

Next Generation AXY Plan: proposal to the AB2BC DAO (public edition, v3.1)

Prepared 2026-10-24 as a proposal to the AB2BC DAO. Status: proposal only. Everything runs on a devnet today; test tokens have no value; there is no mainnet and no date. Nothing here is legal advice and nothing here says any step is legal. Where a source suggests a rule, the plan states it as a question for counsel (section 7.5), not as a conclusion. This is the public edition. It is the text proposed for hashing and publication with the DAO vote (section 9.4).

1. Summary and the airdrop question

Summary. AXY has a fixed supply of 10,000,000,000. About 80% (8,009.2M AXY, or 80.09%) sits in ten reward pools: Pool 1 is 809.2M and Pools 2 to 10 are 800M each. This plan releases nine as participant rewards, one after another, under a hard on-chain cap of 400M AXY a year (4% of supply) on reward and unlock releases from these lines together. The tenth funds a "Next Generation" (NG) grant: a fixed amount of AXY (default 500) placed in an on-chain vault for each child of a verified member and locked until the child is 18. Neither the company nor the parent can take it out early. The plan applies only in countries that pass a legal gate (section 3): holding crypto is legal, there is a known route to offer AXY, and a licensed party can provide the wallet. Mainland China, Hong Kong, Macao and sanctioned places are excluded. Nothing is live: this is a devnet, test tokens have no value, and no country is yet "qualified". The plan promises no value, and nothing may be announced until a qualified lawyer in that country signs off.

Is this an airdrop? In everyday usage, yes: tokens go to people who did not pay money for them. But "airdrop" is not a legal category. The legal answer turns on design:

- **Free versus consideration.** Programmes that need sign-up, personal data, referrals or work are generally not "free" in law.
- **US (SEC).** In the Tomahawkcoin order (14 Aug 2018) the SEC held that tokens given in a bounty programme were still offered and sold under Section 5 of the Securities Act: a "gift" of a security is a sale when the giver gets a real benefit, here promotion ([National Law Review](#); [Sheppard Mullin](#); retrieved 2026-10-24; secondary summaries; I did not read the order or check later SEC statements). AXY is offered in the US under Reg D 506(c), so the working assumption pending counsel is that it is a security there. That route covers verified accredited investors. Question for counsel: is there any route for ordinary families?
- **EU (MiCA).** Article 4(3)(a) exempts crypto-assets "offered for free" from the white-paper duty, but an offer is not free if the person must give personal data, or if the offeror receives fees or monetary or non-monetary benefits. Article 4(4) removes the exemption if the offeror signals it will seek admission to trading ([ESMA, Art. 4](#); search snippet; exact wording to be checked in the Official Journal). Question for counsel: does a KYC-gated rewards programme count as "offered for free"? On the text, KYC and activity requirements suggest not. Also: if AXY is a MiFID II instrument, MiCA does not apply and securities rules do.
- **UK, Japan, Korea.** UK promotions of crypto-assets, even free ones, need an FCA-authorised approver. I found no airdrop-specific rule for Japan or Korea (details in 7.1).
- **Labels do not decide.** "Locked grant" or "reward" does not change the legal character. A reward for activity is consideration. A lock changes when a token can move, not whether there was an offer.

Plain answer: it is an airdrop in the everyday sense. The working assumption, pending counsel, is that it is a regulated token offering and not a free gift.

2. Goals and non-goals

Goals. - *Fair*: the same base grant for every eligible child; no purchase route; equal access (5.4). - *Practical*: low cost per enrolment, partner-based verification, a small first launch. - *Global, but gated*: many countries with very low fertility, each admitted only after it passes the legal test in 3.1. - *Anti-dilution*: hard on-chain caps; reward and unlock releases from the about-80% reward lines are at most 4% of total supply a year (the other lines are

separate, section 4); child grants are locked 18 years. - *Honest*: no promise of value, price, listing or liquidity. Test tokens on the devnet have no value.

Non-goals. Raising money through the grant. Promising a price or a return. Promising to raise birth rates. Offering anything in mainland China, Hong Kong, Macao or sanctioned places. Offering or distributing any coin other than AXY. Replacing government family benefits.

3. Target countries and the qualification gate

3.1 Qualification test (hard gate). Low fertility alone does not qualify a country. A country qualifies only if the AB2BC ecosystem can lawfully operate there. All four questions must be answered "yes", with the basis named and a written opinion from a lawyer admitted in that country:

1. **Holding is legal.** Residents may lawfully hold and use crypto-assets (no ban or effective prohibition).
2. **Offering is permitted under a known route.** Offering or distributing a token like AXY is allowed through a named licence, exemption or white-paper route. "Free" is not a route (section 1).
3. **Services can be provided.** The wallet and rewards service can lawfully be provided in that country, and the registration it needs (VASP/CASP or local equivalent) is held by a named licensed party, either the operator or a contracted partner.
4. **No bar applies.** Not mainland China, Hong Kong, Macao, or any sanctioned place; and no licence is needed that AB2BC cannot obtain.

Status labels: **Qualified** (all four yes, opinion on file), **Conditional** (a route exists but a licence, partner or opinion is missing), **Not qualified now** (ban, no route, or a licence that cannot be obtained; re-test when the law changes), **Excluded** (hard bar). No country is "Qualified" until its opinion is on file. Section 9 therefore treats Phase 1 as conditional.

3.2 Table. Data: World Bank indicators SP.DYN.TFRT.IN (total fertility rate, TFR) and SP.POP.GROW (annual population growth), year 2023, pulled from the World Bank API on 2026-10-24 (UN WPP-based series). Growth includes migration and can hide a natural decrease. Taiwan is not in the World Bank series; its 0.87 (2023) is the National Development Council figure as reported in a search summary on 2026-10-24 and is unverified at the primary source. Legal bases are from secondary sources retrieved 2026-10-24, not from statute text.

