC DAO will mark a distinction between Participants (hereafter collectively "Participants" and each one individually "Participant") and 'Evaluators' (hereafter collectively "Evaluators" and each one individually "Evaluator"). All $ICVC token holders are considered Participants by the initial contribution into the ICVC DAO treasury that their token ownership represents. Evaluators are those $ICVC token holders deemed to have played an active role in a specific investment decision, beyond their initial investment into ICVC DAO itself.

5.2.1. Participants

Participants contribute to the treasury of ICVC DAO which is then invested into the selected ventures according to collective decisions. As these ventures exit, Participants receive their exit distribution through the return of their initial investment capital, preferred return based on a set hurdle rate and any other remaining profits after incentive return is deducted from those investments.

As such, when a venture exits the first considerations are as follows:
- Participant Initial Investment: Participants are entitled first and foremost to the return of the principal capital amount invested into the venture initially
- Participant Preferred Return: Participants are also entitled to receive a minimum return on their investment before incentive return can be considered. This minimum return is set on a 'hurdle return rate' return of 8% per annum. For instance, the preferred return will be calculated based on the following formula: $(1+0.08)^n$, where n is the number of years for which the investment remained invested.

As such, Participants must receive their initial investment and a preferred return rate before 'incentive return' and any returns to Evaluators can be considered. Incentive return will be calculated for any exit that generates returns above its preferred return rate.

5.2.2. Evaluators & Incentive Return

ICVC DAO aims to encourage and incentivise the active participation and consideration of $ICVC token holders in the due diligence and investment process. As such, an incentive return of 20% will be set aside from profits above the preferred rate and distributed amongst Evaluators.

Any $ICVC token holder can become a Evaluator and claim a portion of the incentive return, so long as they satisfy the following eligibility conditions:
  • Hold an eligible ICVC neuron.
  • Actively vote on all Internal vote steps of the investment process using eligible ICVC neurons.

Evaluator status is considered per individual investment ICVC DAO undertakes such that $ICVC token holders must satisfy the above conditions for each investment process for which they want to be considered Evaluators and hold a claim to the potential incentive return.

Incentive return will only be taken from profitable exits based on the dollar profit value generated above the preferred return in dollar value. The initial investment amount and all other profits from a successful exit remain available for payouts to Participants.

The profitability of ICVC DAO investments will be assessed at each 'liquidity event' upon which returns are disbursed to $ICVC token holders, such as each neuron dissolve delay as discussed in Section 4.1.1.

Example 1 – SNS Exit :

Consider ICVC DAO invests 40,000 $ICP into a venture X at a recorded dollar amount of $600,000 (assuming 1 $ICP = $15 dollars at the time of investment). The venture completes a successful SNS exit after a 3 year period and ICVC DAO's ownership interest returns 10,000,000 project tokens (hereafter $PTX) through a basket of 5 equal neurons with varying dissolve delays.

The first neuron received is fully dissolved exactly 3 years after the initial investment. At that time,1 $PTX = $0.4 dollars. ICVC DAO's returns and profits for this first neuron are thereby calculated as follows:

Initial Investment = Total $ICP Invested * 1 $ICP Dollar Value At Time Of Investment
= $600,000

Preferred Return = Initial Investment * ((1 + Hurdle Interest Rate) ^years invested)
= $600,000 * ((1+0.08)^3)
= $755,827.2

Exit Return = Total $PTX Received * 1 $PTX Dollar Value At Liquidity Event
= 10,000,000 * $0.4
= $4,000,000

Profit Above Preferred Return = Exit Return – Preferred Return
= $4,000,000 – $755,827.2
= $3,244,172.8

As this investment is profitable above the preferred return at the time the first neuron dissolves and the first set of PTX is to be distributed to $ICVC token holders, the incentive return is calculated and distributed as follows:

Incentive Return = Profit Above Preferred Return * Incentive Return Rate

= $3,244,172.8 * 20%

= $648,834.6

Remaining Profits To Participants = Profit Above Preferred Return - Incentive Return

= $3,244,172.8 - $648,834.6

= $2,595,338.2

As ICVC DAO received its project tokens through a basket of 5 equal neurons, this first distribution of returns is only for ⅕ of the total PTX amount received by ICVC DAO.

As such, the resulting distribution of exit funds from this first neuron to fully dissolve would be:

Example 1: Exit Distribution Following Neuron 1 Dissolution			
	calcs	$ amount	PTX distributed
Evaluators	= Incentive Return * (ICVC Liquid $PTX / ICVC Total $PTX)	$129,766.9	324,417.3 $PTX
Participants	= Preferred Return + Remaining Profits After Incentive Return) * (ICVC Liquid $PTX / ICVC Total $PTX)* **NB:** *if investment is profitable. If not, LPs receive as much of the initial investment amount, pro rata of their token holding.*	$670,233.1	1,675,582.7 $PTX

The profitability of ICVC DAO's investment into venture X will be re-assessed at each 'liquidity event', such as upon the next neuron fully dissolving, such that returns to Evaluators and Participants may vary accordingly at each distribution of project tokens.

Example 2 - Non-Token Exit :

Consider ICVC DAO invests 40,000 $ICP into a venture X at a recorded dollar amount of $800,000 (assuming 1 $ICP = $20 dollars at the time of investment). The venture completes a successful exit through a sale to a third party after a 4 year period. After a conversion from the FIAT received from this exit by ICVC DAO LLC to $ICP, ICVC's ownership interest returns 128,000 $ICP.

The $ICP is received by the treasury after a 4 year period from investment. At that time, 1 $ICP = $25 dollars. ICVC DAO's returns and profits are thereby calculated as follows:

Initial Investment = Total $ICP Invested * 1 $ICP Dollar Value At Time Of Investment

= $800,000

Preferred Return = Initial Investment * ((1 + Hurdle Interest Rate) ^years invested)

= $800,000 * ((1+0.08)^4)

= $1,088,391.2

Exit Return = Total $ICP Received * 1 $ICP Dollar Value At Time Of Disbursement

= 128,000 * $25

= $3,200,000

Profit Above Preferred Return = Exit Return – Preferred Return

= $3,200,000 – $1,088,391.2

= $2,111,608.8

As this investment is profitable above the preferred return at the time of disbursement, the incentive return is calculated and distributed as follows

Incentive Return = (Profit Above Preferred Return * Incentive Return Rate)

= ($2,111,608.8 * 20%)

= $422,321.8

Remaining Profits To Participants = Profit Above Preferred Return – Incentive Return

= $2,111,608.8 – $422,321.8

= $1,689,287

As such, the resulting distribution of exit funds would be:

Example 2: Exit Distribution Following Non-Token Exit			
	calcs	$ amount	ICP distributed
Evaluators	= Incentive Return	$422,321.8	16,892.9 $ICP
Participants	= (Preferred Return + Remaining Profits After Incentive Return)* **NB:** *if investment is profitable. If not, Participants receive as much of the initial investment amount, pro rata of their token holding.*	$2,777,678.2	111,107.1$ICP

5.3. Exit Distribution

5.3.1. Participants

All ICVC token holders are entitled to Participants exit returns in proportion to their ownership of $ICVC tokens relative to the total supply of $ICVC at the time exit returns are disbursed.

