

**STABLECOIN ISSUANCE PUBLIC OFFERING  
CERTIFICATION REPORT**

**Digital Asset:**

**αUSDT**

**Moon Gold El Salvador, Sociedad Anónima de Capital Variable and Moon  
Gold NA, Sociedad Anónima de Capital Variable as the "Issuers", and "Digital  
Asset Service Providers"**

**and**

**Certified by TR Capital, S.A. de C.V. as the "Certifier of Issuance of Public  
Offerings"**

**May 15, 2024**

**VIABILITY OF THE PUBLIC OFFER: FAVORABLE**

## Content

<b>Article I.</b>	<b>Identification of the certifier and registration number.</b> .....	3
<b>Article II.</b>	<b>Affidavit of impartiality and independence.</b> .....	3
<b>Article III.</b>	<b>Solvency of the payment of the registration fee.</b> .....	3
<b>Article IV.</b>	<b>Description and risk analysis of the issuance.</b> .....	3
<b>Section 4.01</b>	<b>Description of the risks associated with the issuer of the digital assets.</b> .....	3
<b>Section 4.02</b>	<b>Simulation and models to analyze market risk.</b> .....	7
<b>Section 4.03</b>	<b>Description of the risks associated with the offering of digital assets.</b> .....	20
<b>Section 4.04</b>	<b>Description of the risks associated with digital assets.</b> .....	22
<b>Section 4.05</b>	<b>Description of the risks associated with the implementation of the project.</b> .....	24
<b>Section 4.06</b>	<b>Description of risks and mitigation measures associated with the technology used.</b> .....	26
<b>Section 4.07</b>	<b>Smart-contract features.</b> .....	29
<b>Section 4.08</b>	<b>Comments on the audit of programming criteria.</b> .....	31
<b>Section 4.09</b>	<b>How the issuer will manage risks</b> .....	32
<b>Article V.</b>	<b>Reasonableness of the financial assumptions relevant to the issuance.</b> .....	33
<b>Section 5.01</b>	<b>Key Factors of the Financial Reasonableness Review:</b> .....	35
<b>Article VI.</b>	<b>Issuer Information.</b> .....	36
<b>Article VII.</b>	<b>Comprehensive analysis of the feasibility of issuing aUSDT as a stablecoin.</b> .....	37
<b>Article VIII.</b>	<b>Opinion and conclusion on the certification of the issuance of aUSDT.</b> .....	39
<b>Article IX.</b>	<b>Final Assumptions and Considerations:</b> .....	40

**Article I. Identification of the certifier and registration number.**

This certification report has been prepared by TR Capital, S.A. de C.V., a Salvadoran company incorporated on May 13, 2017. It is registered in the Registry of Companies of the Registry of Commerce under number 21 of Book 3736, with Registration number 2017088178, and Tax Identification Number 0614-130517-102-0. The company has been authorized as a Certifier of Digital Asset Issuances by resolution reference CNAD-044-2023/04, duly registered under entry number CERT-0003.

**The Certifier's Documentation** and its accreditations, have been submitted to the National Commission on Digital Assets (CNAD).

**Article II. Affidavit of impartiality and independence.**

The undersigned hereby declares under oath that the documentation contained in the Relevant Information Document of the issuance of the aUSDT Digital Asset is impartial, clear and non-misleading and complies with the legal requirements in accordance with national legislation and complies with the requirements set forth in the Regulation on the Issuance of Public Offerings of Stablecoins. It is also declared under oath that the English and Spanish versions have been considered in accordance with national regulations.

**Article III. Solvency of the payment of the registration fee.**

In accordance with the provisions of Article 21 of the Regulation for the Registration of the Issuance of Public Offerings of Stablecoins, the Certifier declares that no check or bank transfer receipt in the name of the National Commission of Digital Assets has been received. Therefore, the payment corresponding to the registration fee of the Digital Asset issuance, remains unaccredited.

**Article IV. Description and risk analysis of the issuance****Section 4.01 Description of the risks associated with the issuer of the digital assets.**

1. **Secondary Market Liquidity Risk:** AbT tokens might not have enough liquidity in the secondary market, which could affect their ability to be sold or exchanged efficiently.
  - a. **Mitigation measure:** Implement agreements with exchanges and trading platforms to secure listings and liquidity support. Actively promote the token among institutional investors and traders to maintain a healthy transaction volume.
2. **Regulatory and compliance risk:** Both issuers are subject to regulation by El Salvador's National Commission on Digital Assets (CNAD). Changes in legislation or interpretation of existing regulations could negatively impact operations and the value of tokens.

- a. **Mitigation measure:** Establish a dedicated compliance team to continuously monitor changes in legislation and ensure rapid adaptation of operations to new standards. Conduct regular compliance audits and work closely with regulatory authorities.
3. **Price and valuation risk:** The value of the tokens is subject to market volatility, volatility of the underlying asset, changes in correlation between the token price and the underlying asset, and other economic factors that could negatively influence their price and stability.
  - a. **Mitigation measure:** Use hedging mechanisms and price insurance to protect against market volatility. Perform frequent valuations of the underlying asset to adjust the token peg if necessary.
4. **Technology and cybersecurity risk:** Operations rely on blockchain technology, which is exposed to risks from cyberattacks, software bugs, and other technological vulnerabilities.
  - a. **Mitigation measure:** Implement a multi-layered security architecture including advanced firewalls, intrusion detection systems, and automated incident responses. Conduct penetration testing and security audits on a regular basis.
5. **Backing Digital Asset (XAUt) liquidity risk:** Changes in the value of gold, which backs the XAUt tokens, can affect users' ability to maintain the proper collateral ratio, potentially leading to forced liquidations. Additionally, discretionary changes in the collateral ratio to be maintained would affect the forced liquidation of the tokens.
  - a. **Mitigation measure:** Maintain an excess of collateral and diversify collateral options so as not to rely solely on gold. Establish emergency lines of credit to handle mass withdrawals.
6. **Liquidation Risk (aUSDt).** It is the risk that the MTV rises above the Liquidation Point, Tether Gold tokens in the CMP may be liquidated through purchase by one or more liquidators approved by Tether AbT in consideration for the return of AbT tokens to the verified KYC Client's CMP. As indicated in the Terms, Tether Gold tokens may be sold, and a Liquidator may acquire Tether Gold tokens at a discount as provided in the AbT token fee schedule in consideration for AbT tokens. Such AbT tokens paid as consideration by a liquidator will be deducted from the pending AbT tokens in the CMP in liquidation, treated as if returned to Tether AbT, and cannot be withdrawn by verified KYC clients. If the CMP of a verified KYC Client becomes a Liquidation CMP, Tether Gold tokens may be sold, and one or more Liquidators may acquire some or all Tether Gold tokens until the entire pending AbT tokens in the Liquidation CMP are returned; provided that, after each transaction with a Liquidator, the MTV will be recalculated, and if it reaches or falls below the Liquidation Point, the CMP will no longer be subject to liquidation.
  - a. **Mitigation Measure:** Establish prudent liquidation thresholds and early warning alerts to manage and prevent undesired automatic liquidations.

7. **Operational risk:** Management errors or failures in internal processes can cause operational losses affecting both issuers.
  - a. **Mitigation measure:** Establish strict control protocols and standard operating procedures to minimize human and technical errors. Implement quality management systems and regular internal audits.
8. **Reputational risk:** Any negative event related to the operations of companies or their tokens could damage their reputation and decrease user confidence in their products.
  - a. **Mitigation measure:** Develop a robust communication strategy that includes active public relations management and rapid response to stakeholder inquiries and concerns.
9. **Legal Risk:** There are legal risks, including potential litigation or changes in the law, that could impact the operations and legality of the issued tokens.
  - a. **Mitigation Measure:** Hire specialized legal counsel to handle potential litigation and ensure ongoing legal compliance of all operations
10. **Overall Market Risk:** Tokens are subject to global digital asset market conditions, which are highly volatile and can be affected by global economic factors that are beyond the companies' control.
  - a. **Mitigation measure:** Constantly monitor financial markets and digital asset trends to anticipate movements that may affect the value of tokens.
11. **Concentration Risk and Conflict of Interest:** Since both entities are controlled by Tether Holdings Limited and Zettahash Inc., there could be conflicts of interest that may not be handled equitably for all stakeholders.
  - a. **Mitigation Measure:** Implement clear conflict of interest and disclosure policies, and ensure that all decisions are made with a fair and transparent process.
12. **Sector-specific regulatory change risk:** Changes to regulations specific to digital assets could affect the operability and legality of the issuance and use of these tokens.
  - a. **Mitigation Measure:** Actively participate in forums and policy discussions to influence and anticipate regulatory changes that may affect the digital asset industry.
13. **Blockchain technology risk:** Reliance on the Ethereum blockchain exposes companies to risks associated with changes or failures in this specific technology, including system upgrades (hard forks) that could split the chain.
  - a. **Mitigation Measure:** Perform continuous testing and updates of the blockchain software to handle any necessary bugs or upgrades that may arise.

14. **Market adoption risk:** There is a risk that tokens will not be widely adopted by the market, which would affect their liquidity and practical utility as a stablecoin.
  - a. **Mitigation Measure:** Develop and execute a comprehensive marketing strategy that includes education on the benefits and uses of tokens for potential users. Establish alliances with financial and commercial platforms to encourage the adoption and use of the token in everyday transactions. Offer upfront incentives, such as reduced transaction fees, to attract users.
15. **Risk of Operational Disruptions:** Disruptions to operations due to external factors, such as natural disasters, pandemics, or political issues, could negatively impact operations
  - a. **Mitigation measure:** Implement a robust business continuity and disaster recovery plan that includes data backups in multiple geographic locations and redundant systems to ensure operability in the event of outages. Conduct regular drills to test and improve emergency response
16. **Third-party dependency risk:** Both companies rely on third parties for various services, including custody of gold backings and technology services, which introduces risks related to the solvency and operability of these third parties.
  - a. **Mitigation measure:** Diversify suppliers and partners so that they are not dependent on a single service or provider. Establish strong contracts with compliance clauses and penalties for non-compliance. Conduct regular audits of third parties to ensure continuity and quality of service.
17. **Inflation and Exchange Rate Risk:** Tokens are pegged to the U.S. dollar and backed by gold, fluctuations in the value of the dollar and/or the price of gold may affect the value of the token.
  - a. **Mitigation measure:** Use financial instruments such as futures and options to hedge risks related to fluctuations in the exchange rate and value of gold. Maintain a diversified reserve of assets to hedge against inflation.
18. **Risk of fraud and market manipulation:** There is always a risk that malicious actors may attempt to manipulate the market for these tokens, affecting their price and reliability.
  - a. **Mitigation measure:** Implement advanced monitoring and anomaly detection systems to identify and act against suspicious activity. Work collaboratively with exchange platforms to strengthen security measures and transparency in operations.

