

THE OFFER AND SALE OF USDtz HEREIN HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR UNDER THE SECURITIES LAWS OF ANY STATE OR FOREIGN JURISDICTION. THIS OFFERING IS BEING MADE ONLY OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS (AS DEFINED IN SECTION 902 OF REGULATION S UNDER THE SECURITIES ACT) (AND ONLY IN JURISDICTIONS WHERE SUCH OFFER AND SALE IS PERMITTED UNDER APPLICABLE LAW) IN RELIANCE UPON REGULATION S UNDER THE SECURITIES ACT. NO TRANSFER MAY BE EFFECTED EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE AND FOREIGN SECURITIES LAWS PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR AN EXEMPTION THEREFROM.

IF YOU ARE A U.S. PERSON (AS DEFINED IN REGULATION S PROMULGATED UNDER THE SECURITIES ACT) YOU MAY NOT UTILIZE USDtz SERVICES (AS DEFINED BELOW) AND ANY PURPORTED TRANSFER OF USDtz TO ANY SUCH U.S. PERSON IS VOID.

THIS AGREEMENT DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, USDtz IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SOLICITATION.

NO REGULATORY AUTHORITY HAS APPROVED THE MINTING, REDEMPTION OR USE OF THE USDtz TOKENS. FURTHERMORE, NO REGULATORY AUTHORITY HAS CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THE INFORMATION CONTAINED HEREIN, NOR IS IT INTENDED THAT ANY SUCH AUTHORITIES WILL DO SO. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

MINTING, REDEEMING AND OTHERWISE USING THE USDtz SERVICES INVOLVES A HIGH DEGREE OF RISK. YOU SHOULD CAREFULLY REVIEW THIS AGREEMENT, INCLUDING THE INFORMATION AND RISKS DESCRIBED ON EXHIBITS A AND B ATTACHED HERETO, BEFORE DECIDING TO USE THE USDtz SERVICES.

## USDtz User Agreement

Last updates: May 1, 2020

This User Agreement (“**Agreement**”) constitutes an agreement between you (“**you**”, “**your**” or “**User**”) and Tezos Stable Technologies, Ltd., a British Virgin Islands corporation (together with its affiliates, the “**Foundation**,” “**we**,” or “**us**”) governing your use of USDtz and the USDtz Services. Collectively, “**USDtz Services**” are defined as (a) minting USDtz, (b) redeeming USDtz, (c) sending and receiving USDtz, and (d) receiving Harvest (as defined below), if any, in connection with your ownership of USDtz.

By using any of the USDtz Services, you agree that you have read, understood and accept all of the terms and conditions contained in this Agreement. As described in Section 21 herein, we may update this Agreement (including our Privacy Policy) at any time, in our sole discretion. If we do so, we will post the updated Agreement at [www.usdtz.com](http://www.usdtz.com).

To mint and redeem USDtz, you must register for or have an existing account with Tokensoft, Inc. (your “**Tokensoft Account**”) via <http://www.tokensoft.io>. By using your Tokensoft Account, you also agree to all provisions of the Tokensoft Terms of Service available [here](#).

If you do not agree to be bound by this Agreement, do not use the USDtz Services. If you have any questions about this Agreement, please contact us via email at [support@usdtz.com](mailto:support@usdtz.com).

## 1. Scope

Your use of USDtz Services is subject to this Agreement and Foundation's obligations under this Agreement are conditional on your complying with its provisions. You further agree to comply with any terms and conditions as well as diligence requirements of the Foundation or its agents and representatives as may be required from time to time.

## 2. Compliance with Laws

Your use of the USDtz Services is subject to the laws, regulations, and rules of any applicable governmental or regulatory authority, including, without limitation, all applicable tax, anti-money laundering and counter-terrorist financing ("AML") provisions. Our AML procedures are designed to prevent the use of the USDtz Services for money laundering or terrorist financing activities. We take compliance very seriously and it is our policy to take all necessary steps to prohibit fraudulent transactions, report suspicious activities, and actively engage in the prevention of money laundering and any related acts that facilitate money laundering, terrorist financing or any other financial crimes.

You agree and understand that by using the USDtz Services, you will act in compliance with and be legally bound by this Agreement and all applicable laws and regulations. For the avoidance of doubt, your continued use of USDtz Services and the Foundation's obligations to you under this Agreement are conditional on your continued compliance at all times with this Agreement and all applicable laws and regulations.

## 3. Eligibility

You must have a Tokensoft Account in order to access the Tokensoft platform to mint and redeem USDtz. If you are registering to mint and redeem USDtz on behalf of a legal entity, you represent and warrant that (a) such legal entity is duly organized and validly existing under the applicable laws of the jurisdiction of its organization; (b) you are duly authorized by such legal entity to act on its behalf, and (c) such organization (and any affiliate entity) must not have been previously suspended or removed from the USDtz Services or any other service or product offered by Foundation.

You may not use the USDtz Services if (i) you are a U.S. Person (as defined in Regulation S promulgated under the U.S. Securities Act of 1933, as amended (the "**Securities Act**")), (ii) you are a citizen or resident (tax or otherwise) of any country that prohibits the use, transactions in or ownership of digital assets or other similar activities, or where USDtz would be construed as a security or investment product, or where using USDtz Services would violate applicable securities, anti-money laundering or other laws, statutes or regulations, (iii) you are a resident, national or agent of Cuba, North Korea, Sudan, Syria or any other country to which the United States embargoes goods ("**Restricted Territories**"), (iv) you are on the Table of Denial Orders, the Entity List, or the List of Specially Designated Nationals ("**Restricted Persons**"), or (v) you intend to transact with any Restricted Territories or Restricted Persons.

In addition, the Foundation will not provide any USDtz Services to anyone if (a) it would violate any securities, anti-money laundering or other laws, statutes or regulations, (b) any action or proceeding has been threatened or instituted that seeks to prevent, block or enjoin the USDtz Services, or (c) any formal

or informal court or government action has been threatened or taken that would, in the Foundation's sole discretion, be expected to (1) make the USDtz Services illegal or otherwise restrict or prohibit USDtz Services, (2) delay or restrict the Foundation's ability to provide USDtz Services, or (3) impose limitations on the Foundation (or any of its affiliates') ability to conduct its operations. These conditions are for the Foundation's benefit, and the Foundation may waive any or all of them in whole or in part in its sole and absolute discretion, which determination shall be final and binding on all parties.

You acknowledge and agree that you are required to meet these requirements and to take certain actions in order to use USDtz Services, as well as compliance with this Agreement. The Foundation may cancel and/or suspend your eligibility to use the USDtz Services and/or block transactions in USDtz immediately, with or without notice, if we determine, in our sole discretion, that you are in violation of these requirements, notwithstanding your delivery of USDC to the Foundation. Use of USDtz Services may be subject to additional eligibility requirements imposed by Foundation from time to time. All questions as to the validity, form, eligibility of any use of USDtz Services will be determined by the Foundation in its sole and absolute discretion and will be final and binding.

#### **4. Identity Verification**

To use the USDtz Services, you will be required to complete additional verification procedures requested by the Foundation on the Tokensoft platform. You agree to provide us with any information we request, and keep a record of such information for a minimum of seven years or as otherwise required by applicable laws. If you are a baker on the Tezos blockchain, you also agree to provide us with your baker delegation key. You authorize the Foundation to share any and all such information with governmental authorities from time to time. Your ability to access and use the USDtz Services, in whole or in part, may depend on the information you provide. You confirm that the information you provide is and will be accurate and authentic. You agree to keep your account updated if any of the information you provide changes. You authorize us and our agents and representatives to make any inquiries necessary to verify your identity or protect you, the USDtz Services, and/or us, and to take any action we deem necessary based on the results of such inquiries. When we carry out these inquiries, you acknowledge and agree that your personal information may be disclosed to credit reference, fraud prevention, and financial crime agencies, and that these agencies may respond to our inquiries in full. From time to time we may request further information regarding your transactions in order to comply with applicable laws and regulation. Failure to provide such information in a timely fashion may result in the suspension of your ability to use the USDtz Services (until you provide such information), the closure of your Tokensoft Account, and other fines, penalties and remedies available to the Foundation under applicable law.

#### **5. Tokenization and Redemptions**

Subject to the terms of this Agreement and fees where applicable:

- ***Minting.*** For each USDC transferred to the Foundation, one (1) USDtz will be minted and credited into a Tezos blockchain wallet address specified by you (your "**USDtz Wallet Address**"). **Your USDtz Wallet Address must be able to support USDtz.** Otherwise, your USDtz may be sent to a non-compliant wallet address and irretrievably lost.

When transferring USDC to the Foundation to complete a minting of USDtz, please follow the instructions on the Tokensoft platform carefully.

**All funds should be sent in USDC only.** The wallet address provided by the Foundation is only compatible with USDC. If you send any other digital assets or currencies, no USDtz will be minted and you may lose all of your funds. THE FOUNDATION SHALL NOT BE LIABLE FOR ANY DAMAGES, LOSSES, COSTS OR EXPENSES INCURRED BY YOU AS A RESULT OF YOUR SENDING FUNDS OTHER THAN USDC TO THE FOUNDATION’S WALLET ADDRESS, THE INABILITY OF YOUR USDtz WALLET ADDRESS TO SUPPORT AND RECEIVE USDtz, ANY TYPOS OR ERRORS WHEN YOU INPUT THE FOUNDATION’S WALLET ADDRESS OR YOUR USDtz WALLET ADDRESS, OR SIMILAR ERRORS.

- ***Redemption.*** Each USDtz may be redeemed only for one USDC from the Foundation, which will be delivered to a USDC-compliant wallet address specified by you. Importantly, regardless of the amount of over-collateralization of USDtz, each USDtz can only be redeemed for one USDC.<sup>1</sup> When redeeming USDtz for USDC, you must (1) send your USDtz to an address provided by the Foundation, and (2) provide your USDC-compatible wallet address (“**USDC Wallet Address**”) in accordance with the redemption instructions on the Tokensoft platform. You will be solely responsible for any inaccuracies or errors in sending your USDtz to the Foundation’s wallet address, or in providing your USDC Wallet Address. These errors may lead to your USDtz or USDC being sent to the wrong wallet address and irretrievably lost.