For example, a token holder with 5% of the total circulating supply of $ICVC at the time exit returns are disbursed would receive 5% of the total Participants exit return.

5.3.2. Evaluators

Only Evaluators are entitled to the incentive return for those profitable exits in which the neurons satisfied the eligibility conditions outlined in Section 5.2.

Neurons are attributed Evaluator status at the time of the final investment proposal vote, provided they satisfied eligibility conditions outlined in section 5.2.2, and are thereby potentially entitled to incentive return at the time exit returns are disbursed.

Whilst Evaluator status is achieved and held by a neuron from the point of ICVC DAO investment into a venture, incentive return is distributed amongst Evaluators in proportion to the neuron's $ICVC token holdings relative to that of other Evaluators at the time exit returns are disbursed.

For example, consider an eligible neuron holder for which their neuron, hereafter referred to as 'neuron A', has satisfied the conditions and achieved Evaluator status in regard to venture X. If 'neuron A' holds a neuron stake of 1,000 $ICVC tokens and the cumulative neuron stake of all the neurons with Evaluator status for venture X is 10,000 $ICVC at the time exit, then the holder of 'neuron A' is entitled to 10% of any incentive return generated by the exit of venture X.

ICVC DAO

The ICVC DAO will govern the development and investment decisions of ICVC through the Internet Computer's own Service Nervous System (SNS).

No one developer or group of people will own ICVC DAO as the SNS structure ensures the DAO is the only authority able to upgrade ICVC DAO operating canisters or access treasury funds. Anyone can participate in the ICVC DAO's decision making and hold claim to any ICVC DAO profits by engaging with governance and investment proposals through the ownership of $ICVC tokens and the voting rights they guarantee.

6.1. Launch & Control

The launch of ICVC SNS will be subject and condition to a vote on the Network Nervous System (NNS) following a NNS proposal submitted by the ICVC DAO. The decentralization sale of $ICVC will proceed with the aim of decentralizing the governance of ICVC DAO and raising the funds required for ICVC's development and investment pool.

Anyone can participate in this sale by depositing $ICP into the ICVC SNS using the NNS launchpad. Once concluded, investors will receive $ICVC tokens in proportion to their share of ICP deposited during the decentralization sale.

Following the decentralization sale, the SNS will be in full control of the ICVC Dapp and treasury. Upgrades to the code base or operations as well as all investment decisions will be controlled by the actions of proposals and subject to a community vote.

6.2. Utility Token $ICVC

$ICVC is a utility governance token required to participate in the decision making of ICVC DAO. Investors can use their $ICVC tokens to submit and vote on development and investment proposals, through the 15 step process as outlined prior, and hold a stake in ICVC's investments and potential profits.

6.2.1. Proposals

ICVC DAO will distinguish between two proposal categories: governance proposals and investment proposals.

6.2.2. Governance Proposals

Governance proposals are proposals regarding the governance of the ICVC DAO itself, such as canister upgrades, configuration changes, legal needs, etc...

Eligibility

In order to submit and/or vote on a governance proposal, ICVC token holders must hold and use an eligible neuron. An eligible neuron is a neuron with a minimum of 100 $ICVC locked with a minimum dissolve delay of 6 months.

Any ICVC participant with an eligible neuron can submit and vote on a governance proposal. To ensure governance proposals maintain a minimum degree of forethought and consideration, a failed governance proposal would cost the proposer 10 $ICVC.

6.2.3. Investment Proposals

Investment proposals are proposals regarding potential investments into specific projects or companies as outlined in the 15 step investment process.

Eligibility

Venture fund seekers submit investment proposals as a means to apply for venture funding. A failed investment proposal would cost the proposer 10 $ICVC. This sets a high bar for applications, ensuring that submission requirements are thoroughly considered and addressed by prospective projects or companies.

In order to vote on an investment proposal, ICVC token holders must hold and use an eligible neuron. An eligible neuron is a neuron with a minimum of 100 $ICVC locked with a minimum dissolve delay of 6 months.

6.2.4. Voting Power

An individual neurons' voting power is determined and applied the same way for both governance proposals and the SNS vote steps of investment proposals.

The voting power of an individual neuron varies as a function of the $ICVC token amount locked within said neuron multiplied by its respective dissolve delay bonus and multiplied by its respective age bonus. This aligns the long term interest of individual participants with the success of the ICVC DAO.

The dissolve delay bonus starts at 1x and increases linearly to a maximum of 2x attained at a maximum locked period of 2 years. The age bonus starts at 1x at zero age and linearly increases to a maximum of 1.25x at a maximum age of 1 year. For example, for two neurons with the same neuron stake, the neuron that has maintained a dissolve delay of 2 years for 1 whole year will have a voting power 2.5x greater than a newly set neuron with a 6 month dissolve delay.

The ICVC DAO will not generate or distribute new $ICVC tokens as voting rewards. As such, the total supply of ICVC tokens is fixed and no inflationary forces exist.

*For a full in-depth description of SNS voting power, please refer to this **document**.*

6.2.5. Proposal Adoption

Individual proposals are adopted and actioned by ICVC DAO in two cases:
- Case 1: The sum of votes to the affirmative exceeds the sum of votes to the negative after a period of 3 days and the sum of the affirmative votes make up at least 3% of the total voting power.
- Case 2: The sum of votes to the affirmative exceeds 50% of available voting power.

In all other cases, the proposal under consideration will be rejected and no resulting actions will ensue from the ICVC DAO.