19. **Risk of exposure to economic sanctions:** Since the digital asset market is global, there is a risk that certain transactions or even technologies could be subject to restrictions or sanctions by international regulatory authorities.
- a. **Mitigation measure:** Keeping up with international regulations and applying rigorous compliance controls to avoid transactions with restricted parties. Implement filtering and monitoring technologies to detect and prevent unauthorized transactions.
20. **Risk related to data protection policies:** Handling sensitive user information involves risks associated with the protection of personal data and privacy, especially under different regulatory regimes regarding data protection.
- a. **Mitigation measure:** Ensure compliance with data protection laws, such as the GDPR, by implementing robust privacy policies, data encryption, and secure information handling procedures. Conduct regular data protection audits
21. **Risk of mismanagement with customers:** Misunderstandings or failures in communication with users can lead to dissatisfaction and decreased trust in tokens and issuing companies.
- a. **Mitigation measure:** Establish clear and effective communication channels with customers. Implement robust and proactive customer service that can handle inquiries and issues efficiently. Provide ongoing training to the customer service team on communication and relationship management best practices.

#### **Section 4.02 Simulation and models to analyze market risk.**

In accordance with clause 2.2 of the Relevant Information Document of the issuance, 90% of the price of aUSDT comes from the price of gold, and 10% of the price of aUSDT comes from the price of XAUt. Therefore, the price of aUSDT is directly related to the prices of the aforementioned assets. A decrease in the price of gold and XAUt will result in a loss of value in aUSDT, and vice versa.

In relation to the risks associated with the issuance, this certifier wishes to include detailed simulations using the Monte Carlo model and ARIMA (2,1,2), which illustrate how aUSDT responds to extreme conditions of fluctuation in the price of gold and how this generates the market risk that we previously listed in paragraph 9) of the market risk in general.

With the aim of providing a detailed overview of the simulations carried out to assess the market risks associated with the issuance of aUSDT using historical gold and XAUt data. It highlights how the aUSDT Stablecoin could respond to extreme conditions of gold price fluctuation, increasing the volatility of the

token's price. **The simulations reveal a significant influence of gold price and market conditions on token volatility, especially in scenarios with random shocks.**

### **1. Methodology used**

Historical price information for gold and the digital asset Tether Gold (XAUt) from March 2020 to April 2024 was used to conduct the simulations. Crystal Ball software was used to perform Monte Carlo simulations, which allowed the uncertainty and variability of the results to be assessed. In addition, statistical analysis tools, such as the ARIMA model (2,1,2), were used to parameterize the projection of the prices of both assets. This methodology was considered robust to capture trends and patterns of price fluctuation. A baseline scenario with no random shocks was established and a 24-month projection for aUSDT was generated. Another scenario was also created that included random shocks every 3 months from the initial projection.

### **2. Sensitivity analysis**

Gold has historically shown an inverse relationship with real interest rates, i.e., when real rates rise, its price tends to decrease, and vice versa. However, against the current backdrop of rising rates, gold has maintained an uptrend, challenging these traditional correlations. This phenomenon suggests that other factors are influencing the gold market, such as geopolitical uncertainty and the accumulation of U.S. Treasury debt, which has elevated demand for safe-haven assets such as gold, despite fluctuations in interest rates.

The trend in central bank buying of gold has also helped keep demand for the precious metal at high levels. These paradigm shifts can have a significant impact on the simulations performed, as historical correlations between gold and interest rates might not accurately reflect current market behavior. Therefore, when conducting a sensitivity analysis, it is crucial to consider how different economic and geopolitical scenarios might affect the simulations.

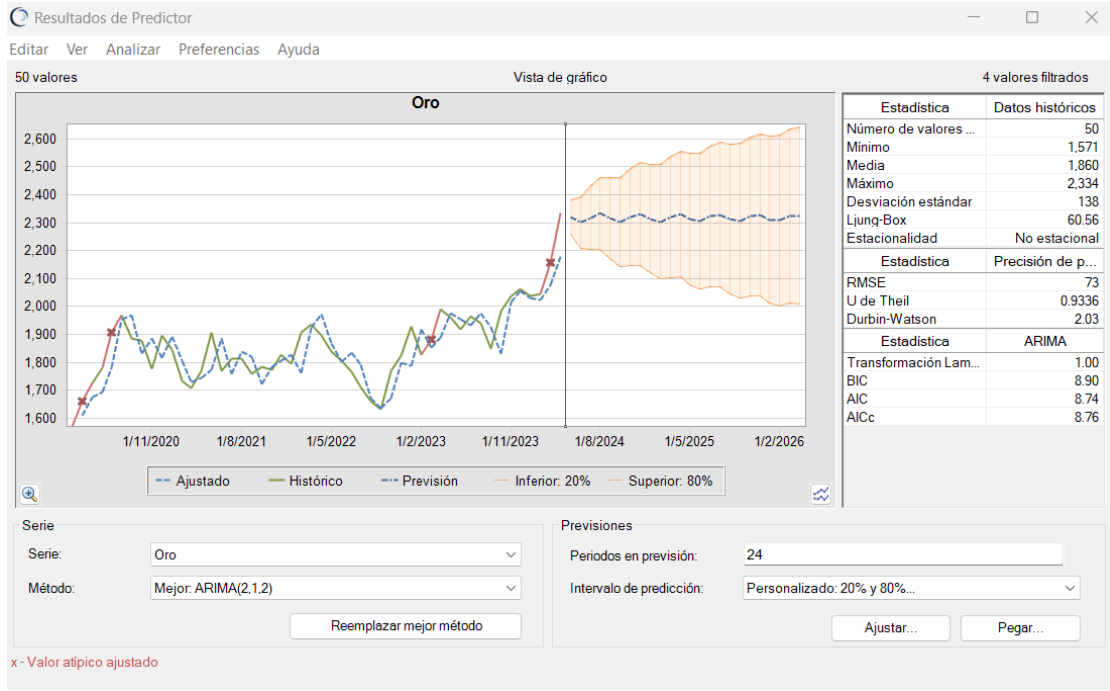
For example, a sudden increase in geopolitical uncertainty could lead to increased demand for safe-haven gold, which could counteract the negative effects of an increase in real interest rates. Similarly, a decrease in the accumulation of U.S. Treasury debt could reduce demand for gold and affect its price. In this regard, it is important to assess the robustness of simulations against a variety of scenarios and to consider risk mitigation strategies in case of unexpected changes in key variables.

### **3. Simulations on the risks associated with the issuance of the aUSDT Stablecoin**

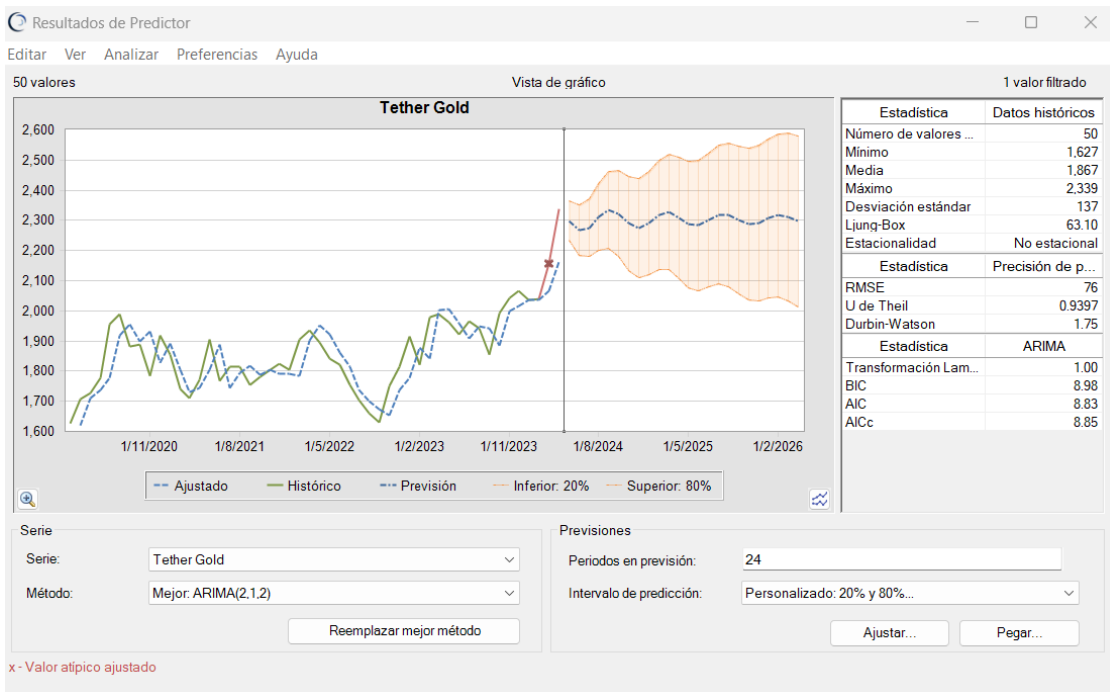
#### **a. Scenario 1: No random shocks**



In this scenario, historical monthly data from March 2020 to April 2024 were used to parameterize an ARIMA model (2,1,2) for both gold and XAUt prices. This made it possible to simulate aUSD Token prices for the next 24 months and perform scenario analysis.



Source: Authors' own elaboration based on *Crystal Ball*.



Source: Authors' own elaboration based on *Crystal Ball*.