Country	TFR	Growth	AB2BC lawful to operate? (basis + source)	Status
Japan	1.20	-0.49%	Crypto-assets are moving from the Payment Services Act to the Financial Instruments and Exchange Act; bill passed July 2026 (The Block). Exchange-type services need registration; AB2BC has none. Offer route for a foreign issuer unknown.	Conditional
South Korea	0.72	+0.08%	Initial coin offerings banned since Sept 2017; no evidence the ban is lifted. Digital Asset Basic Act (would allow ICOs under conditions) still pending (Chakwon, Apr 2026).	Not qualified now
Taiwan	~0.87	n/a	Virtual Asset Service Act passed 30 Jun 2026 (licence from the FSC); in force Q1 2027 at the earliest (The Block).	Not qualified now (re-test 2027)
Estonia	1.31	+1.58%	EU MiCA route (see EU note). Estonian transitional period ended 1 Jul 2026; services need a CASP authorisation from Finantsinspektsioon (Elvinger Hoss).	Conditional; Phase 1 candidate
Italy, Spain, Germany, Poland, Portugal, Greece, Hungary, Romania, Bulgaria, Croatia, Lithuania, Latvia, Finland	1.21, 1.12, 1.39, 1.20, 1.45, 1.26, 1.55, 1.54, 1.81, 1.46,	+/-: -0.05, +1.18, +0.13, -0.37, +1.37, -0.29, -0.13, +0.07, -0.29, +0.10,	EU MiCA route (see EU note). National implementation and supervisors differ; a lawyer in each country must confirm.	Conditional (Phase 2, after an authorised CASP route exists)

Country	TFR	Growth	AB2BC lawful to operate? (basis + source)	Status
	1.18, 1.36, 1.26	+1.40, +0.23, +0.50 (%)		
Ukraine	0.98	-8.42%	Not researched. War conditions; sanctioned occupied regions (Crimea, parts of Donetsk, Luhansk and others) are excluded in any case.	Not qualified now
Thailand	1.21	-0.05%	SEC Thailand requires a licence for digital-asset business and in Feb 2026 filed criminal complaints over unlicensed cross-border platforms (Tilleke & Gibbins). No licence held.	Not qualified now
Singapore	0.97	+4.86%	Digital token service providers need a licence under the FSMA since 30 Jun 2025 (CMS). Utility and governance tokens may sit outside; AXY's status is untested. Growth is migration-driven.	Not qualified now
Puerto Rico / US	0.92 / 1.62	-0.51% / +0.82%	AXY is offered under Reg D 506(c) to verified accredited investors. Question for counsel: is there a route for ordinary families? Money-transmitter and federal rules for wallet services not checked.	Not qualified now (general families)
Canada	1.27	+2.78%	Provincial securities regulators; not researched here.	Not qualified now (re-test)
United Kingdom	1.56	+1.31%	Promotions of crypto-assets must go through an FCA-authorized approver (regime since 8 Oct 2023); a full authorisation regime starts in late Oct 2027 (Clifford Chance, Jun 2026).	Not qualified now (re-test 2027)
China, Hong Kong, Macao	1.00, 0.75, 0.59	-0.10, +2.55, +0.22 (%)	Hard bar set by AB2BC: never offered.	Excluded
Russia, Belarus, Cuba	1.41, 1.21, 1.44	-0.29, -0.54, -0.36 (%)	OFAC/EU/UK sanctions exposure. Iran, North Korea, Syria and the occupied regions of Ukraine are also excluded.	Excluded

EU note. The MiCA free-of-charge exemption does not fit a KYC-gated rewards programme (section 1), so the white-paper route applies unless AXY is a MiFID II instrument. Custody and transfer need CASP authorisation, which should passport across the EU once granted in one state (general knowledge; counsel to confirm). The practical route is probably a contracted, already-authorised CASP, not an AB2BC licence.

4. Supply and release design

Source of the allocation. The figures follow the mainnet allocation, which is a draft and is not frozen; they change if it changes. Total supply is 10,000,000,000 AXY and never increases. "Dilution" means growth of the circulating share, not minting.

Group in the draft	AXY
Reward Pool 1: main 808,400,000 + 4 validator ops accounts of 200,000	809,200,000
Reward Pools 2 to 10 (9 x 800,000,000)	7,200,000,000
ICO and ICO Referral Incentive lines (200M + 40M)	240,000,000
Founders 150M, Management 250M, Technical Team 300M, Legal & Consultant 200M	900,000,000
Marketing & Promotion 430M, Regional Agent Pool 220M, Contingency Reserve 200M	850,000,000
Validators' genesis grants (gas + self-stake, N = 4), outside the lines above	800,000
Total	10,000,000,000

The reward lines total 8,009.2M (80.09%). Pool 1 is larger than 800M because 10M moved into it from a faucet float that does not exist on mainnet. There is no pre-ICO/loan-conversion line and no faucet line.

Pool roles in this plan. Pools 1 to 9 are participant rewards. Pool 1 distributes 808.4M (the 0.8M ops accounts are not rewardable); Pools 2 to 9 are 800M each; total reward 7,208.4M. **Pool 10 (800M) is the Next Generation (NG) pool.**

The other lines. Founders: 1-year cliff, then 37 equal monthly steps, fully vested at 4.0 years, in the on-chain vesting lock; sales at most 5M a quarter, with the plan published 30 days ahead. Management and Technical Team follow the founders' schedule. Legal & Consultant is locked on the same schedule. Marketing, Regional Agent Pool and Contingency (850M) are proposed to receive a published lock or spending policy through a DAO vote before any dilution statement.

