

USD ONE WHITEPAPER

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1. EXECUTIVE SUMMARY

This whitepaper unveils our groundbreaking stablecoin, USD One (USD1), which revolutionizes the digital asset landscape. Our mission is to empower users with a transformative instrument issued by Kinesis Global Ltd Pty, that combines the stability of cash reserves, an all-risk surety contingent contractual right and the seamless efficiency of advanced blockchain technology. By offering collateralized and contingent contractual right digital asset, our stablecoin ensures the utmost security, transparency, and transaction reliability.

In particular, the innovative addition of the all-risk contingent contractual right feature linking the value between the assets backing USD1 and the USD1 in circulation, effectively underpins the USD1/USD Peg. This strategic fusion of traditional stability and cutting-edge innovation allows users to confidently navigate the digital economy, unlocking a world of possibilities while maintaining the utmost trust in their financial interactions.

USD1 is designed as a blockchain-based stable digital token intended to provide a consistent store of value for users interacting with decentralized systems. It is not a payment facility, investment vehicle, or speculative instrument. USD1 holders can leverage the token to maintain stability within blockchain ecosystems while avoiding exposure to the volatility often associated with digital assets. This ensures USD1 serves a practical role in enabling secure, non-volatile digital interactions without constituting a financial product under applicable laws.

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2. INTRODUCTION

Cryptocurrencies have several advantages over fiat currencies. For example, it's much faster than bank wire, has lower transaction costs, is publicly auditable, and ensures the security and privacy of users' identities. However, there are several barriers to the mainstream adoption of cryptocurrencies.

Crypto is also known for its volatile nature, and its value can fluctuate drastically over a short period of time, making them a risky form of investment and limiting usage in daily transactions.

Stablecoins are digitally native instruments that are designed to maintain a stable value compared to an external reference asset, usually a fiat currency such as the U.S. dollar. They provide a bridge between the traditional financial system and the crypto-economy, allowing fiat currencies to exist in a form that can move more freely and more efficiently on blockchains. Unlike conventional transaction methods, stablecoins require no centralized intermediary. Stablecoins are designed to maintain a stable price so users can avoid market volatility risks.

USD1 has been carefully structured to ensure it is not classified as a financial product under Australian law. It is neither a non-cash payment facility nor an investment scheme. USD1 does not facilitate the discharge of payment obligations between parties, and its role is distinct from traditional payment systems. It is instead designed as a utility token that serves as a reliable store of value for users engaging in blockchain-based

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activities. USD1 is not marketed or intended for speculative purposes, and its operational design ensures compliance with relevant regulatory requirements. In time, when the infrastructure is designed in accordance with ASIC guidelines, USD1 may be designated as a financial product i.e. a non cash payment facility.

USD1 provides users with a stable digital currency that is backed by fiat currency (i.e. the U.S. dollar), which can help reduce the volatility in the cryptocurrency market. This makes it more appealing to investors and users, who are wary of the volatility associated with traditional cryptocurrency price fluctuations.

USD1 can be deployed in use cases that improve the efficiency of financial transactions by reducing transaction costs and improving the speed and accuracy of these transactions in a secure manner. USD1 can also be deployed in use cases that facilitate cross-border transactions and reduce the fees and processing times associated with traditional methods.

The stability of a fiat-backed stablecoin is preserved through the maintenance of a 1:1 peg with the corresponding fiat currency. This is achieved by meticulously ensuring that the value of the reserve assets held matches or exceeds the total quantity of outstanding stablecoins. In essence, the reserves support the issuer's commitment to claim the stablecoin at its nominal value, subject to various contractual contingencies. It is important to note that USD1 operates under rigorous custodial arrangements, and that the claim is a debt one against Kinesis in nature – users have no rights in connection with the reserve itself.

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Furthermore, the USD1 can be programmed, allowing financial contracts, escrow, and insurance without intermediaries.

3. ADVANTAGES

● **Transferable**

As a fungible form of digital instrument, USD1 enables frictionless and streamlined transactions, rendering it a convenient choice for a wide range of applications and scenarios.

● **Redeemable**

USD1 is backed by high-quality reserves- cash and cash equivalents, which enable holders the ability to claim under a debt arrangement their USD1 Digital Currency for their equivalent value in US dollars, subject to various contractual contingencies.

