

**OIX
DIRECTED FUNDING
POLICY
(Effective November 1, 2016)**

APPLICABILITY

This OIX Directed Funding Policy ("**Directed Funding Policy**") applies to and is binding on:

- Each OIX Member ("**Member**")
- Each OIX Chapter ("**Chapter**")

It applies to contributions of funds to OIX that are earmarked for specific directed purposes. It does not apply to Membership Fees paid to OIX, or membership fees paid to any Chapter, as such fees are by definition intended for general use.

It is made binding on Members via incorporation by reference in the Membership Application and Agreement, and is binding on Chapters via incorporation by reference in the Chapters Policy.

PURPOSE

This Directed Funding Policy sets forth the rules and requirements that govern contributions of funds to OIX by any Member or Chapter that are earmarked for specific directed purposes.

POLICY

1. Definition and Purpose

1.1. Directed Funding. Directed Funding is a mechanism whereby OIX Members and Chapters can help to advance the mission of OIX by making contributions of funds to OIX that are designated for a specific project or purpose for the benefit of OIX and its membership (such funds referred to as "**Directed Funds**"). Contributions of Directed Funds are used by OIX to fund projects for the specific purpose designated by the contributing OIX Member or Chapter, or to pay for OIX-run conferences or similar events to advance the specific purpose designated by the OIX Member or Chapter, subject to the policies of OIX as same may be amended from time to time.

1.2. Membership Fees. All membership fees paid to either OIX or an OIX Chapter are to be treated as general funds to be used at the discretion of OIX or the applicable OIX Chapter, and thus are not subject to this Directed Funding Policy.

1.3. Compliance with Tax Law Restrictions. Open Identity Exchange ("OIX") is a Washington not-for-profit corporation organized exclusively to further the promotion of the common business interests of its members consistent with the provisions of Section 501(c)(6) of the Internal Revenue Code of 1986, as amended (the "Code") and

regulations thereunder. OIX is exempt from federal income tax under Section 501(a) of the Code. The purpose of this Directed Funding Policy is to ensure that the receipt and use by OIX of all Directed Funds is consistent with its legal obligations as a nonprofit, and does not have an adverse impact on OIX continuing to be an organization exempt from federal income tax as described in Section 501(c)(6) of the Code.

2. **Eligibility to Contribute Directed Funding.** Any OIX Member or Chapter in good standing is eligible to contribute Directed Funds to OIX for a specific project or purpose. In addition, more than one Member or Chapter may join together, to make a series of contributions to fund a project, such as, for example, via a matching funds program.
3. **Acceptance of Directed Funds.** OIX will make a determination as to whether or not the purpose or proposed project to be funded by Directed Funds is consistent with the requirements of this Directed Funding Policy, and any other OIX Policy. If the project meets the requirements of OIX, OIX may accept the Directed Funds. OIX shall have the sole and absolute discretion to accept or reject Directed Funds.
4. **Restrictions on Purposes for Use of Directed Funds.** Directed Funds will be accepted by OIX only for purposes that advance the mission of OIX, and that benefit its members and the identity community generally, as determined in the sole discretion of OIX. Contributions will not be accepted for purposes designed to solely benefit any OIX Member(s) or Chapter(s), for purposes designed to provide an OIX Member with a competitive advantage over other entities, subject to any restrictions unacceptable to OIX, or under circumstances that may cause OIX to cease to qualify as an organization described in Section 501(c)(6) of the Internal Revenue Code of 1986, as amended, or otherwise exempt from federal income tax under Section 501(a). In all cases, the use of Directed Funds will be subject to the requirement that all work products and other deliverables produced through the expenditure of Directed Funds be owned by OIX, be subject to the OIX IPR policy, and be made publicly available on the OIX website.
5. **Treatment of Directed Funds.** All contributions of Directed Funds are irrevocable donations to OIX, to be used for the specific purpose(s) for which they were received.
6. **Extent of Funding Member Control Over the Use of Directed Funds.** Subject to the requirements set forth in this Directed Funding Policy, the OIX Member or Chapter contributing Directed Funds may designate a specific purpose for which the Funds are to be spent, recommend person(s) or entities to whom Directed Funds will be paid, specify the general category or subject matter for which the Directed Funds should be used, as well as other related requirements specified in a memorandum of understanding negotiated between OIX and the OIX member at the time the Directed Funds are contributed. Notwithstanding the foregoing, in the event that subsequent to the acceptance of Directed Funds OIX determines that the project may cause OIX to cease to be an organization described in Section 501(c)(6) of the Internal Revenue Code of 1986, as amended, or exempt from federal income tax under Section 501(a), OIX shall have the sole and absolute right to terminate such project. In such event, all unused funds will remain the property of OIX and available for

future projects. The OIX member shall not have a right to receive a refund of its contributions.

