

XBER

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About XBER

XBER , a trading name under the XBER Group of Companies (“XBER Group”) with its affiliated entity, Xfers Pte. Ltd. (“Xfers”) is Southeast Asia’s leading Fintech platform for digital asset business, enabling financial access within Southeast Asia.

In Singapore, Xfers is the holder of a Major Payment Institution licence for e-money issuance services under the Payment Services Act 2019, while XBER USD Issuance Pte. Ltd. (“XBER USD”) has received an approval from the Monetary Authority of Singapore (“MAS”) as a Major Payment Institution licence holder for digital payment token service for the purpose of issuing XBER and conducting incidental services to the issuance of XBER , and has been acknowledged by the MAS to be compliant with the upcoming stablecoin regulatory framework. XBER Group manages the service of purchasing, transferring, selling, redeeming and swapping of single-currency pegged stablecoins (“SCS”) via XBER USD, and XBER Payment Services Pte. Ltd. (collectively known as “XBER Platform”).

Xfers and the XBER Group are backed by Tiger Global Management LLC, Insignia Ventures Partners, B Capital Group, DST Global, BRI Ventures, Y-Combinator, MUFG, Golden Gate Ventures amongst many other investors. XBER Group and Xfers work closely with regulators to ensure that all its products and services are fully compliant with the highest regulatory standards. For more information, visit www.straitstx.com

1. **The XBER initiative**

XBER is the first stablecoin initiative with a focus on Southeast Asia. The initiative explores the migration of centralized ledgers, which document fund flows, onto distributed ledger technology (DLT), thus enabling a leap forward in speed, security, and transparency for

settlements within the region. By adopting a DLT-enabled ledger for Southeast Asia, the XBER initiative allows participants to transact using digital assets, aka SCS, that are one-to-one pegged and which maintain a stable value relative to a unit of fiat currency. Each SCS can be redeemed for an equivalent amount of the currency to which it is pegged.

1.1. XBER Vision

XBER aims to simplify and enable exchange and settlement of payment via a digital asset that by nature has a stable value, and hence is less susceptible to speculative bubbles brought about by other digital tokens (such as Bitcoin and other cryptocurrencies). This vision is driven by the progressive obsolescence of physical cash in favor of digital payments, alongside a stronger impetus, particularly in Singapore and the ASEAN region, for risk-free digital money.

1.2. Emergence of DLT technology enabled SCS

There have been active dialogues surrounding the potential of Central Bank Digital Currencies (“CBDCs”). At present, several foreign providers have begun issuing stablecoins pegged to various fiat currencies, for instance, the US Dollar, and the Euro. As of end January 2023, more than 91% of active stablecoins in circulation are USD-denominated and represent approximately \$126 billion in cumulative value¹. The growth of non-Singapore Dollars SCS issued by XBER would further empower Singapore residents to perform online transactions using different SCS. Notwithstanding that, XBER believes that having a US Dollar pegged SCS (i.e.,

XBER), particularly one that is regulated by the Singapore authorities, will provide stability and illustrate its potential to enhance financial inclusivity, reduce transaction costs, and mitigate exposure to currency volatility.

1.3. Use Cases

XBER

currently in circulation are primarily used as a means of payment for other digital assets. Broad adoption of XBER

by the digital assets markets in Asia will enable XBER

to explore other potential use cases at scale, including payments and remittances.

1.3.1. Digital Assets Settlement & Digital Asset Exchanges

In most transactions involving digital assets, settlement involves fiat currencies in at least one leg of the transaction, either in the form of actual fiat, or more predominantly in the form of SCS. As USD-denominated stablecoins are predominantly used to settle transactions in crypto markets, this puts ASEAN institutions at a disadvantage due to forex risk, conversion fees and liquidity shortages. XBER believes that USD denominated stablecoins generally do not offer adequate user protection measures to its ASEAN-based users. The underlying fiat assets for these tokens are generally stored in foreign banks and overseen by foreign institutions if any. This provides little to no assurances to the foreign-based holders on the ability to seek recourse in the event of a default.