Minting and redemptions can be made at any time. There is no maximum on the number of USDtz that can be minted. The maximum number of USDtz that can be redeemed at any time is the total supply of USDtz in existence at such time. If the Foundation elects to discontinue support for minting and redemptions at any time, it will provide at least 30 days’ prior notice to you.

## **6. Network and Smart Contract Modifications**

USDtz operates on the Tezos blockchain and certain smart contracts used in connection with the Collateral operate in conjunction with the Ethereum blockchain. The Foundation does not have any ability or obligation to prevent or mitigate attacks or resolve any other issues that might arise with the Tezos or the Ethereum blockchain. Any such attacks or delays might materially delay or prevent you from using USDtz Services, and the Foundation shall bear no responsibility for any losses that result from such issues. In certain circumstances, including a fork of or a security issue with the Tezos or Ethereum blockchain, the Foundation may be forced to suspend all USDtz Services with little to no warning.

The Foundation reserves the right to migrate USDtz to another blockchain in the future in its sole discretion. Upon Foundation’s request, you agree to take any and all actions reasonably necessary to effectuate such migration of USDtz. If you fail to effectuate such migration, the USDtz may not be compatible with your USDtz wallet going forward. Notwithstanding any other provision of this Agreement, the Foundation will not be responsible or liable for any damages, losses, costs, fines, penalties or expenses of whatever nature, whether or not reasonably foreseeable by the parties, which you may suffer, sustain or incur, arising out of or relating to your failure to effectuate such migration.

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<sup>1</sup> As an example, if one USDtz is redeemed for one USDC at a time when USDtz is collateralized 400% by the Collateral, one USDC will be withdrawn from the Base Layer Fiat Silo and distributed to the redeemer, while the remaining 300% of assets held in the remaining Silos will be moved to Harvest.

## **7. Risk Factors & Disclosures**

THE RISK OF LOSS IN USING USDtz SERVICES CAN BE IMMEDIATE AND SUBSTANTIAL. THERE IS NO GUARANTEE AGAINST LOSSES. YOU SHOULD THEREFORE CAREFULLY CONSIDER WHETHER USING USDtz SERVICES IS SUITABLE FOR YOU. By using the USDtz Services, you hereby acknowledge that you have read and fully understand the risks set forth on Exhibit B to this Agreement.

## **8. No Recommendation**

The Foundation makes no recommendation and does not provide any advice to you as to whether you should use the USDtz Services for any purposes, and no person has been authorized by the Foundation make any such recommendation or provide any such service. Any statement by any person, regardless of their position, must be regarded as their personal opinion and not a recommendation by the Foundation or their respective affiliates. You must make your own decision as to whether to use the USDtz Services.

## **9. Fees**

The Foundation may charge certain fees in connection with the USDtz Services. You should always check before completing a transaction to make sure you understand exactly what fees might be incurred. You also agree to pay any other fees that may be charged by your wallet provider or other financial institution in connection with the sending and receipt of digital assets to or from Foundation.

## **10. Right to Change and Suspend Services**

The Foundation reserves the right to change, suspend, or discontinue any of the USDtz Services at any time, in our sole discretion without notice and without liability. In addition, the Foundation reserves the right to change the tokenization, redemption, conversion, storage, and transaction limits on your Tokensoft Account as we deem necessary. We may establish individual or aggregate transaction limits on the size or number of tokenizations or redemptions you make during any specified time period.

## **11. Insufficient Funds**

If a payment or transfer of USDC to the Foundation is later subject to disputes after the USDtz has been minted, then Foundation reserves the right to (a) retroactively cancel such newly minted USDtz, (b) deduct such amounts from future minting or otherwise received into your Tokensoft Account, (c) suspend your Tokensoft Account and access to the USDtz Services until resolved, (d) set off the negative amount of USDtz in one Tokensoft Account by applying the amount of USDtz or other digital currencies you hold in your other Tokensoft Account(s) against the negative amount, and (e) pursue legal action or any other means of recovery legally available. To secure your performance of this Agreement, you grant to Foundation the right to (x) block transfers of USDtz and other digital currencies from your account, and (y) set off any fees or other amounts owed by you against funds and digital currencies the Foundation holds on your behalf. In the event that the Foundation is forced to engage a third party to assist with the recovery of any funds owed by you to the Foundation, you will be charged any fees or expenses that are incurred by the Foundation in connection with such recovery efforts, including, but not limited to, collection fees, legal fees or convenience fees charged by third parties, and your credit may be negatively impacted. You hereby explicitly agree that all communication in relation to funds owed by you to the

Foundation or a delinquent account may be made by electronic mail or phone by Foundation or by any third party acting on its behalf, including third-party collection agents.

## **12. Representations by You.**

By using the USDtz Services, you hereby covenant, represent and warrant to the Foundation that:

- a. you have full power and authority to enter into this Agreement and this Agreement constitutes a binding agreement between you and Foundation, enforceable in accordance with its terms except as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and any other laws of general application affecting enforcement of creditors' rights generally and as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies;
- b. if you are minting USDtz, you are doing so for your own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and that you have no present intention of selling, granting any participation in, or otherwise distributing the same. You do not presently have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participations to such person or to any third party with respect to any of the USDtz minted. You have not been formed for the specific purpose of minting USDtz.
- c. you understand that USDtz has not been, and will not be, registered under the Securities Act or the securities laws of any jurisdiction, by reason of a specific exemption therefrom which depends upon your representations contained herein. You understand that USDtz may be deemed "restricted securities" under applicable U.S. securities laws and that, pursuant to these laws, you may be required to hold the USDtz indefinitely unless they are registered under applicable law, or an exemption therefrom is available. You acknowledge that neither the Foundation nor any of its affiliates has any obligation to register or qualify the USDtz for resale, and exemptions from registration and qualification may not be available or may not permit you to transfer all or any USDtz in the amounts or at the times desired by you. You further acknowledge that if an exemption from registration or qualification is available, it may be conditioned on various requirements including but not limited to the time and manner of sale, the holding period of USDtz, and on requirements relating to the Foundation which are outside of your control, and which the Foundation is under no obligation and may not be able to satisfy.
- d. you understand that USDtz may be deemed to bear any one or more of the following legends: (a) any legend required by the securities laws of any jurisdiction to the extent such laws are applicable to the USDtz represented by the certificate so legended, and (b): the following legend (and even without such legend the following restrictions apply):

USDtz HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND HAVE BEEN ACQUIRED TO HOLD FOR THE LONG TERM AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO TRANSFER MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO UNLESS SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933, AS AMENDED.

- e. you are the sole legal and beneficial owner of (i) all USDC transferred from you to the Foundation in connection with any minting, and (ii) all USDtz transferred from you to the Foundation in connection with any redemptions. You have full power and authority to deliver, sell, assign and transfer such digital assets to the Foundation, free and clear of all security interests, liens, restrictions, charges, encumbrances, conditional sales agreements or other obligations, and not subject to any adverse actions;
- f. you have read, understand and agree to all of this Agreement, including the attached exhibits;
- g. you have voluntarily chosen to use the USDtz Services;
- h. you have sufficient knowledge of and experience in business and financial matters to be able to evaluate the risks and merits of using the USDtz Services and are able to bear the risks thereof. You have had an opportunity to ask questions about the terms of the USDtz Services with the Foundation or its representatives. You have not relied on any representations or warranties made by the Foundation or its representatives outside of this Agreement, including but not limited to conversations of any kind, whether through oral or electronic communications, or any white paper.
- i. you have had access to and have reviewed all of the information in this Agreement and all other information available to you about USDtz for purposes of conducting your own independent review and analysis of the terms of the USDtz Services;
- j. you have received all information that you deem appropriate or necessary to enable you to evaluate your decision to use the USDtz Services;
- k. you have had the opportunity to consult with your personal or corporate financial, legal and tax advisors regarding your use of the USDtz Services;
- l. you understand that no public market currently exists for USDtz and that the Foundation has not made any assurances that a public market will ever exist for the USDtz.
- m. you have satisfied yourself as to the full observance of the laws of your jurisdiction in connection with your use of the USDtz Services, including (a) the legal requirements within your jurisdiction, (b) any foreign exchange restrictions applicable thereto, (c) any governmental or other consents that may need to be obtained, and (d) the income tax and other tax consequences, if any, that may be relevant to your use of the USDtz Services. Your use of USDtz Services will not violate any applicable laws of your jurisdiction.
- n. You are not a “U.S. Person” as defined in Regulation S under the Securities Act. The provision of USDtz Services to you herein is made in an offshore transaction (as defined in Rule 902(h) of Regulation S), no directed selling efforts (as defined in Rule 902(c) of Regulation S) were made in the United States, and you are not using the USDtz Services for the account or benefit of any U.S. Person;
- o. You will not, during the restricted period that is applicable to USDtz set forth in the legend set forth in subsection (q) below (the “**Restricted Period**”) and to any certificate representing the USDtz, offer or sell any of the foregoing (or create or maintain any derivative position equivalent thereto) in the United States, to or for the account or benefit of a U.S. Person or other than in accordance with

Regulation S, or engage in hedging transactions with regard to the Interests prior to the expiration of the Restricted Period; and

- p. You will, after the expiration of the applicable Restricted Period, offer, sell, pledge or otherwise transfer the USDtz (or create or maintain any derivative position equivalent thereto) only pursuant to registration under the Securities Act or any available exemption therefrom and, in any case, in accordance with applicable state securities laws.
- q. You acknowledge and agree that the USDtz tokens delivered to you will be deemed to bear the legend set forth below (in addition to any other legends required by applicable federal, state or foreign securities laws or provided in any other agreement with the Foundation):