Based on the historical monthly data from April 2020 to April 2024 and projection for the following 24 months, the following projection of aUSD is obtained, assuming a value of 1 for the first historical data:

Date	aUSD s/ s/ a/	Date	aUSD s/ s/ a/	Date	aUSD s/ s/ a/	Date	aUSD s/ s/ a/
3/1/2020	1	1/1/2021	1.17	1/1/2022	1.14	1/1/2023	1.22
4/1/2020	1.07	2/1/2021	1.1	2/1/2022	1.21	2/1/2023	1.16
5/1/2020	1.09	3/1/2021	1.08	3/1/2022	1.23	3/1/2023	1.25
6/1/2020	1.13	4/1/2021	1.12	4/1/2022	1.2	4/1/2023	1.26
7/1/2020	1.25	5/1/2021	1.21	5/1/2022	1.17	5/1/2023	1.24
8/1/2020	1.25	6/1/2021	1.12	6/1/2022	1.15	6/1/2023	1.22
9/1/2020	1.2	7/1/2021	1.15	7/1/2022	1.12	7/1/2023	1.25
10/1/2020	1.19	8/1/2021	1.15	8/1/2022	1.08	8/1/2023	1.23
11/1/2020	1.13	9/1/2021	1.11	9/1/2022	1.05	9/1/2023	1.17
12/1/2020	1.2	10/1/2021	1.13	10/1/2022	1.04	10/1/2023	1.26
		11/1/2021	1.13	11/1/2022	1.12	11/1/2023	1.29
		12/1/2021	1.16	12/1/2022	1.16	12/1/2023	1.31

Date	aUSD s/ s/ a/	Date	aUSD s/ s/ a/	Date	aUSD s/ s/ a/
1/1/2024	1.29	<b>1/1/2025</b>	1.47	<b>1/1/2026</b>	1.47
2/1/2024	1.3	<b>2/1/2025</b>	1.46	<b>2/1/2026</b>	1.46
3/1/2024	1.42	<b>3/1/2025</b>	1.47	<b>3/1/2026</b>	1.47
4/1/2024	1.48	<b>4/1/2025</b>	1.48	<b>4/1/2026</b>	1.47
<b>5/1/2024</b>	1.47	<b>5/1/2025</b>	1.47		
<b>6/1/2024</b>	1.46	<b>6/1/2025</b>	1.46		
<b>7/1/2024</b>	1.47	<b>7/1/2025</b>	1.47		
<b>8/1/2024</b>	1.48	<b>8/1/2025</b>	1.48		
<b>9/1/2024</b>	1.47	<b>9/1/2025</b>	1.47		
<b>10/1/2024</b>	1.46	<b>10/1/2025</b>	1.46		
<b>11/1/2024</b>	1.47	<b>11/1/2025</b>	1.47		
<b>12/1/2024</b>	1.48	<b>12/1/2025</b>	1.47		

In accordance with the inherent distribution of historical and projected data of aUSD T, an analysis of 5,000 scenarios was conducted to illustrate the expected price fluctuations of the token, with the following results:

Execution preferences:	
Number of texts executed	5,000
Monte Carlo	
Random Initialization	
Precision control activated	
Confidence Level	95.00%

Crystal Ball Data:	
Assumptions	97
Correlations	0
Correlation Matrices	0
Decision Variables	0
Forecasts	2

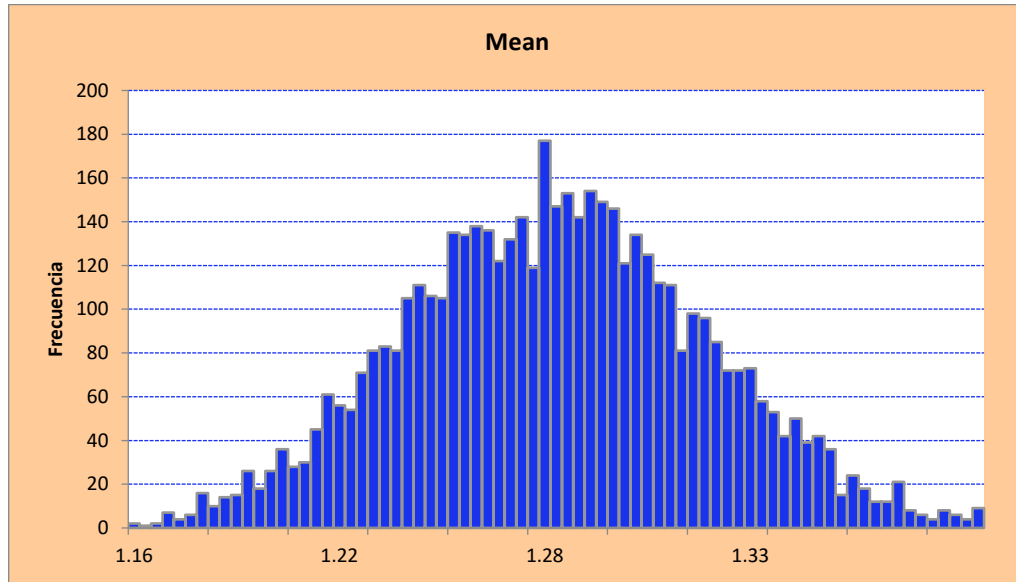
Execution statistics:	
Total execution time (seg)	102.33
Tests per second (average)	49
Random numbers per second	4,740

#### Forecast: Mean

Statistics	Forecast Value
Attempts	5,000
Base case	1.28
Mean	1.28
Median	1.28
Mode	---
Standart deviation	0.04
Variance	0
Bias	0.105
kurtosis	2.98
Coefficient of variation	0.0334
Minimum	1.13
Maximum	1.43

Percentiles	Forecast Values
0%	1.13
10%	1.23
20%	1.24
30%	1.26
40%	1.27
50%	1.28
60%	1.29
70%	1.3
80%	1.32
90%	1.34
100%	1.43

Range width	0.3
Mean estándar error	0



Source: Authors' own elaboration based on *Crystal Ball*

### Summary:

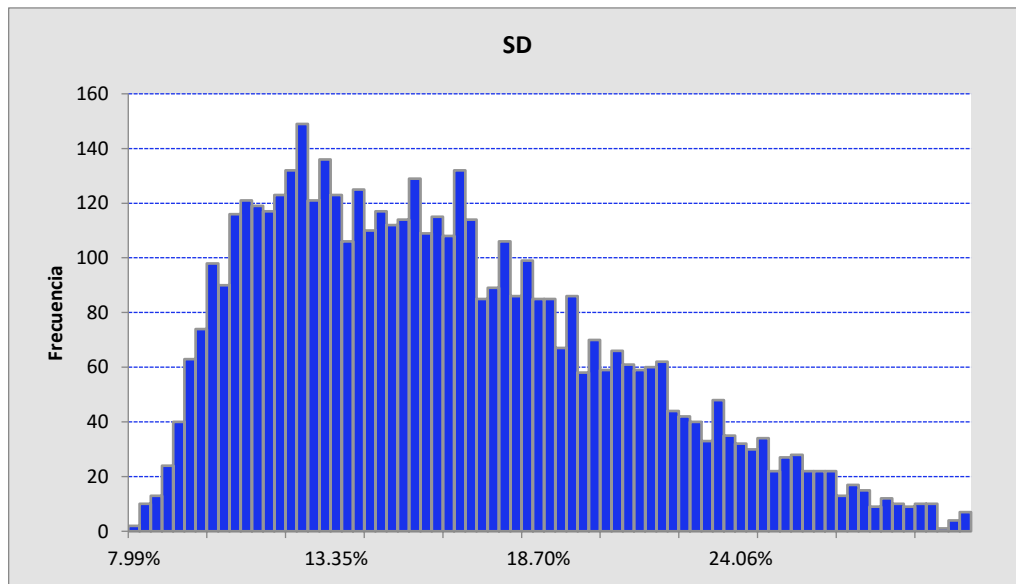
- The results range from 1.13 to 1.43. This indicates that there is significant variability in the possible outcomes of the model. In other words, despite the average price based on historical data being 1.28, scenarios of decreases to 1.13 could occur in short periods of time given the distribution of historical prices of aUSDT, leading to scenarios of significant losses explained by simple historical volatility.
- The base case, which is the central estimate of the results, stands at 1.28. This suggests that, on average, the value of the variable of interest is expected to be around 1.28 units.
- After 5,000 tests, the standard error of the mean is 0.00. This means that the average of the results obtained is very accurate and has minimal variability.

In summary, Monte Carlo analysis provides a wide range of possible outcomes, with a central estimate of 1.28 and high accuracy in the mean of the results. This suggests that the model used in the analysis is robust and can provide useful information for decision-making. However, it is important to take into

account the inherent variability in the results and to consider the full range when interpreting the findings of the analysis.

Statistics	Forecast Value
Attempts	5,000
Base case	15.36%
Mean	16.40%
Median	15.62%
Mode	---
Standart deviation	4.91%
Variance	0.24%
Bias	0.8363
kurtosis	3.58
Coefficient of variation	0.2997
Minimum	7.84%
Maximum	40.18%
Range width	32.34%
Mean estándar error	0.07%

Statistics	Forecast Value
0%	7.84%
10%	10.75%
20%	11.99%
30%	13.10%
40%	14.35%
50%	15.62%
60%	16.91%
70%	18.45%
80%	20.44%
90%	23.27%
100%	40.18%



Source: Authors' own elaboration based on *Crystal Ball*.