7. **Use of Directed Funds.** All Directed Funds may be used or disbursed by OIX for the specific purpose(s) for which they were received, subject to reasonable restrictions, if any, designated by the contributing OIX Member or Chapter. OIX shall have the sole and absolute discretion to determine the manner and method of fulfilling the purpose or conducting the project for which such funds were received. The OIX Member or Chapter that contributes Directed Funds may make such recommendation as it desires for OIX consideration. OIX shall conduct such due diligence and review of any recommendations as it deems appropriate. In no event shall any contributor of Directed Funds have the ability to require that any vendor, supplier, contractor or other party to be retained by OIX to complete the project funded by the Directed Funds. All decisions pertaining to same shall be in the sole and absolute discretion of OIX, which discretion shall be final and not subject to review.
 - 7.1. **Deliverables.** OIX shall have no responsibility to the OIX Member or Chapter contributing Directed Funds for the ultimate deliverables or outcome resulting from the Directed Funds and shall not be liable for the services or work products to be provided under any project involving the use of Directed Funds. OIX shall not be a guarantor as to the final work product in any case.
 - 7.2. **Administrative Expenses.** In conducting any project involving the use of Directed Funds, OIX reserves the right to deduct from the Directed Funds reasonable sums incurred for out-of-pocket expenses by OIX, and a reasonable administrative fee for undertaking and managing the project.
8. **Use of Work Product and Other Project Deliverables.** All work products and deliverables resulting from the use of any Directed Funds will be owned by OIX and subject to the OIX IPR Policy. OIX may make such work product freely available on its website. In no case will ownership of, access to, or use of any such work product be restricted to or by any OIX Member or Chapter.
9. **Funding Member Requests to Terminate a Project.** An OIX Member or Chapter that contributed the Directed Funds can request that OIX terminate a specific project undertaken with such funds, and OIX will use reasonable efforts to do so, consistent with its commitments to the service providers and other participants involved. In the event of any such termination, all unused funds will remain with OIX and generally available for future projects. The OIX Member or Chapter that contributed the Directed Funds shall not have a right to receive a refund of its contributions.
10. **Responsibility/Liability of OIX to Funding Member for Project Performance.** OIX takes on only the general obligation to use and administer the disbursement of the Directed Funds for the general purpose specified by the contributing OIX Member or Chapter, subject to the limitations and conditions described in this Directed Funding Policy, any applicable memorandum of understanding, and any other applicable OIX Policies, as amended from

time to time. OIX does not take on any responsibility for achieving any specific result or deliverable, or for ensuring that any resulting work product or services are acceptable to the OIX member.

11. **Disposition of Unused Directed Funds.** All Directed Funds will be applied for a specific purpose. If a project under which such funds are expended does not exhaust the funds, the remaining funds may be contributed to the OIX general fund at the sole discretion of the funding OIX Member or Chapter, or will continue to be maintained in a segregated account for the specific purpose originally designated or for an additional project(s) within the scope of the designated purpose. Directed Funds are not refundable.
12. **Maintenance and Accounting for Directed Funds.** All contributions of Directed Funds will be received, held by OIX, and separately accounted for on its books and records as Directed Funds. Directed Funds, however, may be co-mingled with the general OIX funds. To ensure transparency, reports of expenditures of Directed Funds will be made available to OIX members upon reasonable request.
13. **Other Restrictions or Requirements for the OIX Directed Funding Program.** All directed funding programs must be consistent with the legal obligations of OIX and its members under applicable antitrust, tax, and fair business practice laws and regulations.
14. **Additional information about the OIX Directed Funding Program.** Contact Don Thibeau, OIX Chairman & President: don.thibeau@openidentityexchange.org