1.3.2. Payments & Micropayments using Decentralised Ledger

Technology

The advent and rapid promulgation of digital wallets and payments has revolutionised the fiat-based payments industry. However, interoperability amongst existing payment providers remains a major challenge due to the limits of the centralised ledger design brought about by walled garden business models. For instance, a Venmo user is unable to send funds to friends using other e-wallets such as WeChat or GrabPay. Another limitation of fiat-based digital systems commonly used today is the number of available decimals, using the cent as the smallest unit of account in most cases. This limitation prevents the effective settlements of transactions involving fractional amounts (i.e., amounts less than one cent) from taking place.

These challenges can potentially be addressed through the migration of a centralised ledger onto Decentralised Ledger Technology (DLT).

To address the interoperability challenge, XBER has programmed XBER to run on open-sourced protocols, thereby allowing interoperability amongst different systems.

To address the fractional amounts challenge, XBER allows transactions up to six decimal places, thus allowing for micropayments, should the need arise.

1.3.3. Faster and more cost-efficient remittances

DLT-enabled stablecoins, such as XBER , can also offer significant benefits to the remittance sector. Foreign exchange markets today are particularly inefficient, requiring longer transfer times, high transaction fees, and significant amounts of monies to be held as collateral. The use of stablecoins in the remittance markets aims to unlock the amounts traditionally required as collateral, provide almost instantaneous transfers, all whilst offering a more cost-effective alternative to the high cross-border transaction fees presently plaguing the industry.

2. Characteristics

2.1. Value-Stabilising Mechanism

XBER is one-to-one pegged to US Dollars with the underlying assets of XBER (“Reserve Assets”) held in cash, cash equivalents and/or US government or US public entity issued short-term bonds or notes. A holder of one XBER will have legal claim to one US Dollar (USD 1) with XBER USD and XBER Payment Services Pte. Ltd. Internal reconciliation of the underlying assets against the issued XBER is done daily, with audits performed twice a month by a reputable independent third-party audit firm on the value of the underlying reserve assets. This approach ensures that regulatory requirements are met, that XBER USD holds a strong auditable reserve capability on traditional instruments backing assets and is the most robust method in terms of price stability.

2.2. Reserve Assets Management

XBER USD adopts a prudent approach in its management of the Reserve Assets. It has an internal governance body that decides and sets the guidelines on the composition of the Reserve Assets. This helps to provide the assurance that the mark-to-market value of the Reserve Assets will be maintained at the level that is equal to at least 100% of the outstanding XBER in circulation.

2.3. Segregation and Custody of Reserve Assets

XBER USD shall always maintain the practice of depositing the Reserve Assets in custody account held on trust for the holder of the XBER , which is separate from the assets of XBER USD.

This custody account will be maintained in financial institution

- Capital markets services licence to provide custodial services under section 82 of the Securities and Futures Act 2001; and/or
- Overseas-based permitted custodian that has a branch in Singapore licensed to provide custodial services under section 82 of the Securities and Futures Act 2001.

2.4. Redemption Mechanism of XBER

XBER Platform is always accessible to an onboarded user of XBER USD to request for a redemption of XBER .

Users are able to initiate a USD withdrawal from his/her XBER USD account to his/her whitelisted beneficiary bank account.

3. Technology

3.1. Background

XBER

is designed as a blockchain agnostic stablecoin which leverages on the existing technology available today.

As different blockchains offer varying degrees of performance concerning areas such as decentralization, immutability, speed, scalability, governance, transparency, interoperability, adoption or cost of use, it is paramount that XBER only release its stablecoins on chains which meets its stringent requirements. XBER reserves the right to retire smart contracts if some protocols do not perform as intended. If XBER decides to retire any smart contracts, it will guarantee a 1:1 conversion to the holders of XBER on its platforms.

To ensure the security and integrity of XBER, XBER has implemented its smart contracts following the ERC-20 Token Standard. The smart contract has undergone a rigorous audit by Quantstamp,

3.2.