6.3 Tokenomics

6.3.1. Genesis Token Allocation

The ICVC SNS will be initialized with 20,000,000 $ICVC tokens. Assuming ICVC DAO achieves its maximum direct commitment target, these tokens will be allocated in the following distribution:

Initial Token Allocation

Decentralization Sale - CF
4.6%

Decentralization Sale - Non CF
95.4%
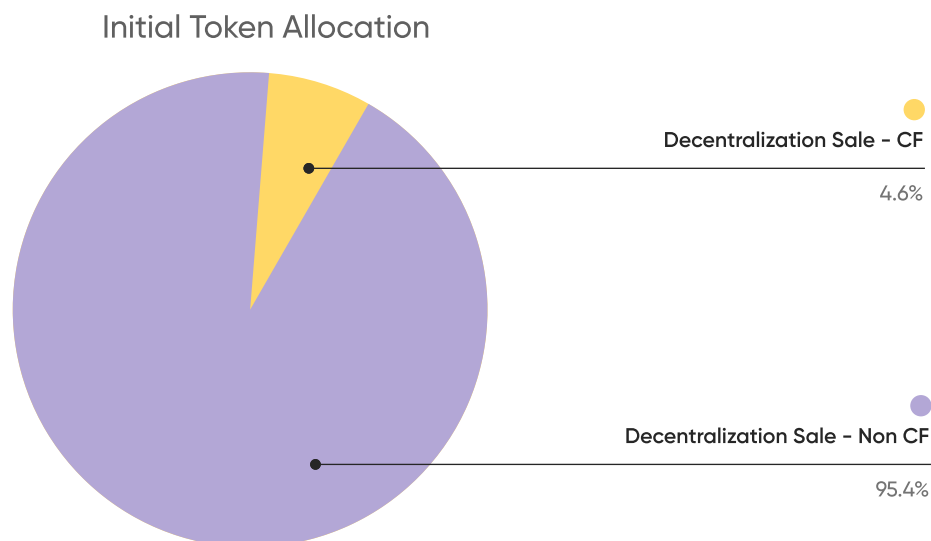
6.3.2. Decentralization Sale

100% of the genesis token allocation will be made available for sale in order to decentralize governance and raise funds for ICVC DAO.

The maximum direct commitment target is 2,000,000 $ICP and the minimum direct commitment target is 1,000,000 $ICP.

Following the community fund matching function as of 23/06/2024, ICVC is asking for an additional 92,593 $ICP from the ICP community fund. For a full in depth description of the ICP community fund, please refer to this **document.**

Participants will deposit $ICP into the SNS and receive $ICVC tokens in direct proportion to their share of $ICP contributed to the decentralization sale. Participants will receive their share of $ICVC tokens as a basket of 5 equal neurons of varying dissolve delay: the first neuron will have a zero dissolve delay and the other 4 neurons will have dissolve delays of 6, 12, 18 and 24 months respectively.

ICP community fund participants will receive their share of $ICVC tokens through the same configuration.

6.3.3. ICVC DAO Treasury

Following the decentralization sale, the ICVC DAO treasury will hold all $ICP tokens raised. The ICVC DAO will govern these funds and can use them to deploy investment capital into selected ventures, as outlined in Section 2.

Treasury funds may also be used to cover the expenses necessary to the running of a DAO. This process is detailed further in Section 6.3.4.

The ICVC DAO treasury shall receive any funds from successful venture exits and be used as a source of funds to pay exit returns to $ICVC token holders following, as detailed in Section 3.

6.3.4. Operational Expenses

ICVC Operational Expenses Structure

It is estimated ICVC DAO will operate a 2 year active investment period. During this time, the total operational expenses should be equal to 2% of $ICP funds raised per annum.

Following the active investment period, it is estimated that ICVC DAO will operate a 3 year harvesting period. During this time, the total operational expenses will be reduced to 1.5% per annum.

Should the ICVC DAO persist past the 3 year harvesting period, for example if one or several investments have not yet completed their exit, no operational expenses will be charged for that time.

6.3.5. Operational Expenses Payment

The $ICP required to cover operational expenses throughout the 5 year lifecycle will be taken from the treasury each year following the genesis of the ICVC DAO. This ensures ICVC DAO will maintain the funds required to run its operations throughout the 5 year period.

As such, ICVC's expected total operational expenses throughout its 5 year lifecycle are:

Lifecycle (by year)	1	2	3	4	5
Op Exp (as % of ICP raiised)	2% $ICP	2% $ICP	1.5% $ICP	1.5% $ICP	1.5% $ICP

The disbursement of $ICP under the ICVC operational expenses structure will be subject to community vote and managed by the ICVC DAO. This ensures that the ICVC DAO can change representatives and agents during the lifecycle if required and approved by community vote.

6.3.6 Mitigation Against A 51% Attack

There is a risk the ICVC DAO treasury could be the target of a 51% attack. In this scenario, a malicious actor would attempt to buy a large portion of $ICVC tokens in the decentralization sale and set their neuron dissolve delays to the 2 year maximum in a bid to gain >50% of ICVC DAO voting power. Thereafter, the attacker could force through a proposal to send the ICP treasury to themselves.

In the case of ICVC DAO, note that ICP Community Fund participation is requested. This mitigates against a 51% attack scenario as it limits the proportion of voting power an attacker would be able to acquire. Furthermore, ICVC DAO has selected participants who will contribute 1,000,000 ICP to the decentralization sale of the ICVC DAO.

We consider a scenario whereby an attacker would be able to purchase 75% of the remaining ICVC tokens in the decentralization sale. In this scenario, the token distribution would be as follows:

Initial Token Allocation

Decentralization Sale – CF: 4.6%
Decentralization Sale – Non CF: 11.9%
Decentralization Sale – Attacker: 35.8%
Decentralization Sale – Selected Partcipants: 47.7%
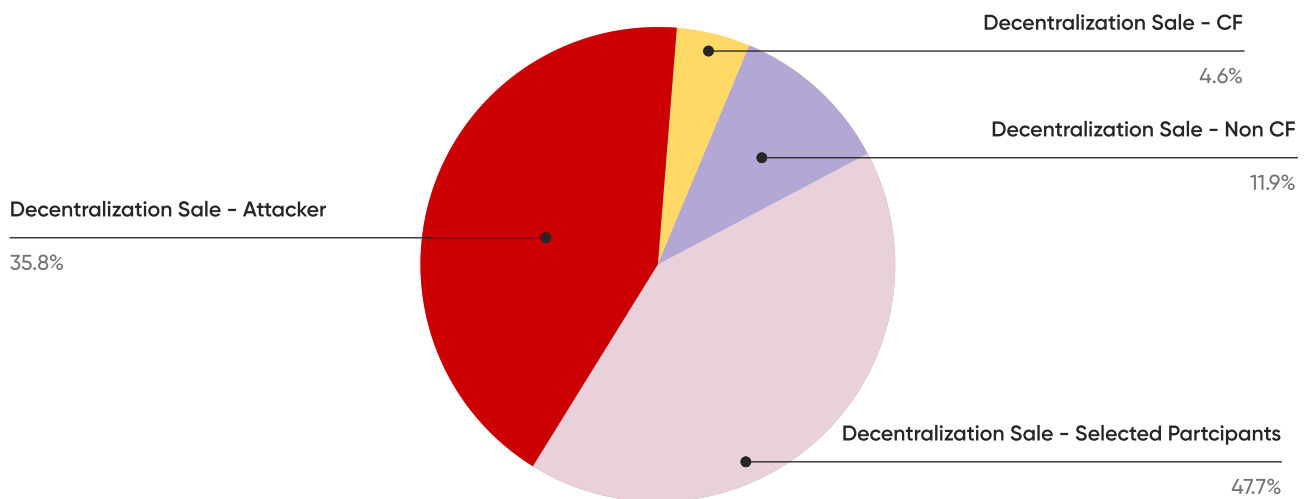
If the attacker then increases the dissolve delay of all their neurons to the maximum of 2 years, their voting power would be as follows:

Voting Power

Decentralization Sale - CF
2.1%

Decentralization Sale - Non CF
5.4%

Decentralization Sale - Attacker
49.6%

Decentralization Sale - Selected Partcipants
43.0%
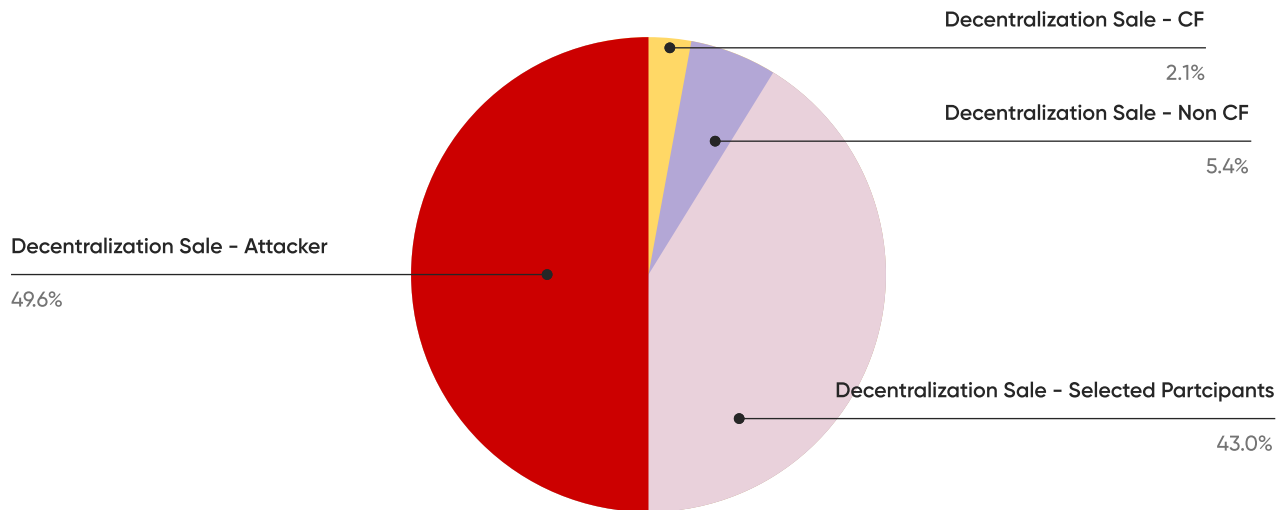
As can be seen, the attacker would still fall short of the >50% voting power necessary to gain control of ICVC DAO.

Legal Umbrella

To ensure ICVC DAO operates within a legally sound framework, the DAO is incorporated in the Marshall Islands. This jurisdiction offers an advanced legal environment specifically tailored to the needs of DAOs. Incorporating in the Marshall Islands allows ICVC DAO to obtain corporate personhood, enabling the appointment of representatives through community votes, the signing of term sheets and the execution of enforceable contracts with companies seeking funding.This setup supports operational flexibility, recognizing blockchain operations and smart contract governance as legitimate under its laws.
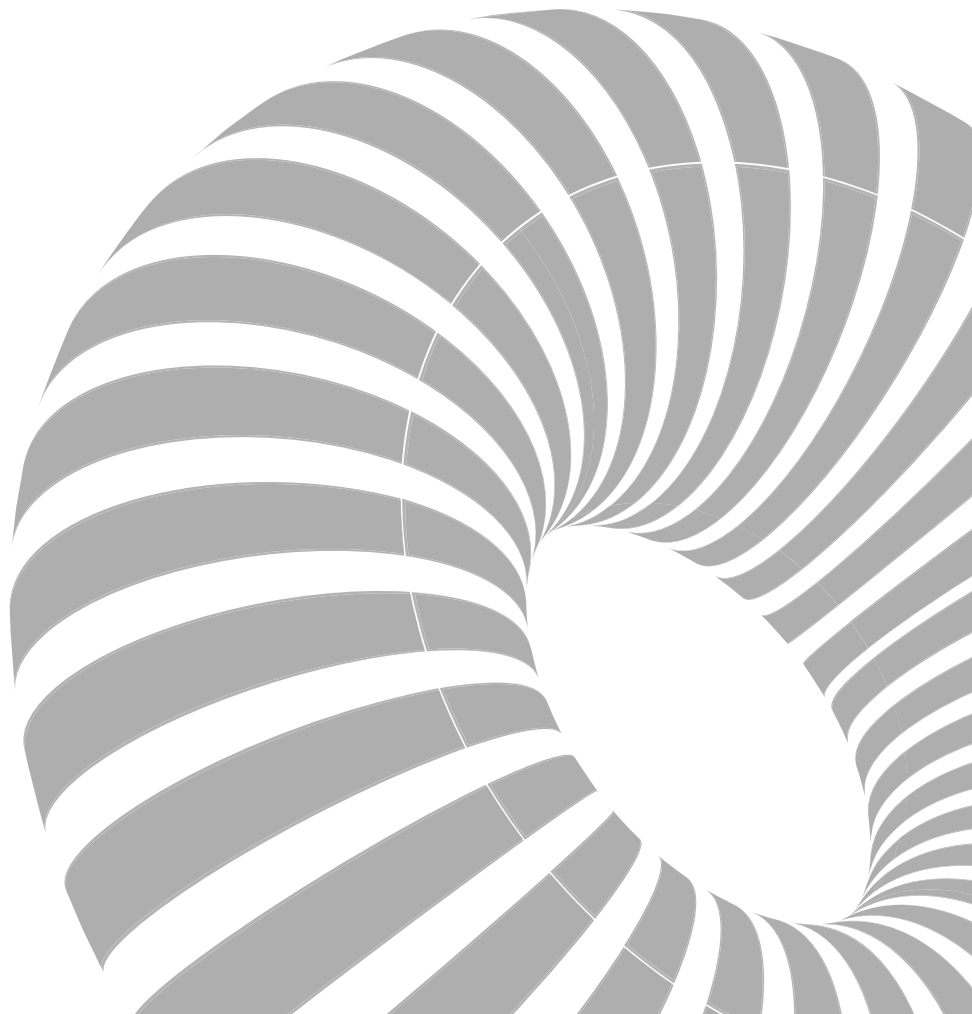
Technical Architecture

