

Worldwide Stablecoin Payment Network

Whitepaper

September, 2023¹

¹ *This version has been reviewed by DLA Piper LLP (US).*

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Executive Summary

Introduction of WSPN and WUSD

In this whitepaper, we propose the Worldwide Stablecoin Payment Network (WSPN), which utilizes the distributed ledger technology of blockchains to create a trustless and global network for real-life payment scenarios. Under this payment system, we introduce a fiat-collateralized stablecoin called WUSD. Pegged to the US Dollar, the purpose of WUSD is to leverage general stablecoin characteristics of stability, transparency, and efficiency to enhance the overall functionality of the payment system. As a reliable and transparent medium of exchange, WUSD aims to facilitate seamless transactions in a wide range of use cases.

Custody via a Trust

Other than traditional custodial solutions, WSPN will explore the option of holding reserve assets in an independent trust structure or through a simple custodial arrangement to ensure the safety and security of clients' funds. Under this structure, the licensed trustee is legally obligated to professionally and properly manage these assets on behalf of the beneficiaries. Depending on the specific trust arrangement and custody structure, segregating client assets into a trust account increases bifurcation and asset security. Furthermore, it ensures these funds are kept separate from other operating accounts which helps prevent any commingling or mismanagement of these assets.

Application for Global Licenses

In the first phase, WSPN has applied for a Virtual Assets Service Provider License (VASP) in the BVI and a Money Services Business License (MSB) with the Financial Crimes Enforcement Network in the United States as soon as possible in order to comply with legal requirements and industry practices. WSPN shall aim to apply for a Major Payment Institution License (MPI) to the Monetary Authority of Singapore. In the second phase, as regulations of different countries and regions are implemented, WSPN plans to apply for all necessary licenses to maintain compliance and to follow best industry practices. WSPN's licensing plans include but are not limited to obtaining stablecoin and/or monetary service licenses (as applicable) from the European Union, Hong Kong, and the United States.

Options for Pegged Fiat Currency

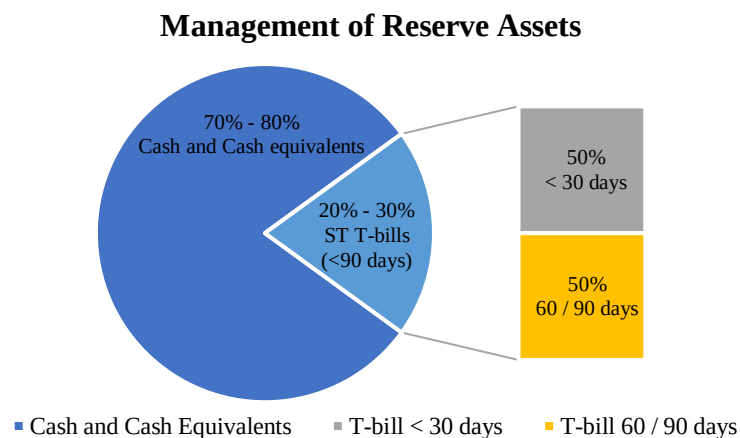
Given the fragility of the global financial system, fluctuations in fiat currencies and the

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regulatory demands for currency stability, our stablecoin project aims to go beyond just offering a US dollar-pegged stablecoin like WUSD. Our future plans involve launching stablecoins pegged to a diverse range of major fiat currencies under the WSPN system. As a second step following WUSD, we are actively exploring the potential of WEUR, a stablecoin pegged to the euro. We will continue to monitor global financial environments and regulatory developments while considering the inclusion of other currencies within the Special Drawing Right (SDR) basket in the future.

Reserves Management

100% of the total liabilities (stablecoins) shall be backed by high-quality liquid assets (HQLA) that can be easily converted into cash in a short period. This could include cash, cash equivalents (including money market funds and repurchase agreements), and treasury bills. A possible allocation for fiat-based stablecoin issuer could be 70 ~ 80% in cash and cash equivalents, and 20 ~ 30% in short-term treasury bills (< 90 days).



Provisions for Risk Management under Basel III

To implement comprehensive risk management practices, our structure design makes sure that the reserve assets are entirely separate from the issuer's balance sheet. This separation is crucial in ensuring the safety and independence of the reserve assets. Additionally, we are committed to setting aside a portion of our stablecoin profits as provisions for risks, in addition to the backed reserve assets. WSPN has a long-term goal to ensure an amount equal to 6% of the 20~30% non-cash portion of the assets is maintained as minimum Tier 1 capital requirements in Basel III. The non-cash portion consists of short-term government securities and other low-risk instruments that can be easily converted into cash. WSPN will continue to use the profit gained from issuing fees

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and interest income to gradually fulfill the minimum Tier 1 capital requirements of 6%. The remaining profits will be utilized for further investments, ensuring the growth and sustainability of our stablecoin ecosystem. By doing so, WSPN aims to increase its financial stability and credibility, as well as comply with regulatory standards.

