

C1SUITE WHITEPAPER

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1. EXECUTIVE SUMMARY

This whitepaper describes our suite of stablecoins (including the existing issued C1USD), being a total of eleven digital asset stablecoins described herein. Our mission is to empower users with stablecoins issued by Kinesis Money Panama, S.A. (“**Issuer**”), that combines the stability of cash reserves and the seamless efficiency of advanced blockchain technology. By offering a collateralized and contingent contractual right digital asset, our stablecoin provides security features, transparency, and transaction reliability.

There are eleven digital asset stablecoins within the Currency One Suite:

C1USD, C1EUR, C1GBP, C1AED, C1AUD, C1BRL, C1CAD, C1CHF, C1JPY, C1MXN, C1SGD
(Collectively, the “C1Suite”)

The C1Suite are designed as a blockchain-based stable digital tokens intended to provide a consistent store of value for users interacting with decentralized systems. It is not designed to be a speculative instrument. C1Suite holders can utilize the tokens to maintain stability within blockchain ecosystems while avoiding exposure to the volatility often associated with digital assets. This ensures the C1Suite serves a practical role in enabling secure, non-volatile digital interactions without constituting a financial product under applicable laws.

The C1Suite are fully collateralized stablecoins designed to maintain a stable value of the underlying currency (the “**Peg**”) through a robust 1:1 backing mechanism (the “**Reserve**”).

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Through its combination of stable value and technological efficiency, the C1Suite aims to serve as useful digital tokens for both institutional and retail users seeking benefits of blockchain-based transactions with the stability of each underlying fiat currency.

2. INTRODUCTION

Cryptocurrencies have several advantages over fiat currencies. For example, they transact much faster than bank wires, have lower transaction costs, and transactions are publicly auditable. However, there are several barriers to the mainstream adoption of cryptocurrencies. Cryptocurrencies have previously been volatile, where value can fluctuate drastically over a short period of time, making them a risky form of investment with limiting usage in daily transactions.

Stablecoins are digitally native instruments that are designed to maintain a stable value compared to an external reference asset, usually a fiat currency such as the U.S. dollar or Euro, etc.

The stablecoin market has emerged as a crucial component of the digital asset ecosystem, with most recent market capitalization exceeding US \$315 billion.

Stablecoins provide a bridge between the traditional financial system and the crypto-economy, allowing fiat currencies to exist in a form that can move more freely and more efficiently on blockchains. Unlike conventional transaction methods, stablecoins require

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no centralized intermediary. Stablecoins are designed to maintain a stable price so users can avoid market volatility risks.

The C1Suite are not marketed or intended for speculative purposes, and its operational design ensures compliance with relevant regulatory requirements.

Third-parties holding or interacting with the C1Suite, may decide, based on the jurisdiction regulations they operate within, on how to utilize the C1Suite.

The C1Suite provides users with stable digital currencies that are backed by fiat currency which avoids the historical volatility of the cryptocurrency market.

The C1Suite can be deployed in use cases that improve the efficiency of financial transactions

by reducing transaction costs and improving the speed and accuracy of these transactions in a secure manner. The C1Suite can also be deployed in use cases that facilitate

cross-border transactions and reduce the fees and processing times associated with traditional methods.¹

The stability of a fiat-backed stablecoin is preserved through the maintenance of a 1:1 Peg with the corresponding fiat currency. This is achieved by ensuring that the value of

¹ The Issuer does not offer or engage in any remittance or payment services. Any payments made using the C1Suite would occur on a peer-to-peer basis without the involvement of the Issuer.

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the reserve assets held matches or exceeds the total quantity of outstanding stablecoins. In essence, the reserves support the issuer's commitment to honor redemptions of the stablecoin at face value, subject to contractual contingencies. It is important to note that the C1Suite reserves are segregated from the issuer's assets and holders of the token have no direct rights over the reserve itself.

Furthermore, the C1Suite can be programmed, allowing financial contracts and escrow without intermediaries.

3. ADVANTAGES

- **Transferable**

As a fungible form of digital instrument, the C1Suite enables frictionless and streamlined transactions, rendering it a convenient choice for a wide range of applications and scenarios.

