

X Corporations

Modern Digital Corporations
Speed | Elegance | Scalability

Abstract

X Corporations is a digital incorporation system that leverages best in class legal structures around the world by reference, and serves as a new legal and technology framework built for the 21st century, providing maximum flexibility to global citizens for future entity formation, as well as universal compatibility across jurisdictions that adopt this standard. Privacy protection will be maintained for business owners while complying with international business laws and creating opportunities for greater cross-border trust in business transactions. The X Corporations system is being developed and will soon be adopted in sovereign nations around the world.

TABLE OF CONTENTS

| | |
|----------------------|----|
| Introduction | 3 |
| Legal Framework | 3 |
| Law as Code | 5 |
| Digital First | 6 |
| Services Marketplace | 8 |
| X Corporations API | 8 |
| Trust Systems | 10 |
| Ledger of Record | 12 |
| Entity Classes | 12 |
| Portability | 13 |
| Digital Banking | 14 |
| Assets & Listing | 14 |
| Future Applications | 15 |

Introduction

Registering a corporation overseas can be a complex and challenging process, with wide ranging commercial laws and regulations, expensive legal fees, and cumbersome reporting procedures. The majority of offshore registries are based on English common law, and are operated by slow moving governments that are often using outdated technologies or paper based systems. We believe that starting a business should be more intuitive and universally accessible, and that founders and business owners should be able to access these services virtually, regardless of their country of origin.

To address these issues, we propose a global digital corporate registry system for the 21st century, capable of evolving to meet the changing requirements of businesses and institutions in the future. This system will streamline procedures, prioritize privacy protection, and potentially establish the groundwork for future trusted transactions among global businesses.

X Corporations are based on best-in-class legal frameworks, starting with Delaware C-Corporations. Future entities will be able to migrate to their existing documents with ease and take advantage of the benefits of a modern, digital first offshore registry with minimal fees. With over 1 million offshore entities currently registered, we aspire to create a leading worldwide alternative for entrepreneurs and business owners.

X Corporations Features:

- Paperless - 100% digital, engineered for maximum efficiency/simplicity
- On-chain incorporation options (Immutable record, tamper-proof)
- Designed for modern globally distributed corporations
- Access to all global citizens passing KYC/AML
- Fees/taxes paid in FIAT or digital currencies
- Digital Bank Accounts
- Range from pseudonymous to public/transparent entities (optional to the corporation)
- Embedded services marketplace (legal, accounting)
- Virtual address, virtual corporate email and profile page

Legal Framework

We are proposing a novel legal framework for exempted corporations, inspired by other successful offshore registries. However, we have introduced a new innovation that facilitates the modular adoption of the most effective legal standards and established corporate law from around the globe in sovereign jurisdictions.

This pioneering legal framework will enable the widespread adoption of tried and tested corporate law, commencing with Delaware corporate law.

- Exempted Corporations - Similar to the BVI and Cayman Islands, this structure allows for non-resident corporate formation
- Pre-determined arbitration mechanisms will be available by default via proven international commercial courts.
- Enables adoption of law and regulations from other leading jurisdictions, meaning other classes of corporations can be made available under the same legal architecture via regulatory procedure
- Available to all global citizens (must pass KYC/sanctions check)

Arbitration/Enforcement:

- Virtual arbitration for internal commercial disputes to be held outside of registered jurisdiction, pre-designated for each class of corporation.
- All X Corporations must agree to a standardized international arbitration and enforcement clause, unless otherwise specified by a given jurisdiction.

Blockchain Friendly:

- Digital first corporate registry, Web3 and blockchain companies will be welcome

Why Delaware C-Corporations as the Flagship Entity Type:

The reason for proposing Delaware C-Corporations as the flagship entity type is grounded in the fact that Delaware Corporate Law represents the global benchmark for corporate law and is universally recognized by international lawyers and taught in all law schools. A remarkable 67% of Fortune 500 companies are Delaware Corporations.

By providing this gold standard within an international jurisdiction, along with business-friendly policies and a user-friendly digital platform, X Corporations are poised to achieve a significant competitive advantage. The proposed framework enables international registration via a digital platform, while also mandating that all registrants utilize international arbitration to resolve any legal disputes, thereby boosting efficiency and transparency for all stakeholders and creating standardized pathways for dispute resolution. Additionally, this innovative system offers the opportunity to leverage established financing instruments such as SAFE notes and quickly repurpose them in new jurisdictions.