Release rules (on-chain, in AXY units, never in dollars). 1. Reward pool n+1 opens only when pool n is at least 90% distributed and at least 2 years have passed since pool n opened. 2. **Combined annual cap: reward releases plus vault unlocks together are at most 400M AXY in any year (4.0% of total supply).** Scheduled vault unlocks take priority; the reward budget for a year is 400M minus that year's scheduled unlocks. This cap covers the 80% only; the other lines are separate (see caveats). 3. Weekly reward budget is the annual budget divided by 52 (about 7.69M AXY at 400M). If valid claims exceed it, they are scaled down pro rata, with the priority rule in 6. 4. The NG pool only deposits into locked child vaults, at most 55M AXY a year (50M base + 5M match). First deposits are at month 12 after launch, so the first deposits fall in year 2. 5. Locked vault balances are not circulating until a vault unlocks.

Result: Pool 1 releases 800M in years 1 and 2 (the last 8.4M in year 19); Pools 2 to 9 run two years each (years 3 to 18); rewards total 7,208.4M.

Emission table, worst case (every cap fully used). Reward AXY is assumed liquid when earned. NG deposits: 55M a year in years 2 to 15 (770M), 25M in year 16, 5M in year 17 (800M; base 720M over about 14.4 years, match 80M at 5M a year over 16 years). A child is funded at month 12 and unlocks at 18, so a vault funded in year y unlocks one-third in each of years y+17, y+18, y+19. Units: millions of AXY (M).

Year	Reward release (M)	Vault unlocks (M)	New circulating (M)	% of supply	Cumulative (M)	Cumulative %	Locked at year end (M)
1	400	0.0	400.0	4.00%	400.0	4.00%	0.0
2	400	0.0	400.0	4.00%	800.0	8.00%	55.0
3	400	0.0	400.0	4.00%	1,200.0	12.00%	110.0
4	400	0.0	400.0	4.00%	1,600.0	16.00%	165.0
5	400	0.0	400.0	4.00%	2,000.0	20.00%	220.0
6	400	0.0	400.0	4.00%	2,400.0	24.00%	275.0
7	400	0.0	400.0	4.00%	2,800.0	28.00%	330.0
8	400	0.0	400.0	4.00%	3,200.0	32.00%	385.0
9	400	0.0	400.0	4.00%	3,600.0	36.00%	440.0
10	400	0.0	400.0	4.00%	4,000.0	40.00%	495.0
11	400	0.0	400.0	4.00%	4,400.0	44.00%	550.0
12	400	0.0	400.0	4.00%	4,800.0	48.00%	605.0
13	400	0.0	400.0	4.00%	5,200.0	52.00%	660.0
14	400	0.0	400.0	4.00%	5,600.0	56.00%	715.0
15	400	0.0	400.0	4.00%	6,000.0	60.00%	770.0
16	400	0.0	400.0	4.00%	6,400.0	64.00%	795.0
17	400	0.0	400.0	4.00%	6,800.0	68.00%	800.0
18	400	0.0	400.0	4.00%	7,200.0	72.00%	800.0
19	8.4	18.3	26.7	0.27%	7,226.7	72.27%	781.7

Year	Reward release (M)	Vault unlocks (M)	New circulating (M)	% of supply	Cumulative (M)	Cumulative %	Locked at year end (M)
20	0	36.7	36.7	0.37%	7,263.4	72.63%	745.0
21	0	55.0	55.0	0.55%	7,318.4	73.18%	690.0
22	0	55.0	55.0	0.55%	7,373.4	73.73%	635.0
23	0	55.0	55.0	0.55%	7,428.4	74.28%	580.0
24	0	55.0	55.0	0.55%	7,483.4	74.83%	525.0
25	0	55.0	55.0	0.55%	7,538.4	75.38%	470.0

Checks (script): rewards $18 \times 400 + 8.4 = 7,208.4\text{M}$; deposits $14 \times 55 + 25 + 5 = 800\text{M}$; together 8,008.4M. Year 25: 7,538.4 circulating + 470.0 locked = 8,008.4M. No year exceeds 400M (4.0%).

Caveats. The table is a ceiling, not a forecast. The other lines are outside the cap. If all 1,990M were liquid by year 5 (the founders' schedule ends in year 4, and the ICO lines are liquid when sold), circulating supply in year 5 could be $2,000\text{M} + 1,990\text{M} = 3,990\text{M}$, or 39.9%. No cap here depends on any price.

5. The Next Generation grant

5.1 Eligibility. (a) The guardian is a verified member at the time of claim, with membership of at least 3 months (decision 6), and claims within 24 months of the birth. Membership is free and has no activity quota. (b) The country is "qualified" under section 3 and has been approved by the DAO (9.4). (c) The child was born on or after the launch date. (d) One grant per child, worldwide. (e) The guardian passes KYC; the child does not need KYC until unlock.

5.2 Grant size and funding. The NG pool is 800M AXY: 720M base reserve and 80M match reserve. Yearly deposits are capped at 55M (50M base + 5M match). Default base grant (decision 1): 500 AXY per child.

Years the base reserve lasts ($720\text{M} / \text{yearly base spend}$), where yearly base spend is the smaller of births x grant and the 50M cap. When the cap binds, children are enrolled in birth-date order and the rest wait for the next year's budget, so a grant never shrinks.

Base grant	20,000 births/yr	100,000 births/yr	500,000 births/yr	Children funded in total
100 AXY	360 yrs	72 yrs	14.4 yrs (cap binds)	7.2M
500 AXY	72 yrs	14.4 yrs (cap binds)	14.4 yrs; only 100,000 a year funded	1.44M
1,000 AXY	36 yrs	14.4 yrs; only 50,000 a year funded	14.4 yrs; only 50,000 a year funded	0.72M

Both figures: at the full 50M base cap the 720M base reserve lasts 14.4 years (about 14.5 years counting all 800M at 55M a year); at the 80% planning level (40M base a year, or 80,000 children at 500 AXY) it lasts 18 years. The planning level keeps 20% free for late claims inside the 24-month window and corrections. Member births are unknown; one or two small countries more likely give 5,000 to 50,000 a year. Fund counting is by the year of funding (month 12), not the birth year.