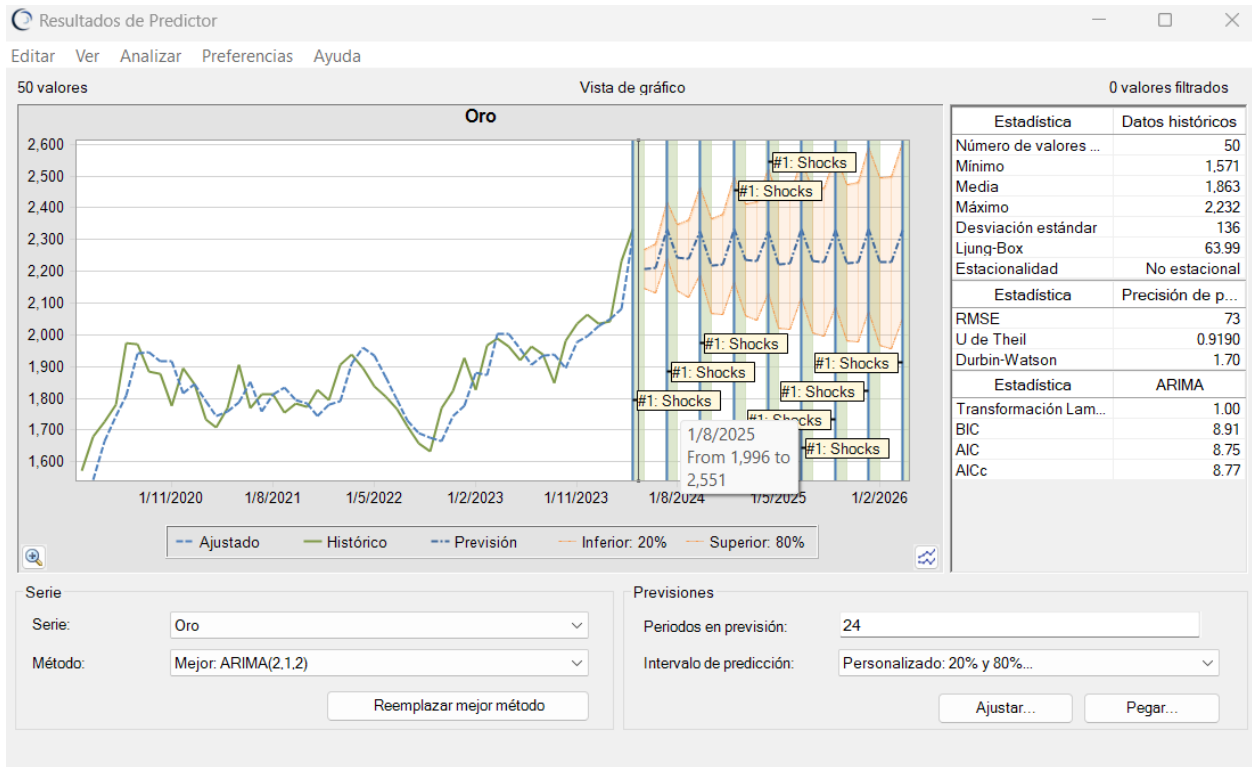
**Summary:**

- The standard deviation range of the results obtained goes from 7.84% to 40.18%. This indicates that there is significant variability in the accuracy of the model's estimates.
- The standard deviation of the base case is 15.36%. This suggests that, on average, the model estimates are expected to have a variability of 15.36%.
- After 5,000 tests, the standard error of the mean is 0.07%. This indicates that the mean standard deviations of the results obtained is very precise and has minimal variability.

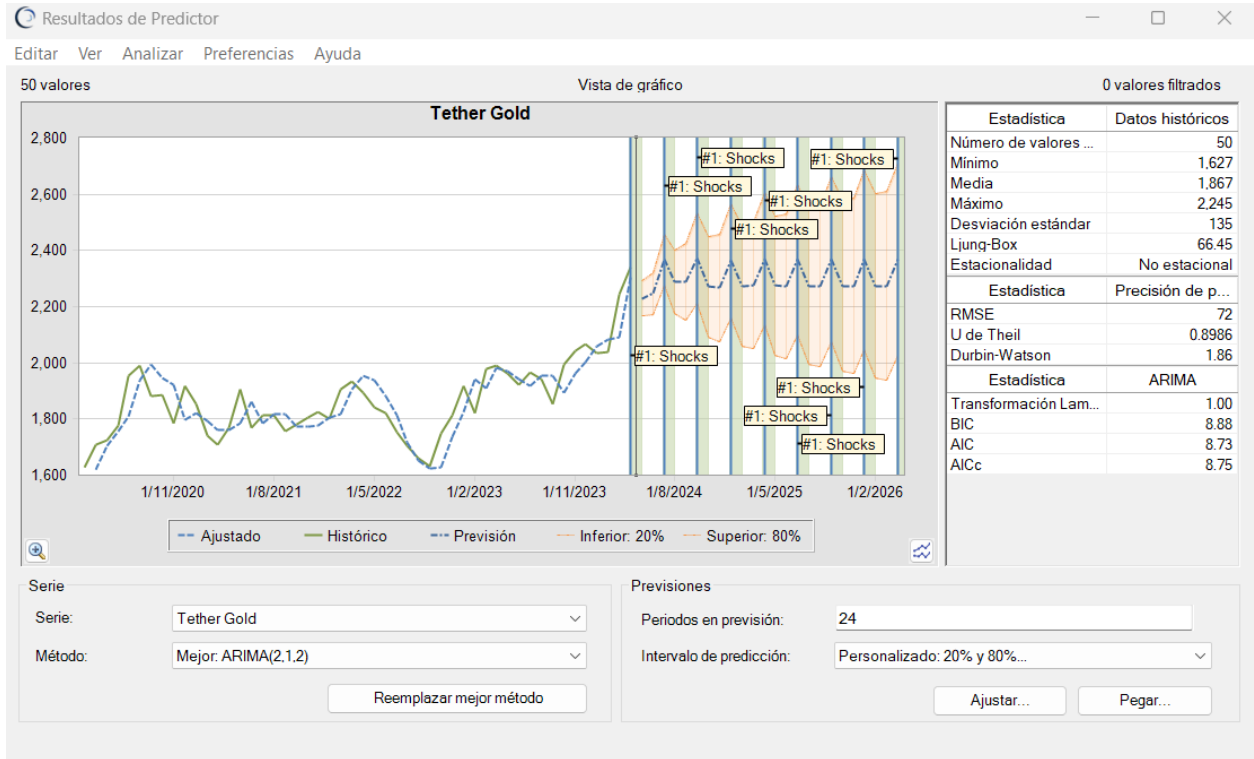
In summary, the standard deviation forecast analysis shows a wide variability in the accuracy of the model estimates, with a base case of 15.36%. However, the mean standard deviations of the results are very accurate, suggesting that the model has a good ability to estimate the accuracy of its predictions.

**b. Scenario 2: With random shocks**

Monthly information from March 2020 to April 2024 from the time series of gold prices and XAUT was used to parameterize the more robust projection model of Gold - ARIMA (2,1,2) and Tether Gold - ARIMA (2,1,2) to simulate the prices of aUSDT for the next 24 months including random shocks every 3 months from the projection and perform scenario analysis on the projection in accordance with the following:



Source: Authors' own elaboration based on *Crystal Ball*.



Source: Authors' own elaboration based on *Crystal Ball*.

Based on the historical monthly data from April 2020 to April 2024 and projection for the following 24 months, the following forecast for aUSD T is obtained, assuming a value of 1 for the first historical data point:

Date	aUSD T s/a/ c/	Date	aUSD T s/a/ c/	Date	aUSD T s/a/ c/	Date	aUSD T s/a/ c/
3/1/2020	1	1/1/2021	1.17	1/1/2022	1.14	1/1/2023	1.22
4/1/2020	1.07	2/1/2021	1.1	2/1/2022	1.21	2/1/2023	1.16
5/1/2020	1.09	3/1/2021	1.08	3/1/2022	1.23	3/1/2023	1.25
6/1/2020	1.13	4/1/2021	1.12	4/1/2022	1.2	4/1/2023	1.26
7/1/2020	1.25	5/1/2021	1.21	5/1/2022	1.17	5/1/2023	1.24
8/1/2020	1.25	6/1/2021	1.12	6/1/2022	1.15	6/1/2023	1.22
9/1/2020	1.2	7/1/2021	1.15	7/1/2022	1.12	7/1/2023	1.25
10/1/2020	1.19	8/1/2021	1.15	8/1/2022	1.08	8/1/2023	1.23
11/1/2020	1.13	9/1/2021	1.11	9/1/2022	1.05	9/1/2023	1.17
12/1/2020	1.2	10/1/2021	1.13	10/1/2022	1.04	10/1/2023	1.26
		11/1/2021	1.13	11/1/2022	1.12	11/1/2023	1.29
		12/1/2021	1.16	12/1/2022	1.16	12/1/2023	1.31

Date	aUSDT s/ a/ c/	Date	aUSDT s/ a/ c/	Date	aUSDT s/ a/ c/
1/1/2024	1.29	<b>1/1/2025</b>	1.48	<b>1/1/2026</b>	1.48
2/1/2024	1.3	<b>2/1/2025</b>	1.42	<b>2/1/2026</b>	1.42
3/1/2024	1.42	<b>3/1/2025</b>	1.42	<b>3/1/2026</b>	1.42
4/1/2024	1.48	<b>4/1/2025</b>	1.48	<b>4/1/2026</b>	1.48
<b>5/1/2024</b>	1.4	<b>5/1/2025</b>	1.41		
<b>6/1/2024</b>	1.4	<b>6/1/2025</b>	1.42		
<b>7/1/2024</b>	1.48	<b>7/1/2025</b>	1.48		
<b>8/1/2024</b>	1.43	<b>8/1/2025</b>	1.42		
<b>9/1/2024</b>	1.42	<b>9/1/2025</b>	1.42		
<b>10/1/2024</b>	1.48	<b>10/1/2025</b>	1.48		
<b>11/1/2024</b>	1.41	<b>11/1/2025</b>	1.42		
<b>12/1/2024</b>	1.41	<b>12/1/2025</b>	1.42		

In accordance with the inherent distribution of historical and projected data of aUSDT, an analysis of 5,000 scenarios was conducted to illustrate the expected price fluctuations of the token and how it will respond to volatility conditions. The results are as follows:

<b>Prefs ejecución:</b>	
Number of texts executed	5,000
Monte Carlo	
Random Initialization	
Precision control activated	
Confidence Level	95.00%