Attestation Reports and Information Disclosure

Following existing market practices, WSPN is dedicated to offering real-time attestation reports of the reserve assets snapshots that will be updated every 10-20 minutes, and conducted by reputable third-party accounting firms. These reports will disclose the amount of WSPN's "token supply" and the underlying "escrowed collateral", which be accessible on our official website and blockchain as a proof of reserve, guaranteeing the credibility and transparency of our collateral assets.

Industry Research and SWOT Analysis

Definition of Stablecoin

Stablecoin is defined to be a type of digital asset whose market value is pegged to another external asset class. The purpose of introducing an external asset class is to provide stability and reduce price volatility.

Fundamentals of Stablecoin

Analyzing the stablecoin ecosystem from a comprehensive and cautious perspective enables a better understanding of market data in line with business scenarios and the decision-making process behind the design of underlying models. Among these, the balance sheet of stablecoins represents a fundamental attribute that distinguishes their inherent features. Assets ensure redemption, while liabilities determine the payment structure. The consolidated data of the balance sheet is the core information that investors are most interested in from the perspectives of the total value and security of stablecoin projects. The project's scenarios and liquidity management are the sources of expansion for its activity and development prospects. Designing application circumstances can assist the project in acquiring a healthy and stable participant structure. The design of liquidity management simultaneously considers leverage and ease of circulation, while also taking into account repayment deadlines, ensuring that stablecoins can withstand short-term shocks and achieve long-term growth.

Assets play a fundamental role as cornerstones of stablecoins, with a primary emphasis on the selection of reserve assets, their allocation proportions, and collateralization ratios. Reserve assets pertain to valuable assets held by projects to underpin the redemption of stablecoins, and market data indicates that investors exhibit a discernible inclination toward the security of reserve assets. From the classification data of stablecoins on the publicly accessible platform CoinMarketCap, it is evident that the stablecoin sector encompasses a repertoire of over a hundred distinct varieties of cryptocurrencies. Over the long term, stablecoins anchored primarily in sovereign credit, fortified by ample reserve backing, exhibit resilience to market disruptions and uphold the stability of their valuation. Moreover, the Matthew effect, which manifests through the functions of monetary market circulation, trading, and lending, is anticipated to further consolidate

the dominant status of robust and thriving stablecoin ecosystems, engendering an inherent positive feedback mechanism for the projects themselves.

Market Landscape of Stablecoin

The stablecoin market has witnessed rapid expansion since 2014, with a market capitalization that once exceeded US\$180 billion. It currently stands at approximately US\$127.9 billion. Stablecoin payment services have a development history of around a decade, and the market size has transitioned from an exploratory phase to a phase of swift growth. The market cap of stablecoins has experienced significant expansion over the past three years. In January 2020, the market capitalization was a mere US\$5.2 billion, but with the rapid development of the cryptocurrency market, it reached a historical peak of US\$185 billion in April 2022. In the future, propelled by regulatory compliance efforts and the burgeoning array of payment applications, the stablecoin ecosystem will progressively fortify its diversity amidst a landscape characterized by relentless competition.

Legal Structure Design and Compliance Guidance of WSPN

Fundamentals of WSPN's Legal Structure

By implementing robust governance mechanisms and complying with relevant regulations, we aim to create a stablecoin ecosystem that fosters trust, transparency, and compliance with applicable laws. We are committed to the highest standards of governance and will actively engage with the community and regulators to ensure the longevity of our stablecoin project.

We are committed to adhering to all applicable laws and regulations to maintain a compliant stablecoin ecosystem. We are committed to establishing a robust legal structure that aligns with applicable regulations and jurisdictions. This includes evaluating the need for licenses, permissions, or registrations to operate as a stablecoin issuer. In the first phase, WSPN has completed the Money Services Business registration (MSB) with the Financial Crimes Enforcement Network in the United States. WSPN will further apply for a Virtual Assets Service Provider License (VASP) in the BVI and a Money Services Business license in most states across the United States, as soon as possible to comply with the legal requirements and industry practices. WSPN also plans to apply for a Major Payment Institution License (MPI) to the Monetary Authority of Singapore and an Electronic Money Institution (EMI) license in Europe. As global regulatory frameworks for stablecoins are intensively being implemented, Hong Kong's stablecoin regulatory plan will enter its second round of public consultations this year; the Monetary Authority of Singapore announced responses to consultation feedback in August 2023; the US Congress has introduced three successive versions of stablecoin legislation and held several hearings on this matter. We will closely monitor regulatory developments in the stablecoin space. In the second phase, as if regulations from different countries and regions are implemented, WSPN plans to apply for all necessary licenses to maintain compliance. WSPN's licensing plans include but are not limited to obtaining stablecoin licenses from the European Union, Hong Kong, and the United States. We will engage legal experts to guide us through the necessary processes and ensure compliance with relevant licensing requirements.