5.3 Top-up and matching. A guardian may add AXY to the child's vault only from AXY earned as rewards at least 180 days earlier (this closes the loop of farming rewards and moving them straight into a matched vault). There is no purchase route, because a purchase is an offer and sale of AXY, a question for counsel. The company matches 1:1 up to 250 AXY per child for life, from the 80M match reserve, released at 5M a year over 16 years starting in year 2; requests above the year's budget are scaled down pro rata. Maximum per child: 500 base + 250 top-up + 250 match = 1,000 AXY. Matching applies only to earned AXY, so wealth cannot buy more.

5.4 Fairness rules. - *Equal per child.* Same base grant in AXY for every eligible child, whatever the parent's wealth, country, marital status or gender. Forms say "parent or legal guardian": single parents, same-sex parents, grandparents with custody, foster and adoptive parents may claim. - *Equal AXY is not equal purchasing power.* 500 AXY means different things in Estonia and Japan. The plan says so and does not index grants to income (that needs income data and an oracle). - *Wealth cannot buy more.* No purchase route; top-ups only from earned,

capped AXY. The most extra a family can add is 250 AXY of its own plus 250 matched. - *No early-joiner premium* (decision 5). *Per-guardian limit*: 6 grants per verified guardian (decision 7), to stop one fraudulent guardian draining the pool. - *Access*. No bank account or card needed. Enrolment at partner points (municipal office, hospital desk, NGO), on paper or with a trained helper; a named representative for disabled guardians; WCAG 2.2 AA web access, text-to-speech, large print; the national language, English and main migrant languages. Rural families may use a registry extract or a licensed midwife or doctor's attestation. - *Residents, not only citizens*, subject to the sanctions bars. - *Honest limit*. The programme runs only where it can lawfully operate and where birth rates are low. Children elsewhere get nothing from it.

5.5 Custody and vault. - One vault per child, at a fresh contract address. The guardian (custodian) also gets a fresh address for each vault, never reused across siblings and never the guardian's main wallet. The vault holds a random beneficiary reference, the amounts, and a coarse unlock time. - **Birth-date privacy on-chain.** An exact unlock time plus a funding time would reveal the birth date. So: the unlock is the end of the calendar quarter in which the child reaches 18 (or the local age of majority if higher; Korea 19, general knowledge); vaults are created in batches per country and quarter, and a batch is released only when it holds at least 50 vaults. If a batch has fewer than 50, adjacent quarters of the same country are merged, up to 4 quarters in all; the merged batch takes the unlock date of its last quarter, so no child unlocks before 18 (some unlock up to 9 months later). If it still has fewer than 50 after merging 4 quarters, it waits, and the country's small size is noted as a privacy limit. What remains visible is a birth quarter within a batch of at least 50. The alternative of an off-chain unlock proof with no time on-chain is left for the audit to compare. - **Funding**: the grant is committed at birth verification and funded at month 12 after a second attestation that the child is alive. Default release: one-third at unlock, one-third a year later, one-third two years later (decision 4). - **Permitted exits: the complete list.** Tokens can leave a vault only by: (1) scheduled release to the child's own address; (2) fraud revocation of a not-yet-unlocked grant to the NG pool (never to the company); (3) death return of base grant and match to the NG pool; (4) return of the guardian's own top-ups to the contributor or estate (on death, revocation or closure); (5) guardian succession, which changes the custodian only and moves no tokens; (6) migration to a DAO-approved contract that keeps every balance, beneficiary and unlock time. No address, key or vote can withdraw for any other reason. - **Successor custodian.** Named at enrolment as a contingent custodian. It acts only on a defined trigger (death, incapacity, court order). The role cannot be sold, assigned or inherited, carries no economic right, and cannot change the beneficiary. A change of custodian takes 30 days and two independent attestations (court order, registry extract or notary). - Legal ownership during the lock (custodial account, trust, or a company-held entitlement with a beneficiary) varies by country (UTMA-like in the US; some states set 21, to be confirmed). Question for counsel.

5.6 Special cases (defaults; questions for local counsel).

Case	Default rule
Parent leaves the programme	Vault unaffected; no more top-ups or matching.
Child dies before funding (before month 12)	Nothing funded; the reservation returns to the NG pool.
Child dies between month 12 and month 24	On a death certificate the vault is closed (exit 3 and 4): base and match return to the NG pool, top-ups to the contributor. The duplicate-check tag stays, so the identity cannot be reused, and the guardian gets no replacement grant.
Child dies after month 24 and before 18	Same as above. The base grant is a conditional entitlement, not family property (question for counsel).
Child dies after unlock	Balance goes to heirs under local succession law on a death certificate and a court or notary order.
Guardian dies or is incapacitated	Named successor; else a court-appointed guardian. Vault stays locked.
Disputed or separated guardians	A written dispute freezes changes (not growth) until a court order or agreement. The child stays the beneficiary.
Dual nationality, born abroad	One grant per child worldwide (5.8). Eligibility by residence and birth registration, not citizenship.
Twins	A grant and a verification each.
Adoption	Legal adoption decree; birth date governs the launch-date test; no second grant if already enrolled.

Case	Default rule
Surrogacy or assisted reproduction	The legal parent in the birth country's civil register; conflicts freeze until a court order.
Stillbirth	No grant.
Adult child without capacity	Court-appointed representative claims.
Unlock blocked (sanctions, no KYC)	Stays locked; no forfeiture by default (unclaimed-property laws vary).
Guardian loses keys	Successor process only, never company discretion.