3.2.1. Ethereum

XBER has released an ERC-20 version of the ~~XBER~~
smart contract running on the Ethereum protocol

Ethereum is currently the most widely used, global, open-source platform for decentralised applications. By leveraging Ethereum, XBER gains several advantages. As a widely adopted standard,

ERC-20 ensures XBER can be easily traded, stored, and integrated with other DeFi applications built on Ethereum, fostering greater liquidity and usability for XBER holders. Additionally, Ethereum's established network effect, with the largest network of users and developers in the blockchain space, allows XBER to tap into this potential, reaching a wider audience and accelerating its adoption. Furthermore, by inheriting Ethereum's security measures, XBER gains from the collective efforts of the Ethereum community to safeguard

3.2.2.

XBER recognizes the ever-evolving blockchain landscape and is committed to expanding XBER's reach and utility.

We are actively exploring integrations with other leading blockchain platforms like Polygon. These integrations hold the potential to unlock further benefits for XBER users, including faster transaction speeds and lower fees, ultimately enhancing the overall usability and accessibility of the XBER stablecoin.

4. Rights and Obligations

Purchasing, selling, redeeming, and transferring XBER tokens will be available to users through different channels:

4.1. Purchase & Transfer XBER directly through the XBER Platform

Customers will be able to purchase XBER through the XBER platform that is powered by the XBER Group. XBER platform, being the distributor of XBER , will maintain its own reserves of XBER tokens, and customers will be able to purchase XBER instantaneously by transferring an equivalent amount of US Dollars to XBER platform's designated payment account, and will periodically top up its XBER

4.2.

holdings to ensure the availability of
Holders of XBER will be able to sell their XBER for US Dollars by sending their tokens to their designated redemption address on the XBER platform, followed by initiating a sell order for the desired USD amount. XBER Platform will ensure that it holds sufficient fiat float for the purposes of facilitating such buybacks.

4.3. Redeem XBER directly with XBER USD Issuance Pte. Ltd.

Holders of XBER will be able to redeem XBER for US Dollars directly with XBER USD. To redeem directly with XBER USD, holders will first need to be subjected to XBER USD' s onboarding and whitelisting process. Upon successful onboarding and whitelisting, holders will be able to redeem XBER directly with XBER USD Issuance Pte. Ltd.

4.4. Swap XBER to other tokens through the XBER Platform

Users will be able to swap between XBER , XSGD, USDC, and USDT or any other tokens that are offered through the XBER Platform.

4.5. Repossession Rights

In order to ensure the integrity and security of the XBER stablecoin, measures have

been put in place to address the risk of fraud. In the event of fraudulent activities or misconduct, XBER reserves the right to take appropriate actions to protect the interests of token holders and maintain the stability of the XBER .

This includes,

among other things, suspension of accounts, initiating the repossession process, or redistribution of the XBER ,

5.

but these actions will only be taken where a directive has

been provided by regulatory bodies to take action against fraudulent behavior.

Purchase, use and redemption of the XBER

Eligibility; Limitations

Restricted and prohibited activities are classified as activities that include,

but are not limited to activities:

1. that violate any applicable law, statute, ordinance, regulation;
2. intentionally trying to defraud XBER 's customers;
3. interaction with persons that are in sanctions-related list maintained by international bodies;
4. interaction with persons that are located, resident in a country, territory or geographical region that is subject or target of any territory wide sanctions;

5. interaction with digital wallet addresses that have indices of interactions with questionable and higher risk actors;
6. partake in any transaction involving the proceeds of illegal activity;
7. gambling activities including but not limited to sports betting, casino games, horse racing, dog racing, games that maybe classified as gambling;
8. money laundering or terrorist financing;
9. Ponzi scheme, pyramid scheme or multi-level marketing programme; or
10. interaction with "Darknet" markets and any other service or website that acts as a marketplace for illegal goods.

Where the holders are engaged in restricted and prohibited activities, XBER reserves the right to restrict or refuse to permit, minting, use or redemptions.

6. Risks (for the use of XBER)

6.1. No guarantee of price stability

XBER will always be pegged 1:1 with the US Dollar. When XBER is redeemed directly via XBER USD or XBER Payment Services Pte. Ltd., it will be redeemed at a rate of one US Dollar (USD) per one XBER , less any fees . For each of the XBER that is issued by XBER USD and remains in circulation, XBER USD will maintain sufficient underlying Reserve Assets where the mark-to-market value will be at least equivalent to the issued XBER . Notwithstanding the above, XBER USD does not guarantee that the value of 1 XBER that is available for redemption on third-party platforms (such as cryptocurrency exchanges or decentralized protocols) is always equivalent to 1 US

Dollar (USD). This would be the case given that the traded value of XBER on such third-party platforms can fluctuate above or below one US Dollar. XBER USD is not responsible for any losses or other issues associated with the fluctuation in value of XBER that is provided on such third-party platforms.