- **Redeemable**

The C1Suite is backed by a reserve of cash and cash equivalents and an additional guarantee from a third-party provider. Holders will have the ability to submit redemption for fiat currency, subject to terms and conditions. The C1Suite are designed to maintain a 1:1 backing ratio with its reserves.

- **Programmable**

The C1Suite is programmable, allowing for the creation of smart contracts and escrow services arrangements without intermediaries. This programmability empowers users

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with greater control over their transactions while reducing counterparty risk, transaction costs and increasing transaction speed and accuracy.

- **Low Fees**

A notable benefit of the C1Suite as digital currencies on the blockchain are its ability to offer cost-effective transactions with minimal fees. Unlike traditional financial transactions, which often incur high fees, blockchain-based transactions generally involve lower costs. This cost-efficiency makes the C1Suite an attractive and economical choice for users.

- **Operates on Decentralized Networks**

As stablecoins built on blockchain technology, the C1Suite operates on decentralized networks that are distributed across multiple nodes. In so doing, it enhances transparency, security, and resilience, as no single entity has complete control over the network.

- **Segregation of Reserve**

The fiat reserves of the C1Suite are held in reserves segregated from the Issuer's funds.

4. TECHNOLOGY STACK

Each of the C1Suite issued into circulation is intended to be backed in a one-to-one ratio with the equivalent amount of corresponding fiat currency held in reserves by the Issuer.

The C1Suite will be issued on the Public Stellar network, which follow the Stellar non-native asset. This decentralized blockchain provides consensus confirmation of transactions using Proof of Consensus, providing immutability of records and public transparency to market participants. Additionally, at time of launch, the C1Suite will be

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available as an ERC20 token on Ethereum, thereby ensuring the most widely accepted entry and listing by exchanges around the globe. We aim to issue the C1Suite on other blockchains in the future.

By using established public ledgers, market participants can utilize existing monitoring applications to view stablecoins issued and transactions. In this way, participants can follow stablecoins issued or claimed by the Issuer as well as other on-chain transactions. Distributed ledger technology is subject to transaction verification via the Proof of Consensus mechanism, which may result in verification fees paid to participants engaged in consensus activities. Fees vary across blockchains.

The C1Suite has a robust and secure underlying technology that can handle large volumes of transactions and ensure the stability of the coin's value. We've worked with experienced blockchain developers and auditors to ensure the stability and security of the C1Suite.

a. Stellar Blockchain

Stellar is a blockchain platform renowned for its transparency and user-friendly design, making it easily auditable even for non-technical individuals. Its ledger-based architecture ensures that transactions are openly recorded and accessible, contributing to a high level of accountability. What sets Stellar apart is its emphasis on simplicity through built-in operations, allowing for straightforward creation and management of digital assets and transactions. Unlike other platforms, Stellar's approach minimizes the risk of hidden bugs or backdoors, ensuring a more secure and predictable environment.

With its focus on cross-border payments and remittances, Stellar's streamlined processes and native currency, Lumens (XLM), facilitate swift and cost-effective transactions. These features make Stellar an ideal platform for constructing a more transparent, efficient, and inclusive global financial network.

b. C1Suite Digital Currencies

The C1Suite are stablecoins available on Stellar public blockchain. It conforms to Stellar asset issuing guidelines and allows market participants to leverage the Stellar ecosystem to obtain and trade the C1Suite.

Asset issuance on Stellar entails four basic steps:²

1. Creating an asset identity which includes asset code (i.e. C1EUR) and asset issuer (Stellar account); and
2. Creating an asset distributor account; and
3. Creating a trust-line from distributor to asset; and
4. Executing a payment transfer of the digital currency from the issuing account to the distribution account.