We implement robust Know Your Customer (KYC) and Anti-Money Laundering (AML) procedures, which help ensure that participants in the stablecoin ecosystem are properly identified and vetted. Regular audits will need to be conducted to provide transparency and verify the stability

of the stablecoin. It is important to note that regulatory environments can vary across jurisdictions. We will make every effort to ensure compliance with applicable regulations in the jurisdictions where we operate. This may involve tailoring our compliance measures to meet specific requirements and seeking appropriate licenses or permissions where necessary.

As the regulatory landscape evolves, we are committed to adapting our governance and compliance measures to meet changing requirements. We will monitor regulatory developments closely, collaborate with legal experts, and engage in ongoing dialogue with regulatory authorities to ensure continued compliance.

WSPN's Structure Design with Trust Custody

Custody via a Trust

WSPN is committed to safeguarding our clients' funds by carefully considering various secure mechanisms. We will assess the feasibility of housing these funds in a dedicated custody account, or by establishing a rigorous custodial arrangement. This approach aims to not only fortify the safety and security of our client's assets but also afford them legal protection. Furthermore, it serves to isolate risks and thereby prevent any inadvertent commingling or mismanagement of our clients' valuable resources.

Potential Options for Pegged Fiat Currency beyond US Dollar

In this whitepaper, we will focus our discussion on WUSD, which is pegged to the US Dollar. However, given the fragility of the global financial system, fluctuations in fiat currencies, and the regulatory demands for currency stability, our stablecoin project goes beyond just offering a US dollar-pegged stablecoin like WUSD. Our future plans involve launching stablecoins pegged to a diverse range of major fiat currencies under the WSPN system. As a second step following WUSD, we are actively exploring the potential of WEUR, a stablecoin pegged to the euro. We will continue to monitor global financial environments and regulatory developments while considering the inclusion of other currencies within the Special Drawing Right (SDR) basket in the future.

