# The Smileycoin Fund

## 1 Background

The **Smileycoin Fund** is a fund in the Smileycoin electronic currency[1].

The Smileycoin, or SMLY, is a cryptocurrency, mined since 2014 and since 2017 using several mining algorithms, with a limiting amount of some 48,511,868,000 SMLY to be mined. Initially 50% of this amount were **premined** and set aside for use primarily as rewards for students, as documented and openly announced at the Smileycoin information page[2].

The fund is initialised with the remainder of this **Smileycoin Premine**, starting with a total of 15,500,000,000 Smileycoin.

The fund is operated by the **Smileycoin Board**, composed of one representative from each of

- University of Iceland, represented by the Office of the Rector
- Education in a Suitcase (aka Styrktarfélagið Broskallar),
- African Maths Initiative
- Shuttle Thread Limited

Technically, the Board receives its mandate to control the funds by owning the electronic keys needed to transfer from the funds. This is described in more detail below.

The Board elects one member as a chairman of the Board. The chairman will ensure that these rules are adhered to.

The Board will only use Smileycoin from the fund following acceptance of a proposal, provided as a formal application, as described in section 2.

The Board's **purpose** is to handle the Smileycoin Fund using transfers in response to **accepted proposals**, using the following **Operating Rules**

- Any proposed expenses are announced to the entire Board prior to transfer, as a request for comment
- Any transaction from the fund needs two cryptographic signatures
- At least 75% of spending (the transaction outputs) must go to the tutor-web or a comparable organisation (see below)
- At most 25% of the spending can be grants for special R&D projects and projects to promote the use of the Smileycoin (see below)

The Board will conduct regular business, as described in the **Operating Rules** above, by electronic mail and responses to those proposals, which are without objections. A formal **Board Meeting** is required if a Board member declares opposition to a transfer. A formal Board Meeting is also required to change these rules of procedure.

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[1] For a technical description of Smileycoin, see http://ledgerjournal.org/ojs/index.php/ledger/article/view/103/84

[2] at https://tutor-web.info/smileycoin

## 2 Applications

The Board will accept grant applications, to be dispensed from the Smileycoin Fund, sent by electronic mail to board@smileyco.in. Applications may be submitted by persons or organizations or even anonymously on behalf of established educational web systems such as tutor-web.net. Applications may be rejected during a preliminary evaluation phase (**Phase I**) before being considered by the Board, if they do not conform to the **Application Rules** below. **Conforming Applications** are placed in an interim **Pool** after the Phase I evaluation. Any Board member can pick up an application from the pool of Conforming Applications and submit to the full Board for consideration (**Phase II**), possibly proposing an amended (reduced) grant amount.

If a Phase II application receives no objections by the Board within a week, the submitting Board member may generate a transaction for issuing the funds and request a second signature from any Board member. The request for a second signature must be sent to all Board members.

Applications must describe how the Smileycoin will be utilized and should conform to the following Application Rules, describing how the grant may be used:

- for rewarding students in a **freely accessible educational system**
- for **Related R&D projects**
- for R&D projects to **promote the use of the Smileycoin**

A freely accessible educational system is a piece of software or web site which provides general, open and free access to its content, in the spirit of but not restricted to the tutor-web system at http://tutor-web.net. Notably this may include copies of the tutor-web system, installed in new locations, but it may also include other systems. Priority will be given to open and non-profit systems and organisations.

A Related R&D project can be any research or development project relating to the tutor-web system, the Smileycoin or on more general educational technologies. Normally these will be non-profit research projects on educational systems or the effects of grading schemes, reward schemes and so forth.

An R&D project to promote the use of the Smileycoin can be a project of any type with this goal. In particular this may be a project to use the Smileycoin in a commercial product.

In case of an objection to a transfer, the submitting Board member may request a formal Board meeting.

Technically, the operating rules are implemented using electronic mail announcements and a single multisig address requiring 2 out of 4 signatures[3].

Any change from a transfer will be sent back to the same multisig address, maintaining the entire fund in a single address at all times.

[3] For a description of multisig addresses, see https://tutor-web.net/comp/crypto251.0/

## 3 Board meetings

A Board meeting is required if a formal objection is given for a proposed transfer. A Board meeting is also required to change these rules of procedure. A Board member may also request a meeting.

A Board meeting is chaired by the chairman of the Board. Any Board member may submit a proposal to a Board meeting and a simple majority decides on the outcome. In the case of a tie the chairman's vote resolves the tie. Decisions of Board meetings are considered binding if at least three members are present.