8.1 System Overview

ICVC DAO is a comprehensive system composed of canisters operating on the Internet Computer, designed to facilitate the submission and evaluation of projects through a structured process. Projects are evaluated in multiple steps, grouped into phases. Only the initial and final phases utilize the SNS (Service Network System) governance for voting. Other phases are assessed through grades on the steps to determine project progression. The system also integrates OpenChat to facilitate communication and collaboration among users through embedded chat functionalities.

8.2 Canister Components

This diagram illustrates the interactions between components of the ICVC system, including the Backend Canister, SNS Governance Canister, Frontend Canister, Asset Canister, Storage Canister, Index Storage Canister, and Bucket Canister. The diagram also highlights the integration with external services like authentication providers (Internet Identity and Plug Wallet) and OpenChat for forum and chat functionalities.
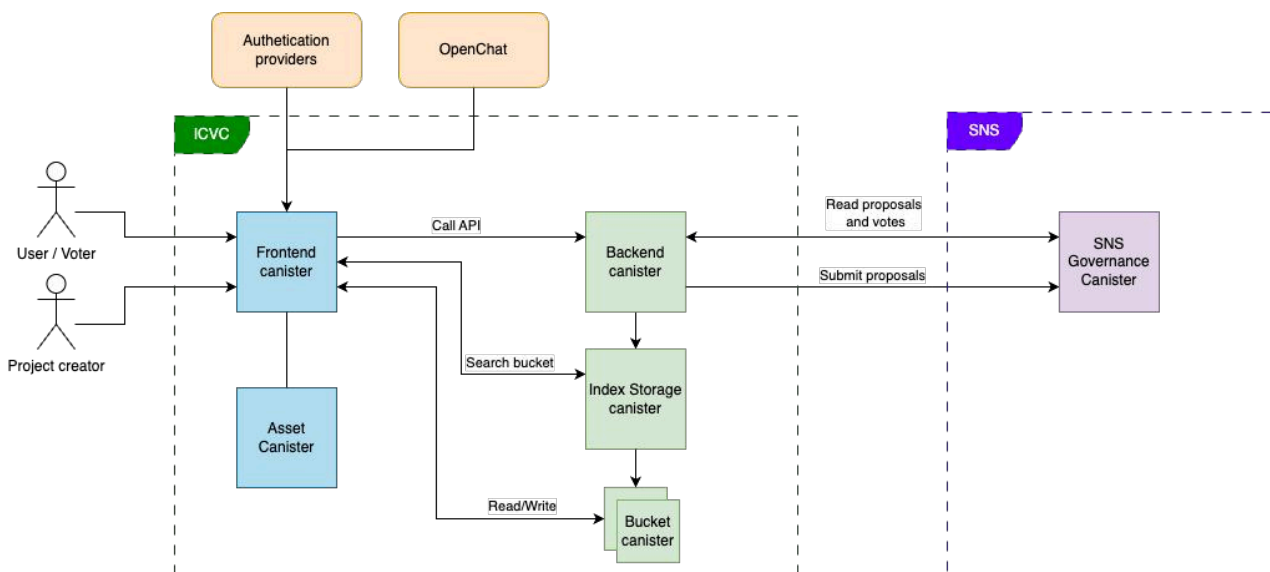
8.3 Backend Canister

The Backend Canister is the backbone of the ICVC system, orchestrating the creation, management, and evaluation of projects. This canister handles the following responsibilities:

- **Project and Phase Management:** Handles the creation, updating, and organization of projects and their respective phases. Each project is structured into phases, with multiple steps within each phase
- **Grading Mechanism:** Manages the submission of grades for individual steps within phases. Grades are used to evaluate project progression, with detailed logic for calculating overall phase grades.
- **IC Timer Integration:** Uses the Internet Computer's timer functionality to periodically check project deadlines. It updates the status of projects and phases based on these checks, ensuring timely progress and adherence to deadlines. Automated status updates are based on the evaluation outcomes and voting results, where the Backend Canister can automatically create the next phase for a project or update the project's status to approved, not approved, or not submitted
- **SNS Governance Interaction:** During the initial and final phases, the Backend Canister submits proposals to the SNS Governance canister for voting. It retrieves and processes the voting results to determine whether a project phase is approved, rejected.

This architecture supports the scalability and robustness of the ICVC system, ensuring that project evaluations are thorough, timely, and transparent.

8.5 Frontend Canister

The Frontend Canister is responsible for the view layer of the ICVC system. It serves a single-page application (SPA) built with React and bundled with Vite, providing a user-friendly interface for users to interact with the system. Here are its main functionalities:

- **User Interface Rendering**: The frontend canister renders the UI, handling all user interactions seamlessly. It ensures a responsive and dynamic user experience through React components.
- **Data Communication:** It communicates with the Backend Canister (icvc_backend) to retrieve and update data, facilitating smooth interaction between the user interface and the backend logic..
- **User-Friendly Interface:** Built with modern web technologies, the frontend provides an intuitive and engaging experience for users to manage projects, submit grades, and view project statuses.