Key concepts integral to Stellar:

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

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

² See https://resources.stellar.org/hubfs/Asset_Issuance_on_Stellar.pdf

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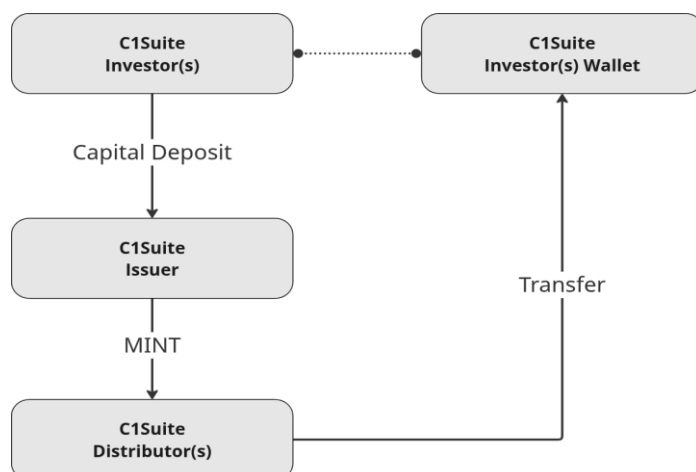
Transaction: A Stellar transaction constitutes a digital record detailing the movement of assets (such as XLM or other Digital Currencies) on the Stellar blockchain. It encompasses the sender's source account, the recipient's destination account, along with optional operations or memo information.

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

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

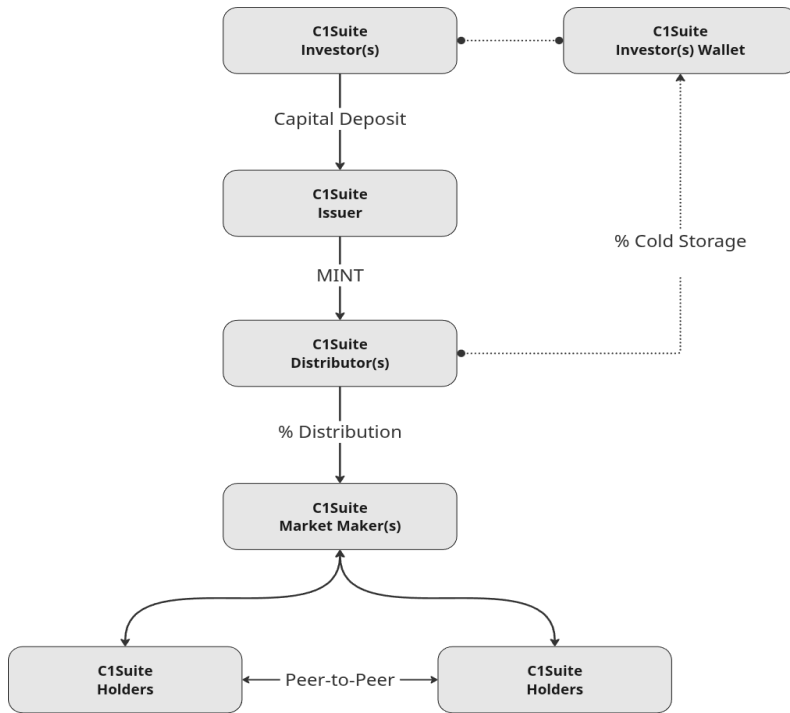
Custodial Accounts: A pool account where individual customer transactions are identified via transaction's memo.

Minting C1Suite



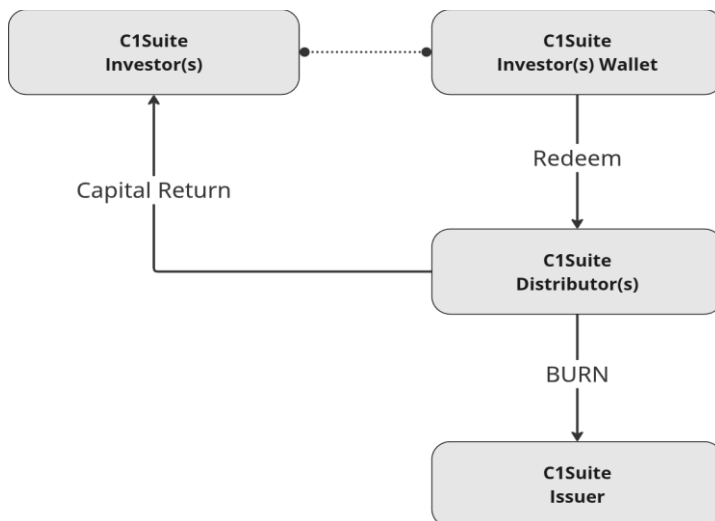
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C1Suite Market Maker



C1Suite Redemption

C1Suite holders can make redemption requests, subject to our terms and conditions.