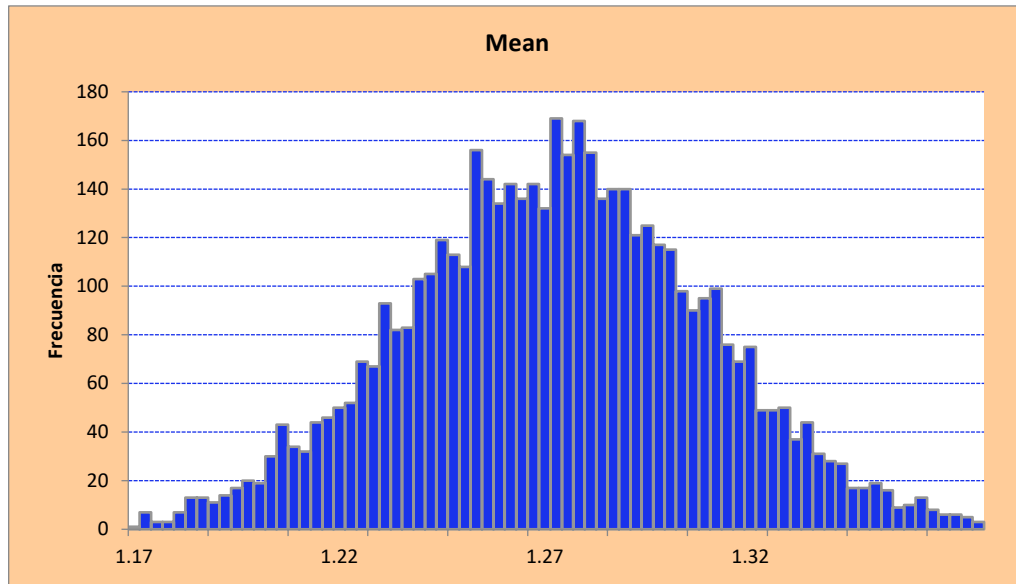
Estadísticas de ejecución:	
Total execution time (seg)	88.87
Tests per second (average)	56
Random numbers per second	5,514

Datos de Crystal Ball:	
Assumptions	98
Correlations	0
Correlation Matrices	0
Decision Variables	0
Forecasts	4

**Forecast: Mean**

Statistics	Forecast Value
Attempts	5,000
Base case	1.27
Mean	1.27
Median	1.27
Mode	---
Standart deviation	0.04
Variance	0
Bias	0.0323
Kurtosis	3.09
Coefficient of variation	0.0284
Minimum	1.12
Maximum	1.41
Range width	0.29
Mean estándar error	0

Percentiles	Forecast Value
0%	1.12
10%	1.22
20%	1.24
30%	1.25
40%	1.26
50%	1.27
60%	1.28
70%	1.29
80%	1.3
90%	1.32
100%	1.41



Source: Authors' own elaboration based on *Crystal Ball*.

- The mean range of the results obtained is from 1.12 to 1.41. This indicates that there is considerable variability in the estimates of the model mean. In other words, despite the average price based on historical data being 1.27, scenarios of decreases to 1.12 could occur in short periods of time given the distribution of historical prices of aUSDt, leading to scenarios of significant losses explained by simple historical volatility.
- The mean base case is 1.27. This suggests that, on average, the model's estimates are expected to be around this value.
- After 5,000 tests, the standard error of the mean is 0.00. This indicates that the mean of the model's estimates is very accurate and has minimal variability.

In summary, the forecast analysis of the mean shows considerable variability in the model's estimates, with a full range from 1.12 to 1.41. However, the average of the model's estimates is very accurate, suggesting that the model has a good ability to predict the mean of the results with minimal error.

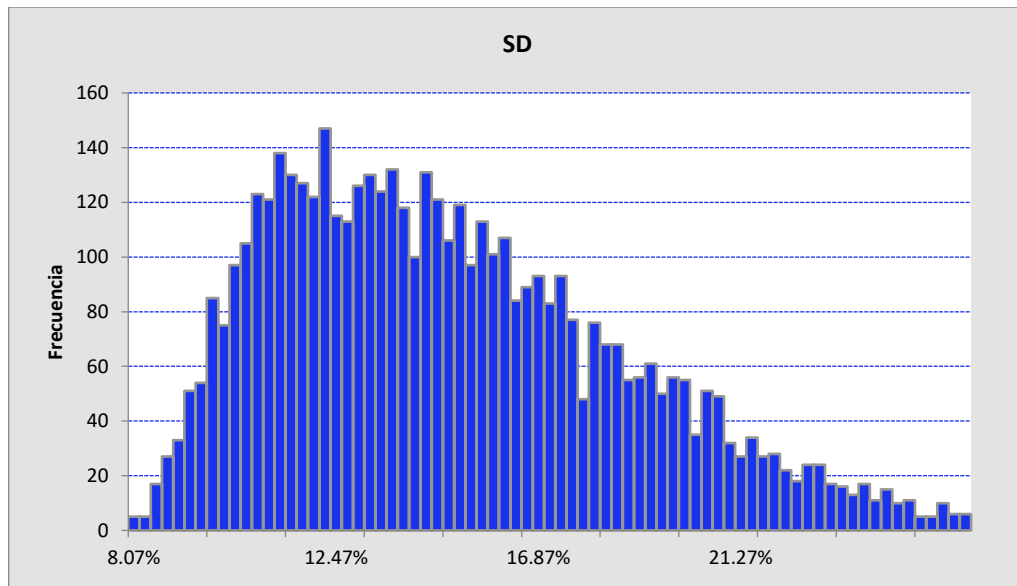
**Forecast: Standart Deviation**

Statistics	Forecast Value
Attempts	5,000
Base case	14.18%
Mean	15.08%
Median	14.45%
Mode	---

Percentiles	Forecast Value
0%	7.94%
10%	10.53%
20%	11.47%
30%	12.43%
40%	13.42%

Standart deviation	4.00%
Variance	0.16%
Bias	0.8332
Kurtosis	3.59
Coefficient of variation	0.2652
Minimum	7.94%
Maximum	34.02%
Range width	26.08%
Mean estándar error	0.06%

50%	14.45%
60%	15.54%
70%	16.78%
80%	18.35%
90%	20.58%
100%	34.02%



Source: Authors' own elaboration based on *Crystal Ball*.

- The full range of standard deviations of the results obtained goes from 7.94% to 34.02%. This indicates considerable variability in the model standard deviation estimates.
- The standard deviation of the base case is 14.18%. This suggests that, on average, estimates of the model's standard deviation are expected to be around this value.
- After 5,000 tests, the standard error of the mean is 0.06%. This indicates that the mean of the model's estimates is very accurate and has minimal variability.

In summary, the analysis of the data shows that the model has a good ability to predict the standard deviation of the results, with a very low standard error of the mean, indicating a high accuracy in the

estimates. However, there is considerable variability in standard deviation estimates, as seen in the full wide range of values.

#### 4. Conclusion of the simulations and analysis carried out

Based on the results of the simulations, it is concluded that the volatility of aUSD is directly and significantly influenced by gold prices and market conditions, especially in the scenario with random shocks. It is recommended to implement risk management strategies to mitigate volatility, such as portfolio diversification and the establishment of safety reserves. In addition, it is suggested to closely monitor key economic variables and adjust strategies as needed in both scenarios.

##### Section 4.03 Description of the risks associated with the offering of digital assets.

1. **Financial risk of loss:** Investing in digital assets, including aUSD tokens, entails significant risk of financial loss because the underlying asset of aUSD is directly related to gold prices, which can decrease as they are risky assets.
  - a. **Mitigation measure:** Establish an emergency capital reserve to cover unexpected losses and provide transparency into the capital structure and backing of tokens to investors.
2. **Price fluctuations and market risk:** The market value of aUSD may fluctuate due to changes in demand and supply, trading activity, token liquidity, and other economic factors.
  - a. **Mitigation measure:** Use hedging strategies and value insurance to protect against market volatility and significant fluctuations in token value
3. **Liquidity Risk:** aUSD tokens are designed to be stable, there is no guarantee that there will always be an active market to buy or sell these tokens.
  - a. **Mitigation measure:** Ensure agreements with multiple exchanges to facilitate an active and liquid market for tokens, and maintain a liquidity pool to allow for quick redemptions
4. **Technology risk:** Reliance on blockchain technology and potential flaws or vulnerabilities in the software that could compromise the security or functionality of the token.
  - a. **Mitigation measure:** Conduct regular security audits and stress tests on blockchain technology and smart contracts to identify and fix vulnerabilities.
5. **Liquidation risk:** If the value of the collateral falls below certain thresholds, the backing digital assets could be liquidated, which could result in losses for users.
  - a. **Mitigation measure:** Set settlement limits and proactive notifications to inform users about the status of the backup digital asset and prevent unexpected liquidations.

6. **Cybersecurity risk:** Exposure to cyberattacks, fraud, or any other type of security breach that could result in the loss of aUSDt tokens or collateral.
  - a. **Mitigation measure:** Implement multi-layered security protocols, including advanced encryption, two-factor authentication, and continuous security monitoring.
7. **Legal and regulatory risk:** Changes in laws and regulations affecting digital assets could negatively impact the viability of aUSDt.
  - a. **Mitigation measure:** Maintain a dedicated legal team to monitor legislative changes and ensure regulatory compliance in all relevant jurisdictions.
8. **Execution and operational risk:** Operational failures, such as errors in transaction execution or collateral management, that could affect the functionality and value of the token.
  - a. **Mitigation measure:** Develop clear operational protocols and train staff in proper operational practices to minimize errors and improve efficiency.
9. **Counterparty risk and third-party dependency: Third-party** reliance on services such as collateral custody, which could fail and affect the security or value of tokens.
  - a. **Mitigation measure:** Diversify suppliers and partners and establish strong contractual arrangements to minimize risks associated with third-party reliance.
10. **Gold Price Volatility Risk:** Since the collateral includes gold tokens (XAUt), volatility in the price of gold can directly affect the value of the collateral and therefore the stability of aUSDt.
  - a. **Mitigation measure:** Actively monitor gold markets and adjust collateralization strategy to manage exposure to gold volatility.
11. **Trust risk:** User perception and confidence in issuers' ability to keep the value of aUSDt stable is crucial and any factors that affect this trust could impact the value of the token.
  - a. **Mitigation measure:** Carry out communication campaigns to build and maintain user trust, highlighting the security, stability, and transparency of the operation.
12. **Risk of Blacklisting and Address Blocking:** There is a risk that certain addresses could be blocked or blacklisted, which could prevent transactions or access to tokens.
  - a. **Mitigation measure:** Implement clear policies and procedures to manage and communicate blacklisting and address blocking actions in a fair and transparent manner.
13. **Risk of AbT platform disruption:** Failures in the AbT platform, which includes a pricing oracle and vault smart contract, may impede access to or functionality of services.
  - a. **Mitigation measure:** Develop a robust incident management and disaster recovery system to minimize downtime and maintain service continuity.