USDtz HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT") WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, AND THE FOUNDATION DOES NOT INTEND TO REGISTER THEM. PRIOR TO THE ONE-YEAR ANNIVERSARY OF THE DATE OF TOKEN DELIVERY, USDtz TOKENS MAY NOT BE OFFERED OR SOLD (INCLUDING OPENING A SHORT POSITION IN SUCH INTERESTS) IN THE UNITED STATES OR TO U.S. PERSONS AS DEFINED BY RULE 902(k) ADOPTED UNDER THE ACT, OTHER THAN TO DISTRIBUTORS, UNLESS USDtz IS REGISTERED UNDER THE ACT, OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE ACT IS AVAILABLE. PRIOR TO THE ONE-YEAR ANNIVERSARY OF THE DATE OF TOKEN DELIVERY, YOU MAY RESELL USDtz ONLY PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE ACT OR OTHERWISE IN ACCORDANCE WITH THE PROVISIONS OF REGULATION S OF THE ACT, OR IN TRANSACTIONS EFFECTED OUTSIDE OF THE UNITED STATES PROVIDED THEY DO NOT SOLICIT (AND NO ONE ACTING ON THEIR BEHALF SOLICITS) PURCHASERS IN THE UNITED STATES OR OTHERWISE ENGAGE(S) IN SELLING EFFORTS IN THE UNITED STATES AND PROVIDED THAT HEDGING TRANSACTIONS INVOLVING USDtz MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE ACT. A HOLDER OF USDtz WHO IS A DISTRIBUTOR, DEALER, SUB-UNDERWRITER OR OTHER SECURITIES PROFESSIONAL, IN ADDITION, CANNOT, PRIOR TO THE ONE YEAR ANNIVERSARY OF THE DATE OF TOKEN DELIVERY, RESELL USDtz TO A U.S. PERSON AS DEFINED BY RULE 902(k) OF REGULATION S UNLESS USDtz IS REGISTERED UNDER THE ACT OR AN EXEMPTION FROM REGISTRATION UNDER THE ACT IS AVAILABLE.

- r. If you are redeeming USDtz for USDC, you have a net long position in USDtz at least equal to the number of USDtz for which you redeeming at the time of such redemption.



s. Neither you nor, if applicable, any of your affiliates or beneficial owners (i) appears on the Specially Designated Nationals and Blocked Persons List of the Office of Foreign Assets Control of the United States Department of the Treasury (“OFAC”), nor are they otherwise a party with which the Foundation is prohibited to deal under the laws of any jurisdiction; (ii) is a person identified as a terrorist organization on any other relevant lists maintained by any governmental authorities; or (iii) is a senior foreign political figure, or any immediate family member or close associate of a senior foreign political figure;

t. If applicable, you have (a) conducted thorough due diligence with respect to all of your beneficial owners; (b) have established the identities of all direct and indirect beneficial owners and the source of each beneficial owners’ funds; and (c) will retain evidence of those identities, any source of funds and any due diligence; and

u. Your use of USDtz Services (1) shall not cause the Foundation to be in violation of applicable laws or regulations, including without limitation anti-money laundering, economic sanctions, anti-bribery or anti-boycott laws and regulations, or the various statutes and executive orders administered by OFAC; (2) is not derived from, pledged for the benefit of, or related in any way to (A) the government of any country designated by any governmental authorities as a country supporting international terrorism, (B) property that is blocked by OFAC or that would be blocked under OFAC if in the custody of a U.S. national, (C) persons to whom U.S. nationals cannot lawfully export services, or with whom U.S. nationals cannot lawfully engage in transactions under OFAC regulations, (D) the government of any country that has been designated as a non-cooperative country or designated by any government authority as a money laundering jurisdiction, or (E) directly or indirectly, any illegal activities.

### **13. Forward Looking Statements**

Certain statements in this Agreement, including the exhibits attached hereto, constitute forward-looking statements. When used in this Agreement, the words “may,” “will,” “should,” “project,” “anticipate,” “believe,” “estimate,” “intend,” “expect,” “continue,” and similar expressions or the negatives thereof are generally intended to identify forward-looking statements. Such forward-looking statements, including the intended performance objectives of the Foundation and USDtz are based largely on current expectations and projections about future events and trends. These forward-looking statements are subject to a number of known and unknown risks, uncertainties, assumptions, and other important factors, including those described under Exhibit B, that could cause the actual results, performance, or achievements to differ materially from any future results, performance, or achievements expressed or implied by such forward-looking statements. No representation or warranty is made as to future performance or such forward-looking statements, and you should not rely on forward-looking statements as predictions of future events. The events and circumstances reflected in the forward- looking statements may not be achieved or occur. All forward-looking statements in this Agreement speak only as of the date hereof. The Foundation expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in its expectation with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

### **14. Taxes**

It is your responsibility to determine what, if any, taxes apply to the payments you make or receive, and to collect, report, and remit the correct tax to the appropriate tax authority. The Foundation is not

responsible for determining whether taxes apply to your transaction, or for collecting, reporting, or remitting any taxes arising from any transaction. The Foundation and each User do not intend the minting of USDtz to result in a transfer of ownership of the USDC to the Foundation, and Foundation Trustee may take the position that this arrangement constitutes a bailment or other arrangement by which the Foundation holds the USDC for the benefit of the Holders pending valid redemption.

### **15. Indemnification; Release**

You agree to indemnify and hold the Foundation, its affiliates and service providers, and each of their respective officers, directors, agents, joint venturers, employees and representatives, harmless from any claim or demand (including attorneys' fees and any fines, fees or penalties imposed by any regulatory authority) arising out of or related to your use of the USDtz Services, your breach of this Agreement or your violation of any law, rule or regulation, or the rights of any third party.

If you have a dispute with Tokensoft or any user(s) of the USDtz Services, you hereby release the Foundation, its affiliates and service providers, and each of their respective officers, directors, agents, joint venturers, employees and representatives from any and all claims, demands and damages (actual and consequential) of every kind and nature arising out of or in any way connected with such disputes.

### **16. Limitation of Liability; No Warranty**

TO THE MAXIMUM EXTENT PERMITTED BY LAW, IN NO EVENT WILL THE FOUNDATION, ITS AFFILIATES AND SERVICE PROVIDERS, OR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, JOINT VENTURERS, EMPLOYEES OR REPRESENTATIVES, BE LIABLE (A) FOR ANY AMOUNT GREATER THAN THE AMOUNT OF USDtz MINTED OR REDEEMED BY YOU, OR (B) FOR ANY LOST PROFITS OR ANY SPECIAL, INCIDENTAL, INDIRECT, INTANGIBLE, OR CONSEQUENTIAL DAMAGES, WHETHER BASED IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY, OR OTHERWISE, ARISING OUT OF OR IN CONNECTION WITH AUTHORIZED OR UNAUTHORIZED USE OF THE USDtz SERVICES, OR THIS AGREEMENT, EVEN IF AN AUTHORIZED REPRESENTATIVE OF THE FOUNDATION HAS BEEN ADVISED OF OR KNEW OR SHOULD HAVE KNOWN OF THE POSSIBILITY OF SUCH DAMAGES. THIS MEANS, BY WAY OF EXAMPLE ONLY (AND WITHOUT LIMITING THE SCOPE OF THE PRECEDING SENTENCE), THAT IF YOU CLAIM THAT THE FOUNDATION FAILED TO PROCESS A MINTING TRANSACTION PROPERLY, YOUR DAMAGES ARE LIMITED TO NO MORE THAN THE NUMBER OF USDtz MINTED AND THAT YOU MAY NOT RECOVER FOR LOST PROFITS, LOST BUSINESS OPPORTUNITIES, OR OTHER TYPES OF SPECIAL, INCIDENTAL, INDIRECT, INTANGIBLE, OR CONSEQUENTIAL DAMAGES. SOME JURISDICTIONS DO NOT ALLOW THE EXCLUSION OR LIMITATION OF INCIDENTAL OR CONSEQUENTIAL DAMAGES SO THE ABOVE LIMITATION MAY NOT APPLY TO YOU.

THE USDtz SERVICES ARE PROVIDED ON AN "AS IS" AND "AS AVAILABLE" BASIS WITHOUT ANY REPRESENTATION OR WARRANTY, WHETHER EXPRESS, IMPLIED OR STATUTORY. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, THE FOUNDATION SPECIFICALLY DISCLAIMS ANY IMPLIED WARRANTIES OF TITLE, MERCHANTABILITY, AND FITNESS FOR A PARTICULAR PURPOSE AND/OR NON-INFRINGEMENT. THE FOUNDATION DOES NOT MAKE ANY REPRESENTATIONS OR WARRANTIES THAT THE USDtz SERVICES WILL MEET YOUR REQUIREMENTS, OR THAT ACCESS TO ANY PART OF THE USDtz SERVICES, OR ANY OF THE MATERIALS CONTAINED

THEREIN, WILL BE CONTINUOUS, UNINTERRUPTED, TIMELY, OR ERROR-FREE. THE FOUNDATION SHALL NOT BE RESPONSIBLE OR LIABLE TO YOU FOR ANY LOSS AND TAKE NO RESPONSIBILITY FOR AND WILL NOT BE LIABLE TO YOU FOR ANY USE OF THE USDtz SERVICES, INCLUDING ANY LOSSES, DAMAGES OR CLAIMS ARISING FROM: (A) USER ERROR SUCH AS FORGOTTEN PASSWORDS, INCORRECTLY CONSTRUCTED TRANSACTIONS, OR MISTYPED ADDRESSES; (B) SERVER FAILURE; (C) UNAUTHORIZED ACCESS TO APPLICATIONS; OR (D) ANY UNAUTHORIZED THIRD PARTY ACTIVITIES, INCLUDING THE USE OF VIRUSES, PHISHING, BRUTE FORCING OR OTHER MEANS OF ATTACK AGAINST THE USDtz SERVICES.

