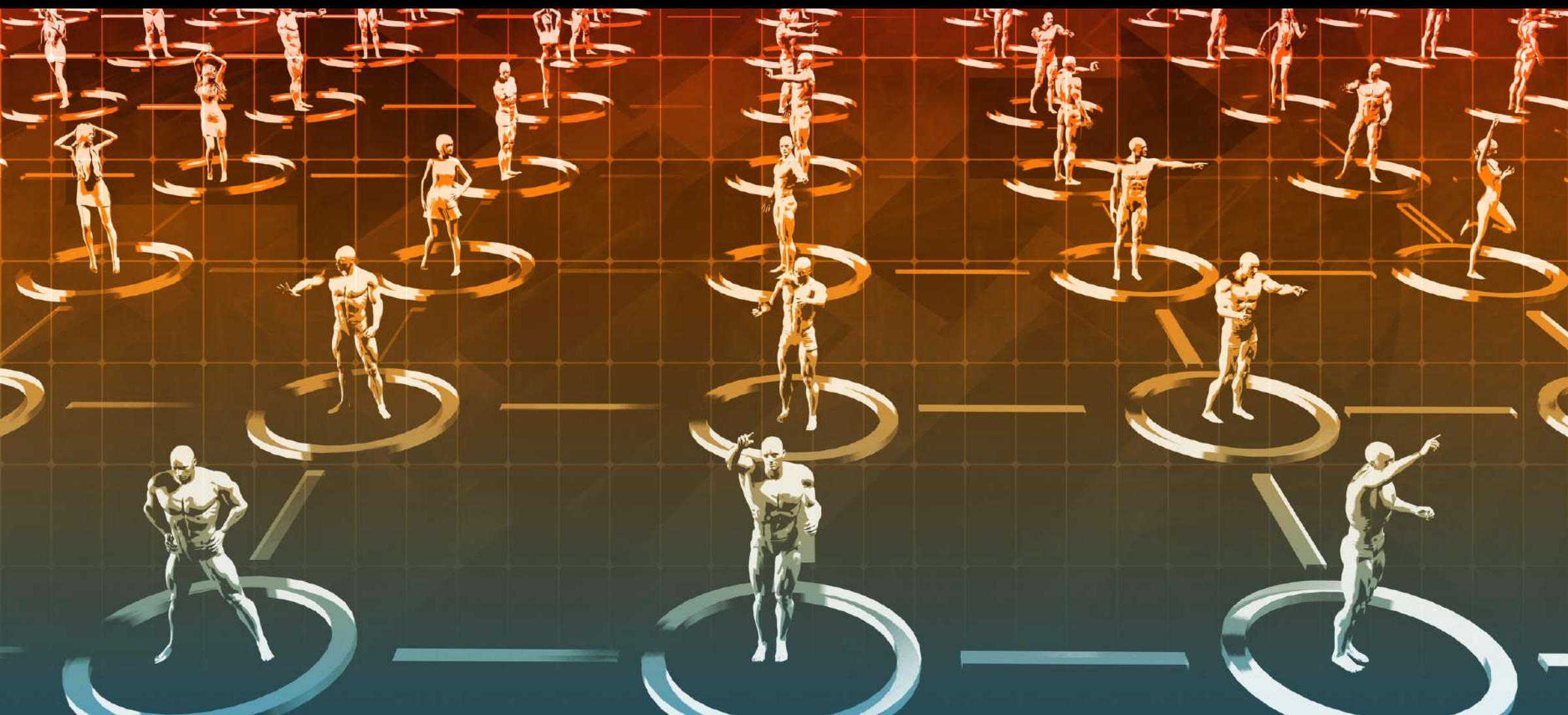


**Deloitte.**

# DAOs

## What is their role *in corporate governance?*

*Learn more about Decentralized Autonomous Organizations*



**Deloitte.**

# Challenging governance

Decentralized autonomous organizations (**DAOs**) are revolutionizing the rules of corporate governance using blockchain technology.

But is the **regulatory** playing field up to speed with these innovations?



**Deloitte.**

# What is a DAO?

A **DAO** is, in essence, an innovative organizational structure facilitated by smart contracts and built upon blockchain technology.

It can operate autonomously without a centralized governing authority, fully relying on **code** and **consensus** mechanisms for its decision-making.

But what are the legal considerations for **enterprises** when they want to interact with DAOs?