This feature provides safety to the stablecoin reserves, and users can trust that USD1 is intended to always be 1:1 backed.

● **Programmable**

USD1 is programmable, allowing for the creation of smart contracts, escrow services, and insurance arrangements without intermediaries. This programmability empowers users with greater control over their transactions while reducing transaction costs and increasing transaction speed and accuracy.

● **Low Fees**

One notable benefit of USD1 as a digital currency on the blockchain is its ability to offer cost-effective transactions with minimal fees. Unlike traditional financial transactions,

which often incur high fees, blockchain-based transactions generally involve lower costs. This cost-efficiency makes USD1 an attractive and economical choice for users.

- **Operates on Decentralized Networks**

As a stablecoin built on blockchain technology, USD1 operates on decentralized networks that are distributed across multiple nodes. In so doing, it enhances transparency, security, and resilience, as no single entity has complete control over the network.

- **Isolated from Custodian's Bankruptcy**

The fiat reserves of USD1 are held in reserves with the appointed custodian, Currency One Pty Ltd, in an account segregated from the custodian's operational account. This means that even in the unlikely event of the custodian's bankruptcy, the reserves backing USD1 (to the extent they are held with or under the name of the custodian) are kept separate from the custodian's other assets and protected, ensuring that the stablecoin remains stable and secure.

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4. TECHNOLOGY STACK

Each USD1 issued into circulation is intended to be backed in a one-to-one ratio with the equivalent amount of corresponding fiat currency held in reserves with the appointed custodian, Currency One Pty Ltd.

USD1 will be issued on the Stellar network, which follow the native Stellar standards. This decentralized blockchain provides consensus confirmation of transactions using Proof of Consensus, providing immutability of records and public transparency to market participants. Additionally, USD1 will be available as an ERC20 token, thereby ensuring the most the most widely accepted entre and listing by exchanges around the globe. In time, USD1 will be considered to be issued on other blockchains to bring the benefits of the Digital Currency to a broader audience of developers and end users. The addition of subsequent blockchains will be subject to criteria covering technical diligence, the extent of market adoption of the blockchain, and risk review.

By using established public ledgers, market participants can utilize existing monitoring applications to view coins in issuance and transactions. In this way, participants can follow coins issued or claimed by Kinesis Global Pty Ltd as well as other on-chain transactions. Note that distributed ledger technology subject to transaction verification via the Proof of Consensus mechanism may result in verification fees paid to participants engaged in consensus activities. Fees may vary across blockchains.

USD1 has a robust and secure underlying technology that can handle large volumes of transactions and ensure the stability of the coin's value. We've worked with experienced

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blockchain developers and auditors to ensure the stability and security of your stablecoin.

a. Stellar Blockchain

Stellar is a blockchain platform renowned for its transparency and user-friendly design, making it easily auditable even for non-technical individuals. Its ledger-based architecture ensures that transactions are openly recorded and accessible, contributing to a high level of accountability. What sets Stellar apart is its emphasis on simplicity through built-in operations, allowing for straightforward creation and management of digital assets and transactions. Unlike platforms with smart contracts, Stellar's approach minimizes the risk of hidden bugs or backdoors, ensuring a more secure and predictable environment. With its focus on cross-border payments and remittances, Stellar's streamlined processes and native currency, Lumens (XLM), facilitate swift and cost-effective transactions. These features collectively make Stellar an ideal platform for constructing a more transparent, efficient, and inclusive global financial network.

b. USD1 Digital Currency

USD1 is a stablecoin available on Stellar public Blockchain. It conforms to Stellar asset issuing guidelines and allows market participants to leverage Stellar ecosystem to obtain and trade USD1.

USD1 is a digital asset on Stellar Blockchain. Asset issuance on Stellar entails four basic steps: (ref. https://resources.stellar.org/hubfs/Asset_Issuance_on_Stellar.pdf)

1. Create an asset identity which includes asset code (USD1) and asset issuer (Stellar account).
2. Create asset distributor account

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3. Create a trust-line from distributor to asset
4. Execute a payment transfer of the digital currency from the issuing account to the distribution account.

Key concepts integral to Stellar:

Account: A Stellar account refers to a digital wallet within the Stellar blockchain, enabling users to store, send, and receive a variety of digital assets. These assets encompass the native cryptocurrency XLM, as well as participation in Stellar network's decentralized applications and services.