Additional Benefits:

- Proposed exemption in designated special economic zones

- Allows for the digitization of the incorporation process with minimal environmental impact
- Allows for the usage of digital currencies for fees/payments
- Generates additional revenue streams for the Governments that adopt this system
- Creates more diversity of options for global incorporation, while leveraging established legal frameworks and regulations
- Mandatory arbitration clause for all corporations to minimize impact on domestic court systems

Law as Code

Although paper-based legal frameworks are inherently a form of code, their potential applications become boundless when integrated with modern technology and embraced as code-based systems.

Code-based law presents a range of possibilities, such as publicly available legal structures that feature change tracking, code-based regulations that can be employed by both authorities and corporations on the same platform, and code-based legal procedures that are routed automatically based on legal activity or rulings.

To this end, we propose the publishing of model legislation, legal frameworks, and regulations, with availability for reference on platforms like Github that feature change tracking. Through this approach, future jurisdictions can effortlessly adopt these frameworks by reference, making them reusable and compatible across sovereign jurisdictions worldwide.

“If you look at what a legal system or institution is, it’s very much like code. It’s information, it’s processes. And what we see with software is that with code-like things, there’s incredible power that can happen from open sourcing them, from copying the best code from place to place from not trying to rewrite an operating system yourself every time, from having a world where you have all of these different components, all these different libraries that people around the world are coordinating on building, and when you want to go make an app or a website, you don’t start from scratch. You grab all of these modules. And I think that law can and should work the same way. We can have all these different legal modules for all these different types of law that are customized for different purposes. And if you’re making a jurisdiction, rather than using the laws that you happened to grow up with, that were imposed by some random colonial power a hundred years ago, you actually say, ‘hey what are the

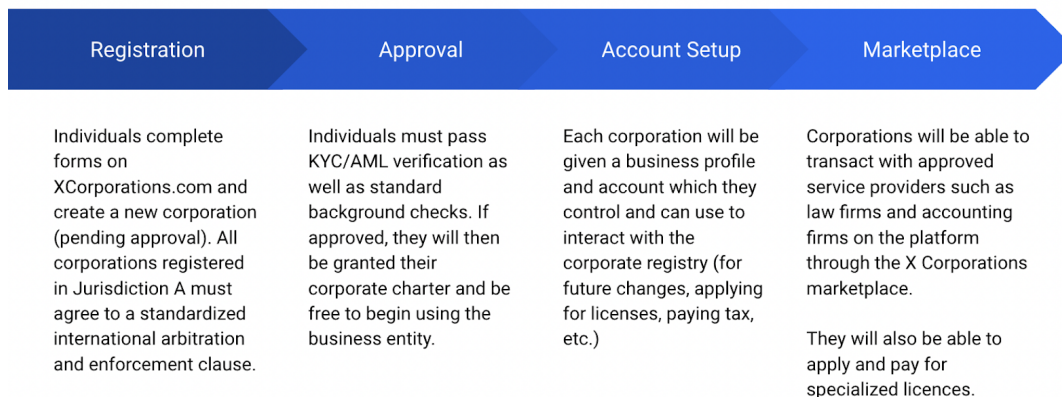
best laws for my culture, for the industries that locate here, what works the best, and then put it together.”

- Patri Friedman

Digital First

Our vision for X Corporations entails the provision of self-service registration for corporate entities, allowing founders and business owners to accomplish entity registration in a matter of minutes or hours, as opposed to days or weeks. Digital incorporation affords entrepreneurs and business owners the ability to rapidly create entities, without incurring the added legal costs that come with other registries. Additionally, digital payments can be handled seamlessly through a single console.

Corporate Onboarding

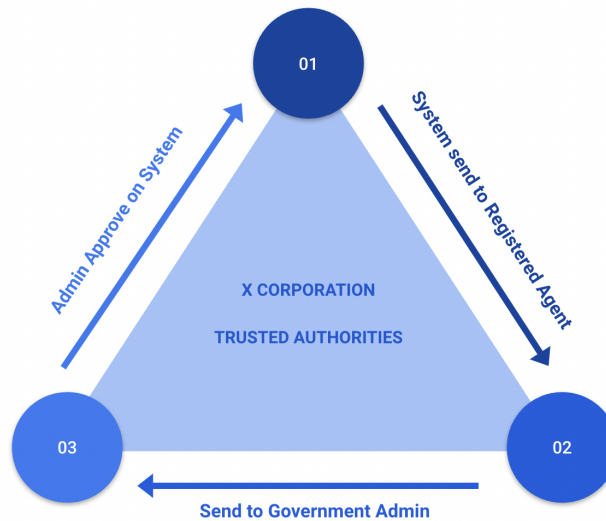


Advantages:

- Transparent - Seamlessly publish public records and references, while keeping important information private.
- Paperless - Reduce paperwork to zero, while massively improving user experience.
- Flexible - Allow companies to create different types of entities and verify information proactively for their businesses.
- Interactive - Enable accounts to directly interact with government offices within a unified system with a simple user experience.
- Secure - End-to-end data security and optional on-chain record keeping.

- Dynamic - Opportunity for the creation of smart entities with enhanced capabilities (e.g. Web3 wallets, income sharing agreements, treasury management, etc.)

Example Approval Procedures with Registered Agent:



Root users will go through a rigorous KYC check when first registering an entity. Once verified and approved on the platform, they will be able to generate new entities on the fly, enabling the creation of smart dynamic entities the same way a developer today would spin up a new EC2 instance in the cloud. This dynamic environment for entity creation will support a much wider range of entity formation needs, from sophisticated multi-shareholder corporations, to personal incorporation and special purpose vehicles created for ephemeral business dealings.

“Personal incorporation may become more popular. With fewer full time jobs and more startup/crypto/gig/remote work, individuals are dealing with more complex P&Ls than ten years ago.”

- Balaji Srinivasan

Future Technology Applications:

- Secure digital ledger for on-chain incorporation and immutable record storage
- Private keys for login and verification of important activities
- Crypto as banking rails (digital bank account, digital currencies for transactions)
- Provable assets/holding (proof of reserves)
- Fractionalized ownership, smart entities (+ certified pro-rata distribution vehicles)
- Voting mechanisms for corporate governance
- Pseudonymous ownership (necessary information will be held, but not revealed publicly, cryptographically provable), balancing security, transparency, and privacy.
- On-chain data repository, secured by blockchain technology
- Network of trusted authorities, checking and verifying select company information
- Stackable corporate entities with pre-defined X2X relationships via smart contracts

Services Marketplace

As the number of X Corporations continues to increase, reaching tens of thousands or more, there will be a corresponding rise in the demand for professional services, including accounting, tax expertise, brokerage services, consultancy, and legal counsel. Service providers who are able to offer "on-platform" support to corporations and are featured in an open services marketplace will be sought after. These providers will have the capability to accept payments directly on the platform for their services. In addition, service firms can leverage this opportunity to secure up-front guarantees of payment for rendered services and to establish milestone-based payments for larger projects, further enhancing trust and accountability.

Key Partnerships:

- Formation law firms for future entity registration
- Tax policy advisory
- Banking partners for future entities
- International arbitration partners (commercial disputes)

X Corporations API

X Corporation entity owners will be able to toggle from their dashboard the level of information they are willing to share publicly. This data can be made available to external parties via an API at the discretion of the business owner and/or according to rules set by a given jurisdiction:

API Data Fields:

Entity Name: Hello World Inc.

Name of the corporate entity

XCorp ID: XCPA73829

Universal corporate entity identifier

Entity Class: C-Corp

Identifier for corporate entity class, e.g. C-Corp, LLC, DAO, etc.

Jurisdiction: PA

Which jurisdiction this entity is registered

Entity Creation Date: 2023/05/05

Timestamp of entity creation date

Jurisdiction Status: Active

Status from trusted authorities of a given jurisdiction, e.g. Active/Suspended/Dead

Registered Agent: RA4558796

Agent identifier code

Registered Agent Contact:

Contact information for registered agent

KYC Check: Verified

Whether the company has completed KYC checks on X Corporations

Sanctions Check: Clear

Whether the company has completed sanctions checks on X Corporations

PEP Check: Clear

Whether the company has completed politically exposed person checks on X Corporations