8.6 Asset Canister

The Asset Canister is a crucial component of the ICVC system. It is deployed on the Internet Computer (ICP) to store and serve the application's frontend assets. Here are its main functionalities:

- **Storage of Frontend Assets**: The Asset Canister stores static HTML, JavaScript, and CSS files that comprise the frontend of the ICVC application. This ensures that the user interface is readily available and can be served quickly to users.
- **Retrieval and Delivery:** It efficiently retrieves and delivers these assets to users' browsers when they access the application. This process ensures a smooth and responsive user experience by providing the necessary files to render the web interface.

8.7 Storage

The Storage Canister is a critical component responsible for managing the storage needs of the ICVC system. Although its design is not fully defined yet and requires further research, the following outlines its potential functionalities and considerations:

- **Data Storage:** It will handle the storage of various project-related data, including documents, images, and other files necessary for the project's lifecycle.
- **Scalability:** The canister must be designed to handle a large volume of data, with considerations for sharding or dynamic creation of additional storage canisters as needed.
- **Integration with Open Source Solutions**: Exploring the use of existing open-source solutions for decentralized storage, such as OpenStorage, could provide a robust and scalable foundation for the Storage Canister. OpenStorage, for example, offers a scalable file storage system with content addressing and reference counting, ensuring efficient and cost-effective storage management.
- **Security and Access Control:** Ensuring data is stored securely and access is controlled based on user roles and permissions within the ICVC system

Further research and evaluation of existing solutions are necessary to finalize the design and implementation of the Storage Canister to ensure it meets the scalability, security, and functionality requirements of the ICVC system.

8.8 External Dependencies

8.8.1 Authentication Providers

- **Internet Identity (II)**: Internet Identity is the standard authentication mechanism supported by the Internet Computer and the default authentication option for ICVC. It ensures secure and decentralized authentication for users.
- **Plug Wallet:** Plug is a browser and mobile crypto wallet and identity/authentication provider for the Internet Computer. It is compatible with ICP and will soon support cycles and other Internet Computer tokens. Plug provides a seamless authentication experience and allows users to manage their tokens and interact with the ICVC system securely.

8.8.2 OpenChat Integration

- **OpenChat XFrame Library:** To integrate forums and chat functionality, ICVC uses OpenChat, which can be hosted in an iframe. This integration allows easy communication within the ICVC system. The OpenChat XFrame library simplifies the process of embedding OpenChat into the ICVC application, enabling users to participate in discussions and collaborate efficiently
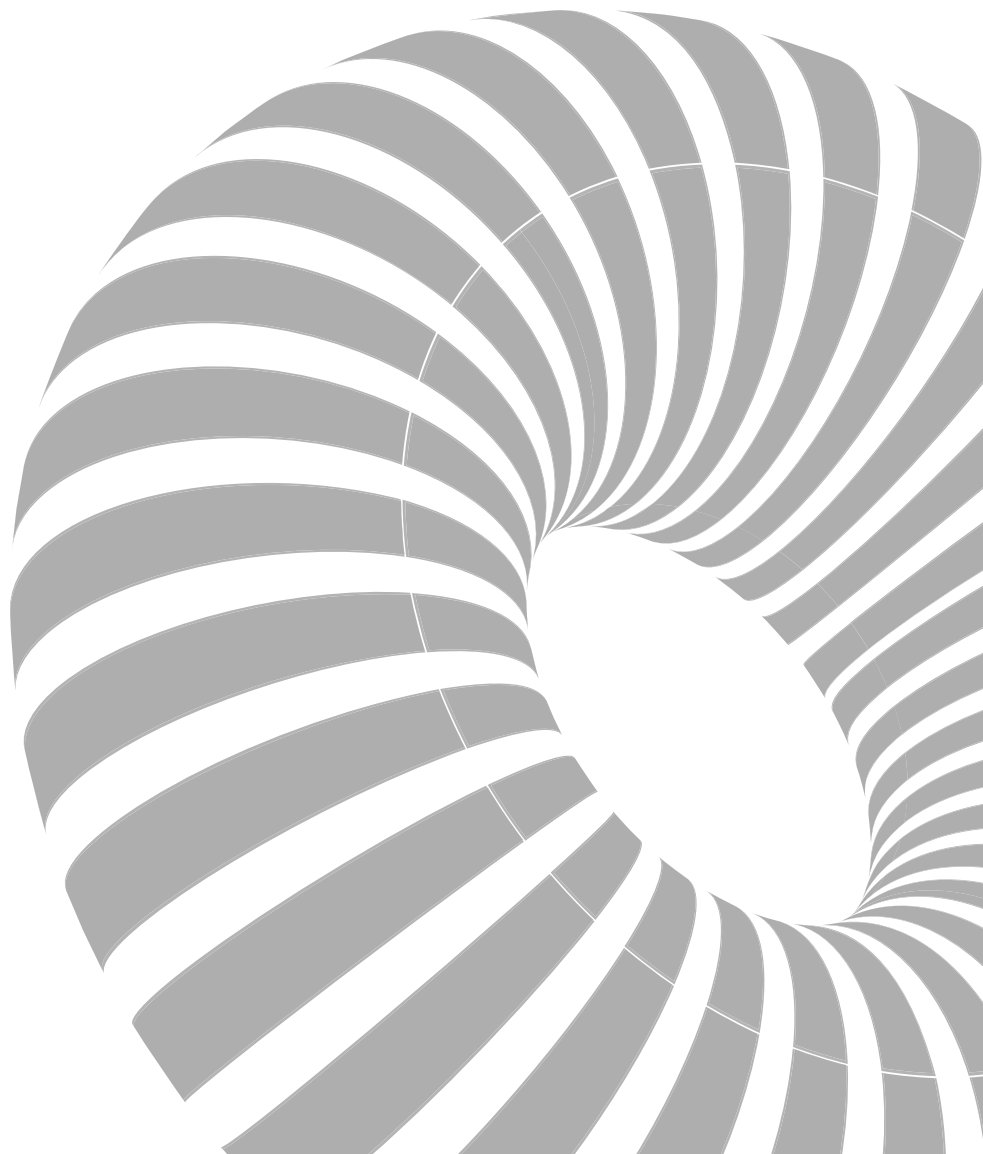
Appendix

A - Detailed Tokenomics

In-Depth Tokenomics Model Of This Whitepaper ***Here.***

B - ICVC Data Model For Investment Process

ICVC Data Model Can Be Found ***Here.***

C - ICVC Financial Model Spreadsheet

ICVC's Template Financial Model Spreadsheet Can Be Found ***Here.***

D - Decentralisation Sale Configuration

ICVC token supply at Genesis	20,000,000 $ICVC
Minimum direct contribution target	1,000,000 $ICP
Maximum direct contribution target	2,000,000 $ICP
Minimum participation	1,000 $ICP
Maximum participation	1,000,000 $ICP
Minimum number of participants	10
Community fund contribution (as of 23/06/2024)	92,593 $ICP

E - Initial Governance And Voting Configuration

ICVC SNS will initially be configured with the values as shown below. These may subsequently be changed by proposal and community vote.