5.7 Privacy by design. - *Child data, off-chain only*: the duplicate-check tag (5.8), the country and the birth year. No name, no full birth date, no document copies. The tag is still personal data (pseudonymised). - *Nothing about a person goes on-chain, not even a hash*. The vault holds a random reference, amounts and a quarter-level unlock, so erasure stays workable. - *Evidence*: the reviewer sees a civil-registry extract or attestation once; the system records "verified by method X on date Y" and deletes images within 30 days. No medical records (GDPR Art. 9 special category). - *Guardian KYC*: records of completed checks kept 5 years (US and EU/UK AML rules), otherwise erased. Open for counsel: the 5 years should start when the guardian's membership and top-ups end; the child's own KYC starts at unlock. - *Erasure versus AML*: erasure does not override a legal duty to keep AML records (GDPR Art. 17(3)(b); counsel to confirm). If a guardian erases the off-chain link before unlock, the vault stays locked and the child must re-prove identity and birth at unlock. The sign-up terms say so. - *Consent ages (general knowledge, not verified)*: GDPR Art. 8 default 16 (states may lower to 13); US COPPA under 13; Korea PIPA under 14; Japan APPI no fixed age. The guardian is the consenting party. - A data protection impact assessment is required before any EU/UK launch. Raw evidence and guardian records stay in the country's region; the only global store is the tag table (5.8).

5.8 Verification, fraud and sybil defence. No central global ID database exists, so the plan layers controls.

Threats: forged birth records; one child enrolled twice; insider collusion; bot or rented guardian accounts; farming from non-eligible countries; reuse of a dead child's identity.

1. *Evidence tiers*. (A) consent-based query to a civil register or e-ID; (B) signed attestation from a contracted hospital, midwife service or municipality; (C) registry extract plus family-relationship record, reviewed by a trained person, with lower daily volume. The tier is recorded.
2. *Guardian identity*. KYC with liveness; one document cannot back two accounts; at most 6 grants per verified guardian (decision 7). There is no "household" concept; the limit is per guardian identity.
3. **Duplicate check (the only specification)**. At enrolment an HSM service takes the normalised tuple (child's name as in the register, birth date, birth country, registry reference if any) and computes one tag with a single global tag key. Because the key is global, a country added later cannot miss earlier enrolments: the same child gives the same tag in any country. The tags sit in one global tag table that stores only: tag, key version, country, vault reference. The tuple is never stored. An identical tag is rejected; near matches (transliteration) go to human review. **Rotation plan**: the key lives in an HSM with three-share backups held in separate places and is rotated every 12 months into a new version. Old versions are never destroyed (without them, old tags could not be checked, since tuples are not kept); at each enrolment the service computes the candidate under every retained version and looks all of them up; new tags are stored under the current version. Raw evidence and guardian records stay in-region; only this table is global, which is a cross-border transfer question for counsel (GDPR, Korea PIPA, Japan APPI) and may force the table's location. A forger can alter details to avoid a match, which is why the other controls exist. **Key compromise plan**: someone holding both the table and a leaked key version could test guessed tuples for children, in every country, against tags of that version. Actions: retire the version and issue a new one; keep checking old tags; treat it as a personal-data breach and notify where required (72 hours under GDPR; counsel); audit 100% of attestations for 90 days; limit table access to the HSM service; counsel decides whether the affected cohort must re-verify. The wider exposure from one global key is accepted in return for complete cross-country checks.
4. *Time*. Funding at month 12 plus the lock removes most cash-out incentive.
5. *Attestor incentives*. Partners (hospitals, municipalities, NGOs) get a fixed annual service fee in the contract, never a payment per enrolment or per attestation, and no volume bonus. An outside reviewer

samples 10% of a partner's attestations in its first 6 months and 5% afterwards, and 100% when pattern checks flag it. An attestor may not be related to or employed by the guardian, and signs at most 20 attestations a day.

6. *Pattern checks* on shared devices, payment instruments, addresses and partner offices; per-partner rate limits.
7. *Pro rata dilution attack*. Fake claims are handled by the anti-sybil checks in 6 and by neutral selection, not by early-joiner priority. NG claims in an over-subscribed week are served in birth-date order (oldest first), ties broken by a published lottery.
8. *Revocation for proven fraud only* (exit 2): documented finding, 30 days' notice, appeal, public aggregate log; the policy is a DAO-votable parameter (9.4).
9. *Residence* is shown by registry or tax/utility record, never by IP address.

Likely evidence by country (general knowledge, to be checked): Estonia, population register query with e-ID consent (best Tier A case; access terms unconfirmed). Japan, maternal and child health handbook plus resident or family register extract; do not collect the "My Number" ID, whose use is legally restricted. Korea, family relations certificate (not qualified now). Taiwan, household registration transcript (not qualified now). Other EU states, national birth certificate; an EU multilingual standard form exists for public documents.

5.9 On-chain design and key management. - *Status*. Devnet only. An on-chain vesting-lock package has been proven on devnet. Reward withdrawals have daily caps today (service level); this plan moves the annual and pool caps into contracts. An independent audit of the contracts and economics must be completed before any mainnet launch. - *Contracts*. An emission contract (pool gates, the combined 400M annual cap, weekly budget) and a vault factory with per-child vaults (lock, release schedule, 55M annual deposit cap). - *Invariants to test and, where possible, prove*. (1) Tokens leave a vault only through the six permitted exits in 5.5. (2) NG-funded balances (base grants and company match) never exceed the NG allocation; guardian top-ups are tracked separately. (3) Rewards plus unlocks never exceed 400M in a year. (4) Circulating plus locked never exceeds 8,008.4M from the distributable reward lines (about 80%). - *No oracle*. Every cap is in AXY. - *Time*. Locks use epochs or block time with a safety margin; a halted or reset chain must not shorten a lock. - *Keys*. Only the DAO-approved action, matched by hash, can be executed by the executor multisig (9.4), which is the Network multisig of the DUNA principles. Independent signers must be appointed before execution. Keys sit in hardware modules; rotation every 12 months. Guardians and children hold their own wallet keys; recovery uses the successor process. - *Upgrades*. Immutable core. The only change is migration (exit 6), after a DAO vote and the timelock in 9.4, and notice to guardians. A pause stops deposits and enrolments but never an unlock. - *18-year chain risk*. A chain can halt, fork or be abandoned, and signature schemes can weaken. Mitigations: yearly signed snapshots of vault balances; migration path. The plan cannot guarantee a chain lasts 18 years. NG vaults start only after mainnet has run 12 months without a halt. - *Gates before mainnet*. Independent audit of contracts and economics; public bug bounty; 5M AXY cap in the first year of deposits (year 2); 25-year simulation with adversarial claims (Phase 0); counsel opinion for the first country.