Design of AML / KYC Policies as a BVI VASP

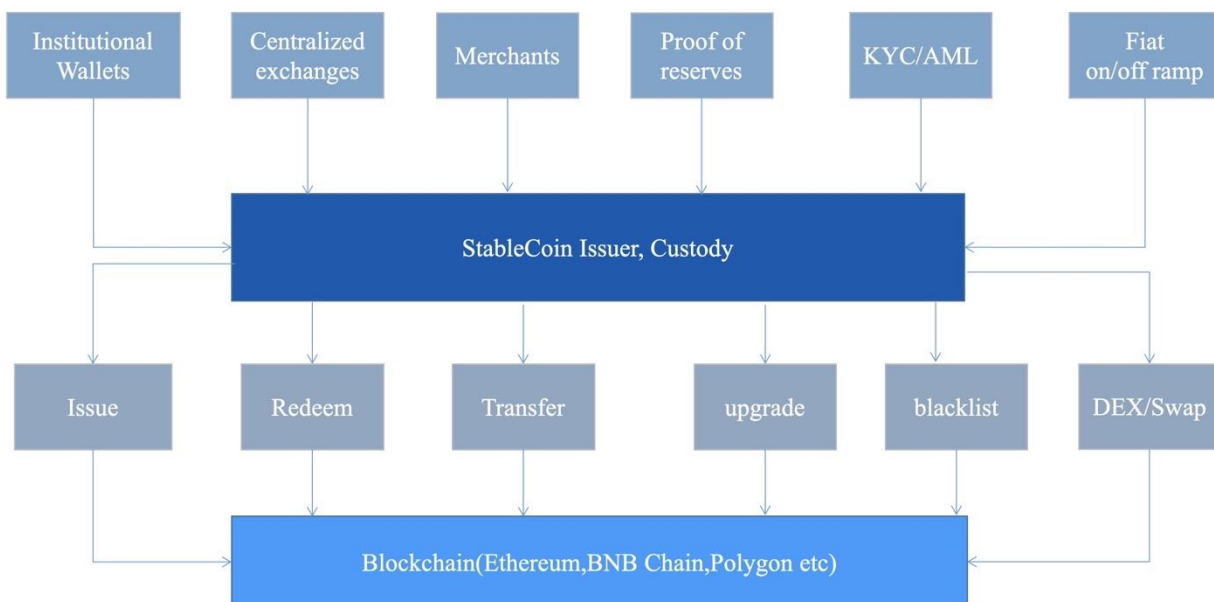
Introduction

While the Company aims to serve institutions only and will not issue directly to retail clients, AML/CFT regulations and policies nevertheless compel the Company, as a financial institution or a virtual asset service provider, as applicable in the applicable context, to adopt policies and procedures which requires the Company to perform AML due diligence on its institutional customers (often tied up to their ultimate beneficial owners) and to implement virtual assets travel rules. The Company will establish the respective framework of the AML Policies and Procedures Manual (**Manual**) to provide guidance to principals of the Company (**Principals**) and any staff (**Staff** and, together with the Principals, **Personnel**) of the Company to ensure the Company and its Personnel meet their obligations under the relevant AML/CFT laws and regulations. The Company aims to first obtain a VASP license in the British Virgin Islands and as the Virgin Islands remains committed to the global fight against money laundering (ML), terrorist financing (TF), and proliferation financing (PF) in accordance with the FATF's recommendations, the following proposed framework is oriented towards BVI AML/CFT rules whereas future amendments and optimizations may be implemented based on specific requirements of other geographies.

Technology Stack and Implementation

Two Layers of Technology Stack

Each stablecoin issued into circulation will be backed in a one-to-one ratio with the equivalent amount of corresponding fiat currency held in reserves by WSPN. As the custodian of the backing assets, we are acting as a trusted third party responsible for that asset. This risk is mitigated by an implementation that collectively reduces the complexity of conducting both fiat and cryptocurrency audits while increasing the security, provability, and transparency of these audits.



The tech stack has 2 layers, and numerous features as illustrated in the above diagram

First Layer: Fundamental Blockchain Network

The first layer is the fundamental blockchain network. The stablecoin's transactional ledger is embedded in the blockchain as a smart contract (ERC-20 on EVM-compatible blockchains) on the blockchain. This layer also provides the following functions.

- Mint (issue) and revoke (destroy) crypto tokens are represented as smart contracts deployed on the underlying blockchain's ledger.
- Track and report the circulation of stablecoin tokens issued on blockchains.

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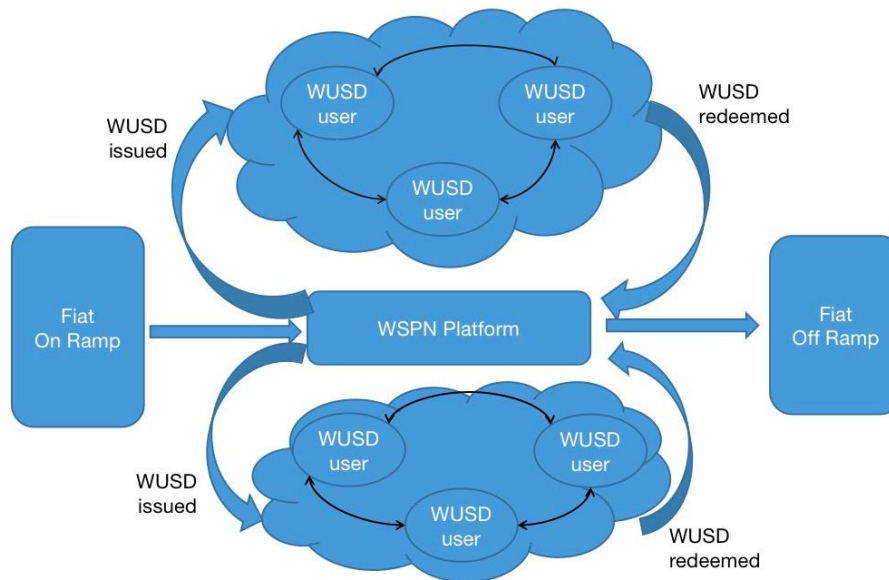
- Support users to transact and store stablecoins
- Upgrade the smart contract representing the stablecoin to add new features
- Support on-chain transfer and swap with other assets/tokens
- Support blacklist/whitelist of wallet addresses

Second Layer: WSPN Platform

The second layer is the WSPN platform, the business entity primarily responsible for the:

- Accepting fiat deposits and issuing the corresponding stablecoin tokens
- Supporting fiat withdrawals and revoking the corresponding stablecoin tokens from the smart contract
- Custody of the fiat reserves that back all stablecoin tokens in circulation
- Reporting Proof of Reserves and other audit results
- Initiating and managing integrations with existing blockchain wallets, exchanges, and merchants
- Maintaining a wallet that allows users to send, receive, store, and convert stablecoin tokens.

Fund workflow



As illustrated in the above diagram, there are five steps in the lifecycle of a WUSD token.

