

Articles of Incorporation and Bylaws of The Exchange Inc.

This document constitutes the Articles of Incorporation and Bylaws of The Exchange Inc., organized as a corporation under the laws of the Commonwealth of Redmont, effective as of January 22, 2025.

Definitions

1. **Articles of Incorporation:** A legal document filed with a government body to legally document the creation of a corporation. It includes the company's name, address, purpose, share structure, and other foundational details.
2. **Bylaws:** Internal rules and procedures adopted by a corporation to govern its operations and management, including the roles of directors and officers, meetings, and voting processes.
3. **Class A Shares:** A type of stock that typically carries voting rights, giving shareholders influence over corporate decisions, such as electing the board of directors or approving major changes.
4. **Class B Shares:** A type of stock that usually does not carry voting rights but may offer other benefits, such as dividends or preferential treatment in distributions.
5. **Board of Directors:** A group of individuals elected by shareholders to oversee the management of a corporation, set strategic direction, and ensure governance standards are maintained.
6. **Chairperson:** The leader of the board of directors, responsible for facilitating board meetings and ensuring effective board governance.
7. **Vice-Chairperson:** A board member who acts as a deputy to the Chairperson and may assume their responsibilities in their absence.
8. **Independent Members:** Directors who are not affiliated with the company's management or significant shareholders, ensuring unbiased oversight and governance.
9. **Executive Officers:** Individuals appointed by the board to manage daily operations. Examples include the CEO, COO, CFO, and CTO.
10. **Chief Executive Officer (CEO):** The highest-ranking executive in the corporation, responsible for executing the board's vision, setting strategic goals, and managing overall operations.
11. **Chief Operating Officer (COO):** An executive responsible for overseeing the company's daily operations and ensuring the smooth functioning of business processes.
12. **Dividends:** A portion of the corporation's profits distributed to shareholders, typically as a cash payment or additional shares.

13. **Voting Rights:** The ability of shareholders to vote on corporate matters, such as electing directors or approving mergers. Class A shares typically carry these rights.
14. **Dissolution:** The process of closing down the corporation, including settling debts, liquidating assets, and distributing remaining funds to shareholders.
15. **Amendments:** Changes or additions made to the Articles of Incorporation or bylaws, requiring approval by the shareholders or board.
16. **Governing Law:** The legal framework that regulates the corporation, determined by the jurisdiction in which the company is incorporated.
17. **Self-Listing:** The act of a corporation listing its own shares on the stock exchange it operates, requiring adherence to the same listing and compliance standards as other entities.
18. **Transparency:** The obligation of the corporation to provide accurate, timely, and accessible information to shareholders and the public to ensure accountability.

Article I: Name and Incorporation Details

1. **Name:** The name of the corporation is **The Exchange Inc.**
 2. **Registered Agent:** The corporation's registered agent is **Stoppers (Discord: JoshTheNerd)**.
 3. **Principal Office:** The principal office of the corporation is located at **c477 in Reveille, Redmont.**
 4. **Incorporation:** The Exchange Inc. is incorporated under the laws of the Commonwealth of Redmont and is authorized to conduct lawful business, including providing financial services and operating as a stock exchange.
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Article II: Purpose

The Exchange Inc. is organized to provide financial services, including but not limited to the operation of a stock exchange for securities such as stocks, bonds, derivatives, and commodities. The corporation may also engage in lawful ancillary activities as approved by the Board of Directors or shareholders.

Article III: Capital Contributions

1. **Share Classes:** The Exchange Inc. shall have two classes of shares:
 - **Class A Shares:** 1,000 shares, each with voting rights. Class A shareholders are entitled to vote on all matters requiring shareholder approval.
 - **Class B Shares:** 100,000 shares, with no voting rights. Class B shareholders are entitled to receive dividends as declared by the Board of Directors.

2. **Rights and Privileges:**
 - Class A shares grant voting power but do not entitle holders to receive dividends.
 - Class B shares do not confer voting rights but are entitled to dividends at the discretion of the Board.
 3. **Transferability:** Shares are transferable in accordance with applicable laws and regulations, subject to any restrictions outlined in this document or future shareholder agreements.
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Article IV: Management Structure

Board of Directors

1. **Composition:** The corporation shall be governed by a Board of Directors consisting of:
 - 1 Chairman
 - 1 Vice Chairman
 - 4 additional directors
 - At least 50% of the Board must be independent members.
2. **Election and Terms:** Directors are elected or appointed by shareholders and may serve for up to six weeks before requiring a shareholder vote to confirm their continuation. Additionally, any Director may be terminated from the Board upon an agreement of $\frac{2}{3}$ or greater of the Board.
3. **Responsibilities:** The Board of Directors is responsible for:
 - Overseeing the corporation's strategic initiatives and corporate governance.
 - Approving major decisions and monitoring the company's financial health.
 - Ensuring compliance with applicable laws and regulations.
4. **Compensation:** Each Director is entitled to a weekly pay of \$1,000.