The Foundation does not make any representations or warranties regarding the amount of time needed to complete processing of any USDtz Services because the USDtz Services are dependent upon many factors outside of our control, such as delays in the Tezos and Ethereum blockchain networks.

### **17. Release of Claims**

BY USING THE USDtz SERVICES, YOU HEREBY RELEASE (AND COVENANT NOT TO SUE) THE FOUNDATION, ITS AFFILIATES AND THEIR CURRENT AND FORMER SHAREHOLDERS, DIRECTORS, OFFICERS, AGENTS, EMPLOYEES, ATTORNEYS, CONSULTANTS, AND PROFESSIONAL ADVISORS (COLLECTIVELY, THE “RELEASED PARTIES”) FROM ANY AND ALL OBLIGATIONS, DEMANDS, ACTIONS, CAUSES OF ACTION, SUITS, COUNTERCLAIMS, SET-OFFS, DEFENSES, CONTROVERSIES, ACTS AND OMISSIONS, LIABILITIES, AND OTHER CLAIMS IN CONNECTION WITH YOUR USE OF THE USDtz SERVICES, BOTH IN LAW AND IN EQUITY, KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, WHICH YOU HAVE, MAY HAVE, OR EVER HAD AGAINST THE RELEASED PARTIES (COLLECTIVELY, THE “RELEASES”). THE PROVISIONS OF THESE RELEASES ARE SEVERABLE. IF ANY PROVISION HEREOF IS DECLARED INVALID OR UNENFORCEABLE, THAT WILL NOT AFFECT THE VALIDITY AND ENFORCEABILITY OF ANY OTHER PROVISION OF THESE RELEASES.

WITH FULL AWARENESS AND UNDERSTANDING OF THIS PROVISION, YOU HEREBY WAIVE ALL RIGHTS THAT THIS PROVISION OR ANY COMPARABLE PROVISION UNDER ANY APPLICABLE LAW MAY GIVE TO YOU AS WELL AS UNDER ANY OTHER STATUTE OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT. YOU INTEND THE RELEASES SET FORTH HEREIN TO APPLY FULLY TO CLAIMS THAT YOU DO NOT PRESENTLY KNOW OR SUSPECT TO EXIST AT THIS TIME. YOU UNDERSTAND THAT THE FACTS WITH RESPECT TO WHICH THESE TERMS MAY HEREAFTER PROVE TO BE DIFFERENT FROM THE FACTS NOW KNOWN OR BELIEVED BY YOU, AND YOU HEREBY ACCEPT AND ASSUME ALL RISKS THEREOF AND AGREES THAT THESE TERMS SHALL BE AND SHALL REMAIN, IN ALL RESPECTS, EFFECTIVE AND NOT SUBJECT TO TERMINATION OR RESCISSION BY REASON OF ANY SUCH DIFFERENCE IN FACTS. THE RELEASES HEREIN SHALL BE CONSTRUED BROADLY AS GENERAL RELEASES.

### **18. Force Majeure**

We will not be liable for delays, failure in performance or interruption of the USDtz Services which result directly or indirectly from any cause or condition beyond our reasonable control, including any delay or failure due to any act of God, act of civil or military authorities, act of terrorists, civil disturbance, war, strike or other labor dispute, fire, interruption in telecommunications or Internet services or network

provider services, failure of equipment and/or software, pandemic, other catastrophe or any other occurrence which is beyond our reasonable control and will not affect the validity and enforceability of any remaining provisions.

## **19. Dispute Resolution and Arbitration**

We believe most disagreements can be resolved by contacting the Foundation. If the dispute is not resolved, you and Foundation agree that any such dispute, claim or controversy arising out of or relating to the USDtz Services or this Agreement, or the breach, termination or invalidity thereof, (each, a “**Claim**”), shall be settled by binding arbitration in accordance with the BVI IAC Arbitration Rules. The number of arbitrators shall be three. The place of arbitration shall be Road Town, Tortola, British Virgin Islands, unless the parties agree otherwise. The language to be used in the arbitral proceeding shall be English.

## **20. Further Assurances**

You agree to execute, complete and deliver, upon the Foundation’s request, any additional documents, processes, and procedures, including electronic verification systems, that the Foundation may deem necessary or appropriate to provide USDtz Services, including but not limited to any applicable know-your-customer, proof of residency and source of funds forms and documentation.

## **21. Amendments**

We may change or discontinue all or any part of the USDtz Services and our management of the Collateral, at any time and without notice, at our sole discretion. We may amend or modify this Agreement by posting on <http://www.usdtz.com> and the revised Agreement will be effective at such time. If you do not agree with any such modification, you may not use the USDtz Services anymore and your sole and exclusive remedy is to redeem your USDtz immediately. If you continue to use the USDtz Services after we have made available to you the updated Agreement, you are deemed to have agreed to be bound by the updated Agreement. You agree that we will not be liable to you or any third party for any modification or termination of the USDtz Services or our management of the Collateral, or suspension or termination of your access to the USDtz Services, except to the extent otherwise expressly set forth herein.

## **22. Waivers**

The Foundation reserves the absolute right to waive any provision of this Agreement. The Foundation’s interpretation of any provision of this Agreement will be final and binding on all parties. The Foundation is not under any duty to give notification of any defects or irregularities in any documents or digital assets delivered by you and will not incur any liability for failure to give any such notification.

## **23. Assignment and Third-Party Holders**

You may not assign any rights and/or licenses granted under this Agreement, except that sending USDtz to an address will automatically transfer and assign to the Holder of that address, and any subsequent Holders, the right to redeem USDtz for USDC so long as such Holder is eligible to, and does, register a Tokensoft Account and complete identification and other procedures required by the Trustee. We reserve the right to assign our rights without restriction, including any affiliates or subsidiaries, or to any

successor in interest of any business associated with the USDtz Services. Any attempted transfer or assignment in violation hereof will be null and void. Subject to the foregoing, this Agreement will bind and inure to the benefit of the parties, their successors and permitted assigns. In the event that Foundation is acquired by or merged with a third party entity, we reserve the right, in any of these circumstances, to transfer or assign the information we have collected from you as part of such merger, acquisition, sale, or other change of control.

Each Holder is subject to all terms of this Agreement as if a User including, but not limited to, the requirements to not engage in Restricted Activities or Prohibited Transactions as set forth on Exhibit C.

#### **24. Survival**

Any termination of this Agreement shall not affect Foundation's rights to any payments due to it. Upon any cancellation, suspension or termination of the USDtz Services, all provisions of this Agreement which by their nature extend beyond the expiration or termination of this Agreement will survive.

#### **25. Governing Law**

You agree that subject to the laws of the British Virgin Islands, without regard to principles of conflict of laws, will govern this Agreement.

#### **26. Entire Agreement**

This Agreement and the documents referenced herein comprise the entire understanding and agreement between you and Foundation as to the subject matter hereof, and supersedes any and all prior discussions, agreements and understandings of any kind (including any prior versions of this Agreement), and every nature between and among you and Foundation. Section headings in this Agreement are for convenience only and will not govern the meaning or interpretation of any provision of this Agreement. The failure of Foundation to exercise or enforce any right or provision of the Agreement shall not constitute a waiver of such right or provision.

#### **27. Class Action Waiver.**

Any claim or dispute arising under this Agreement will take place on an individual basis without resort to any form of class or representative action (the "**Class Action Waiver**"). THIS CLASS ACTION WAIVER PRECLUDES ANY PARTY FROM PARTICIPATING IN OR BEING REPRESENTED IN ANY CLASS OR REPRESENTATIVE ACTION REGARDING A CLAIM. Regardless of anything else in this Agreement to the contrary, the validity and effect of the Class Action Waiver may be determined only by a court or referee and not by an arbitrator, and you acknowledge that this Class Action Waiver is material and essential to the arbitration of any disputes between the parties and is non-severable from this Agreement.

#### **28. Severability.**

In the event any one or more of the provisions herein is for any reason held to be invalid, illegal or unenforceable, in whole or in part or in any respect, or in the event that any one or more of the provisions herein operate or would prospectively operate to invalidate this Agreement, then and in any such event, such provision(s) only will be deemed null and void and will not affect any other provision of this

Agreement and the remaining provisions herein will remain operative and in full force and effect and will not be affected, prejudiced or disturbed thereby.

**29. Notices.**

Any notice required or permitted by this Agreement will be deemed to be provided when posted by the Foundation to [www.usdtz.com](http://www.usdtz.com).

## **Exhibit A**

### **Description of USDtz**

USDtz belongs to a class of digital assets known as stablecoins. Compared to many well-known cryptocurrencies such as Bitcoin or Ethereum which are designed as a means of exchange and a store of value, stablecoins are designed with an added feature of providing a stable value measured vis-à-vis a fiat currency, such as the U.S. dollar. One of the most popular forms of stablecoins, Tether, for instance, can be minted and redeemed by depositing or withdrawing one U.S. dollar from its issuer. As a result, Tether has by and large maintained a stable value of within a few percentage points of one U.S. dollar notwithstanding large fluctuations in the broader cryptocurrency market. In addition to Tether, several other forms of stablecoins have emerged in recent years with a similar model of being backed 100% by the U.S. dollar, such as USD Coin (“**USDC**”) issued by Circle Internet Financial, Gemini Dollar issued by the Gemini Trust Company, and TrueUSD issued by TrustToken, etc.

USDtz is a digital token issued by the Foundation on the Tezos blockchain (“**USDtz**”). It shares some of the similarities with other stablecoins but is also designed with significant differences. It is similar in that its stable value is supported by a basket of assets the (“**Collateral**”) held by the Foundation on behalf of and for the benefit of holders of USDtz tokens (“**Holders**”). However, it differs significantly from other stablecoins in that the Collateral is designed to consist of four silos of assets (the “**Silos**”) that allows each USDtz to be collateralized by 400% worth of assets, of which 200% comprise other dollar-backed stablecoins, and the remaining 200% comprise the XTZ token, the native unit on the Tezos blockchain (“**XTZ**”). These four Silos, managed by certain trustees of the USDtz ecosystem (“**Trustees**”), are designed to allow the USDtz stablecoin to not only maintain a stable value, but also grow with the development of the broader Tezos ecosystem.