- The user deposits fiat currency into WSPN's bank account.
- WSPN generates and credits the user's account and the WUSD token starts to enter circulation. The amount of fiat currency deposited by the user will be the same as the amount of corresponding WUSD tokens issued to the user.
- The user transacts with WSPN by transferring, exchanging, and storing WUSD via the underlying blockchain network.
- The user deposits WUSD with WSPN for redemption into fiat currency.
- The WSPN system destroys the WUSD tokens on the blockchain and sends fiat currency to the user's bank account.

Users can also obtain stablecoin outside of the aforementioned process on an exchange or from another individual holder. Once a WUSD token enters circulation, it can be traded freely between any business or individual. For example, users can purchase stablecoin tokens from exchanges such as Uniswap, Binance, Coinbase, etc.

The main concept to be conveyed by the fund workflow diagram is that WSPN is the only party that can issue (create) WUSD into circulation or take it out of circulation (destroy). This is the main process by which the system's solvency is maintained.

Proof of Reserves Process

WSPN's Proof of Reserves process of proving that the total number of WUSD tokens in circulation is always fully backed by an equal amount of fiat currency held in reserve.

Each WUSD token in circulation represents one US dollar held in WSPN reserves (a one-to-one ratio) which means the system is fully reserved when the sum of all WUSD tokens in existence is greater or equal to the balance of US Dollar or equivalent assets held in the reserve asset. Since WUSD tokens live on blockchains, the provability and accounting of WUSD at any given point in time is trivial. The corresponding total amount of reserve assets is proved by publishing the bank balance and undergoing periodic audits by professionals. The detailed implementation can be found below:

WSPN issues all WUSD on a public blockchain, therefore all issued, redeemed, and existing WUSD, including transactional history, are publicly auditable via on-chain data. WUSD is an ERC20 smart contract that implements the standard `totalSupply()` interface as follows:

```
function totalSupply() public view returns (uint256);
```

Anyone can get the total supply information of WUSD in circulation by querying this function on the blockchain, which is public and cannot be tampered with.

Meanwhile, WSPN has a bank account that will receive and send fiat currency to users who purchase/redeem WUSD directly on the WSPN platform. The balance will be published on the WSPN website and audited by professional third-party auditors. By verifying this bank account balance with the on-chain total supply number of the stablecoin, it can be proven that WUSD is a one-to-one peg to the US Dollar.

Stablecoin Reserve Assets & Custodian Solutions

Unlike most cryptocurrencies, which are volatile and speculative, stablecoins aim to provide a reliable and convenient medium of exchange for crypto traders and investors. However, to achieve this goal, stablecoins need to have sufficient reserves of real-world assets that can back up their value and ensure their solvency. Asset allocation is the process of deciding how to distribute these reserves among different types of assets, such as cash, commercial paper, fiduciary deposits, and even Bitcoin. One of the key challenges is how to manage the assets and liabilities of a stablecoin in a way that ensures its stability, solvency, and liquidity. Another important aspect of stablecoin asset allocation is the identity and location of its custodians, which are the entities that hold and safeguard its reserve assets.

We will explain the separation of the Balance Sheet for WSPN's reserve assets, the Reserve Management of WSPN, and our application of provisions for risk requirements under Basel III.

Separation of Balance Sheet for WSPN's Reserve Assets

The separation of the Balance Sheet for reserve assets and the issuer's assets is important for transparency and accountability purposes. It allows the issuer to demonstrate that it has enough fiat currency to back up the outstanding stablecoins and that it does not commingle its funds with the reserve funds. This way, the issuer can prevent runs on the stablecoin arrangement, protect users from losses, and comply with regulatory requirements.

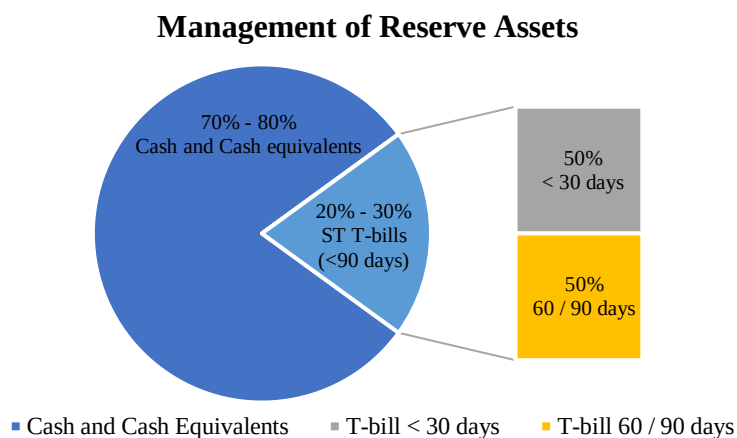
WSPN will utilize the below ways to separate the balance sheet for reserve assets and the issuer's assets:

- Using separate issuing and operational addresses on the blockchain network where the stablecoins are issued. This can limit the risk profile of the issuer and prevent unauthorized access or manipulation of the reserve funds.
- Using different sets of bank accounts for holding the reserve funds and the issuer's funds. This can ensure that the reserve funds are segregated from the issuer's operational expenses and liabilities and that they are subject to regular audits and reporting.