Multi-signature: Using multiple Stellar accounts “signers” to sign “approving” before a transaction can be broadcast on-chain.

Transaction: A Stellar transaction constitutes a digital record detailing the movement of assets (such as XLM or other Digital Currencies) on the Stellar blockchain. It encompasses the sender's source account, the recipient's destination account, along with optional operations or memo information.

Operation: A Stellar operation denotes a specific action carried out within a transaction. This could encompass various activities like asset issuance, trust-line establishment, and other network-related actions, all documented on the Stellar blockchain.

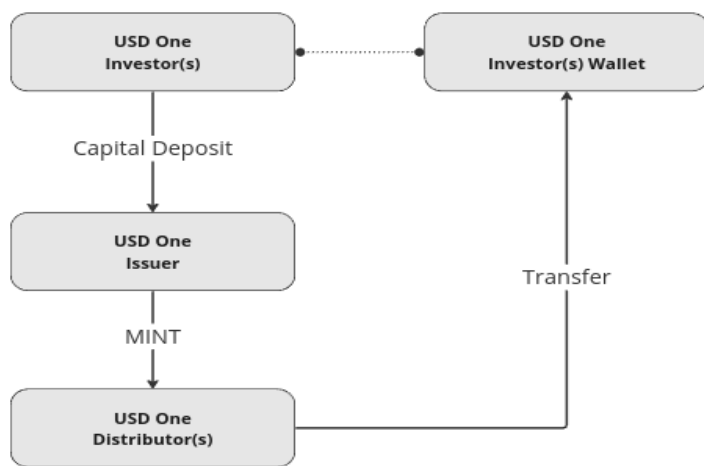
Trust-line: A Stellar trust-line denotes a permission granted by an account holder to accept a particular type of asset from another account within the Stellar network.

Custodial Accounts: A pool account where individual customer transactions are identified via transaction's memo.

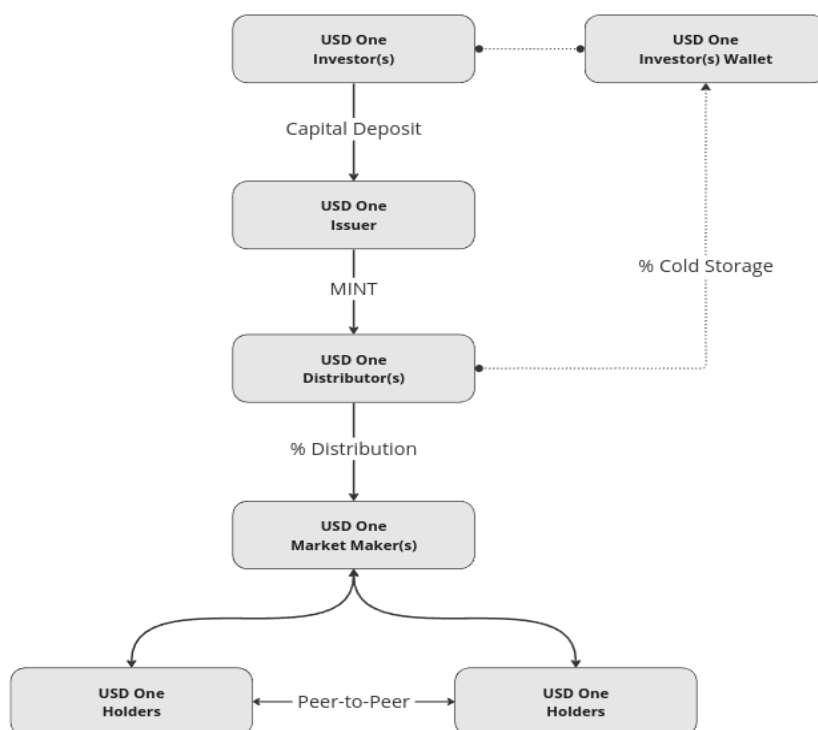
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Minting USD1

