

Compliant DAO Framework V1

A Rule-Based Response to DAO Accountability Failures (Post-Ooki)

Version: V1.0 (Frozen)

Issuing Authority: RuleMark — Independent Verification Authority

Status: Canonical Standard | Public & Open

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0. Scope & Purpose

This Framework defines **verifiable structural conditions** under which a Decentralized Autonomous Organization (DAO) may be assessed as having **responsibility-contained governance architecture**.

This Framework does **not**:

- provide legal opinions,
- determine regulatory compliance,
- assess financial soundness,
- or predict regulatory outcomes.

The sole purpose is to enable **rule-based verification** of whether accountability, execution authority, and governance influence are structurally separated and explicitly bounded.

Scope of Verification: Structural accountability only. No legal, financial, or regulatory judgment is made or implied.

1. Background (Post-Ooki Context)

Recent enforcement actions, including *CFTC v. Ooki DAO* (2022-2023), established that:

- Decentralization does not negate responsibility.
- Governance participation may imply joint liability if execution authority is not isolated.
- Absence of legal form does not imply absence of accountable parties.

The court's determination that DAO governance participants could be treated as 'unincorporated association' members with potential joint and several liability represents a structural failure of accountability design, not merely a legal interpretation dispute.

This Framework responds to these failures by defining **engineering-level accountability containment**, independent of political, regulatory, or discretionary interpretation.

2. Definitions

DAO: A governance system utilizing token-based or rule-based participation mechanisms.

Operator Entity: A legally recognized entity responsible for real-world execution (e.g., LLC, Foundation, Company Limited by Guarantee).

Governance Participant: Any address or person participating in proposals or votes.

Rule Engine: Deterministic logic enforcing pre-defined conditions without discretionary interpretation.

Asset Container: Smart contracts or custodial structures holding DAO-associated assets under rule-bound conditions.

Responsibility Map: An explicit document defining accountable parties, non-responsible parties, and excluded liabilities.

3. Verification Rules (V1)

Rule 1 — Execution Isolation

All real-world execution **MUST** be performed exclusively by a clearly identified **Operator Entity**.

Governance Participants **MUST NOT** possess direct execution authority over:

- contracts,
- personnel,
- banking or custodial accounts,
- or external counterparties.

Verification Condition: Documentary evidence of:

1. Operator Entity legal existence (registration documents)
2. Exclusive execution mandate (operational agreement or charter)
3. Absence of governance participant execution rights

Result: Yes / No

Rule 2 — Governance Non-Control

Governance actions **MUST** be limited to:

- proposing parameters,
- voting on predefined rule inputs,
- or triggering rule-based processes.

Governance outcomes **MUST NOT**:

- directly initiate asset transfers,
- appoint or dismiss individuals,
- or override rule conditions.

Verification Condition: On-chain or off-chain governance documentation demonstrating:

1. Governance proposals map to rule inputs only
2. No discretionary execution pathways exist
3. Rule engine mediates all governance-to-execution transitions

Result: Yes / No

Rule 3 — Asset Containment

DAO-associated assets MUST be held within **Asset Containers** that:

- define explicit trigger conditions,
- restrict unilateral access,
- and prevent discretionary withdrawals by governance participants.

Verification Condition: Smart contract or custody structure documentation showing:

1. Rule-bound asset control mechanisms
2. Multi-signature or threshold requirements where applicable
3. Absence of single-party discretionary transfer rights

Result: Yes / No

Rule 4 — Responsibility Mapping

The DAO MUST maintain an explicit **Responsibility Map** defining:

- accountable roles,
- non-responsible roles,
- and excluded liabilities.

Governance Participants MUST be explicitly excluded from execution liability.

Example Structure:

Role	Accountability Scope
Operator Entity	Contract execution, banking, personnel, regulatory interface
Governance Participants	Voting inputs only; explicitly excluded from execution liability
Excluded	Third-party liability, market outcomes, regulatory determinations

Verification Condition: Published responsibility mapping document that:

1. Identifies the Operator Entity as the sole execution-accountable party
2. Explicitly excludes Governance Participants from execution liability
3. Defines liability boundaries and exclusions

Result: Yes / No

Rule 5 — Auditability & Traceability

All governance inputs, rule executions, and operator actions **MUST** be:

- logged,
- timestamped (UTC),
- and reviewable.

Logs **MUST** be immutable or independently verifiable.

Verification Condition: Demonstrable audit trail covering:

1. Governance proposals and votes
2. Rule execution records
3. Operator actions and asset flows

Result: Yes / No

4. Verification Outcomes

Application of this Framework yields only one of the following determinations:

Allowed

All five rules satisfied. DAO structure meets accountability containment requirements.

Conditionally Allowed

Minor structural deficiencies identified with:

- Clear remediation requirements specified
- 90-day remediation period
- Re-verification required upon completion

Conditional status must be disclosed in any public or third-party reference.

Conditional status does not constitute approval and must be disclosed in all references.

Not Allowed

One or more structural rule violations. DAO does not meet accountability containment requirements under this Framework.

No other outcomes are permitted.

5. Version Lock & Amendment Policy

- **Version V1.0 is permanently frozen.**
- Any modification requires issuance of a new version number (e.g., V1.1, V2.0).
- Previous verification outcomes remain valid under the version applied.
- New versions do not invalidate prior verifications.

Amendments follow the FrameZero Governance Process:

1. Draft publication with rationale
2. 30-day public notice period
3. New version issuance with distinct version number
4. No retroactive application

6. Independence & Conflict Safeguards

RuleMark operates under the following independence constraints:

- **Does not invest** in verified entities or their associated tokens
- **Does not participate** in DAO governance of verified subjects
- **Does not provide** consulting services to verified subjects
- **Does not modify** rules to accommodate applicants

Violations of these constraints void all associated verifications.

7. Limitations & Disclaimers

This Framework:

- Does not constitute legal advice or regulatory guidance
- Does not assess legal compliance in any jurisdiction
- Does not evaluate financial soundness or investment merit
- Does not predict regulatory treatment or outcomes
- Does not replace independent legal or compliance review

Verification outputs are structural assessments only.

8. Citation Format

This Framework shall be cited as:

RuleMark, Compliant DAO Framework V1.0: A Rule-Based Response to DAO Accountability Failures (Post-Ooki), Independent Verification Authority (December 2025).

Canonical URL: [To be provided upon publication]

Appendix A: Verification Process Overview

1. **Submission:** DAO submits documentation package
2. **Identity Strip:** Assignment of verification ID (identity-neutral)
3. **Rule Execution:** Binary assessment of each rule (Yes/No)
4. **Outcome Generation:** Determination based on rule results
5. **Record Issuance:** Timestamped verification record with SHA-256 hash
6. **Immutable Archive:** Permanent storage of verification record

All verifications are conducted under this Framework without discretionary interpretation.

End of Framework V1.0

Status Confirmation:

- Compliant DAO Framework V1.0 — Final
- Ready for publication
- Canonical standard for DAO accountability containment