- Using different user roles for operating the bank accounts and the blockchain addresses. This can enhance internal controls and governance and prevent fraud or misuse of funds by any single individual or entity. For example, the issuer can assign different roles such as custodian, auditor, administrator, and signer, with different levels of access and authority.

Reserve Management of WSPN

At least 100% of the total liabilities (stablecoins) should be backed by high-quality liquid assets (HQLA) that can be easily converted into cash in a short period of time. This will only include cash, cash equivalents (including money market funds and repos), and treasury bills. A possible allocation for fiat-collateralized stablecoin issuers could be 70 ~ 80% in cash and cash equivalents, and 20 ~ 30% in short-term treasury bills (< 90 days).



Provisions for Risk under Basel III Requirements

One of the challenges for fiat-based stablecoin reserve management is to ensure adequate provisions for risk and liquidity under different stress scenarios. One possible approach is to apply the minimum Tier 1 capital requirements in Basel III, which are designed to enhance the resilience of banks to financial shocks. According to Basel III, the total minimum Tier 1 must be at least 6% of risk-weighted assets (RWA), which are calculated based on the credit, market, and operational risks of the bank's assets and exposures. The 6% minimum capital requirement includes 4.5% of Common Equity Tier 1 (CET1) and an additional 1.5% of Additional Tier 1 (AT1).

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To separate its balance sheet for reserve assets and its own assets, WSPN has a long-term goal to ensure an amount equal to 6% of the 20~30% non-cash portion of the assets is maintained as minimum Tier 1 capital requirements in Basel III. The non-cash portion will only consist of short-term government securities that can be easily converted into cash. WSPN will continue to use the profit gained from issuing fees and interest income to gradually fulfill the minimum Tier 1 capital requirements of 6%. The remaining profits will be utilized for further investments, ensuring the growth and sustainability of our stablecoin ecosystem. By doing so, WSPN aims to increase its financial stability and credibility, as well as comply with regulatory standards.

Asset Attestation and Information Disclosure

In this section, our focus will be on the asset attestation and information disclosure practices of major fiat-collateralized stablecoins. We will examine the relevant regulations governing disclosure obligations for existing stablecoin issuers. Additionally, we will explore the roles of accounting firms in attesting to the assets backing stablecoins.

Based on our comprehensive analysis of existing market practices, we will adopt a real-time attestation report snapshot on our official websites to display the total amount of the current Reserve and the number of issued WUSD, which will clearly show that all WUSD is fully fiat collateralized. By developing our own approach and practices regarding asset attestation and information disclosure, our primary objective is to ensure strict compliance with all relevant regulations and provide a high level of transparency to our customers. We believe the accuracy and reliability of asset attestation will be the key to establishing trust and confidence in the stability and security of WUSD.

Real-time Attestation Report and Information Disclosure for WUSD

On the official website of WSPN, we plan to display the total amount of the current reserve and the number of issued WUSD tokens in real-time, and it can be intuitively seen that the coverage ratio of our reserve assets is no less than 100%.

By introducing real-time attestation report snapshots that are open to the public and can be downloaded from the official website at any time, we believe it will largely enhance the credibility of the collateral. This real-time attestation report will include the holdings report of WSPN (which shows the reserve balance and the balance of the issued WUSD tokens), as well as a third-party accounting firm's independent accountant report to verify the holdings report mentioned above. For newly issued stablecoins like WUSD that have not yet established a market reputation, we believe the real-time reserve asset snapshots will be a great way to improve their trustworthiness.

Application Scenarios and Business Development of WSPN

Business Expansion of WSPN and WUSD into Exchanges, Payment Institutions, Banks and Others

Exchanges

WSPN will establish partnerships with top-tier exchanges to expand brand awareness and reach a wider audience, increasing its trading volume and liquidity. We recognize that the issuance standards for stablecoins must comply with legal requirements in various jurisdictions, especially in terms of anti-money laundering, countering the financing of terrorism, and local regulatory requirements. Top-tier exchanges primarily operate in regions with the strictest regulations globally, which imposes clear requirements on WSPN in terms of core values, technology, compliance, market supply, market demand, and the crypto economy. This ensures a solid foundation for WSPN's launch and a more stable start.