6. Participant rewards (the nine reward pools)

The DUNA principles allow AXY issuance as "network rewards under published rules" and bar multi-level (M2C) rewards. Everything below must be published as rules, be single-level, and be approved by the DAO.

What earns AXY. Verifiable participation with a real purpose for the ecosystem, not promotion alone: a reward for promoting the token looks like the Tomahawk bounty (section 1), a question for counsel. Weekly caps per person are set so that their sum cannot exceed the annual cap (19 AXY a week x 52 = 988, under 1,000):

Activity	Evidence	Weekly cap
Verified learning or onboarding module	Completion record	3 AXY
Using AB2BC services (verified use, not money volume)	Service log	5 AXY
Community help: translations, accessibility checks, bug reports	Reviewer approval	8 AXY
Referral of a verified new member (single level)	Referee passes KYC, active 30 days; max 5 a year	3 AXY; off until counsel approves per country (decision 12)

Activity	Evidence	Weekly cap
Local partner work	Contracted, audited	Paid from the regional agent line, not here

Per-person limit. 1,000 AXY a year per verified person. At that cap the 400M budget would support at least 400,000 people at full earning. If fewer participate, budget goes unused and does not carry into a bigger later release; the 90% gate then keeps later pools closed.

Pro rata and neutral selection (no early-joiner priority). When valid claims exceed the weekly budget, every valid claim is scaled down by the same proportion. Fake-account flooding is handled by the anti-sybil checks below (KYC with liveness, one account per person, device and network limits, the per-person cap) and by capping the number of new accounts admitted per week; when more new accounts apply than the cap allows, a published lottery chooses (using a public randomness source to be specified in the audit). Account age gives no priority. In launch week the same rules apply.

Anti-gaming. One verified person, one account (KYC with liveness). Device and network limits. A 14-day hold before rewards are withdrawable. Clawback for proven fraud. Random review of the top 1% of earners. The existing daily withdrawal caps stay. Rewards are counted per country and per partner so no region drains a pool. Rewards earned less than 180 days ago cannot be used for vault top-ups or matching (5.3).

7. Legal and regulatory matrix

Sources are secondary (law-firm notes, news; retrieved 2026-10-24) unless a statute is linked. "Appears to say" is not a legal opinion. **Every row needs local counsel before launch, and no public promise may be made before that sign-off.**

7.1 Securities, offer route, services. Each row: what the source says, then the question for counsel.

Group	Source says	Question for counsel
US	AXY is offered under Reg D 506(c) to verified accredited investors. A token given for sign-up or activity can be a "sale" if the issuer gets value (Tomahawk, 2018).	Is any route open for non-accredited families? Does a reward or grant count as a sale? Do wallet services trigger money-transmission rules (not checked)?
EU / MiCA	Free-of-charge exemption (Art. 4(3)(a)) is lost when personal data or any benefit is exchanged; otherwise a notified white paper. MiFID II instruments are outside MiCA. Custody/transfer services need CASP authorisation; the transitional period ended 1 Jul 2026.	Is AXY a MiFID II instrument or a MiCA crypto-asset? Which white-paper or prospectus route? Which CASP partner? Per member state.
UK	Promotions need FCA-authorized approval (since Oct 2023); full regime late Oct 2027.	Who can approve a promotion? Is a grant a promotion?
Japan	FIEA reclassification passed July 2026; registration for exchange-type services.	What is the route for a foreign issuer? Is a free grant covered?
Korea	ICO ban since 2017; Digital Asset Basic Act pending.	Is any distribution allowed before repeal?
Taiwan	Virtual Asset Service Act passed 30 Jun 2026; in force Q1 2027 earliest.	What will the licence cover?
Singapore, Thailand, Canada	Licensing regimes exist (MAS, SEC Thailand, provincial regulators).	Is AXY inside the regime? Is a licence needed?

7.2 Minors and custody. A child cannot sign a contract or hold a securities account in most countries, so the vault needs a custodian structure: custodial accounts under state UTMA/UGMA-type laws in the US (transfer ages differ), statutory guardianship elsewhere. Age of majority is 18 in most places; Japan lowered it to 18 in 2022 and Taiwan in 2023; Korea is 19 (general knowledge, not verified). Unlock at the higher of 18 and the local age. Counsel needed in every country.

7.3 Tax: receipt versus unlock. No tax advice; the company will not gross-up or pay recipients' tax.

Place	Appears to say	Source
US	Airdropped units are ordinary income at fair market value when the holder has "dominion and control" (can sell, transfer or exchange). Units not credited to the holder's account do not count until they can be disposed of. De minimis amounts and tokens received for services are not addressed.	Fenwick, E Y
Japan	Crypto gains are miscellaneous income, up to 55% with local tax; a flat 20% separate tax for specified crypto-assets on registered operators is planned from 2028. Free-token receipt not found.	The Block, Legal500
Korea, Taiwan, EU, UK	Not researched.	Local tax adviser

Open points: is tax due at commitment, funding or only at unlock? Who is the taxpayer, child or guardian? What is the value, given that AXY has no market price and no reference price may be accepted by any tax authority? Is an activity reward income from services? Do minors' unearned-income rules (the US "kiddie tax") apply? Design that follows: no one has control until unlock, which makes a "tax at unlock" position at least arguable; the company gives each family a plain annual statement of AXY amounts and dates, with the reference value labelled "not a market price"; the CASP partner handles information reporting (for example US Forms 1099, EU DAC8; general knowledge).