**IMPORTANT NOTE: UNLIKE USDT, USDC AND OTHER DOLLAR-BACKED STABLECOINS, USDtz MAY NOT BE BACKED 100% BY THE U.S. DOLLAR. ALL USDC COLLATERAL ARE EXPECTED TO BE USED BY TRUSTEES FOR REVENUE-GENERATING ACTIVITIES AND ARE SUBJECT TO A RISK OF LOSS, INCLUDING A TOTAL LOSS OF ALL COLLATERAL. IF ANY RISK OF LOSS OCCURS, YOU MAY NOT RECOVER ANY OF YOUR PURCHASE PRICE.**

A brief description of the four Silos are provided below:<sup>2</sup>

- Base Layer Silo 1 (fiat) (“**Base Layer Fiat**”). This first Silo is designed to comprise solely of other dollar-backed stablecoins, and is expected to be used by the Trustees for various revenue-generating activities in order to fill up the remaining Silos. Initially, the Foundation intends to lend all USDC Collateral in the Base Layer Fiat Silo via certain smart contracts issued by Compound Labs, Inc. (“**Compound**”) to borrowers in exchange for fees and payments. Once lent out, each USDC will be replaced with a Compound USD Coin (“**cUSDC**”), which represents a claim to the underlying USDC in the Compound smart contracts. All proceeds received from Compound, as well as other decentralized finance service providers that the Trustees may utilize from time to time, are intended to be used to grow the Base Layer XTZ and Growth Layer Fiat

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<sup>2</sup> For a more detailed description and explanation of their design, see *Kevin Mehrabi, USDT Tez – Collateral<sup>2</sup> (sq) Model*, October 28, 2019, <https://medium.com/usdtz/usd-tez-collateral%C2%B2-squared-model-b37d46427a90>.

Silos. In the event of a significant increase in the price of XTZ, funds from the Growth Layer XTZ Silo may be used to purchase additional dollar-backed stablecoins to increase this Silo.

- Base Layer Silo 2 (XTZ) (“**Base Layer XTZ**”). The second Silo is designed to comprise solely of XTZ, and is expected to be filled up using proceeds from revenue-generating activities from the Base Layer Fiat Silo. XTZ held in this Silo is expected to be used by Trustees for baking purposes, proceeds of which will be used to fill the Growth Layer XTZ.
- Growth Layer Silo 3 (fiat) (“**Growth Layer Fiat**”). The third Silo is designed to comprise solely of other dollar-backed stablecoins, and is expected to be filled using proceeds from the Base Layer Fiat and Base Layer XTZ Silos’ revenue-generating and baking activities. In addition, it is designed to be used by the Trustee to purchase XTZ to reinforce the Base Layer XTZ Silo if XTZ dips in value, with the goal of maintaining 100% collateralization in each of the Base Layer Fiat and Base Layer XTZ Silos.
- Growth Layer Silo 4 (XTZ) (“**Growth Layer XTZ**”). The fourth Silo is designed to comprise solely of XTZ, and is expected to be filled using proceeds from the other three Silos. In the event of a significant increase in the price of XTZ, this Silo is designed to be used by the Trustees to purchase additional dollar-backed stablecoins to increase the Base Layer Fiat Silo in order to allow for additional USDtz issuances.

You will not be entitled to any income from the underlying Collateral, including any interest, fees or payments received from revenue-generating events. Any surplus proceeds from the lending, baking and other revenue-generating activities of the Collateral that causes the Collateral to exceed 400% collateralization (referred to as “**Harvest**”) may be used by Trustees in three ways: (1) to mint more USDtz, (2) paid as a reward to Trustees, or (3) paid to service providers for research, development and other activities to promote the USDtz ecosystem.

The initial Trustee shall be the Foundation and the management of the Collateral shall be made by the Foundation in its sole discretion. However, the Foundation intends to distribute a governance token to allow the Trustees to be elected in a decentralized manner, with the ultimate goal of the Trustees being elected by a token-based, on-chain Decentralized Autonomous Organization. Further information on the governance token is expected to be released by the Foundation in the second half of 2020. In the event that the Foundation is dissolved or winds down operations at any time, the disposition of Collateral will be determined by the Trustees in their sole discretion.



## **Exhibit B**

### **Risk Factors**

*Using the USDtz Services involves a high degree of risk. You should consider carefully the risks described below, together with all of the other information contained in this Agreement before using USDtz Services. In addition, we may also be harmed by additional risks and uncertainties not currently known or that we currently do not believe to be material.*

#### **Risks Relating to the Use of USDtz Services**

***There is no guarantee of price stability.***

Subject to the terms of this Agreement, each USDtz in circulation can be redeemed for one USDC. However, there is no guarantee that the value of one USDtz will always equal one U.S. Dollar. Due to a variety of factors outside of Foundation's control, the value of USDtz, particularly on third-party platforms such as cryptocurrency exchange platforms, can fluctuate above or below one U.S. Dollar. The Foundation cannot control how third parties value USDtz, and the Foundation is not responsible for any losses or other issues that may result from fluctuations in the value of USDtz.

***The Foundation is not responsible for any use of USDtz on third-party platforms.***

USDtz is based on open source software and runs on the Tezos blockchain. This means that third parties can support USDtz on their platforms without the Foundation's authorization. USDtz support on any third-party platform does not imply any endorsement by Foundation that such third-party services are valid, legal, stable or otherwise appropriate. The Foundation is not responsible for any losses or other issues you might encounter using USDtz on third-party platforms.

***You are solely responsible for all outcomes resulting from sending and receiving USDtz to third parties.***

If you send USDtz any third-party address, such transaction is completed on the Tezos blockchain. This means that such transaction is irreversible and the Foundation does not have the ability to reverse or recall any transaction once initiated. Once you send USDtz to a third-party address, you accept the risk that you may lose access to, and any claim on, that USDtz indefinitely or permanently. For example, (a) an address may have been entered incorrectly and the true owner of the address may never be discovered, (b) you may not have (or subsequently lose) the private key associated with such address, (c) an address may belong to an entity that will not return the USDtz, (d) an address belongs to an entity that may return the USDtz but first requires action on your part, such as verification of your identity. For the avoidance of doubt, nothing in this Agreement is intended to obligate the Foundation to track, verify or determine the provenance of USDtz balances for Holders, including any form of security interests claimed thereon.

***All USDtz transactions are non-refundable.***

Once a transaction has been initiated, it cannot be reversed. All transactions processed through the USDtz Services are non-refundable. You may however have refund or chargeback rights under your agreement with the recipient of such USDtz or applicable law.

***You are solely responsible for compliance with local laws.***

You agree that Foundation is not responsible for determining whether or which laws may apply to your transactions, including tax laws. You are solely responsible for complying with applicable law, including reporting and paying any taxes arising from your use of the USDtz Services.

***Your ability to redeem USDtz is subject to restrictions.***

Your ability to redeem USDtz is conditional on (a) your possession of a corresponding amount of USDtz associated with a registered Tokensoft Account, (b) no violation of this Agreement, (c) identity verification and enhanced due diligence procedures by us and/or our agents and representatives, and (d) no action, pending or otherwise, by a regulator, law enforcement or a court of competent jurisdiction that would restrict redemption. Sending USDtz to another address automatically transfers and assigns to the recipient, and any subsequent recipient, the right to redeem USDtz for an equivalent amount of USDC so long as the recipient is eligible to, and does, register a Tokensoft Account, subject to identity verification and other procedures required by Foundation.

***Your USDtz may be subject to encumbrances.***

It is possible that actions by prior Holders before your receipt of USDtz could result in the USDtz you hold becoming subject to a lien or other form of security interest before redemption.

## **Risks Relating to the Foundation and USDtz**

***We have no operating history.***

The Foundation was incorporated only in April 2020 and has no operating history. To date, we have primarily been engaged in organizational activities and operations relating to the development of USDtz and its associated ecosystem. We do not have any significant assets. There is no assurance that any of the Foundation's proposed activities and business plans as set forth in the Model Paper will ever succeed.

***USDtz has not been tested in production.***

USDtz is in its early stages and does not have an established operating history in production. Because of its infancy, issues may arise from time to time that affects its security, speed, operations or cost. If any real or perceived problems or vulnerabilities are identified it may have an adverse effect on the willingness of parties to use USDtz Services.

***The economic model of USDtz may not work as we anticipate.***

We have developed USDtz as a novel stablecoin with the potential for over-collateralization and growth as described in the Model Paper. However, such model may be inaccurate or fail to work as intended, which may negatively affect the USDtz and its entire ecosystem.

***USDtz may not be able to compete effectively with other stablecoins.***

The market for stablecoins is highly competitive and rapidly evolving. Currently, there are dozens of other stablecoins including fiat-backed, cryptocurrency-backed and algorithmic stablecoins, with many

more new protocols emerging frequently. Many of the competitors to USDtz have substantial competitive advantages, such as longer operating histories, stronger name recognition, greater liquidity, broader market acceptance, as well as pre-existing relationships with users and developers. Existing users may also face prohibitive switching costs when transitioning to a new stablecoin such as USDtz. In order for USDtz to be widely adopted, it is necessary to first convince key stakeholders to use USDtz, including users, bakers and developers. It is possible that USDtz will not be used or adopted by these stakeholders, that USDtz will not be able to compete with other stablecoins, or that there will be limited interest from users and developers in USDtz altogether. Any of these events could negatively impact the development, growth and viability of USDtz.