By partnering with exchanges, we will work towards increasing the trading pairs of WUSD with other cryptocurrencies. We will introduce trading pairs of WUSD with popular stablecoins and major high-market-cap cryptocurrencies to attract a larger user base.

In the initial stages, WSPN will introduce various promotional incentives to attract more traders to use WUSD for their transactions. These incentives will enhance the appeal of WUSD trading and encourage greater participation from traders.

Payment Institutions

WSPN will bring opportunities for innovation and improvement to the payment industry from the following several perspectives.

WSPN will enhance the convenience of cross-border payments. It will collaborate with payment institutions to enable direct peer-to-peer cross-border payments, reducing intermediaries and associated costs, accelerating transaction speeds, and enhancing the convenience of payments.

WSPN will optimize the payment clearing and settlement process. Through blockchain technology, WUSD's transaction records are securely stored in a distributed ledger, enabling real-time clearing and settlement of transactions. This can reduce operational costs and risks for

payment institutions, accelerate fund settlement, and enhance the efficiency and security of payments.

WSPN will provide opportunities for payment institutions to expand their financial services. As a stablecoin, it can be integrated with other traditional financial products and services. Payment institutions can collaborate with us to offer users a "multi-dimensional, all-in-one" financial service that encompasses both on-chain and off-chain solutions, catering to various payment and fund requirements.

Commercial Banks (Digital Banks)

- The introduction of trading pairs between WUSD and asset-backed tokens of our bank partners.
 - WSPN plans to expand its use cases by introducing a new "trading pairing" mechanism. This mechanism will allow users to utilize WUSD for various financial operations related to bank assets, indirectly enabling a wider range of financial tools and services to be accessed. Through this approach, WSPN aims to drive financial innovation and the development of the digital economy.
 - WSPN aims to enhance the liquidity of bank assets by facilitating trading interoperability between WUSD and asset-backed tokens. Through this interchange, bank tokens can experience improved liquidity and transferability, enabling greater flexibility in their utilization and transactions.
 - WSPN aims to assist banks in increasing their liabilities and expanding their customer base. During the issuance of WUSD, significant reserves will be generated as assets. Additionally, WUSD will attract a broader range of users and investors from the crypto-economic space, including digital asset holders, cryptocurrency practitioners, and participants in cross-border trade, among others, thereby benefiting traditional banks by expanding their reach into the crypto economy.
 - By partnering with traditional banks, WSPN can enhance its credibility. Banks, as integral parts of the traditional financial system, possess strong reputations and regulatory compliance. Through establishing partnerships with these banks, WSPN can gain endorsement and reputation through the backing of trusted financial institutions. The

collaborating banks can also act as regulatory authorities, overseeing and auditing WUSD to ensure compliance with relevant laws and regulations.

Trading Companies

WSPN aims to provide numerous benefits to trading companies and participants engaged in goods trade and service trade:

- **Reducing Payment Costs with WUSD:** Traditionally, cross-border payments often involve multiple intermediaries and banks, resulting in high costs and slow transaction speeds. WUSD will utilize blockchain technology to enable fast and direct peer-to-peer payments, reducing payment costs and the fees associated with intermediaries.
- **Improving Payment Speed:** Traditional cross-border payments often take several days or even longer to complete, whereas transactions with WSPN will be on the blockchain, enabling instant settlement and delivery. This helps expedite transaction speeds, enhance liquidity, and make trade of goods more efficient and rapid.
- **Reducing Exchange Rate Risk:** For international trades, transactions involving different countries and currencies can be exposed to exchange rate fluctuations, which can pose risks and costs to the parties involved. WUSD's value is relatively stable, allowing for mitigation of exchange rate risks and enabling better prediction and planning of transaction costs for the trading parties.
- **Improving Cross-border Settlement Efficiency:** International trade involves multiple banks and financial institutions for settlement, which can be a complex and time-consuming process. The use of WUSD simplifies the settlement process, reduces intermediaries and document procedures, and enhances settlement efficiency and transparency.

Exchange Listings

WUSD's Listing on Exchanges

Our listing plan for WUSD will include both decentralized exchanges and centralized exchanges, which are significantly different in terms of procedures. For decentralized exchange listing, WSPN will first investigate and compare various options to ensure that a reputable decentralized exchange with high trading volume and a wide user base is selected to increase the liquidity and visibility of stablecoins. Priority will be given to mainstream decentralized exchanges such as Uniswap, SushiSwap, Balancer, and Curve after comparing and evaluating them based on such aspects as user numbers, token variety, fee structure, security, and ease of use. After selecting the appropriate decentralized exchange(s), sufficient amounts of tokens/assets will be deposited into smart contracts created, to provide liquidity for WUSD within the platform. This step will complete the listing process of WUSD on a decentralized exchange.