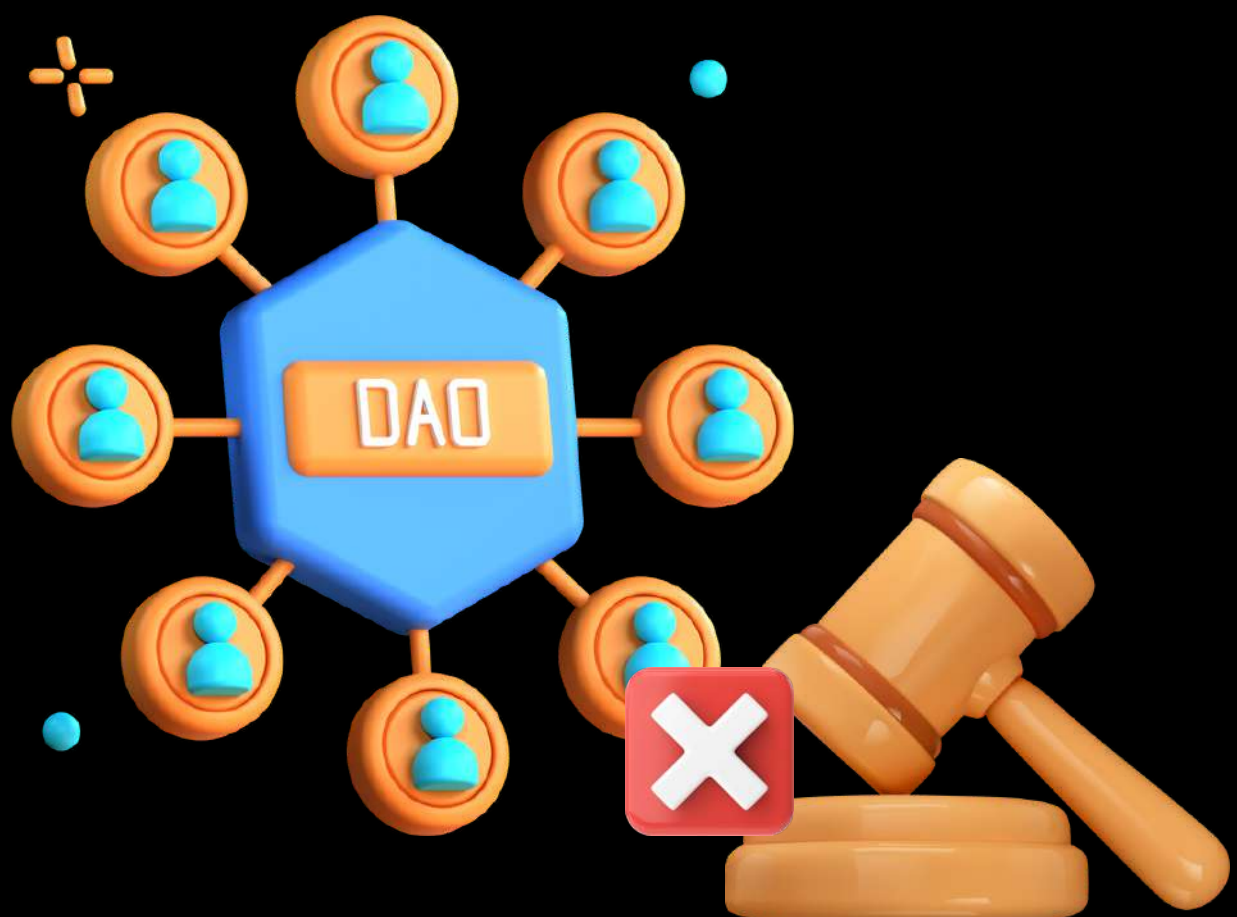


**Deloitte.**

# Are DAOs legal?

In most jurisdictions, DAOs are **not** yet recognized as legal persons.

These organizations can therefore not be incorporated, limiting their possibilities of entering into **legally binding contracts** – actions typically performed by incorporated entities.



**Deloitte.**

## From a Dutch perspective

From a **Dutch legal** standpoint, enterprises engaging with DAOs must conduct due diligence on their counterparts.

This includes, for example, researching the Ultimate Beneficial Owners (**UBOs**) or pseudo-UBOs.

Due to their decentralized nature, DAOs will face **challenges** in identifying a UBO or pseudo-UBO.



**Deloitte.**

## From an EU perspective

From an **EU legal** standpoint, fully decentralized crypto-asset service providers fall outside of the scope of the Markets in Crypto-Assets (**MiCA**) regulation.

However, this exemption only applies in the case of true decentralization without any intermediaries.

The level of **decentralization** is therefore crucial for compliance with EU regulations.



**Deloitte.**

## Compliance is key

As the regulatory landscape evolves, staying **informed** and adapting to the changing dynamics is crucial.

While some small jurisdictions are working on incorporating DAOs, no large advancements have been made yet.

In the meanwhile, enterprises must proactively **address compliance challenges** when interacting with decentralized ecosystems.



*With our deep industry knowledge, **we assist our clients** in bridging the gap between the innovative world of **decentralized ecosystems** and the **traditional** world of **enterprises**.*

---



**Deloitte.**

#Cryptoregulation

# Is your company doing **responsible** business ?

Unlock Web3 Opportunities

REACH OUT TO US