Executive Officers

1. **Appointment:** Executive officers are appointed by the Board of Directors and include:
 - **Chief Executive Officer (CEO):** Responsible for implementing the Board's vision and overseeing daily operations.
 - **Chief Operating Officer (COO):** Manages daily operations and collaborates with department heads. This role may rotate or change as needed.
 - Additional roles such as CFO or CTO may be established based on the company's needs.
 2. **Authority:** Officers act under the supervision of the Board and within the scope of their designated roles.
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Article V: Dividends and Profits

1. **Dividend Policy:**
 - a. Dividends are distributed at the discretion of the Board of Directors based on proportion of shares held and company performance.
 - b. Class B shareholders are entitled to dividends if declared; Class A shareholders are not eligible for dividends.
 2. **Distribution Guidelines:** The Board shall vote on the allocation of profits to dividends, ensuring compliance with legal and financial obligations.
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Article VI: Amendments

1. Amendments to these Articles of Incorporation or the corporation's bylaws require the approval of members collectively holding at least **75% of Class A voting rights**.
 2. Proposed amendments must be presented to shareholders and Directors at least one week prior to any vote.
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Article VII: Dissolution

1. **Approval Threshold:** The dissolution of the corporation requires approval of members collectively holding at least **75% of Class A voting rights**.
 2. **Asset Distribution:** Upon dissolution, remaining assets shall be liquidated and distributed to shareholders after all debts and liabilities are satisfied, in accordance with share class rights.
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Article VII: Miscellaneous Provisions

1. **Governing Law:** This document and all corporate affairs shall be governed by the laws of the Commonwealth of Redmont.
 2. **Compliance:** The corporation shall comply with all relevant financial, securities, and corporate governance regulations applicable to publicly traded companies.
 3. **Self-Listing:** As a publicly listed corporation on **The Exchange**, the company shall maintain transparency and adhere to the same standards as other listed entities.
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Article VIII: Share Issuance and Buybacks

Share Issuance

1. Authorization to Issue Shares:

- The Board of Directors is authorized to issue additional shares of the corporation, subject to the following:
 - **Class A Shares:** Any issuance of additional Class A shares requires the approval of shareholders holding at least **75% of existing Class A voting rights** to prevent dilution of control.
 - **Class B Shares:** The Board may authorize the issuance of Class B shares without shareholder approval, provided that the issuance does not violate securities laws or exceed the total authorized share limit of 200,000 Class B shares.

2. Limitations on Share Issuance:

- Any issuance of new shares, regardless of class, must comply with the following:
 - **Fair Market Value:** Shares must be issued at or above fair market value which shall be determined based on the current stock price if publicly traded, or by an independent valuation conducted by a qualified third-party appraiser if the shares are not actively traded.
 - **Disclosure Requirements:** The corporation must publicly disclose the purpose, terms, and recipients of newly issued shares in compliance with applicable securities laws.
 - **Proportionality Clause:** Share issuance may **alter ownership proportions**, and there is no obligation to increase shareholders' shares proportionally, as this is inconsistent with public market practices. Shareholders may mitigate dilution by participating in subsequent offerings.

Share Buybacks

1. Authorization for Buybacks:

- The Board of Directors may authorize the repurchase of the corporation's shares, subject to the following conditions:
 - Share buybacks must not harm the corporation's ability to meet its financial obligations.
 - Buybacks must comply with applicable securities regulations, including disclosure requirements.

2. Approval Requirements for Buybacks:

- The Board may authorize Class B share buybacks at its discretion, provided funds are available.
- Class A share buybacks that alter voting control or exceed 20% of outstanding Class A shares must be approved by **75% of Class A voting rights**.

3. **Transparency:**

- The corporation must disclose the terms, purpose, and financial impact of any share buyback program to shareholders and regulatory bodies.

4. **Prohibited Buybacks:**

- The corporation shall not repurchase shares if doing so would:
 - Lead to insolvency or breach of financial covenants.
 - Disproportionately benefit specific shareholders or insiders, violating fair market practices.
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Article IX: Dispute Resolution and Exit Strategies

1. **Dispute Resolution:**

- a. Any disputes arising between shareholders or between shareholders and the corporation shall first be addressed through good faith negotiations.
- b. If negotiations fail, disputes shall be resolved through mediation conducted by a neutral third-party mediator agreed upon by the parties involved.
- c. Should mediation prove unsuccessful, disputes shall be submitted to binding arbitration in accordance with the rules of the Redmont Arbitration Association. The arbitrator's decision shall be final and enforceable.

2. **Exit Strategies:**

a. **Shareholder Buyout:**

- i. For **private transactions** of shares (outside the public market), shareholders must notify the corporation and existing shareholders of their intent to acquire 100% of both Class A and Class B shares.
- ii. Existing shareholders or the corporation may negotiate the purchase of these shares, subject to fair market value determined by an independent valuation.
- iii. All private transactions must comply with applicable securities laws and the disclosure requirements of The Exchange.

b. **Forced Sale:**

- i. If a shareholder's actions harm the corporation, the Board may, with **75% of Class A voting rights**, recommend a forced sale of the shareholder's shares.
- ii. Such a sale may only proceed in compliance with public market regulations, ensuring transparent disclosure and adherence to insider trading laws.
- iii. The forced sale may be executed through a public offering or a negotiated purchase by other shareholders or the corporation, subject to securities regulations.

c. **Dissolution Trigger:**

- i. In the event the corporation becomes unable to meet its obligations or operate effectively, the dissolution process will require the approval of **75% of Class A voting rights**.
- ii. Dissolution must comply with the regulations governing publicly listed companies, including public disclosures, settlement of outstanding liabilities, and orderly liquidation of assets.

EXECUTED ON January 22, 2024, by the Board of Directors and shareholders of **The Exchange Inc.**

Acknowledgment

By: *Stoppers*

Name: Stoppers

Title: CEO and Chairman of the Board of Directors

Date: 1/22/24