***USDtz may be unable to attract and retain users.***

The growth and success of USDtz, in particular its ability to achieve 400% collateralization and grow in accordance with the Model Paper, depends critically on its widespread adoption by users. The growth and adoption of USDtz will depend in large part on its ability to attract and retain users, which depends on many factors, including stability, liquidity, speed, usability, scalability, competitiveness versus other stablecoins, and overall market acceptance. Cryptocurrencies can also be the subject of negative commentary in the news media, website postings, social media and other non-traditional media, all of which may result in reduced growth and adoption of USDtz. If potential users and developers do not perceive USDtz to have value, if existing users and developers of other stablecoins do not switch to or make their products and services available using USDtz, if USDtz is unable to compete with other stablecoins, or if new or existing features are not favorably received by users and developers, it may not be able to achieve its commercial goals.

***USDtz is dependent on a decentralized community of miners and computer networks for its operations.***

The functionality of USDtz depends on the continued operations of the Tezos blockchain, the Ethereum blockchain and their decentralized community of computer networks, miners and bakers, all of which are outside of the control of the Foundation. If such networks, miners and bakers fail to maintain their operations as expected, it could have a material adverse impact on USDtz, including the inability for you to redeem your USDtz for USDC.

***Alternative stablecoins may be established that compete with or are more widely used than USDtz.***

It is also possible that alternative cryptocurrencies could be developed that utilize the same or similar open source code, protocol, economic model or blockchain underlying USDtz and attempt to replicate USDtz. USDtz may not compete with these alternative networks, which could negatively impact USDtz.

***Real or perceived errors, failures or bugs in the USDtz software or systems of third-party developers utilizing USDtz could adversely affect USDtz.***

Real or perceived errors, failures, vulnerabilities or bugs in the USDtz software including its smart contracts, or in the software or systems of third-party developers utilizing USDtz, could harm USDtz. Errors, failures, vulnerabilities or bugs may occur and may cause errors or failures of applications or products, or other aspects of the computing environment and collateralization of USDtz. The mechanisms and procedures governing the minting, redemption and transfer of USDtz may experience unanticipated problems or issues, including on the Tokensoft platform or on other third-party trading platforms that could have an adverse effect on USDtz, including the unavailability of minting and

redemptions. Any such errors, failures, vulnerabilities or bugs may not be found until after users have suffered harm, which could result in negative publicity, loss of data, loss of collateral, failure of applications, loss of or delay in market adoption, a decrease in user and developer satisfaction or adoption, loss of competitive position, or claims from third parties. Neither the Foundation nor the USDtz community may be able to promptly resolve these problems, if at all. Any of these incidents could materially and adversely harm USDtz.

***USDtz has no market, liquidity or performance history.***

USDtz has no market, liquidity or performance history. As such, they should be evaluated on the basis that the Foundation or any third party's assessment of the prospects of USDtz may not prove accurate, and that USDtz may not achieve its objectives, including any use, adoption or liquidity of USDtz.

***The tax treatment of minting, holding, and where permitted, selling, exchanging, redeeming or otherwise disposing of USDtz is uncertain, and there may be adverse tax consequences for Purchasers upon certain future events.***

The tax treatment of using the USDtz Services, including the receipt of any Harvest, is uncertain, and each Holder must seek its own tax advice in connection with the use of USDtz Services. The Foundation has not requested a ruling from any tax authority regarding the tax treatment of using USDtz Services. Using USDtz Services may result in adverse tax consequences to Holders, including liability for withholding taxes and income taxes and responsibility for complying with certain tax reporting requirements. Each Holder should consult with and must rely upon the advice of its own tax advisors with respect to the tax treatment of using the USDtz Services.

***USDtz may be the target of malicious cyberattacks or may contain exploitable flaws in its underlying code, which may result in security breaches and the loss or theft of USDtz or the underlying Collateral. If USDtz's security is compromised or if the protocol is subjected to attacks that frustrate or thwart access to and use of USDtz or the underlying Collateral, users may cut back on or stop using USDtz altogether, which could seriously curtail the utilization of USDtz and materially and adversely affect USDtz.***

USDtz, its open source code, and its network of users, applications and other interfaces, as well as applications built using USDtz, are still in the early stages and are unproven, and there can be no assurances that USDtz and USDtz Services will be uninterrupted or fully secure. Certain events may occur which may result in a complete loss of USDtz held by Holders, a complete loss of any value associated with USDtz, or an unwillingness of users to adopt and utilize USDtz. Further, USDtz may also be the target of malicious attacks seeking to identify and exploit weaknesses in its smart contracts, which may result in the loss or theft of USDtz and its underlying Collateral. If USDtz, the underlying Ethereum or Tezos blockchain networks are subject to unknown and known security attacks (such as double-spend attacks or other malicious attacks), this may materially and adversely affect USDtz. In any such event, if USDtz is not widely adopted, the growth and viability may be severely and adversely affected.

***The open-source structure of USDtz means that it may be susceptible to developments by third parties and that contributors could damage USDtz and its reputation and could affect the utilization of USDtz.***

The open-source nature of USDtz means that it may be difficult for the Foundation or contributors to maintain or develop USDtz and the Foundation may not have adequate resources to address emerging issues or malicious programs adequately or in a timely manner. Third parties not affiliated with the

Foundation may introduce weaknesses or bugs into the core infrastructure elements of USDtz and open-source code which may negatively impact the network. Such events may result in a loss of trust in the security and operation of USDtz and materially and adversely impact USDtz.

## **Risks Relating to the Collateral**

### ***The Collateral may be mismanaged.***

The Foundation has a limited history of maintaining and operating financial assets and may be inadequate or unsuitable to manage the Collateral. If so, the Collateral may not achieve 400% collateralization, grow in accordance with the Model Paper, or provide any Harvest. Instead, the Collateral may be significantly reduced, including to zero, and you may lose all of your purchase price.

### ***Third-party decentralized finance providers may fail, resulting in a loss of Collateral.***

As discussed in further detail in the Model Paper, the Foundation intends to grow the Base Layer XTZ Silo, the Growth Layer Fiat Silo and the Growth Layer XTZ Silo by utilizing Collateral in the Base Layer Fiat Silo for decentralized finance activities. For instance, the Foundation currently intends to lend out substantially all USDC Collateral in the Base Layer Fiat Silo to Compound in exchange for interest-bearing cUSDC. Such activities involve risks that the Base Layer Fiat Silo could suffer losses due to third-party decentralized finance providers. For instance, cUSDC may not be exchangeable for USDC because Compound users fail to return their loans in a timely manner or at all. Where Collateral is lent out in exchange for secured loans, losses may also be incurred in the event of a decline in the value of the underlying collateral. We may also suffer from counterparty risks, where the counterparty is unwilling or unable to make timely payments to meet its obligations to us. If the counterparty becomes bankrupt or defaults on its payment obligations, or delays making payments to us, we may not be able to obtain any recovery on the value of the Collateral. If any such events occur, the value of USDtz will be significantly reduced, including to zero.

### ***There may be occasions when certain persons involved in USDtz may encounter potential conflicts of interest in managing the Collateral, such that such person may avoid a loss, or even realize a gain, when other Holders are suffering losses.***

As described in the Model Paper, there may be occasions when certain persons involved in the operations and development of USDtz, including the Trustees, may encounter potential conflicts of interest in connection with the management of the Collateral, such that such person may avoid a loss, or even realize a gain, when other Holders are suffering losses. For instance, a USDtz trustee may vote to distribute Collateral surplus when such trustee stands to receive a significant amount of distribution, even though it might be better for the long-term development of USDtz if such surplus was used to recapitalize the Collateral and double the number of USDtz in issuance. While the economic model of USDtz includes incentivizes to allow such persons to act in the long-term interests of USDtz, there is no guarantee that they will do so. If they do not act in the best interests of the USDtz community, the feasibility and growth of USDtz will be materially and adversely affected.

### ***Holders may lack information for monitoring the Foundation or the Collateral.***

Holders may not be able to obtain all information it would want regarding the Foundation or the Collateral, on a timely basis or at all. It is possible that Holders may not be aware on a timely basis of

material adverse changes that have occurred with respect to the Foundation or the Collateral. While the Foundation has made efforts to use open-source development for USDtz and make information about the Collateral generally available, there is no guarantee that such information will be made available in a timely manner, or in a way that is non-technical or easily comprehensible to you. In addition, the Foundation is a private entity and is not required to publicly disclose any information about its finances, cash runway, or product development status. Certain information relating to the Foundation or the Collateral may not be publicly disclosed or readily available. As a result of these difficulties, as well as other uncertainties, a Holder may not have accurate or accessible information about the Foundation or the Collateral.

## **Legal and Regulatory Risks**

***The regulatory regime governing blockchain technologies, and cryptocurrencies such as USDtz is uncertain, and new regulations or policies may materially adversely affect the development of USDtz.***

Regulation of cryptocurrencies including USDtz, blockchain technologies, and cryptocurrency exchanges currently is undeveloped, likely to rapidly evolve, varies significantly among international, federal, state and local jurisdictions and is subject to significant uncertainty. Various legislative and executive bodies worldwide may in the future, adopt laws, regulations, guidance, or other actions, which may severely impact the development and growth of USDtz and the growth and feasibility of USDtz. Accordingly, it is not possible to determine how or whether USDtz would be recognized under existing or future laws by a court or regulator in any jurisdiction. Failure by the Foundation or Holders of USDtz to comply with any laws, rules and regulations, some of which may not exist yet or are subject to interpretation and may be subject to change, could result in a variety of adverse consequences, including civil penalties and fines.

As blockchain networks and blockchain assets have grown in popularity and in market size, regulatory agencies across the globe have begun to take interest in, and in some cases regulate, their use and operation. Certain regulators, such as in Singapore, Malta, and Japan have created new regulatory frameworks. Others, as in Hong Kong, have published guidance on how their existing regulatory regimes apply to virtual currencies, or amended statutes to include virtual currencies into existing licensing regimes. Numerous enforcement actions have also been instated worldwide against those found in violation of these laws and frameworks.