6.2. Third-party platforms

XBER is based on public blockchain protocols which mean that third parties can elect to support XBER on their platforms without any authorisation or approval by XBER USD or anyone else. Support for XBER on a third-party platform does not suggest or imply any endorsement of the legitimacy, validity, stability and/or legality of such platforms by XBER . Where XBER is sent to an address, there is the risk that holders may lose access to the XBER

6.3 XBER USD addresses, XBER

USD reserves the right to freeze any associated XBER (temporarily or permanently) that it determines to be associated with illegal activities, in particular with sanctioned activities. If XBER is sent or received to or from an address designated or associated with a sanctioned person, XBER USD may freeze such XBER and take steps to terminate the account. In some

circumstances, where XBER USD reports suspected illegal activity to applicable law enforcement agencies, XBER USD in consultation with the applicable law enforcement agencies may be directed to revoke the XBER holder's rights associated with the XBER including the ability to redeem XBER for US Dollar.

6.4. Software protocols and operational challenges

There could be risk of operational challenges, where XBER USD may experience sophisticated cyber-attacks, unexpected surges in activity or other operational or technical difficulties that may cause interruptions to XBER USD services, resulting in operational delays (i.e., selling / redemption of XBER).

6.5. Claim on Assets

XBER USD holds the equivalent value of one US Dollar (USD) in segregated accounts, on behalf of, and for the benefit of the holders of XBER . XBER USD ensures that its own assets are kept separate from the aforementioned segregated accounts. Notwithstanding the above, a holder's ability to redeem one US Dollar (USD), less administrative fees and network fees (where applicable), is a condition of a legitimate redemption request. Legitimate redemption request is defined as the situation where the holder of XBER can meet XBER USD's onboarding requirements. Additionally, holders must possess XBER for redemption, and must not be subjected to any regulatory, law enforcement, or any court judgment (whether existing or pending) which would restrict the holder's ability to make such a redemption. XBER USD reserves the right to impose a minimum redemption

amount if the holder chooses to redeem XBER via XBER USD.

There is no minimum redemption amount if the holder chooses to redeem XBER via XBER Payment Services Pte. Ltd.

Please refer to Terms of Service for details on the administrative fees and minimum redemption amount.

Once the XBER is sent to another address,

it automatically transfers and assigns to

the owner of that address the right to redeem XBER

for US Dollar so long as the holder has successfully onboarded with XBER USD,

6.6. Legal treatment of YEUSD transfers

and is not subjected to any regulatory, legal or court restriction to do so.

The regulatory status of XBER

and blockchain technology is unclear or unsettled in

many jurisdictions outside Singapore. It is difficult to predict how or whether

regulatory agencies may apply existing regulation with respect to XBER ,

blockchain technology and its applications.

6.7. On-chain transactions irreversible

When XBER is sent out of a holder's XBER account to a third-party address, the transaction is completed on the public blockchain.

This means that such a transaction is irreversible and XBER

USD does not have the ability to reverse or recall any transaction once initiated.

7. Risks (for the operations of XBER)

7.1. Risks arising from the operations of the SCS and risks that may arise from use of SCS.

Within the operations of XBER , XBER USD recognizes the potential challenges and uncertainties that could impact the seamless functioning of its ecosystem. These operational risks encompass various dimensions, ranging from technological considerations to organizational protocols. By acknowledging and addressing these risks, XBER USD ensures a transparent and reliable stablecoin framework.

7.2. Technological Resilience

XBER USD's commitment to utilizing robust blockchain technology is central to the stability of XBER . However, XBER USD acknowledges that technological vulnerabilities, such as smart contract exploits or network disruptions, could pose operational risks. Regular security audits, continuous system upgrades, and collaboration with technical experts are fundamental in mitigating these challenges.

