

	(1) No legal entity	(2) DAO engages company to conduct certain activities	(3) DAO registers as Pte Ltd company	(4) DAO registers as CLG	(5) DAO forms trust to conduct certain activities
Descript ion	DAO with no registered legal entity may be deemed a general partnership or unincorporated association.	<ul style="list-style-type: none"> DAO remains unregistered as in (1). However, DAO contractually engages company to conduct activities e.g. hold assets, contract with third parties. 	DAO members register Pte Ltd company and become shareholders/members of the company. Pte Ltd coy may distribute profits as dividends and raise capital by shares.	DAO members register company limited by guarantee (CLG) and become members of the company. CLGs do not have shares and may not distribute profits as dividends.	<ul style="list-style-type: none"> DAO remains unregistered as in (1). However, DAO forms trust and procures trustees to conduct activities e.g. hold assets, contract with third parties.
Membe rship & Governan ce	DAO maintains register of members based on token holding. Unless specified otherwise as binding contract, majority of members have controlling power. Every member as partner can legally bind the whole partnership.	DAO membership as in (1). However, certain DAO members (likely founders) will be shareholders or members of the company as well as directors. Company's directors will manage company and be subject to fiduciary duties. Company should act according to terms of agreement with DAO.	DAO members are also members of the company. Shareholding may reflect token holding. Directors must be appointed to manage company. Directors have fiduciary duty to company. Subject to binding contract terms of DAO membership, minority may enjoy legal recourse in event of oppression or commercial unfairness.	Same as (3), save that DAO members have no shares.	DAO membership as in (1). However, certain DAO members (likely founders) may be trustees. Or professional trustees may be engaged. Professional trustees must be licensed or exempt (e.g. lawyers, private trust). DAO may direct trustees according to terms of trust. As trustees are subject to strict fiduciary obligations acting in the interests of the trust / beneficiaries, this would engender trust.
Liability	All members may be potentially exposed to unlimited liability of the whole partnership or association. The DAO will not be treated as a separate legal entity.	DAO members are exposed to liability as in (1). The company (which may be Pte Ltd or Ltd) is a separate legal entity and will enjoy limited liability protection.	Company is a separate legal entity. Members enjoy limited liability protection as shareholders.	Company is a separate legal entity. Members enjoy limited liability protection as shareholders.	DAO members are exposed to liability as in (1). The trustee is a separate legal person but may be exposed to unlimited liability.
Propert y & Contrac ts	DAO cannot hold assets or contract with third parties in its own name but through certain members or as a general partnership.	DAO may engage company to hold assets or contract with third parties. Depending on terms, asset holding may be a trust, bailment/custodian, or some other arrangement.	Company may hold assets and contract with third parties.	Company may hold assets and contract with third parties.	DAO may engage trustee to hold assets or contract with third parties.
Tax	Each member of a partnership will be taxed on its income.	<ul style="list-style-type: none"> DAO members taxed as in (1). Company subject to corporate income tax rate: 17%. 	<ul style="list-style-type: none"> Company subject to corporate income tax rate: 17%. Members are not further taxed on company's profits or taxed on profits distributed by company as dividends or on capital gains of shares. 	<ul style="list-style-type: none"> Company subject to corporate income tax rate: 17%. Members are not further taxed on company's profits. 	<ul style="list-style-type: none"> DAO members taxed as in (1). Trustees subject to income tax. Tax liabilities borne by DAO.
Other Comme nts	<ul style="list-style-type: none"> Decentralisation and efficiencies of administration and governance from blockchain tech likely to be achieved. Unless terms of DAO explicitly specify and are binding, minority members have little recourse if disagree with, or oppressed by, majority. Possible legal recourse: court dissolution, provided partnership registered at all. 	<ul style="list-style-type: none"> High level of trust in engaged company required as relationship between DAO and company merely contractual. While legal recourse may be available, enforcement against trustee subject to risks, resource-constraints and practical challenges. Query whether smart contracts and contractual legal enforcement sufficient for enforcing DAO governance decisions. If company is deemed to provide a service of custodian of securities, licensing under Securities and Futures Act (SFA) required. If company is deemed to provide a trust service, then licensing under Trust Companies Act required. 	<ul style="list-style-type: none"> Goals of decentralisation and efficiencies of administration from blockchain may be defeated. DAO governance decisions will need to be additionally and separately recorded and enforced through traditional corporate action. There may be different classes of shares with different rights. Pte Ltd company can only have maximum 50 shareholder-members. Beyond which, it becomes a public limited company. Stricter administration (secretary must be qualified person; AGM mandatory) and regulations; finances would have to be audited and availed to public. Offer of membership equivalent to offer of shares, which would be regulated by Securities and Futures Act for prospectus and other requirements, unless safe harbour exemptions apply. 	<ul style="list-style-type: none"> CLG ideal for non-profit arrangements as no profit distribution permissible. As there is no share capital, company may not be able to differentiate members' rights or returns based on shareholding. 	<ul style="list-style-type: none"> High level of trust in engaged trustee required. While legal recourse may be available, enforcement against trustee subject to risks, resource-constraints and practical challenges. Query whether smart contracts and legal enforcement of fiduciary duties sufficient for enforcing DAO governance decisions.