USD1 investors can



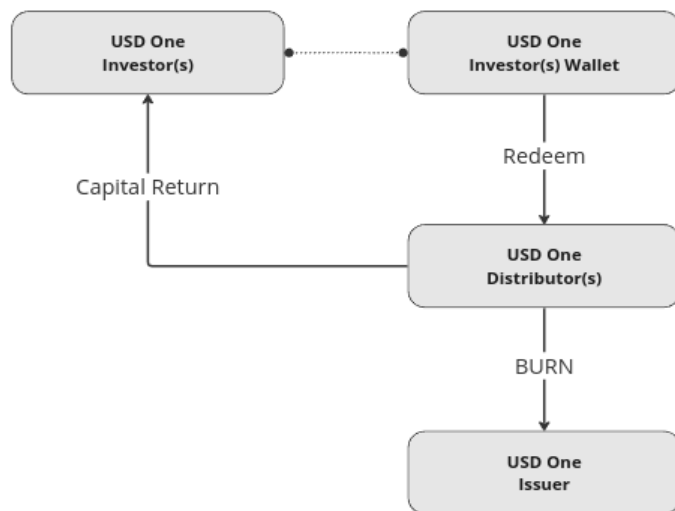
USD1 Market Maker



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USD1 Redemption

USD1 investors can make debt claim requests ...



5. ATTESTATION OF RESERVES

The attestation process verifies that the entire supply of USD1 stablecoins in circulation is consistently fully supported by an equivalent value of cash or cash equivalents held in the secure custody of Currency One Pty Ltd.

By undergoing attestations that are carried out by independent auditors, reserves are made transparent to users, granting them the ability to independently and promptly confirm that cash reserves effectively back the stablecoin asset.

6. SURETY BOND FINANCIAL GUARANTY

The USD1 Issuer and Custodian, have partnered with the SURE Capital Management Fund (SCMF) to issue an all-risk surety bond financial guaranty covering USD1 and USD1 backed assets.

SCMF distinguishes itself in the financial landscape by being established as a fund backed by an All-Risk Surety Financial Guaranty provided through the Top 10 A+ rated global assurance providers. This unique feature positions SCMF as the sole prime fund fortified by an all-encompassing financial guaranty designed to safeguard the interests of its investors and institutional partners. The bedrock of SCMF's financial security lies in its association with the top-tier assurance providers, each holding an A+ rating, indicative of their exceptional financial strength and stability. These providers, known for their global reputation, contribute to the establishment of a robust financial guaranty that encompasses various risk factors, ensuring a comprehensive shield against potential challenges and unforeseen events. The strategic alignment with global assurance leaders underscores SCMF's commitment to maintaining the highest standards of financial security in its operations.

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USD1 participants are the ultimate beneficiaries of the SCMF All-Risk Surety Financial Guaranty from Top 10 A+ rated global assurance providers, as the peg between USD and USD1 are effectively contingent contractual right, this being the world's first in the stablecoin universe.

While USD1 is underpinned by high-quality reserves and enhanced with a surety bond for operational assurance, these features are designed solely to reinforce the operational stability and integrity of USD1. The surety bond is not a guarantee of financial returns, payment obligations, or speculative gains. Instead, it underscores USD1's purpose as a stable-value utility token for blockchain ecosystems.

7. POTENTIAL USE CASES

USD1, as many other stablecoins, offers various use cases in both the financial and technological sectors due to its inherent stability and digital nature. Note that these use cases are not services or functions provided or operated by Kinesis Global Pty Ltd, but rather, third party service providers. Some prominent product and tech use cases can include:

- **Non payments Remittances:** Stablecoins enable fast and cost-efficient cross-border transactions, making them an attractive option for remittance services. Utilizing stablecoins reduces the fees and latency associated with traditional remittance methods.

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- **DeFi:** USD1 may offer stability to yield farming, lending, and borrowing platforms. Users can lend or stake their stablecoins to earn interest or participate in liquidity mining programs.
- **Escrow services:** USD1 can be used as a means of collateral in escrow services, providing a more predictable and stable value in comparison to volatile cryptocurrencies.
- **Hedging against volatility:** Traders and investors can use USD1 as a safe haven asset during periods of high market volatility. By converting their volatile cryptocurrencies to FDUSD, they can temporarily protect their investments from unforeseen price fluctuations.
- **Financial Inclusion:** USD1 can be utilized in regions with underdeveloped financial infrastructure, offering access to essential financial services like savings, loans, and insurance products. This can help bring financial stability and security to individuals and businesses that lack traditional banking services

8. PARTNERSHIPS & INTEGRATIONS

Partnerships and integrations can play a crucial role in the success of the Kinesis Global stablecoin project. By collaborating with projects and platforms, USD1 may be able to increase its adoption and provide users with more opportunities to use the stablecoin in various ways.