Transaction fee	0.0001 $ICVC
Rejected governance proposal cost	10 $ICVC
Rejected investment proposal cost	10 $ICVC
Minimum neuron stake	100 $ICVC
Maximum voting period for a proposal	4 days
Proportion of voting power needed for a proposal to be accepted	3%
Minimum dissolve delay for eligible neuron	0.5 years
Maximum neuron dissolve delay	2 years
Maximum dissolve delay bonus	2x
Maximum age for age bonus	1 year
Maximum age bonus	1.25x

F – Technical Architecture And Application Flow
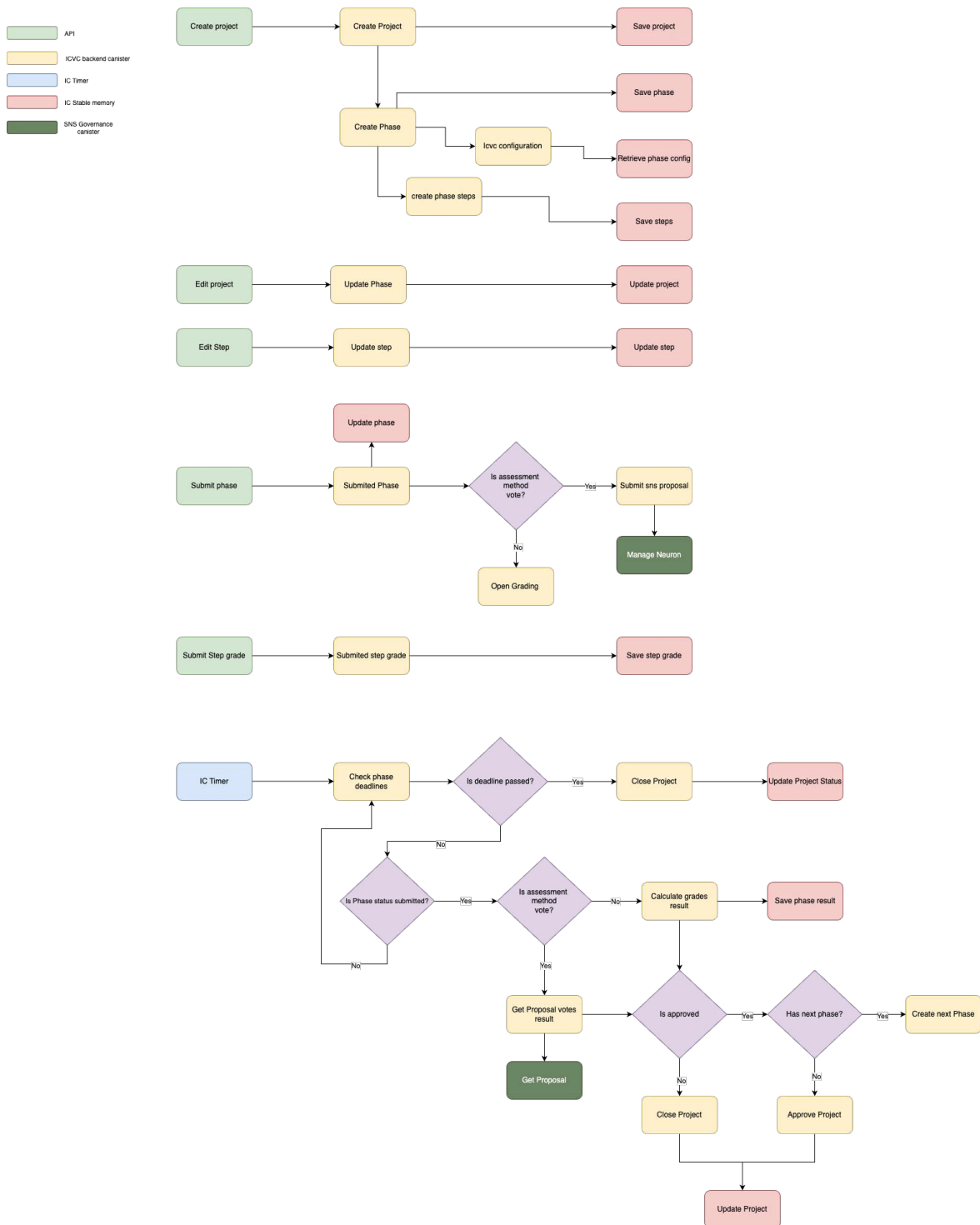
$ICVC Tokens Terms And Conditions Of Use

01. The $ICVC Tokens

a. $ICVC is a cryptographic digital token designed to facilitate participation and membership within the ICVC DAO LLC (hereinafter referred to as the "**DAO**"). The DAO is a community-governed Web3 venture builder that focuses on fostering and investing in early-stage Web3 projects within the Internet Computer ecosystem. The mission and vision of the DAO, along with other essential characteristics and pertinent information, are comprehensively detailed in this Whitepaper.

b. The possession and use of $ICVC tokens are governed by these terms and conditions of use (hereinafter referred to as the "**T&Cs**"). Each token holder (hereinafter referred to as a "**User**" and collectively as the "**Users**") hereby represents and warrants that they have read, understood, and agreed to abide by these T&Cs. Any individual who has not read or does not agree to these T&Cs is prohibited from purchasing or holding $ICVC tokens.

c. Membership within the DAO is available to all Users. Users have the right to become members of the DAO (hereinafter referred to individually as a "**Member**" and collectively as "**Members**"). The rights and privileges of Members are obtained through the staking of $ICVC tokens, a process which leads to the generation of governance units known as "**Neurons**"

d. $ICVC tokens shall be used exclusively for participating in the governance and investment activities of the DAO. They are not intended for any other purpose, including but not limited to, serving as a medium of exchange, payment for goods or services outside the DAO, or any form of investment or speculation

02. Rights And Obligations Of Members

a. Neurons are units of governance rights within the DAO that are created when Members stake their $ICVC tokens. Neurons confer various rights, including but not limited to, voting rights on proposals, participation in decision-making processes, and other governance activities as defined by the DAO's operating agreement.

b. The process of staking $ICVC tokens, which is required to generate Neurons and obtain governance rights, is governed by specific protocols and rules established by the DAO. Members must adhere to these staking protocols to maintain their membership status and governance rights within the DAO.

c. All rights and obligations of Members with respect to the DAO, including but not limited to governance participation, voting rights, and responsibilities, are comprehensively detailed in the DAO's operating agreement. Members are expected to review and comply with the terms set forth in the operating agreement.