Compared to decentralized exchanges, the process of listing on centralized exchanges is relatively more complicated. Firstly, the team will need to conduct thorough research and select top-tier industry-leading centralized exchanges for listing. During this process, a written application will be submitted to the exchange for WUSD's listing, which typically includes detailed information about the project, technical documentation, roadmap, codebase, and other necessary materials. The exchange will then evaluate these documents and may request additional project information such as legal documents, future business plans, and exit clauses among other details. Or they may require further technical or security reviews to ensure that the project meets their respective requirements and standards. Once WUSD passes the exchange's review process, we will enter a listing agreement with the exchange and pay any relevant fees. The fees charged by an exchange for listing can vary depending on factors such as its size, reputation, and trading volume.

Once the agreement is signed and fees are paid, the exchange will begin implementing the listing process which includes creating a wallet for WUSD and configuring trading pairs. Before going live, the exchange will run tests to ensure that everything functions correctly and that the project is secure. After that, we will also need to regularly update WUSD's developments with the exchange to ensure the stable operation of its project.

Finally, when all procedures have been tested successfully, we will be notified by the exchange that WUSD is qualified as a listed token thereon. To increase the exposure of WUSD on the exchange, detailed marketing and promotion plans will be provided, whereby the applicable exchange will also help establish marketing strategies for WUSD, devise community-building plans promote the brand name, etc.

Market Making Strategy

In order to achieve the aforementioned liquidity management objectives, programmatic automated market maker systems provide dense orders on both sides of the order book. These orders are dynamically adjusted based on the prevailing market trading conditions at any given time:

- Each newly executed order in the market is transmitted back to the market maker system as data, triggering the system to update the next moment's order price and quantity.
- By assessing the execution status of market participants' trades against market maker orders, the system can make real-time judgments on liquidity conditions and adjust the order placement mechanism accordingly.
- The market maker system adjusts its strategies for liquidity rebalancing on either the buy or sell side of the order book based on the depth of the order book, which is collectively integrated by global market participants.

The programmatic orders of the market maker system are typically concentrated at the bid and ask positions closest to the last executed price, which is often represented by Bid1 and Ask1 in the order book. The goal of order book liquidity management is to control the bid-ask spread within the smallest unit of price movement for the asset as one tick. When there is significant price volatility, resulting in concentrated buying or selling by traders, one side of the order book may be quickly filled, leading to an expansion of the bid-ask spread. In such cases, the market maker system's strategy proactively monitors the spread and intelligently fills the one-sided orders in the order book using algorithms to maintain liquidity.

Data Monitoring and Risk Control Measures

To achieve the mentioned liquidity management objectives, programmatic automated market maker systems employ various data monitoring and risk control measures, including:

- **Data statistical period:** Each statistical period covers a daily timeframe from 00:00:00 to 23:59:59 UTC.
- **Price stability monitoring:** Tracking the historical trend and volatility of price candles (K-line) to ensure price stability.
- **Order book spread monitoring:** Monitoring the bid-ask spread and observing historical patterns of spread fluctuations.
- **Order book depth monitoring:** Analyzing the total volume and distribution of buy and sell orders in the order book.
- **Multi-exchange monitoring:** Monitoring the prices and spreads of the same trading pair across different exchanges.
- **Order monitoring:** Keeping track of the trade records of the trading pair, especially monitoring large and abnormal trade orders.
- **Other risk control indicators:** Utilizing additional risk control metrics and measures to maintain market stability and prevent abnormal behaviors.

By implementing these monitoring mechanisms, the market maker system can continuously assess market conditions and adjust its strategies and order placements to ensure optimal liquidity provision while mitigating risks.

Mechanisms to Mitigate Malicious Liquidity Disruptions

When the bid-ask spread in the order book of a single exchange becomes significantly large, it creates opportunities for arbitrage. Effective trading and arbitrage can contribute to efficient price discovery and ensure fair asset pricing in line with market trends. However, when the same asset is listed on multiple exchanges, price discrepancies may arise due to different trading environments and varying trading behaviors of participants across exchanges.

We have customized evaluation logic to identify instances of significant spreads and make efforts to maintain asset prices at fair market levels. Simultaneously, we employ robust liquidity management strategies to mitigate malicious arbitrage opportunities, as such activities can often lead to losses for the majority of traders. Furthermore, we aim to strike a balance between liquidity management and trader user experience through the market maker system. The system continuously improves and adjusts monitoring mechanisms to adapt to market changes and mitigate emerging forms of malicious liquidity disruptions.