Decisions to change these rules of procedure need two Board meetings, set at least two months apart. In between these meetings the changes need to be announced publicly on major fora accessible to and used by the body of Smileycoin holders and developers.

Minutes of Board meetings will be taken and made public.
The Board may make or delegate public announcements, in traditional media or public fora.

A Board member will abstain from discussion and voting in cases of conflict of interest. Such instances include but are not limited to affiliations with or involvement in any organization or entity with any financial interest (such as employment, consultancies, stock ownership, or other equity interest), or non-financial interest (such as personal or professional relationships, affiliations, knowledge or beliefs) in the subject matter or materials discussed. Personal conflicts of interest include conflicts pertaining to close family members or others to whom the member has personal or financial relations. Board members who have a conflict of interest will not participate in any stages of a case. A Board member who has a conflict of interest shall notify the chairman without delay. When a Board member abstains from a case, this will be noted in the minutes.

It is the responsibility of the chairman to ensure that the Board operates according to these rules.

## 4 Accounting

The entire Smileycoin Fund will be associated with a single Smileycoin address. Any transfers to other parties will be set up to leave the remaining funds in the same address.

Accounting is thus on the blockchain and openly accessible by anyone with Internet access.

The address used for the Smileycoin Fund will be `3JT9LAzuMChCifVoQQK18BQV9z4BzpbQVH`

## 5 Indemnification

Board members operate on behalf of the Smileycoin fund. They will not be held personally liable for third party claims made to or in relation to the Smileycoin fund, including incidental costs associated with such claims.

## 6 Signatories

Transactions from the Smileycoin fund are signed using two private keys, corresponding to two of the following addresses:

- University of Iceland: `BPbwDW2AWsE9KmFDRi1K6QrUdrHvkfbxfn`
- Education in a Suitcase: `BSZNAqFuQCH3hZTqwmrqv8LDYPJuEYWfyv`
- Shuttle Thread Limited: `BLE92S2zXshaczZ8GrojAXp8yD54UGRHDk`
- African Maths Initiative: `BMv1CU9d9ghzB5HdtahWYz9N6NGpFVpSVB`

## 5 Activation

The Board becomes active when this agreement is signed by all parties and funds have been transferred to the Smileycoin Fund address.

SIGNED for and on behalf of:

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|---|---|
| **University of Iceland:**<br><br>Jón Atli Benediktsson, Rector<br>Date: March 5, 2019 | **Education in a Suitcase (Styrktarfélagið Broskallar):**<br><br>Gunnar Stefánsson, CEO<br>Date: 5/3/2019 |
| **Shuttle Thread Ltd**<br><br>Jamie Lentin, Director<br>Date: 28/01/2019 | **African Maths Initiative**<br><br>Mbasu Zachariah<br>Date: 29/01/2019 |

# Annex: Discussion and explanation

The virtue of having at least 4 on the board is because this reduces the risk associated with one lost computer (or wallet or private key). If one person out of 3 loses a wallet, then any remaining transactions require both signatures from the two remaining signatories, with no room for vacations or sick leave. Hence the choice of at least 4.

The virtue of requiring only 2 signatures (as opposed to 3 out of 6 or 3 out of 4) is that in this setup one person can send a partially signed transaction to the email list and it only requires one person to sign it and send it to the Smileycoin network. Requiring 3 signatures involves extra complexity in the emailing process, avoided by only requiring 2.

Before the fund is set up, each of the four signatories generates and has the sole access to their own private key. Each transmits the corresponding public key to the chairman who sets up the multisig address. The chairman will send the redeem script to all other Board members, after which any Board member can generate a spending transaction as discussed above.[4]

It will be important for each public key to be safe and stored not just on a single device but also on either paper or a USB stick in a safe location.

It is important that no individual have access to more than one private key. This is not just a question of the Board trusting each other but a question of perception to the outside world.

**Pre-implementation trials**

The entire setup will be tested beforehand by setting up the multisig address, depositing to it and having various pairs of people sign off transactions to the tutor-web. After this the entire remainder of the premine will be transferred to this single address.

**Signatures**

The Smileycoin addresses, whose corresponding private keys can be used to sign transactions from the fund, are listed in this document. The PDF version of this document has been signed by each of those keys and the resulting signatures have been encoded on the Smileycoin blockchain.

[4] For a description of this process, see https://tutor-web.net/comp/crypto251.0/lec30000/sl30060

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