The regulation of non-currency use of blockchain assets is also uncertain. Commodities regulators have publicly taken the position that certain blockchain assets are commodities, and securities regulators have issued public reports treating certain blockchain assets as securities. To the extent that a domestic government or quasi-governmental agency exerts regulatory authority over a blockchain network or asset, USDtz may be materially and adversely affected.

Blockchain networks also face an uncertain regulatory landscape in many foreign jurisdictions. In August 2017, Canada issued guidance stating the sale of cryptocurrency may constitute an investment contract in accordance with Canadian law for determining if an investment constitutes a security. In July 2016, the Russian Ministry of Finance indicated that it supports a proposed law that bans cryptocurrencies domestically. Russia has since issued several releases indicating they may begin regulating cryptocurrencies and licensing miners and entities engaging in initial coin offerings. In July 2016, the European Commission released a draft directive that proposed applying counter-terrorism and

anti-money laundering regulations to virtual currencies, and, in September 2016, the European Banking authority advised the European Commission to institute new regulation specific to virtual currencies, with amendments to existing regulation as a stopgap measure. On September 4, 2017, China issued a guidance prohibiting the practice of using cryptocurrency for capital fundraising. Additional reports have surfaced that China is considering regulating cryptocurrency businesses by enacting a licensing regime. In April 2019, China's National Development Reform Commission listed crypto-mining among a variety of industries it intends to eliminate. In September 2017, the Financial Services Commission of South Korea released a statement that initial coin offerings would be prohibited as a fundraising tool. In December 2018, South Korea's Financial Services Commission stated that six bills related to the regulation of cryptocurrencies had been submitted to the National Assembly. One of the bills would require all persons in charge of a cryptocurrency transfer business to register with the Financial Services Commission. In June 2017, India's government ruled in favor of regulating cryptocurrencies. In April 2018, the Reserve Bank of India issued a statement to all entities regulated by the Reserve Bank, stating that they must cease all activities related to cryptocurrency. In 2018, Australia passed legislation which requires digital currency exchange providers to register with AUSTRAC (the Australian Transaction Reports and Analysis Centre). Various jurisdictions may, in the near future, adopt laws, regulations or directives that affect USDtz, including deeming that USDtz constitute securities under the laws of such jurisdiction, or that the use of USDtz violates applicable law. Such laws, regulations or directives may conflict with each other and may directly, negatively and materially impact USDtz. The effect of any future regulatory change is impossible to predict, but such change could be substantial and materially adverse to the development and growth of USDtz and its adoption and utility.

USDtz may also be subject to certain financial regulatory schemes not widely applicable to other cryptocurrencies, such as investment company or commodity pool regulations. If so, the Company would be subject to additional laws, regulations and enforcement policies, all of which would substantially increase compliance costs and may affect the growth and viability of USDtz.

***We may be subject to various financial regulatory laws and regulations worldwide.***

Various financial regulatory laws, such as the U.S. Bank Secrecy Act, the USA PATRIOT Act, the European Directive on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing, etc., may be expanded to include USDtz. For instance, the U.S. Financial Crimes Enforcement Network (“**FinCEN**”) issued a guidance in 2019 on the application of FinCEN's regulations to certain business models involving convertible virtual currencies. Pursuant to this guidance, the creator and seller of a convertible virtual currency may, under certain circumstances, be deemed a money transmitter under U.S. anti-money laundering laws and subject to registration with and oversight by FinCEN. In addition, we may be subject to registration or licensure with regulators in other jurisdictions. The applicability of FinCEN's regulations as well as similar rules and regulations in other jurisdictions to the USDtz Services and its model generally is uncertain. If applicable, compliance with these laws may be costly or impractical. If we are unable to comply with and become liable for violations of these laws, or if courts or regulatory bodies provide unfavorable interpretations of existing regulations, we may be subject to civil or criminal penalties, including significant fines or damages, the loss of ability to operate and we may be forced to abandon the development of USDtz and the value and viability of USDtz may be severely and adversely affected.

***USDtz May Constitute a Security Under the Securities Laws of Certain Jurisdictions***

The issuance of blockchain-based cryptocurrencies, including USDtz, represents a new paradigm and the application of securities laws of various jurisdictions to this new paradigm is ever-evolving and subject to a high degree of certainty. For instance, the U.S. Securities and Exchange Commission (“SEC”) has issued several releases stating that a digital asset may constitute a security under U.S. securities laws depending on the facts and circumstances, and have to date initiated several enforcement actions against token issuers for failing to comply with U.S. securities laws in the issuance and sale of such digital assets. If USDtz were deemed to be a security under the securities laws of any jurisdiction, including the United States, we may be required to register USDtz under applicable law. In addition, each Holder will be required to comply with securities laws for all sales, resales and transfers of USDtz. The Foundation does not have any contractual obligation to register USDtz under the laws of any jurisdiction and does not presently intend to do so. If the Foundation decides to pursue such registration, it would require us to incur substantial additional expenses. If in the alternative the Foundation does not pursue such registration, or if we abandon the development of USDtz, the value and viability of USDtz may be severely and adversely affected.

***We may be subject to registration under the Exchange Act.***

Each company with total assets above \$10 million and more than 2,000 holders of record of a class of its equity securities, or 500 holders of record of a class of its equity securities who are not accredited investors, must register that class of equity securities with the SEC under the U.S. Securities Exchange Act of 1934, as amended (the “***Exchange Act***”). The Foundation may surpass \$10 million in assets and while USDtz is not intended to constitute equity securities within the meaning of the Exchange Act, there is substantial uncertainty on the application of U.S. securities laws to cryptocurrencies, and there is no guarantee that they will not be characterized as such. There is the possibility that the SEC will deem USDtz to constitute “equity securities” under the Exchange Act; and in such event, if there are more than 2,000 Holders of USDtz, then the Foundation will have to register USDtz as described herein with the SEC, which will be a laborious and expensive process. If such registration takes place, it would require us to incur substantial additional expenses, including expenses to comply with the periodic reporting requirements under the Exchange Act. If we do not pursue such registration, or if we abandon the development of USDtz, the value and viability of USDtz may be severely and adversely affected.

***USDtz is not subject to any deposit insurance***

USDtz ARE NOT SUBJECT TO ANY DEPOSIT INSURANCE PROTECTION, INCLUDING, BUT NOT LIMITED TO THE FEDERAL DEPOSIT INSURANCE CORPORATION INSURANCE OR SECURITIES INVESTOR PROTECTION CORPORATION PROTECTIONS.

***If USDtz is unable to satisfy data protection, security, privacy, and other government- and industry-specific requirements, its growth could be harmed.***

There are a number of data protection, security, privacy and other government- and industry-specific requirements, including those that require companies to notify individuals of data security incidents involving certain types of personal data. Security compromises could harm USDtz’s reputation, erode market confidence in the effectiveness of its security measures and reliability, negatively impact its ability to attract new users, or cause users to stop using USDtz.

***Litigation and third party claims may adversely affect USDtz.***



From time to time, third parties may assert claims against the Foundation, USDtz, the underlying Tezos and Ethereum network, any applications that utilize USDtz, or related technology. Regardless of the merit of any legal action or claim, any action that reduces confidence in USDtz's long-term viability or the ability of Holders to Use USDtz may adversely affect USDtz. Additionally, a meritorious claim could prevent Holders from Using USDtz altogether.

***Assertions by third parties of infringement or other violation by us of their intellectual property rights could harm our business, operating results, and financial condition.***

Third parties may in the future assert that we have infringed, misappropriated, or otherwise violated their copyrights, patents, and other intellectual property rights, and as we face increasing competition, the possibility of intellectual property infringement claims against us grows. Various laws and regulations govern the copyright and other intellectual property rights associated with USDtz. Existing laws and regulations are evolving and subject to different interpretations, and various legislative or regulatory bodies may expand current or enact new laws or regulations. We cannot assure you that we are not infringing or violating any third-party intellectual property rights, or that we will not do so in the future. In addition, internet and technology companies are frequently subject to litigation based on allegations of infringement, misappropriation, or other violations of intellectual property rights. Many companies in these industries, including many of our competitors, may have substantially larger patent and intellectual property portfolios than we do, which could make us a target for litigation as we may not be able to assert counterclaims against parties that sue us for patent, or other intellectual property infringement.

It is difficult to predict whether assertions of third-party intellectual property rights or any infringement or misappropriation claims arising from such assertions will substantially harm our business, operating results, and financial condition. If we are forced to defend against any infringement or misappropriation claims, whether they are with or without merit, are settled out of court, or are determined in our favor, we may be required to expend significant time and financial resources on the defense of such claims. Furthermore, an adverse outcome of a dispute may require us to pay significant damages, which may be even greater if we are found to have willfully infringed upon a party's intellectual property; cease exploiting copyrighted content that we have previously had the ability to exploit; cease using solutions that are alleged to infringe or misappropriate the intellectual property of others; expend additional development resources to redesign our solutions; enter into potentially unfavorable royalty or license agreements in order to obtain the right to use necessary technologies, content, or materials; indemnify our partners and other third parties; and/or take other actions that may have material effects on our business, operating results, and financial condition.

**Risks relating to Blockchain Networks in General**

***The further development and acceptance of blockchain networks, including USDtz, which are part of highly competitive and rapidly changing industries, are subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of blockchain networks and blockchain assets would have an adverse material effect on the successful development and adoption of USDtz.***

The growth and adoption of the blockchain industry, including USDtz, is subject to a high degree of uncertainty. The factors affecting the further development of the cryptocurrency industry, as well as blockchain networks, include, without limitation:

- Worldwide growth in the adoption and use of Bitcoin, Ethereum, Tezos, and other blockchain technologies;
- Government and quasi-government regulation of Bitcoin, Ethereum, Tezos and other blockchain assets and their use, or restrictions on or regulation of access to and operation of blockchain networks or similar systems;
- The maintenance and development of other open-source software protocols such as the Bitcoin, Ethereum and Tezos networks;
- Changes in consumer demographics and public tastes and preferences;
- The availability and popularity of other forms or methods of buying and selling goods and services, or trading assets including new means of using fiat currencies or existing networks;
- General economic conditions and the regulatory environment relating to cryptocurrencies; and
- A decline in the popularity or acceptance of Bitcoin, Ethereum, Tezos or other blockchain-based coins and tokens.