7.3. Network Congestion

As the popularity of XBER grows, increased demand might lead to network congestion on the underlying blockchain. This could potentially result in transaction delays or increased fees. XBER USD's strategy involves closely monitoring network activity, optimizing transaction processes, and exploring scalability solutions to ensure uninterrupted operations.

7.4. Custodial Practices

The custody of collateral assets backing XBER is integral to its stability.

To mitigate operational risks stemming from custodial challenges, XBER USD enforces

stringent standards in selecting custodians, conducting regular audits, and maintaining transparent collateralization ratios. This approach safeguards against potential mismanagement of assets.

8. The XBER Team and Organisation

XBER is a leading player in the digital payments and blockchain space, with a strong legacy of innovation and commitment to regulatory compliance. Our corporate journey is characterized by a deep-rooted expertise in payments, a robust leadership team, and a collaborative approach with industry players and regulatory bodies to shape the future of digital finance.

8.1. A Legacy of Excellence

XBER has been at the forefront of digital payments and blockchain technology for a decade. Founded first as Xfers in 2014 with a mission to build leading payment gateways, and issuing XSGD, the first Singapore Dollar-backed stablecoin in 2020, XBER operations have consistently and successfully navigated the evolving landscape of digital finance, striving to continually deliver innovative solutions that meet the changing needs of their customers. Over a decade, the company has since launched numerous

products that have met or exceeded industry benchmarks, and established long-term partnerships with leading financial institutions, regulatory bodies, and technology providers. XBER 's longevity in the industry is a testament to its resilience, adaptability and commitment to excellence.

8.2. Expert Leadership

The XBER leadership team comprises seasoned professionals with extensive domain expertise, having contributed to multiple public companies in building products and solutions that have helped to transform software development, super-app infrastructure, and fintech infrastructure. Each functional leader at XBER brings a wealth of knowledge and experience to their respective roles, ensuring that business strategies and operations are informed by industry best practices and cutting-edge insights. This depth of expertise across the product, engineering, and business strategy domains enables XBER to drive forward-thinking initiatives and maintains itself as a market leader.

8.3. Payments DNA

At the core of XBER is a deep-seated understanding of the payments landscape in the region. This intrinsic payments DNA informs everything the XBER team does, from product development to customer engagement. A comprehensive grasp of the payments ecosystem allows XBER to forge

strong partnerships with industry leaders such as Grab, Ant International, Amazon, and VISA in building more seamless, efficient, and secure payment solutions that cater to the diverse needs of users. Today, XBER also provides API solutions aimed at spearheading the growing development of integration between traditional and decentralised finance. XBER APIs allow customers (including many of the leading regulated exchanges in Singapore) to integrate with both native and external networks to accept, swap, and send money seamlessly across Web2 and Web3 transactions, with current solutions also extending to include card issuance services.

8.4. Regulatory and Compliance-First Approach

XBER adopts a regulatory and compliance-first approach in all endeavors, understanding that achieving product market fit in the finance and payments industry requires a strong foundation of trust and adherence to regulatory standards. The XBER commitment to compliance ensures that products meet stringent requirements set by regulatory bodies; an approach instrumental in building and maintaining the trust of clients and stakeholders.

8.5. Collaboration with Government Bodies

In addition, XBER constantly embarks on efforts to closely collaborate with regulatory and government bodies, driving industry pilots to shape the future of digital finance. XBER has worked closely with entities such as the

Monetary Authority of Singapore (MAS) to ensure that XBER solutions are aligned with regulatory frameworks. Notably, ongoing collaborations with MAS and other industry partners on Project Orchid in the development of stablecoin-wrapped Purpose Bound Money has underscored XBER's goal in bringing value-added payment use cases for stablecoins mainstream.

9. Conclusion

XBER

marks a significant step towards a more inclusive and efficient financial landscape in Southeast Asia. By prioritizing stability, security, and user-friendliness, XBER aims to empower individuals and businesses with a reliable digital asset for payments, remittances, and participation in the burgeoning DeFi ecosystem. XBER remains dedicated to continuous innovation and collaboration with regulators to ensure XBER remains at the forefront of this exciting technological revolution.

We invite you to join us on this journey as we unlock the transformative potential of XBER and redefine financial access for Southeast Asia.