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8.1 Exchanges

We aim to partner with cryptocurrency exchanges to increase their liquidity and trading volume. By listing on popular exchanges, stablecoins can become more accessible to users and improve their overall utility.

8.2 Speculation

A key offering of USD1 is to give users exposure to USD, though without the transaction fees that commonly accompany stores of this currency in transactions. By removing all the financial intermediaries, USD1 offers a more efficient way of purchasing, transaction and storing value in USD.

8.3 Wallet Providers

We also aim to partner with wallet providers to make it easier for users to store and transact with the stablecoin. This can increase the user base of the stablecoin and make it more convenient for users to hold and use the stablecoin.

8.4 DeFi Project

Decentralized finance (DeFi) platforms can integrate USD1 to provide users access to decentralized lending, borrowing, and trading. This can increase the overall utilities of the stablecoin and provide users with more opportunities to earn interest on their holdings.

8.5 Cross-chain Integrations

USD1 will be integrated with other blockchains to enable cross-chain transfers of value. This can increase the interoperability of the stablecoin and make it more useful in a multi-chain ecosystem.

9. RISK FACTORS

Issuers of collateralized stablecoins need to ensure robust reserve asset management to instill confidence, ensure the stability of the peg and avoid a run on the coin with possible contagion to the financial sector. Like money market funds (MMFs), reserve assets of stablecoins need to be liquid to allow users to redeem their stablecoins in fiat currency. Meticulous management of reserve assets underpins users' confidence in stablecoins. A loss of confidence could trigger large-scale redemption requests leading to the liquidation of reserve assets with negative contagion effects on the financial system.

9.1 Potential Risks of Stabilization Mechanism

Similar to other products, stablecoins carry risks for investors and users. These risks depend on a range of factors, including the design of the stablecoin arrangement and its applications. Stablecoins that are fully backed by high-quality liquid assets carry substantially lower risks for investors and users than other stablecoins, particularly algorithmic stablecoins. A key element of stablecoin issuance is the stabilization mechanism, which aims at reducing volatility and underpins an expectation that

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stablecoins will be redeemed at par, on demand. For most stablecoins covered in this note, the stabilization mechanism is a peg to a fiat currency sustained by reserves. Stablecoin issuers and network administrators face pressure from end users to meet redemptions at, or very close to, par upon request, even if issuers have no obligation to do so. The ability to meet such requests hinges on the safety and liquidity of the assets held as reserves. The management of reserves is specified by the governing body (usually the issuer). Reserves are typically held in custody by a third party. Reserves can vary along a continuum from highly liquid to illiquid depending on the redemption pledge by the issuer and the redemption needs from the end-holders. For USD1, the stabilization mechanism and peg to USD, is augmented by the surety bond financial guaranty in an amount equal to or greater than the underlying assets backing USD1.

9.2 Investment and Redemption Risks

USD1 is backed by money market funds (MMF), including cash, cash equivalents and highly liquid USD sovereign financial instruments, such as US Treasury Bills. Reserves are managed by reputable and regulated investment managers. Custody services of the reserves are provided by Currency One Pty Ltd. Primary risks for users arise from the potential failure of the issuer to fulfill the claimed structural characteristics of the stablecoin. These encompass the stablecoin's nominal value, the investment mandate of the reserves, and the commitment to redeem stablecoins for fiat cash.

The USD1 reserve assets are custodied for the Issuer in accordance with the client money rules where reserve assets are segregated from the company's own assets to isolate the company's bankruptcy. It is intended that USD can be purchased from and

redeemed on a one-to-one basis against U.S. dollars, notwithstanding the secondary market value of USD1.

9.3 Operational Risks

Stablecoins and other crypto assets are exposed to operational risks, including fraud and cyber risks. These risks stem from various factors, including the intricate nature of the cryptocurrency ecosystem, reliance on third-party service providers like exchanges and custody services, as well as the absence of effective remedies for the loss or theft of crypto assets. To mitigate these risks, we employ several strategies for improved security measures to safeguard against cyber threats and implement robust due diligence processes when engaging with third-party service providers.