7.4 KYC/AML, data, consumer, sanctions. AML: US and EU/UK rules need due diligence and 5-year record keeping by a CASP/VASP; other countries have their own travel-rule and licence duties (not researched). Data protection: GDPR, UK GDPR, COPPA, Korea PIPA and Japan APPI all cover children's data (5.7). Consumer law: fixed wording, no "free" or "guaranteed", per-country withdrawal and unfair-terms rules; UK and EU marketing rules apply. Sanctions: screen guardians, children at unlock and wallets against OFAC, EU and UK lists. Counsel needed for all.

7.5 Questions for counsel, including DAO decisions. Decision 9: one written opinion per launch country. The opinion should answer 7.1 to 7.4 and these: 1. Does a DAO vote on a regulated distribution (the country list, grant size, pool opening) make the DAO, its voters, or AB2BC the offeror or issuer? Does the vote shift or add liability, including for an unincorporated association? 2. Voters are AXY holders who gain or lose from dilution. Is that a conflict of interest, and is a recusal rule needed? 3. May a DAO approve a country without a lawyer's opinion? (The plan says no; can that be enforced as a rule the vote cannot override?) 4. The vote cap of 5% per holder can be avoided by splitting addresses. What identity checks make the cap lawful and effective (DUNA 2.1 and 3.2)? 5. Quorum is 10% of circulating AXY, which is small early on. Is a higher early quorum needed? 6. Who may vote when voters include people in barred or sanctioned places (DUNA 2.4 excludes them)? 7. Do DAO-voted changes to reward rules alter the terms of the Reg D 506(c) offering?

8. Risks and mitigations

#	Risk	Mitigation
1	Regulator treats the programme as an unregistered or non-compliant offer	Qualification gate (3.1); counsel per country; rewards tied to real activity, not promotion
2	Wallet or rewards service needs a licence AB2BC lacks	Authorised CASP/VASP partner; no service until a named registrant exists
3	Circulating supply grows too fast	On-chain cap on reward plus unlock releases (4% a year), sequential pools, weekly pro rata, vault locks, locks on the other 20% (section 4)
4	Fake births, duplicate enrolments	Layered verification, 12-month funding delay, HMAC de-duplication, audits (5.8)
5	Reward farming and bots	KYC with liveness, per-person caps, 14-day holds, clawback (section 6)
6	Contract bug or key loss	Audit, bounty, multisig, immutable core, year-1 deposit cap (5.9)
7	Chain failure within 18 years	Yearly snapshots, migration path, 12-month mainnet rule; no promise of survival
8	Tax surprise for families	Annual statements, no value claims, adviser per country (7.3)

#	Risk	Mitigation
9	Children's data breach	Minimal data, HMAC only, nothing on-chain, images deleted in 30 days, DPIA (5.7)
10	Misleading claims	Wording rules (9.5); lawyer reviews every public text
11	Sanctions or barred-place exposure	Screening at enrolment and unlock; geo-blocks; excluded list (section 3)
12	Cost per enrolment too high	Tier A/B paths, daily volume caps
13	Guardian disputes or deaths	Dispute freeze, successor custodian (5.5, 5.6)
14	Confusion with a guaranteed payout or a government scheme	Plain wording; no government or celebrity names
15	Contract flaw before independent audit	Independent audit is a gate before mainnet (5.9)
16	DAO capture or vote splitting (quorum 10% of a small circulating supply; addresses split to beat the 5% cap)	Identity-checked member registry, higher early quorum (7.5 questions 4 and 5), Class A limits no vote can change
17	Signers not yet appointed	Independent signers must be appointed before execution (9.4)
18	Fake accounts dilute the pro rata share	Anti-sybil checks, weekly cap on new accounts admitted by lottery, no age priority (6)
19	Attestors paid per enrolment would invite fake births	Fixed fee only; 10% and 5% sampling; 100% when flagged (5.8)

9. Phased rollout, operations and DAO approval path

9.1 Phases. Every phase after 0 needs a DAO vote (9.4).

Phase	Scope	Exit test
0. Devnet	Build and simulate with synthetic births: 25-year run of the emission table and vault unlocks with adversarial claims. Draft sign-up terms, privacy notice and claims text. Obtain a written counsel opinion per country (budgeted) and a CASP partner quote.	Invariants hold; audit booked; at least one country passes 3.1 in writing.
1. First country	One country, or two, only if the test is passed and the DAO approves. Candidate: Estonia (EU MiCA regime with passporting, a digital civil register that may allow Tier A checks, low volume, TFR 1.31). This is an operational choice, not a legal finding. Cap: 1,000 enrolments; 5M AXY of deposits in the first year of deposits (year 2). If no country passes, Phase 1 does not start.	Six months with no major fraud finding, known support load, counsel confirms.
2. More countries	Other EU states through the CASP passport, each with its own opinion; Japan once the FIEA changes are in force.	Same test per country.
3. Re-test	Taiwan (Q1 2027 earliest), UK (late Oct 2027), Korea (if the ICO ban is lifted), Singapore, Thailand, Canada, Ukraine (not occupied regions), US (only if counsel finds a route for non-accredited families).	Same test per country.

9.3 Partners and alignment. Hospitals, municipal registries and NGOs in low-birth-rate regions run enrolment points and Tier B attestations, for a fixed fee (5.8). Paid promotion of AXY carries the same question as a bounty, so counsel clears any use of the regional agent line. Government family schemes exist in several target countries (for example Hungary, Korea, Japan, Poland; general knowledge). This programme must not replace or reduce them, must not claim to raise birth rates, and counsel checks whether a token entitlement counts as income for means-tested benefits.