The slowing or stopping of the development, general acceptance and adoption and usage of blockchain networks and blockchain assets may deter or delay the acceptance and adoption of USDtz.

***The application of distributed ledger technology is novel and untested and may contain inherent flaws or limitations.***

Blockchain is an emerging technology that offers new capabilities which are not fully proven in use. There are limited examples of the application of distributed ledger technology. In most cases, software used by blockchain asset issuing entities will be in an early development stage and still unproven. As with other novel software products, the code and smart contracts underpinning USDtz and its Collaterals may contain errors, or function in unexpected ways. Insufficient testing of smart contract code, as well as the use of external code libraries, may cause the software to break or function incorrectly. Any error or unexpected functionality may result in substantial losses to Holders.

***The prices of blockchain assets are extremely volatile. Fluctuations in the price of digital assets could materially and adversely affect our business, and the Tokens may also be subject to significant price volatility.***

The prices of blockchain assets such as Bitcoin, Ethereum, Tezos and other blockchain assets have historically been subject to dramatic fluctuations and are highly volatile, and the market price of USDtz may also be highly volatile. Several factors may influence the market price of the Tokens, including, but not limited to:

- Global blockchain asset supply;
- Global blockchain asset demand, which can be influenced by the growth of retail merchants' and commercial businesses' acceptance of blockchain assets like cryptocurrencies as payment for goods and services, the security of online blockchain asset exchanges and digital wallets that hold blockchain assets, the perception that the use and holding of blockchain assets is safe and secure,

and the regulatory restrictions on their use;

- Purchasers' expectations with respect to the rate of inflation;
- Changes in the software, software requirements or hardware requirements underlying USDtz;
- Changes to the software, security, cost and adoption of USDtz;
- Changes in the rights, obligations, incentives, or rewards for the various participants in the USDtz ecosystem;
- Interest rates;
- Currency exchange rates, including the rates at which digital assets may be exchanged for fiat currencies;
- Fiat currency withdrawal and deposit policies of blockchain asset exchanges on which USDtz may be traded and liquidity on such exchanges;
- Interruptions in service from or failures of any blockchain asset exchanges on which USDtz may be traded, if any such exchanges exist at all;
- Activities of large purchasers that may directly or indirectly purchase USDtz or other blockchain assets;
- Monetary policies of governments, trade restrictions, currency devaluations and revaluations;
- Regulatory measures, if any, that affect the use of blockchain assets such as USDtz;
- The maintenance and development of the USDtz codebase;
- New technologies and competing products and services;
- Global or regional political, economic or financial events and situations; and
- Expectations among USDtz or other blockchain asset participants that the value of USDtz or other blockchain assets will soon change.

A decrease in the price of a single blockchain asset may cause volatility in the entire blockchain asset industry and may affect other blockchain assets including USDtz. For example, a security breach that affects investor or user confidence in Bitcoin, Ethereum or Tezos may affect the industry as a whole and may also cause the price of USDtz to experience significant fluctuations.

### **Risks related to the Underlying Blockchain Networks**

*The Tezos network has only recently been deployed and the Ethereum network is undergoing rapid changes.*

USDtz will be deployed on the Tezos blockchain while certain aspects of the Collateral will utilize smart contracts on the Ethereum blockchain. The Tezos network was only released in 2018 and the Ethereum network is scheduled for several significant network upgrades, and neither blockchain network has an

established operating history. As a result, issues may arise from time to time in both the Tezos and Ethereum networks that affects its speed, scalability, security, operations or cost. For instance, both networks may encounter network difficulties as a result of large volumes of transactions. In addition, new problems or vulnerabilities may be identified on both networks. If any such real or perceived issues arise, USDtz may be materially and adversely affected. There is no guarantee that the Foundation will be able to identify and utilize an alternative protocol or network, or at all.

***A temporary or permanent “fork” could adversely affect the Tezos and Ethereum networks.***

The DAO, a decentralized autonomous organization using the Ethereum Network, was hacked in June 2016, resulting in a loss to that organization of approximately 3.6 million ether. In response to this loss, the Ethereum community agreed to create a new “hard fork” on the Ethereum network blockchain which returned the lost ether to The DAO. A hard fork is a change to the underlying Ethereum protocol, which creates new rules for the Ethereum system.

In creating the hard fork, the intent was to have all users of the Ethereum Network migrate to that new fork, which would result in the ether in the old blockchain held by the DAO hacker being rendered useless. However, a number of users have continued to develop the old blockchain, now referred to as “Ethereum Classic” resulting in separate version of ether now referred to as ether classic. Ether classic is now traded on several cryptocurrency exchanges.

At the time of the initial attack on The DAO and the loss of its ether, the market price of ether declined from over \$20 to under \$13. While the price of ether recovered after that decline, there is no assurance that a future attack would not result in a sustained decline in the market price of ether.

If a contentious hard fork were to occur again in the future to either the Tezos or Ethereum blockchain networks, we may need to make determinations as to which fork to continue to adopt. Any real or perceived problems or vulnerabilities with the separate blockchain may materially and adversely affect USDtz.

***The Tezos or Ethereum networks may be subject to legal disputes.***

In 2018, a series of class action lawsuits were filed against the Tezos Foundation alleging that the sale of XTZ constitutes a security that is regulated under U.S. securities laws. In addition, the Tezos Foundation has also been embroiled in founder disputes. If XTZ were found to be a security under U.S. laws, the use and adoption of the Tezos network would be significantly curtailed. In addition, further legal disputes among the Tezos community could further undermine the use and adoption of the Tezos blockchain, and the USDtz as a result. If any such events occur to the Tezos or Ethereum networks, the growth and feasibility of USDtz could be materially and adversely affected.

***A disruption of the Internet or the Tezos or Ethereum networks would affect the operations of USDtz.***

The Tezos and Ethereum networks’ functionalities depends on the Internet. A significant disruption in Internet connectivity could disrupt the Tezos and Ethereum networks’ operations until the disruption is resolved. In addition, the Tezos and Ethereum networks have been subjected to a number of denial of service attacks, which led to temporary delays in block creation and in the transfer of tokens on the network. The networks could also be the subject of additional attacks from time to time in the future. Any future attacks that impact the ability to operate USDtz could have a material adverse effect on USDtz and its growth and viability.

## **Exhibit C**

### ***Restricted Activities***

In connection with your use of USDtz Services, you hereby agree that you will not directly or indirectly undertake any of the following activities (collectively, “**Restricted Activities**”):

- a) violate (or assist any other party in violating) any applicable law, statute, ordinance, or regulation;
- b) intentionally try to defraud (or assist in the defrauding of) the Foundation or other USDtz users;
- c) provide false, inaccurate, or misleading information;
- d) take any action that interferes with, intercepts, or expropriates any system, data, or information;
- e) partake in any transaction involving the proceeds of illegal activity;
- f) transmit or upload any virus, worm, or other malicious software or program;
- g) attempt to gain unauthorized access to other user accounts, wallets, the Foundation website, or any related networks or systems;
- h) use the USDtz Services on behalf of any third party or otherwise act as an intermediary between the Foundation and any third parties;
- i) collect any user information from other USDtz users, including, without limitation, email addresses, in violation of applicable law;
- j) defame, harass, or violate the privacy or intellectual property rights of the Foundation or any other USDtz users; or
- k) upload, display or transmit any messages, photos, videos or other media that contain illegal goods, violent, obscene or copyrighted images or materials

### ***Prohibited Transactions***

Using the USDtz Services for transfers related to the following is prohibited, and the Foundation reserves the right to monitor for transactions that relates to the following (collectively, the “**Prohibited Transactions**”):

- a) any Restricted Persons or persons or entities located in Restricted Territories (as each term is defined in Section 3 of the User Agreement);
- b) weapons of any kind, including but not limited to firearms, ammunition, knives, explosives, or related accessories;
- c) controlled substances, including but not limited to narcotics, prescription drugs, steroids, or related paraphernalia or accessories, unless licensed and authorized by the jurisdiction in which the customer is based as well as by the jurisdiction in which the transaction takes place;
- d) gambling activities including but not limited to sports betting, casino games, horse racing, dog racing, games that may be classified as gambling (i.e. poker), or other activities that facilitate any of the foregoing, unless licensed and authorized by the jurisdiction in which the customer is based as well as by the jurisdiction in which the transaction takes place;
- e) money-laundering or terrorist financing;
- f) any sort of Ponzi scheme, pyramid scheme, or multi-level marketing program;
- g) goods or services that infringe or violate any copyright, trademark, or proprietary rights under the laws of any jurisdiction;
- h) credit repair services, or other services that may present consumer protection risks;
- i) court ordered payments, structured settlements, tax payments, or tax settlements;
- j) any unlicensed money transmitter activity;
- k) layaway systems, or annuities;
- l) counterfeit goods, including but not limited to fake or “novelty” IDs;
- m) wash trading, front-running, insider trading, market manipulation or other forms of market-based fraud or deceit;

n) purchasing goods of any type from “Darknet” markets, or any other service or website that acts as a marketplace for illegal goods (even though such marketplace might also sell legal goods); or  
o) any other matters, goods, or services that from time to time we communicate to you that are unacceptable and which, for example, may be restricted by our and your bank or payment partners  
In the event that the Foundation learns that you are making any such Prohibited Transactions, the Foundation will consider it to be a violation of this Agreement and may suspend or terminate your use of the USDtz Services, which can result in the potential forfeit of any USDC otherwise eligible for redemption.