TA Certifications: None

Any additional attestations or certifications issued by trusted authorities

```
1  {
2    "entity_name": "Hello World Inc.",
3    "xcorp_id": "XCPA73829",
4    "entity_class": "C-Corp",
5    "jurisdiction": "PA",
6    "entity_creation_date": "Active",
7    "registered_agent": "RA4558796",
8    "kyc_check": "Verified",
9    "sanctions_check": "Clear",
10   "pep_check": "Clear",
11   "ta_certifications": "None"
12 }
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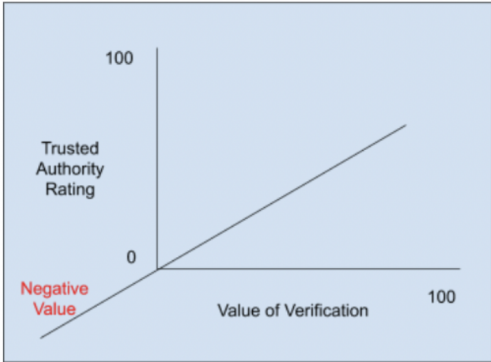
Digital banking partners will be able to natively access client data with permission of the X Corporation owner, streamlining the banking onboarding process, and providing greater assurance to the authenticity of the corporation and its claims.

Trust Systems

A key element of the X Corporations platform will be the concept of “Trusted Authorities”. These are entities such as government agencies and approved stakeholders that are given the ability to digitally certify and validate information, whether it be licenses, registrations, payments, or certifications.

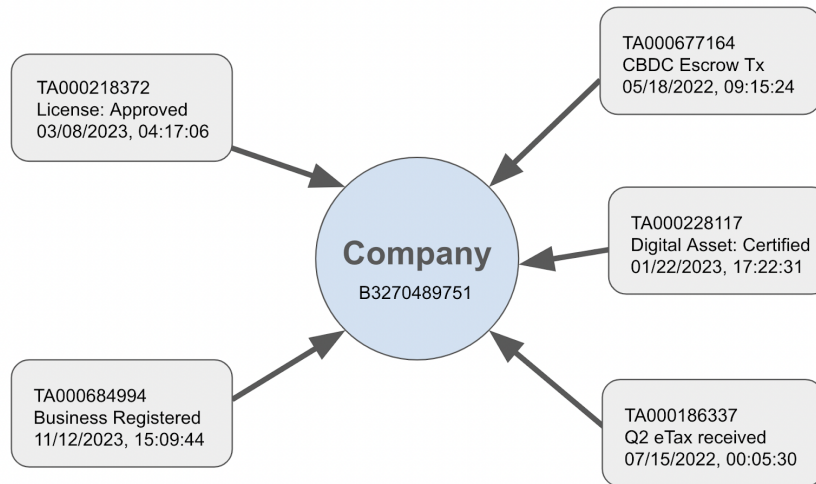
Verified Trusted Authorities (validators) and service providers will be able to dynamically interact with X Corporations on the platform. Companies can engage with these Trusted Authorities or service providers in the X Corporations portal.

The higher the reputation of Trusted Authorities in the real world, the higher the value of their certification in the X Corporations network. Civic institutions can build trust within business ecosystems by enabling Trusted Authorities from the real world to digitally verify information about companies.



Triangulating Trust:

Digital attestations from different “Trusted Authorities” can be tagged to a company profile (X Corporations ID). As data is added from different sources, a higher-resolution image of each entity will emerge, enabling a corporation to establish an immutable track record and build credibility and trust over time.



To ensure the validity of data entered on the network, Trusted Authorities will be provided with encrypted hardware for key civic administration officials to securely interact with the application, view system data and access revenue streams.



The X Corporations system is envisioned as a vertically integrated trusted system, beginning from root access to sovereign partners, through clearly defined legal structures with modern technology and financial systems to support them. We expect this stack to provide a viable alternative to traditional paper based systems from legacy jurisdictions and create new opportunities for companies and business owners to maximize their global opportunities in fast paced modern business environments. The system is designed to be extropic in nature, creating ample room for network developed innovations built on top that support and enhance the underlying base system.

Ledger of Record

Attestations for X Corporations can be written to a permissionless blockchain, enabling an immutable record store of the history of a given corporation. Such documentation may consist of information sourced from the X Corporations API, serving as verifiable evidence of a corporation's registration date, jurisdiction of registration, and attestations conferred by either the corresponding jurisdiction or other reputable third-party organizations.

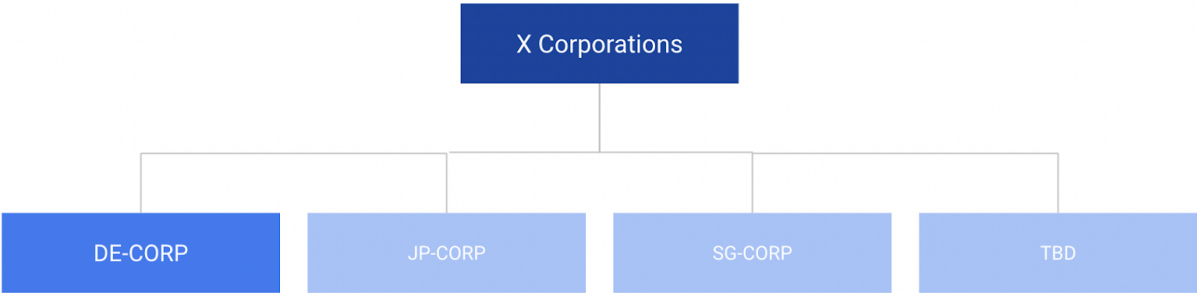
X Corporations will publish to permissionless blockchains selected for their robust infrastructure and high integrity governance.

These principles can later be applied to internal corporate dealings, creating the environment for maximally trusted corporate governance, previously unseen in the business world.

“On-chain incorporation will turn corporate charters into code.
Every shareholder vote will be performed via digital wallets.
Every liquidation waterfall will be expressed as a function.