9.4 Regulatory / Legal Risks

In addition to upholding the fundamental functionalities of stablecoins, our utmost priority lies in fostering strong collaboration with regulatory authorities. We recognize the significance of maintaining compliance with applicable regulations, and as such, we actively engage with regulators to ensure a thorough understanding and adherence to the evolving regulatory landscape. Our commitment to cooperation serves as the guiding principle in navigating this dynamic environment as we strive to deliver innovative stablecoin solutions while upholding the highest compliance standards.

The terms and conditions are also structured in such a way that users provide releases and indemnities to Kinesis in certain circumstances, and they acknowledge the contingent nature of their claims.

9.5 Counterparty Risks

The involvement of financial intermediaries in custody and redemption processes can introduce additional risks, such as delays in claims and increased costs. In certain cases, stablecoin issuers may depend on crypto asset exchanges, market makers, commercial bank/ATM operators, or other money transmitters to facilitate redemption requests and disburse cash to Digital Currency-holders. However, this reliance on third parties can potentially amplify run risks, thereby necessitating careful consideration and risk management to ensure smooth and efficient redemption processes while minimizing any adverse effects on Digital Currency holders. These risks are mitigated by the inclusion of the surety bond financial guaranty, in an amount equal to or greater than the underlying assets held in custody.

9.6 Not a payments mechanism

USD1 is distinct from financial products as defined under Australian law. It does not confer any rights or obligations commonly associated with payment facilities, financial investments, or speculative assets. The risks outlined here are operational and technical, rather than financial in nature, as USD1 is designed purely as a stable and accessible store of value. Users are encouraged to review USD1's role in decentralized applications and ensure its alignment with their blockchain-based utility needs.

9.6 Contingent nature / custodianship

USD1, in the hands of a user, provides a contingent debt claim as against Kinesis. The ability of the user to redeem the asset is contingent on the terms and conditions underlying the use of the asset, which also set out that users do not have any rights in connection as against or with respect to the reserves themselves.

It is important that you read the full terms & conditions, risk disclosures and other available information in connection with USD1, and that you seek independent financial and legal advice if necessary.

10. CONCLUSION

USD1 encompasses a wide array of benefits that greatly enhance user experiences. It combines a contingent contractual right USD/USD1 peg, via a structured financial guaranty, redeemable properties, programmability, regulatory compliance, accessibility, low transaction fees, bankruptcy remote functionality, decentralization and seamless trading capabilities. These attributes collectively create a secure, efficient and convenient digital product option for users, offering reliability and stability in their financial transactions. Whether for cross-border transactions, smart contract executions, or day-to-day transactions, USD1's remarkable features make it an enticing

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choice for users seeking a trusted and dependable solution within the realm of cryptocurrencies.

USD1 represents a stable digital token that combines transparency, security, and blockchain-native utility. It is expressly not intended to function as a payment mechanism, financial product, or investment instrument. Its focus is on delivering stability and value for users participating in decentralized ecosystems, while ensuring compliance with all relevant regulatory standards.

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Glossary of Terms

1. **USD1 user/holder**

An USD1 user or holder refers to an individual or entity that possesses and utilizes stablecoins in the course of their activities.

2. **Issuer**

The stablecoin issuer herein refers to Kinesis Global Pty Ltd, which is responsible for the creation, issuance, and management of a stablecoin.

3. **Money market funds (MMF)**

Money market funds (MMFs) are mutual funds that invest in short-term, low-risk debt securities such as Treasury bills, commercial paper, and certificates of deposit. MMFs are designed to provide investors with a safe and liquid investment option that can generate a modest return while preserving the value of the investment.

4. **Stablecoin**

Stablecoin: A term used to describe a crypto asset that is pegged to underlying reserve assets or managed by software algorithms to enforce price stability. Stablecoins are designed to maintain a relatively stable price so that users can avoid the volatility risks common in the crypto markets. Not all stablecoins are used for payments activities, and USD1 is not designed for this purpose for the time being.

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5. Custodian

Currency One Pty Ltd acts as custodian of the underlying assets of USD1.