03. DAO Treasury

a. The DAO is the sole issuer of the $ICVC tokens. The proceeds derived from the primary sale of $ICVC tokens will form part of the DAO treasury.

b. The funds in the DAO treasury will be utilized to invest in early-stage Web3 projects. These investments are executed by the DAO for the benefit of its Members. The DAO aims to support innovative projects within the Internet Computer ecosystem, thereby contributing to the growth and development of the decentralized web. The DAO's investment process is detailed in Section 3 of this Whitepaper

c. The investments made by the DAO are expected to yield returns in the form of native utility tokens of the invested projects and/or other good and valuable considerations. These returns represent the DAO's share of the value generated by the projects in which it invests.

d. The DAO shall distribute all proceeds from its investments to its Members after deducting the DAO's operational expenses. This includes any returns received in the form of utility tokens, cash, or other forms of valuable consideration. The distribution to Members will be carried out in accordance with Section 5 of this Whitepaper.

04. User Obligations, Representations And Warranties

a. The User is expected to use $ICVC tokens legally and responsibly. Any misuse or activities contrary to these terms & conditions or applicable laws are strictly prohibited.

b. $ICVC tokens shall be used solely within the scope of commercial activities by individual professionals and business organizations that have the intentions, skills, abilities and resources to engage in complex and highly risky transactions.

c. By purchasing and/or holding $ICVC tokens, the User represents and warrants that:

- as an individual, he/she is at least eighteen (18) years old;

- is acting for commercial purposes and not in his/her capacity as a consumer;

- posses a compatible blockchain-based digital wallet (hereinafter referred to as the "**Wallet**");

- as an individual, business company, or other legal person, it has power and sufficient authorisations to enter into these T&Cs;

- its use of the $ICVC tokens will not violate laws and regulations applicable to the User, including but not limited to regulation on anti-money laundering, anti-corruption, and counter-terrorist financing;

- is not a "U.S. Person", whereas a "U.S. Person" shall mean any individual who is a citizen or resident of the United States, any partnership or corporation organised or incorporated under the laws of the United States, any estate of which any executor or administrator is a U.S. Person, any trust of which a trustee is a U.S. Person, any agency or branch of a foreign entity located in the United States, any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. Person, and any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States

- is not a resident, citizen, national or agent of, or an entity organised, incorporated or doing business in any other country or territory to which the United States of America, the European Union, or the United Nations (collectively, the "**Major Jurisdictions**") embargoes goods or services or imposes other economic sanctions (such embargoed or sanctioned countries or territories, collectively, the "**Restricted Territories**");

- is not, and do not directly or indirectly own or control, and has not received any assets from any person or digital wallet that is listed on any sanctions list or equivalent maintained by any competent authority of the Major Jurisdictions (such sanctions-listed persons, collectively, the "**Sanctions Lists Persons**"); and

- does not intend to transact in or with any Restricted Territories or Sanctions List Persons.

05. Limitations Of Liability

a. Neither the DAO nor any of its affiliates, directors, officers, employees, agents, or advisors shall be liable for any direct, indirect, incidental, special, or consequential damages arising out of or in any way connected with the use of $ICVC tokens or membership in the DAO. This includes, but is not limited to, any loss of monies.

06. Amendments

b. The DAO reserves the right to amend this Whitepaper and these T&Cs from time to time. Any such amendments will be communicated to the token holders through appropriate channels, and continued use of $ICVC tokens and participation in the DAO following such amendments constitutes acceptance of the new T&Cs.

07. Governing Law

a. These T&Cs shall be governed by and construed in accordance with the laws of the Republic of the Marshall Islands. Any disputes arising out of or in connection with these T&Cs shall be adjudicated exclusively in the courts of the Republic of the Marshall Islands..

08. Acceptance Of Terms

a. Any $ICVC token holder must acknowledge that they have read, understood, and agree to be bound by these T&Cs..

Risk Disclosure

01. Inherent Risks

a. You should be aware that there are inherent risks associated with holding and using $ICVC tokens. The value of $ICVC tokens is highly volatile and may fluctuate significantly. The tokens may lose their value partially or entirely due to various factors beyond the control of the DAO.

02. Factors Contributing To Risk

a. Lack of Participation: The value and utility of $ICVC tokens are contingent on active participation by Members in the DAO's governance and activities. A decline in Member engagement can adversely affect the value of the tokens.

b. Discontinuation of the Initiative: If the DAO discontinues its operations or the ICVC initiative is terminated, $ICVC tokens may become worthless.

c. Regulatory Actions: The legal and regulatory environment for digital tokens and decentralized autonomous organizations is uncertain and evolving. Adverse regulatory actions or changes in laws and regulations may negatively impact the value and legality of $ICVC tokens

d. Financial Health: The DAO's financial stability is crucial for the sustained value of $ICVC tokens. Adverse financial conditions, such as the depletion of the DAO treasury, could reduce the value of the tokens

e. Security Risks: The DAO operates in a digital environment that is susceptible to hacking, cyber-attacks, and other malicious activities. Security breaches could result in the loss or devaluation of $ICVC tokens.

f. Human Error: Errors or omissions by Members, developers, or administrators in the management of the DAO or handling of $ICVC tokens could lead to loss or devaluation of the tokens.

03. Risk Mitigation

a. While the DAO implements various security measures and protocols to safeguard $ICVC tokens and the DAO's operations, these measures cannot eliminate all risks. Token holders are encouraged to take additional precautions, such as using secure wallets and keeping personal information confidential.

04. No Guarantee Of Value

a. The DAO does not guarantee the value or utility of $ICVC tokens. You acknowledge that the tokens may not retain their value. You could lose the entire contribution allocated in $ICVC tokens

05. Acknowledgement

a. By acquiring, holding, or using $ICVC tokens, you acknowledge that you have read, understood, and accepted the risks disclosed in this clause. You agree to bear all risks associated with $ICVC tokens and hold the DAO harmless from any losses or damages incurred.

ICVC

www.ic-vc.com

info@ic-vc.com