14. **Insolvency Risk:** If Tether AbT or any other user of the CMP smart contract becomes insolvent, this could impact the ability to access or recover the aUSD tokens or collateral assets.
  - a. **Mitigation measure:** Maintain sound financial management and adequate reserves to withstand periods of financial stress without compromising operations.

#### **Section 4.04 Description of the risks associated with digital assets.**

1. **Price volatility risk:** Although aUSD is designed to be a stablecoin, changes in market conditions or investor perceptions could affect its stability and cause its price to deviate from its peg to the U.S. dollar.
  - a. **Mitigation measure:** Implement financial hedging strategies and maintain a liquidity buffer to manage market fluctuations and protect the value of the token.
2. **Technology risk:** Risk in blockchain technology and smart contracts that may have vulnerabilities or flaws that have not been detected, which could result in token losses or security breaches.
  - a. **Mitigation measure:** Conduct regular technical audits, continuously update software and security protocols to protect against vulnerabilities.
3. **Regulatory risk:** Regulations affecting cryptocurrencies and digital assets could impact the operation or legality of using aUSD.
  - a. **Mitigation measure:** Maintain constant advice on regulatory regulations, adjust policies according to legislative changes and ensure proactive regulatory compliance.
4. **Liquidation risk:** The underlying collateral (XAUT) falls below certain thresholds, it could trigger an automatic liquidation of the backing asset, which could result in a quick and significant loss for token holders.
  - a. **Mitigation measure:** Establish prudent liquidation thresholds and early warnings to manage and prevent unwanted automatic liquidations.
5. **Counterparty risk:** Dependence on the solvency and operation of the token's issuers and other third parties involved in the management and custody of the collateral.
  - a. **Mitigation measure:** Carefully evaluate and select partners and providers to minimize dependency and ensure the quality and reliability of outsourced services.
6. **Operational risk:** Operational errors, human or technological failures in the management of the token that could affect its functionality or value.
  - a. **Mitigation measure:** Implement standard operating procedures and robust internal controls to minimize human error and technology failures. Conduct regular staff training

on operational and safety best practices. Establish internal audit protocols and quality controls to continuously monitor operations.

7. **Cybersecurity risk:** Exposure to potential cyberattacks that could result in the theft or loss of aUSD.
  - a. **Mitigation measure:** Strengthen cybersecurity infrastructure by implementing advanced encryption technologies, firewalls, and intrusion detection and response systems. Conduct cybersecurity audits and penetration testing on a regular basis. Establish an incident response plan to act quickly in the event of a cyberattack.
8. **Liquidity risk:** The possibility that there is not enough liquidity in the market for aUSD, which could make it difficult to buy or sell at stable prices.
  - a. **Mitigation measure:** Collaborate with multiple exchanges to ensure they list aUSD and promote their active trading. Establish a liquidity pool or use market makers to ensure that there is enough supply and demand in the market. Conduct marketing campaigns to increase the visibility and attractiveness of aUSD among investors.
9. **Market Acceptance Risk:** The success of aUSD is highly dependent on its adoption and acceptance by users and markets, which is not guaranteed.
  - a. **Mitigation measure:** Develop a comprehensive market strategy that includes consumer education on the benefits of aUSD, strategic partnerships with financial and trading firms, and incentive programs for users and merchants.
10. **Inflation and Exchange Rate Risk:** Changes in inflation or exchange rates could affect the real value of the U.S. dollar and, therefore, the perception of the value of aUSD.
  - a. **Mitigation measure:** Use financial hedging instruments such as futures and options to mitigate the effects of inflation and exchange rate fluctuations. Maintain a diversification of collateral reserves to protect the value of aUSD.
11. **Risk of stablecoin policy changes:** Decisions by stablecoin administrators about changes in the handling policy or characteristics of the token could affect its stability or functionality.
  - a. **Mitigation measure:** Implement a transparent and participatory governance framework that includes token holders in important decisions. Establish clear mechanisms and open communication about any policy changes to ensure the stability and predictability of aUSD
12. **Legal Risk:** Potential litigation or legal claims related to the issuance or management of aUSD that could result in additional costs or restrictions.

- a. **Mitigation measure:** Hire legal counsel specializing in digital assets and finance to continuously monitor the legal environment and ensure regulatory compliance. Prepare proactive legal strategies and reserve funds for potential litigation.
13. **Payment System and Third-Party Risk:** Risks associated with integrating aUSD into existing payment systems or their interoperability with other digital platforms and wallets.
- a. **Mitigation measure:** Conduct extensive integration and compatibility testing with payment systems and other digital platforms. Establish service level agreements with all third-party providers to ensure quality and continuity of service. Diversify technology providers to minimize dependency on a single service.

#### **Section 4.05 Description of the risks associated with the implementation of the project.**

1. **Project Execution Risk:** Operational or technical challenges that could arise during the implementation of the technological infrastructure required to issue and manage aUSD, which could delay or prevent the launch or effective operation of the token.
  - I. **Mitigation measure:** Establish a detailed project management plan with clear milestones and allocated resources. Use agile methodologies to enable quick and efficient adjustments to technical or operational issues that arise.
2. **Regulatory and compliance risk:** Changes in laws or interpretations of current regulations affecting digital assets, which could impose additional restrictions, costs, or outright bans on the operation of aUSD.
  - I. **Mitigation measure:** Hire regulatory experts to ensure ongoing compliance. Maintain ongoing regulatory compliance advice and adjust operations in accordance with new guidelines or regulations.
3. **Technology and platform risk:** Blockchain software flaws, smart contract bugs, or undetected security vulnerabilities that could compromise the integrity of the system, resulting in the loss or theft of aUSD tokens.
  - I. **Mitigation measure:** Conduct security audits and penetration testing regularly. Implement escrow and insurance mechanisms to protect assets in case of technological failures or security breaches.
4. **Collaboration risk and third-party dependency:** Dependence on technology partners, collateral custodians, or service providers who, if they fail or act inappropriately, could negatively impact the project.



- I. **Mitigation measure:** Diversify suppliers and partners to minimize dependency. Establish robust legal agreements with compliance clauses and penalties for improper service.
5. **Market Adoption Risk:** Uncertainty as to whether aUSD will be accepted and used by a wide audience, which is essential for its long-term success.
  - I. **Mitigation measure:** Implement marketing and education campaigns to increase awareness and utility of aUSD. Establish incentive programs and partnerships with merchants to encourage their use.
6. **Financial risk:** The possibility that project costs will exceed planned budgets or funding may not be sufficient, which could compromise issuers' ability to sustain the aUSD operation.
  - I. **Mitigation measure:** Establish a detailed budget and strictly track expenses. Obtain additional financing through investments or loans to ensure the liquidity necessary for the operation of the project.
7. **Reputational risk: Any** issues with the issuance or operation of aUSD could damage the reputation of issuers, affecting their ability to attract new users or trading partners.
  - I. **Mitigation measure:** Have the advice of experts in business communication and crisis management, as well as implement a crisis management strategy to quickly handle any problems that arise, minimizing reputational damage. Maintain transparency and open communication with users.
8. **Legal Risk:** Exposure to potential litigation related to the issuance and management of aUSD, including challenges over intellectual property infringement or contract disputes.
  - I. **Mitigation measure:** Regularly consult with legal counsel to review all aUSD trades and promotions, ensuring they comply with the law. Prepare legal defenses for potential litigation.
9. **Infrastructure and operational risk:** Risks associated with the day-to-day management of the token, including handling the technology, customer support, and administration of the blockchain network.
  - I. **Mitigation measure:** Implement standard operating protocols and training procedures for personnel to ensure efficiency in daily management. Use scalable technology and 24/7 technical support.

10. **Backup Digital Asset Liquidity Risk:** Risk related to the sufficiency and liquidity of gold collateral (XAUt) backing USDt, including challenges in quickly liquidating collateral under adverse market conditions.
  - I. **Mitigation measure:** Maintain collateral diversification and conduct stress tests to assess liquidity in adverse market scenarios. Establish lines of credit for emergency situations.
11. **Risk of external disruptions:** Exposure to external events such as political changes, natural disasters, or economic crises that could affect the stability and operation of the token.
  - I. **Mitigation measure:** Create an emergency fund and business continuity plans to handle disruptions caused by external factors. Maintain constant monitoring of the political and economic environment.
12. **Risk of risk management failure:** Inadequate assessment or management of identified risks that could result in non-optimized decisions and potentially detrimental to the project.
  - I. **Mitigation measure:** Develop a risk management committee with regular meetings to review and adjust risk policies and strategies. Train decision-makers in risk assessment and management techniques

These risks are crucial to be considered by issuers and must be properly managed to ensure the success and sustainability of the aUSDt project over time.

#### **Section 4.06 Description of risks and mitigation measures associated with the technology used.**

##### **Technology Used:**

1. **Ethereum blockchain:** aUSDt operates on top of the Ethereum blockchain, which is public and decentralized. It uses smart contracts to automate token operations, including issuance, transfer, and settlement.
2. **Smart contracts:** These are programs stored on the blockchain that automatically execute when predefined conditions are met. In the case of aUSDt, they manage the creation of the token, the interaction with the collateral, and the conditions for settlement.
3. **Digital Gold Tokens (XAUt):** The aUSDt Backed Digital Asset includes XAUt, which are tokens that represent a specific amount of physical gold. These tokens add a layer of stability and tangible backing to the value of aUSDt.