The nation states that first recognize on-chain vehicles will be advantaged as domiciles.”

- Balaji Srinivasan

Entity Classes



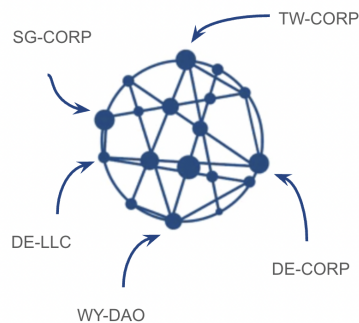
C-Corp | LLC | Pte Ltd. | LP | Trust | DAO

X Corporations will support multiple entity types. The modular legal system allows for new classes of corporation types to be registered, based on user needs. Arbitration options are set in advance by jurisdictions, bringing clarity to founders and investors alike.

C-Corp - Based on Delaware C- Corporations
LLC - Based on Delaware LLCs
Pte Ltd. - Based on Singapore Private Limited Company
GP - Based on Delaware General Partnership
LP - Based on Delaware Limited Partnership
LLP - Based on Delaware Limited Liability Partnership
Joint Venture - Based on Delaware Joint Partnership
Trust - Based on Delaware Trust law
DAO - Based on Wyoming DAO
NSC - Network State Charter (Entity format TBD)

The examples are numerous, subsequent entity types can be adopted by any jurisdiction as they become available on the X Corporations platform.

Portability



Freedom to exit:

To prevent lock-in and jurisdictions taking advantage of perceived leverage over companies, we aim to reduce friction to exit by introducing the concept of portability. This is applicable not only for onboarding new corporations, but for migrating existing entities seamlessly into a new jurisdiction. If a government abuses its power, an entity registered in that jurisdiction will not be doomed to the same fate, and should they have demonstrated a provable history of trust via attestations, they will have the ability to undock from their current jurisdiction and re-dock to other more welcoming jurisdictions with more favorable policies and proven governance. Options for porting to another jurisdiction may be initially limited, but as more sovereign partners adopt this system, they can choose to provide safe harbor to these entities according to their original business structure and any other established requirements, enabling them to transfer safely and effectively in the future, without major disruption to the business. Governments and jurisdictions that create

optimal conditions for trust and stability will inevitably attract more entities and economic activity from around the world.

Synthetic Corporations:

While the initial priority for X Corporations is to be utilized by newly registering entities, there is an opportunity to absorb a far greater number of entities by enabling existing legacy corporations to seamlessly port to the X Corporations platform from their current jurisdiction. X Corporations can act as a bridge for legacy corporations to the digital world, and lays the groundwork for a network of synthetic corporations - companies entering the platform with a verified entity from a legacy jurisdiction yet to adopt the X Corporations framework. By creating a uniform playing field for verified corporate entities (Synthetics), these entities will have the ability to build their trust profile, access services, transact with other network members, and can ultimately migrate to other jurisdictions that offer more robust support within the X Corporations network.

Digital Banking

X Corporations are designed to support the existing ecosystem of financial goods and services to facilitate smooth commercial activities and endeavors. From tokenized instruments to fiat currencies, X Corporations are furnished with digital banking services that mediate international commerce and business.

We invite international and digital banks to provide integrated services for X Corporations, subject to approval by the financial institutions in any given jurisdiction that should adopt this framework.

In addition to traditional banking options, X Corporations will have the option to transact using digital currencies such as USDC, BTC and ETH. X Corporations are designed for a seamless interfacing process with traditional and alternate international banking rails.

Assets & Listing