9.4 DAO approval and implementation path.

Status. This plan is a proposal to the AB2BC DAO, to be approved and implemented by it. Under the DUNA principles, voting is expected to go live after mainnet; until then the administrators act and publish decisions (DUNA 3.4). Nothing here can launch before voting is live. **Preconditions for any execution:** (1) voting live, with a member registry that checks identity so the 5% cap cannot be split across addresses; (2) at least three independent administrators or signers appointed, as the DUNA principles require; (3) the counsel opinion for the first country; (4) the audit gate in 5.9. Voting weight is AXY at the snapshot block.

Path. (1) **Proposal:** made by a member with at least 10,000 AXY or by 10 members; it carries the hash of this plan, the exact parameter set, the counsel opinion hash, simulation results, audit status and the effect on circulating supply; it is published 7 days before voting (DUNA 3.1). (2) **Vote:** one vote per AXY at the snapshot, capped at 5% of votes cast per holder with affiliates; the founder, AB2BC, GBC and CopX together at most 5% and no vote on their own contracts (DUNA 3.2, 3.3); quorum 10% of circulating AXY; simple majority for ordinary proposals, two-thirds where the table says so. (3) **Timelock:** see the table. (4) **Execution:** the executor multisig (the Network multisig, DUNA 5.1: 3-of-5, or 2-of-3 while there are three, with independent administrators able to block) runs only the action whose hash matches the approved proposal. It cannot alter parameters. (5) **Reporting:** every change is logged on-chain; each month the public report shows emission against the cap, weeks of pro rata scaling, claims by country, fraud findings and audit-sample results (aggregate); a quarterly report to members; an annual external review.

What a DAO vote can change: grant size and match for future children only; weekly and annual reward caps; the country list (adding a country needs the counsel opinion hash attached); pool-opening gates; the NG yearly deposit cap; the default release schedule for future vaults; the fraud-revocation policy; evidence tiers, audit sampling and partners; lock or spending policy for the other lines; stopping new enrolments.

What no vote can change (Class A): total supply and pool sizes; the list of six permitted exits (no seventh exit); the amount, beneficiary or unlock of any funded vault; any move of vault tokens other than through the six exits; the age-based lock of an existing vault; the combined 4.0% annual ceiling (it can be lowered, not raised, and never below that year's scheduled unlocks, so unlocks always proceed); the hard bars (mainland China, Hong Kong, Macao, sanctioned places) and the rule that only AXY is offered. A vote that tried any of these would need new contracts and could apply only to future children; whether even that is acceptable is a question for counsel (7.5).

One timelock table.

Action	Vote needed	Timelock before execution
Lower a cap; lengthen a gate; remove a country; stop new enrolments	Ordinary	7 days
Change grant size or match for future children; activity caps; evidence tiers; audit sampling; partners; revocation policy	Ordinary	30 days
Add a country (counsel opinion hash attached)	Ordinary	30 days
Raise a cap or the NG deposit cap; shorten a gate	Two-thirds	180 days, with independent review
Migrate contracts (exit 6)	Two-thirds	90 days, with notice to guardians
Amend this table or the DUNA rules	Two-thirds (DUNA section 8)	180 days
Emergency pause of new enrolments and new reward releases (never an unlock)	None; executor multisig at 3-of-5, the same threshold as any change	None; lapses after 14 days unless the DAO ratifies (a ratification vote needs 7 days' notice)
Compliance stop for one country (regulator order or withdrawn opinion)	Same as the pause; DAO ratifies within 14 days	None

Pause threshold: it equals the change threshold, not lower. A pause is allowed to start faster than a change only because it lapses after 14 days, cannot move tokens and cannot block an unlock. Contracts also pause themselves if an invariant fails.

9.5 Communications and claims rules. - Say: "AXY is the only public AB2BC token." "Eligible families in listed countries may apply." "Locked until the child is 18 (or the local age of majority); it may be worth very little, or nothing." "No price or value is stated or implied." "Taxes are the recipient's responsibility." "Test tokens on the devnet have no value." "Not available in mainland China, Hong Kong, Macao or sanctioned places." In the US: "available only to verified accredited investors". - *Do not say:* "free", "free money", "airdrop", "gift", "guaranteed", "will be worth", "invest in your child's future", "passive income", "early joiners win", "limited time", "legal in [country]", "approved by [regulator]", "audited" (until an independent audit is complete), "partner of [government]", any claim to raise birth rates, any mention of other AB2BC coins, any celebrity's or government's name. - Every public text is reviewed by the country's lawyer first. In the UK a promotion also needs an FCA-authorized approver; in the EU it must match the white paper.

10. Proposed parameters for the DAO vote

1. **Base grant per child:** 500 AXY.
2. **First country:** Estonia, only if it passes 3.1 in writing and the DAO approves. If none passes, do not launch.
3. **Licence route:** a contracted, authorised CASP/VASP partner.
4. **Release after 18:** one-third a year over three years.
5. **Early-joiner bonus:** none.
6. **Membership before a claim:** 3 months; claim within 24 months of birth; no activity quota.
7. **Limit:** 6 grants per verified guardian.
8. **Revocation for proven fraud:** narrow, to the pool only, with notice and appeal; the policy is DAO-votable.
9. **Counsel opinions:** one written opinion per launch country, budgeted.
10. **Locks for the other lines:** Management, Technical Team and Legal & Consultant follow the founders' schedule; Marketing, Regional Agent Pool and Contingency (850M) get a published lock or spending policy through a DAO vote before any dilution statement.
11. **Matching:** 1:1 up to 250 AXY per child, 80M reserve, 5M a year from year 2, pro rata.
12. **Referral rewards:** off until counsel approves per country.
13. **Start condition for NG vaults:** audited contracts and a mainnet that has run 12 months without a halt.
14. **Child death before 18:** grant returns to the NG pool; top-ups return to the contributor.
15. **Governance:** the DAO decides the parameters; the Network multisig (DUNA 5.1) only executes, after the timelock.

No outward text, form or promotion may state or imply a price or value for AXY (9.5).

11. Version note

v3.1 public edition. Version history is kept separately.