##### **Associated risks and mitigation measures:**

1. **Risks of smart contract failures.**
  - a. Vulnerabilities in the smart contract code could be exploited to steal funds or manipulate the operation of the token. **The way to mitigate** this risk is with regular security audits conducted by independent and recognized firms to identify and fix vulnerabilities before they are exploited.
2. **Risk of technological dependence:**
  - a. Reliance on Ethereum's infrastructure, which could face overheading, raising gas fees, or affecting processing speed. **The way to mitigate this** is to continuously monitor the performance of the Ethereum network and explore second-layer solutions or sidechains to improve scalability and efficiency.
3. **Risk of Cryptocurrency Market Volatility:**
  - a. The volatility inherent in the cryptocurrency market can affect the stability and perception of aUSD's value. **The mitigation measure** is the use of an overcollateralized Backed Digital Asset to ensure that the value of the issued tokens is well backed even in volatile market conditions.
4. **Technology Regulation Risk:**
  - a. Regulatory changes in the digital asset environment could affect the operability or legality of aUSD. Here, **mitigation** depends on having a team attentive to regulatory updates and constant monitoring of new regulations to ensure continued compliance.
5. **Cybersecurity Risk:**
  - a. Cyberattacks targeting blockchain infrastructure or smart contracts themselves. **Mitigation** is the implementation of robust security protocols, frequent external audits, and the use of advanced encryption technologies to protect data and transactions.
6. **Risk of Operational Errors:**
  - a. Human error or technological glitches could result in loss of funds or improper issuance of tokens. The **mitigation measure** is to have strict control and verification in all operations, continuous training of the personnel involved and technological redundancies to prevent failures.
7. **Risk of network outages:**
  - a. Disruptions to the Ethereum blockchain could halt or delay aUSD transactions. The **way to mitigate** risk is to have disaster response and recovery systems in place to ensure service continuity and data integrity in the event of outages.

These technologies and mitigation measures are critical to ensuring the integrity, stability, and security of the aUSD token, allowing it to function effectively as a stablecoin in a market as volatile as that of cryptocurrencies.

The analysis of the security risks associated with the issuance of aUSD from various perspectives and the mitigation strategies proposed by issuers Moon Gold El Salvador and Moon Gold NA cover several aspects:

### **1. Technology Security Risks:**

- a. Technology risks include vulnerabilities in smart contracts, flaws in blockchain infrastructure, and cyberattacks that can compromise the security of tokens and collateral assets. Mitigation consists of:
  - i. Smart Contract Audits: Issuers have planned to conduct regular and thorough audits of smart contracts through recognized third parties to identify and remediate vulnerabilities before they can be exploited.
  - ii. Blockchain Infrastructure Security: Implementation of state-of-the-art security practices, including robust network protection measures and intrusion detection systems to protect against external attacks.
  - iii. Multi-signature reserves: To improve the security of funds, access to reserve wallets employs multisig protocols, requiring multiple keys to authorize transactions, reducing the risk of embezzlement or theft.

### **2. Cybersecurity Risks:**

- a. Exposure to cyberattacks, such as phishing, malware, or DDoS attacks, which can affect operability or compromise critical information. The form of mitigation would be:
  - i. Anti-Malware and Anti-Phishing Protections: Implementing industry-leading security solutions to protect against malicious software and phishing attacks.
  - ii. Security Training and Matching: Regular cybersecurity employee training programs to reduce the risk of human error that could lead to security breaches.

### **3. Custody and Management Risks of Backup Digital Assets**

- a. Backup Digital Assets in the form of XAUt (gold tokens) are subject to custodial risks, including physical or digital theft, as well as improper management. The form of mitigation would be:
  - i. Secure custody: Use of reputable custodians to manage physical collateral, ensuring that the gold backing the XAUt is safe and correctly accounted for.

- ii. Insurance: Acquisition of insurance policies to cover collateral assets against losses in extreme events, providing an additional layer of financial security.

#### **4. Operational Risks**

- a. Operational failures, such as transaction execution failures or software update failures, can cause significant losses. The way to mitigate is:
  - i. Standard Operating Procedures: Implementation of rigorous operational processes and verification procedures to ensure that all transactions and updates are done correctly.
  - ii. Disaster Recovery Plans: Development of contingency and disaster recovery plans to ensure business continuity in the event of critical failures.

#### **5. Integration and Compatibility Risks.**

- a. Challenges associated with integrating aUSDT into other systems and platforms, which could lead to incompatibilities and interoperability issues. Proposed mitigation measures:
  - i. Rigorous Compatibility Testing: Conducting extensive testing to ensure aUSDT's compatibility with a variety of platforms and wallets, avoiding integration issues.
  - ii. Collaboration with third-party developers: Work closely with third-party developers and exchange platforms to ensure smooth and secure integrations

Taken together, these mitigation approaches reflect a significant commitment by issuers to address security risks holistically. However, it is crucial for investors and users to maintain continuous vigilance and engage in security best practices, such as checking for security updates and participating in community forums to stay on top of any emerging issues.

#### **Section 4.07 Smart-contract features.**

The security audit documents provided reveal a number of findings and other challenges in the smart contract associated with the issuance of aUSDT. Below is a summary of the key vulnerabilities identified and how issuers have proposed to mitigate them:

##### **1. Signature Replay Vulnerability**

- a. Description: The Oracle contract does not invalidate signatures already used, allowing the possibility of signature reuse attacks.
- b. Proposed Mitigation: The risk associated with this vulnerability was accepted. However, it was recommended to use shorter lead times for signatures to reduce the window of time in which they could be maliciously reused. The time frame for signatures has been reduced to 15 minutes to mitigate this risk.

## **2. Oracle Validation and Pricing Issues**

- a. Description: There were issues in validating the timeliness and accuracy of the data provided by oracles, which could lead to poor lending decisions based on outdated or incorrect data.
- b. Proposed Mitigation: Corrected these issues to ensure that collateral valuations are current and accurate when used for loans or settlements.

## **3. Compounding Interest Vulnerability**

- a. Description: The accrue function accommodates interest each time it is called, which could lead to excessive interest calculation due to frequent calls.
- b. Proposed Mitigation: This behavior was recognized, but not modified, suggesting that it is an intentional feature of contract design.

## **4. Issues with Broadcast Events and Sanity Checks**

- a. Description: Some functions emitted events even when there were no changes in state, and some validity checks for important configurations were not performed.
- b. Proposed Mitigation: These issues were recognized, but it was decided not to change the code. However, a sanity check has been added for the address to which accrued fees are sent.

## **5. Gas Griefing Problem in Solvency Checks**

- a. Description: Modifications to a user's creditworthiness status could be exploited to cause gas leaks, which is called "gas griefing".
- b. Proposed Mitigation: This finding was rejected, stating that front-end implementations of the contract are aware of future states and can handle these cases appropriately.

These findings and issuer responses indicate a conscious approach to security and risk management, although some risks have been accepted as part of the operational design. These decisions about which

risks to mitigate, accept, or simply acknowledge reflect a balance between usability, cost, and security, which is common in the development of complex blockchain-based financial systems.

#### **Section 4.08 Comments on the audit of programming criteria.**

There are risks identified in the audit reports related to the aUSDT smart contract programming criteria. These risks encompass several technical aspects that could impact the safety, reliability, and proper functioning of the system. Below we describe some of these risks and their implications:

##### **1. Signature Replay**

- a. Risk: The ability to reuse signatures in the Oracle contract, due to the lack of invalidation of previously used signatures, increases the risk that malicious actors can manipulate the prices reported by the oracle.
- b. Implications: This could allow the system of loans and settlements to be mishandled based on incorrect or outdated pricing data.

##### **2. Improper Validation of Oracle Data**

- a. Risk: Initial lack of adequate checks for the validity and freshness of oracle data could result in decisions based on incorrect or outdated information.
- b. Implications: This puts the stability of the system at risk, allowing potential over-lending or unfair liquidations based on incorrect price data.

##### **3. Compounding Interest**

- a. Risk: Compounding interest more frequently than necessary can lead to a disproportionate accumulation of debts on borrowers.
- b. Implications: It increases financial risk for users and may result in a less attractive and fair system for borrowers.

##### **4. Issuance of Improper Events and Failure to Sanity Checks**

- a. Risk: The issuance of events, even if there are no changes, and the lack of sanity checks for critical configurations can lead to inefficient operation and possibly operational errors.
- b. Implications: This could lead to a lack of transparency and reliability in contract operations, complicating the monitoring and verification of the actions taken.

##### **5. Griefind de Gas**

- a. Risk: The ability to manipulate a user's creditworthiness status to cause gas leaks, especially in gas-intensive features like -cook.

- b. Implications: Such exploitation could be used to disincentivize participation or manipulate the market by increasing the cost of critical operations.

With respect to these risks and their implications, we believe it is appropriate to note the following:

The audit of the programming criteria has revealed significant technical vulnerabilities that could affect the operability and security of the aUSDt system. Among them, the reuse of signatures in Oracle contracts stands out as a major concern, as it potentially allows malicious actors to manipulate data that affects pricing and other critical system metrics.

In addition to direct security risks, oracle data validation and excessive interest-generating processes can lead to operational inefficiencies and financial imbalances. Not only do these issues increase the risk of unfair or unprofitable trades for users, but they can also make the system as a whole less attractive and competitive in the market.

The current smart contract design should strengthen the necessary safeguards to prevent gas griefing, where users can be penalized with gas costs due to manipulations of the solvency status. This underscores a need to review and potentially redesign gas-intensive features to protect users from malicious exploits and ensure more efficient and fair cost management.

To address these issues effectively, it is imperative to make improvements to the smart contract that include robust signature and data validation mechanisms, as well as optimization of functions that affect gas economics within the system. The implementation of improvements should be accompanied by continuous audits and penetration testing to detect and mitigate new vulnerabilities as they arise. Securing a smart contract infrastructure that is secure, efficient, and transparent will not only improve user trust but also strengthen aUSDt's long-term viability in a competitive market.

#### **Section 4.09 How the issuer will manage risks**

The issuer's issuance of the aUSDt stablecoin denotes preparedness, diligence, and responsibility, clearly reflected in the Relevant Information Document (DIR) and associated supporting documents. In these documents, the issuer has demonstrated a reasonable and robust commitment to identifying, assessing, and mitigating the risks associated with the issuance and management of aUSDt. This commitment is manifested through the implementation of a series of measures and protocols designed to ensure the stability and security of the stablecoin, underlining its long-term viability as a financial tool.



Firstly, the DIR outlines the inherent risks associated with issuing stablecoins backed by assets such as gold, including market, operational, liquidity, and legal risks. The issuer has established clear strategies and risk mitigation measures. For example, the risk of gold volatility, which directly affects the parity and stability of aUSD, is addressed by constituting reserves in the XauT token, which is backed by gold, and by using financial hedging instruments that protect against adverse fluctuations, such as investing in gold-related ETFs, according to the terms of the underlying asset issuance. Additionally, the issuer has implemented advanced cybersecurity systems and blockchain technology management to counteract operational and technological risks, thereby ensuring the integrity and trust in the aUSD transaction mechanism.