5. ATTESTATION OF RESERVES

The attestation process verifies that the entire supply of the C1Suite stablecoins in circulation are consistently fully supported by an equivalent value of cash or cash equivalents or other highly liquid assets held in secure custody.

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

6. POTENTIAL USE CASES

The C1Suite offers various use cases in both the financial and technological sectors due to its inherent stability and digital nature. These use cases are not services or functions provided or operated by the Issuer, but rather, third party service providers or on a peer-to-peer basis. Some prominent product and tech use cases can include:

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

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- **DeFi:** accessing yield farming, lending, and borrowing platforms.³ Users can lend or stake their stablecoins to earn interest or participate in liquidity mining programs.
- **Escrow services:** The C1Suite can be used as a means of collateral in escrow services, providing a more predictable and stable value in comparison to volatile cryptocurrencies.
- **Hedging against volatility:** Traders and holders can use the C1Suite as a safe haven asset during periods of high market volatility. By converting their volatile cryptocurrencies to the C1Suite, they can temporarily protect their holdings from unforeseen price fluctuations.
- **Financial Inclusion:** The C1Suite can be utilized in regions with underdeveloped financial infrastructure, offering access to essential financial services like savings and loans. This can help bring financial stability and security to individuals and businesses that lack traditional banking services.

7. PARTNERSHIPS & INTEGRATIONS

Partnerships and integrations can play a crucial role in the success of a stablecoin project. By collaborating with projects and platforms, the C1Suite adoption should increase and provide users with more opportunities to use the stablecoins in various ways.

³ These are not offered by the Issuer.

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7.1 Exchanges

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

7.2 Payment Processors

A key offering of the C1Suite is to give users exposure to fiat currencies without the transaction fees that commonly accompany stores of these currencies in transactions. By removing all the financial intermediaries, the C1Suite offers a more efficient way of purchasing, transaction and storing value in the underlying fiat currencies.

7.3 Wallet Providers

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

7.4 DeFi Projects

Decentralized finance (DeFi) platforms can integrate the C1Suite to provide users access to decentralized lending, borrowing, and trading. This can increase the overall utilities of the stablecoins and provide users with more opportunities for creative uses of the C1Suite.

7.5 Cross-chain Integrations

The C1Suite will be integrated with other blockchains to enable cross-chain transfers of value. This can increase the interoperability of the stablecoins and make it more useful in a multi-chain ecosystem.

8. RISK FACTORS

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

For the C1Suite, the Issuer maintains a robust reserve asset management regime that includes a dedicated cash reserve fund separate from the Reserve, specifically designed to facilitate liquidity for users to redeem their C1Suite tokens.

8.1 Potential Risks of Stabilization Mechanism

Stablecoins carry risks for holders and users. These risks depend on a range of factors, including the design of the stablecoin arrangement and its applications. Stablecoins that are fully backed by high-quality liquid assets carry substantially lower risks for holders and users than other stablecoins, particularly

algorithmic stablecoins. A key element of stablecoin issuance is the stabilization mechanism, which aims at reducing volatility and underpins an expectation that stablecoins will be redeemed at par, on demand. For most stablecoins covered in this note, the stabilization mechanism is a peg to a fiat currency sustained by reserves. Stablecoin issuers and network administrators face pressure from end users to meet redemptions at, or very close to, par, upon request, even if issuers have no obligation to do so. The ability to meet such requests hinges on the safety and liquidity of the assets held as reserves. Reserves can vary along a continuum from highly liquid to illiquid depending on the redemption pledge by the issuer and the redemption needs from the end-holders.

8.2 Investment and Redemption Risks

The C1Suite are backed by cash and money market funds (MMF), including cash equivalents and highly liquid sovereign financial instruments. Reserves are managed by reputable and regulated investment managers. Primary risks for users arise from the potential failure of the issuer to fulfill the claimed structural characteristics of the stablecoin. These encompass the stablecoin's nominal value, the investment mandate of the reserves, and the commitment to redeem stablecoins for fiat cash.