X corporations special purpose vehicles can be utilized to hold assets, both digital and physical, and shall have a means of representing those assets in a provable manner as held by a given entity. This can include verified legal documentation such as a deed for a property, or digital assets stored and proven to be held in an entity controlled wallet. Fractional ownership interests in a project, land, or other financial assets can be represented and traded digitally while giving owners peace of mind regarding the security

of the underlying asset and the veracity of any related documentation based on attestations from Trusted Authorities.

Businesses that build out their trust profile will gain credibility as they grow, and can publish official updates to followers as a means of informing stakeholders of company progress. This will be especially useful for X Corporations parked in jurisdictions that enable secondary trading of tokenized equity on a DAX (digital asset exchange) and we envision this as providing a pathway for SMEs and high growth startups to access capital and liquidity without the massive hurdles and overhead of a traditional public company.

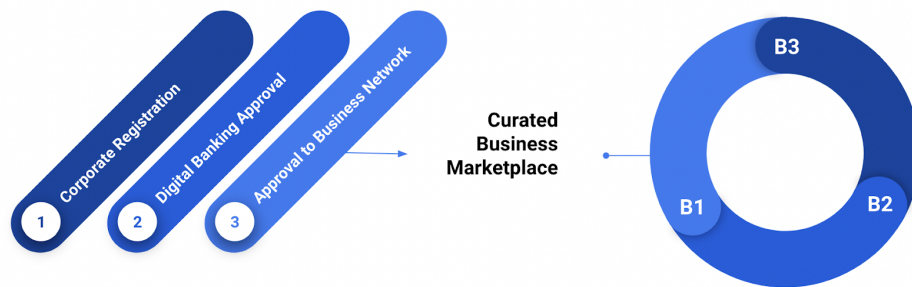
Future Applications

Future X Corporations will have a range of standardized capabilities, including the ability to sign and record legal contracts, to purchase services from professional providers in the marketplace, apply for business licenses and certifications, and eventually even create smart contracts with other entities as well as invoice/transact within a trusted network using connected digital currency accounts.

Alternative Currency Denomination (e.g. BTC denominated ownership):

Due to the modular nature of the proposed framework, it can be adapted to support specific capabilities such as alternative currency denomination. A jurisdiction may elect to adopt a selection of available entity types from the larger menu of options, e.g. enabling for C-Corporations, LLCs, and Limited Partnerships to be established in their sovereign jurisdiction. Subsequently, they could elect to authorize any number of currency denomination options, both FIAT or non-state backed currencies, e.g. USD, JPY, BTC, ETH. Default banking choices, registration fees, arbitration options, tax policies and other parameters can be determined and set the rules of the road for all future applicants who wish to register in or migrate to their jurisdiction.

Registered corporations will have the option to enter a digital business network, with other pre-vetted international businesses.



Trusted transactions network:

X Corporations will provide a digital platform for turnkey business transactions, enabling companies around the world to align legal and financial systems and transact safely within a trusted marketplace while preserving their privacy. Due to its uniform nature and compatibility across jurisdictions, this framework lays the groundwork for sophisticated interactions such as smart contracting and programmable financial instruments that can be accessible to network participants.

“Why don’t I use the X Corporations system, why am I going through some system that is antiquated. If all the businesses start using the X Corporations and start using Bitcoin, the system already works. We’re all working virtually so governments are going to have to compete for us they’re going to have to compete for the businesses of the world, for the startups, for the funding, for the money for the people of the world. And most of that competition moving forward is going to be in the virtual world.”

- Tim Draper

Closing Note:

The X Corporations system will enable entrepreneurs and businesspeople worldwide to access high-quality digital incorporation with the click of a mouse. We aim for adoption of this standard by sovereign jurisdictions in 2023, and will expand entity types over time, beginning with Delaware C-Corporations.

For the latest updates and to learn more, visit XCorporations.com