The C1Suite reserve assets are segregated from the company's own assets. Subject to terms and conditions, it is intended that the C1Suite can be purchased from and redeemed on a one-to-one basis against the underlying fiat currency, notwithstanding the secondary market value of the C1Suite.

8.3 Operational Risks

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

8.4 Regulatory / Legal Risks

The regulatory landscape for stablecoins is evolving and shifting rapidly, and changes in regulations in different jurisdictions may impact the availability and viability of the C1Suite in those jurisdictions. Our terms and conditions are structured in such a way that users provide releases and indemnities to Issuer in certain circumstances.

8.5 Counterparty Risks

The involvement of financial intermediaries in custody and redemption processes can introduce additional risks, such as delays in claims and increased costs. In certain cases, stablecoin issuers may depend on crypto asset exchanges, market makers, commercial bank/ATM operators, or other money transmitters to facilitate redemption requests and disburse cash to digital currency-holders. However, this reliance on third parties can potentially amplify risks, thereby necessitating careful consideration and risk management to ensure smooth and efficient redemption processes while minimizing any adverse effects on digital currency holders.

8.6 Not a Payments Mechanism

The C1Suite does not confer any rights or obligations commonly associated with payment facilities, financial investments, or speculative assets. It does not provide a return from holding the C1Suite. The risks outlined here are operational and technical, rather than financial in nature, as the C1Suite are designed purely as a stable and accessible stores of value.

8.7 Nature of Redemptions

It is important that you read the full terms & conditions, risk disclosures and other available information in connection with redemptions of the C1Suite, and that you seek independent financial and legal advice for your specific circumstances.

9. LOOKING FORWARD

The C1Suite ecosystem is dynamic, having been designed to incorporate innovative and adaptive structures.

Post initial launch, several initiatives will be deployed to enhance the safety and value proposition of the C1Suite.

9.1 All-Risk Insurance

The Issuer and the stablecoin project group partners have embarked on a plan to integrate and directly tie the C1Suite with an all-risk insurance, being underwritten by a consortium of top global insurance and re-insurance groups. The industry first C1Suite All-Risk Insurance Policy is designed to ensure the 1:1 peg between the backing asset Reserve and the C1Suite tokens in circulation. In addition, the all-risk insurance will be structured to cover risks of cyber fraud and cyber theft.

9.2 Multi-chain and multi-function interoperability

Multi-chain interoperability of the C1Suite enables direct access to a diverse range of deep liquidity pools across leading Defi ecosystems providing commercial scalability for participants.

Combining and deploying cross chain entry and exit points into Defi and Tradfi spaces will enhance liquidity and opportunities for C1Suite holders.

9.3 US GENIUS ACT

A goal for the C1Suite is to encompass a GENIUS Act compliant structure, thereby ensuring access and long-term participation in the burgeoning American cryptoverse industry.

10. CONCLUSION

The C1Suite encompasses a wide array of benefits that greatly enhance user experiences, including redeemable properties, programmability, regulatory compliance, accessibility, low transaction fees, bankruptcy remote functionality, decentralization, and seamless trading capabilities. These attributes collectively create a secure, efficient, and convenient digital currency option for users, offering reliability and stability in their financial transactions. Whether for cross-border payments, smart contract executions, or day-to-day transactions, the C1Suite's remarkable features make it an enticing choice

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

The C1Suite represents stable digital tokens that combines transparency, security, and blockchain-native utility. For the Issuer, the C1Suite are expressly not intended to function as a payment mechanism or financial product. Its focus is on delivering stability and value for users participating in decentralized ecosystems.

Glossary of Terms

1. C1Suite user/holder

An C1Suite user or holder refers to an individual or entity that possesses and utilizes stablecoins in the course of their activities.

2. Issuer

Kinesis Money Panama, S.A., which is responsible for the creation, issuance, and management of the C1Suite.

3. Money market funds (MMF)

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

4. Stablecoin

Stablecoin: A term used to describe a crypto asset that is pegged to underlying reserve assets or managed by software algorithms to enforce price stability. Stablecoins are designed to maintain a relatively stable price so that users can avoid the volatility risks common in the crypto markets.