Finally, the issuer's commitment to regulatory compliance and transparency is evident in its continued cooperation with regulatory authorities and its adherence to international financial regulations. The DIR includes a detailed description of the compliance policies and regular audit procedures that the issuer has put in place to ensure that all aUSD operations are conducted within a secure and regulated legal framework. This approach not only reinforces the legal certainty of issuance, but also strengthens investor and end-user confidence in aUSD as a reliable and regulated alternative to traditional fiat currencies.

#### **Article V. Reasonableness of the financial assumptions relevant to the issuance.**

##### **Financial reasonableness of the issuance.**

To assess the financial reasonableness of the issuance of aUSD tokens, considering the findings of the audit and the structure of the project, we must address several key aspects including the structure of the collateral, risk management, and the effectiveness of internal controls. Below is an analysis of these aspects:

##### **1. Collateral Structure**

aUSD is a stablecoin that, according to audit reports, is backed by a Digital Asset Reserve, which is XAUT (gold tokens). This collateral structure provides a tangible value base, which is generally positive for the stability of the token value, with the initial collateral defined as  $1/0.75$  equivalent to 1.33 XAUT per aUSD. It is important to note that this collateral does not guarantee coverage for potential losses in the value of aUSD. The objective of this collateral is to precisely determine a minimum initial asset value buffer in relation to aUSD in a deterministic manner.

##### **a. Advantages:**

Stability: Gold is known for its stability and could protect the value of the token against the volatility of the cryptocurrency market.

Trust: Backing in a tangible physical asset can increase the confidence of investors and users.

**b. Challenges:**

Liquidity: The liquidity of gold as collateral can vary, affecting the ability to handle large redemptions or market adjustments.

Valuation: Accuracy in the valuation of gold and its correspondence with the issued tokens is crucial. Any mismatch could result in over- or under-collateralization issues.

**2. Risk Management**

Risk management exposed in audit reports shows certain vulnerabilities, such as signature reuse and insufficient validations of oracle data.

**a. Advantages:**

Understanding Risks: The identification of specific risks and the conscious acceptance of some indicate an understanding of the inherent risks.

**b. Challenges:**

Operational Risk: Operational risks that are not fully mitigated can lead to financial problems if exploited.

Reputational Risk: Accepting certain risks could adversely affect the reputation of the stablecoin if these risks materialize.

**3. Effectiveness of Internal Controls**

The internal controls for managing the issuance and operation of aUSD appear to be robust, with security audits, albeit with certain limitations.

**a. Advantages:**

Audits and Corrections: Implemented fixes and periodic audits help maintain the integrity of the system.

**b. Challenges:**

Audit Limitations: Audits are limited in time and scope, and do not guarantee the identification of all potential problems.

Responses to Findings: Some critical findings were accepted or uncorrected, which may raise questions about the rigor of the controls.

**Conclusion**

The issuance of aUSD shows a reasonable financial structure in terms of its gold backing and attention to smart contract security. However, financial reasonableness also depends on how identified risks are managed and the effectiveness of internal controls in adapting to emerging changes and challenges. Transparency in the management of these aspects will be key to maintaining and improving market confidence in the stability and security of aUSD.

## **Section 5.01 Key Factors of the Financial Reasonableness Review:**

### **1. Product Structure:**

- a. Description: aUSD is a stablecoin backed by (XAUt, which is backed by gold), initially at a ratio of 1.33X.
- b. Comments: This structure provides a stable base in terms of value, leveraging the historical stability of gold as a store of value. However, the volatility of the gold price and its liquidity are factors that must be continuously monitored because they will affect the value of aUSD over time, potentially resulting in losses or gains relative to the initial invested amount.

### **2. Risk Management:**

- a. Description: The document addresses a variety of risks, including technological, market, and operational risks.
- b. Comments: Proactive risk management is essential, especially in a product that involves complex technologies and volatile assets such as gold. The accepted measures and proposed mitigations are adequate, but the acceptance of some risks unchanged could be cause for concern.

### **3. Internal Controls and Audits:**

- a. Description: Security audits are conducted to identify and remediate vulnerabilities in smart contracts.
- b. Comments: Audits are critical to ensuring system integrity, although the limitation of these audits suggests that there is always the potential for undetected issues. The response to the identified vulnerabilities shows a willingness to improve, although some responses could be more robust.

### **4. Compliance:**

- a. Description: The document appears to be in line with applicable regulations for the issuance of digital assets.
- b. Comments: Adherence to regulations is crucial to the long-term viability of the token. Continuing regulatory vigilance and adapting to new laws will be key to avoiding legal complications.

#### **5. Economic viability:**

- a. Description: The issuance is backed by gold and is designed to maintain a peg to the U.S. dollar.
- b. Comments: Economic viability is highly dependent on effective collateral management and maintaining token value peg. Adjustments in collateral management and reactions to market fluctuations are essential.

#### **6. Transparency and Communication:**

- a. Description: The importance of transparency in operations and communications is mentioned.
- b. Feedback: Maintaining clear and transparent communication with users and investors is critical to building and maintaining trust. This is especially important in areas where significant risks have been accepted.

#### **7. Long-term sustainability**

- a. Description: The business model must consider the long-term sustainability of the token.
- b. Comments: Regularly assessing the sustainability of the model, especially in terms of collateral management and ability to withstand market shocks, is crucial.

These factors are essential for assessing the overall robustness of the aUSDT project and its ability to meet its long-term goals. Each point reveals an integral part of the stablecoin ecosystem and shows areas of strength and those that could require further attention or adjustment, which must be worked on by issuers over time under compliance with the corresponding regulatory and legal requirements, which must be included in periodic certification reports.

#### **Article VI. Issuer Information.**

After reviewing the contract documents between the related companies, it is clear that these agreements establish a comprehensive and detailed structure that underscores the dependency and shared

responsibilities between the entities involved. In particular, the Administrative Services and Licensing Agreement with issuers demonstrates issuers' reliance on the services and licenses provided by Tether Operations Limited. This agreement covers a wide range of services, including the operation and maintenance of pricing oracle software and smart contract software. Tether also provides non-exclusive licenses for the use of crucial intellectual properties, which is critical to the operation and maintenance of the tokens and related infrastructure.

The Data Protection Addendum for issuers highlights the importance of compliance with the GDPR and other applicable data protection legislations, which is vital given the volume of personal information they handle. Both parties, Tether and the issuers, act as independent controllers, which means they have clear but separate responsibilities regarding the processing of personal data.

In addition, the Sublicense Agreement with issuers sets forth specific terms under which this entity may use the licensed software and intellectual property, with a strong focus on confidentiality obligations. This agreement also imposes clear restrictions on how and for what purposes the software may be used, highlighting the importance of strictly adhering to the terms of the agreement to avoid legal violations and ensure operational integrity.

In summary, these documents reflect a complex web of services, licenses, and data protection obligations between Tether Operations Limited and Moon Gold's entities, underscoring the importance of effective management of these contractual relationships and regulatory compliance. The detailed structure of the agreements is critical to the operation of issuers and shows a meticulous approach towards data protection, intellectual property, and restrictions on use, which are essential to the integrity and continued success of issuers' operations.

## **Article VII. Comprehensive analysis of the feasibility of issuing aUSDT as a stablecoin.**

### **A. About technical infrastructure and security**

The technical infrastructure that supports aUSDT is a cornerstone of its long-term viability. As detailed in the DIR (Section 6.1), the platform uses Ethereum's blockchain technology, which is known for its robustness and high security. This choice ensures not only fast and secure transactions, but also interoperability with a wide range of financial applications and cryptocurrency services. Security audits, described in this report (Section 4.06), are conducted by recognized third-party firms that verify the integrity of smart contracts and the strength of encryption protocols.

The implementation of advanced authentication mechanisms and the adoption of state-of-the-art security protocols mitigate the risks of cyberattacks and fraud. These systems are continuously reviewed to adapt them to new emerging threats, ensuring that aUSDT remains at the forefront of cryptographic security. In addition, the commitment to transparency in technology risk management is reflected in the constant updating of our community and stakeholders through detailed and publicly accessible security reports.

### **B. Financial analysis and risk mitigation strategies**

aUSDT's backing in gold is a distinguishing feature that strengthens its financial viability. As explained in Section 3 of the DIR, gold is held in audited and certified reserves, providing a tangible and stable basis for the value of aUSDT. The advanced financial models mentioned in this report (Section 4.02) include volatility analysis and stress tests that simulate various economic scenarios to assess the impact on the aUSDT peg.

These simulations help predict how changes in the gold market could affect aUSDT and inform our mitigation strategies, which include proactive adjustments to collateral coverage and hedging operations to manage gold's volatility. This meticulous financial planning ensures that even in periods of economic turbulence, aUSDT maintains its value relative to the dollar, thus providing stability and confidence to investors.

### **C. On market regulation, compliance and management**

In line with the comprehensive development of the DIR, aUSDT is rigorously compliant with applicable financial regulations, ensuring that it operates within the legal framework of the jurisdictions in which it operates. This adherence to the laws not only strengthens aUSDT's position in the face of regulators, but also encourages greater adoption by users and investors looking for a safe and regulated option for their financial needs.

The market management and adoption strategy, outlined in this certifier report, demonstrate a proactive approach to ensuring that aUSDT remains relevant and useful in a rapidly evolving market. Strategic alliances with leading exchanges and payment platforms not only expand the utility and liquidity of aUSDT, but also help educate the market about the benefits of stablecoins. These efforts are complemented by marketing and education campaigns that promote understanding and trust in aUSDT, underscoring its role as a pillar of stability in the cryptocurrency ecosystem.

**Article VIII. Opinion and conclusion on the certification of the issuance of aUSD.**

In the context of the public offering of aUSD by Moon Gold NA and Moon Gold El Salvador, the project involves the issuance of a stablecoin backed by the Backed Digital Asset (XAUT), using blockchain technology and smart contracts to secure and manage transactions. This technological approach offers significant benefits in terms of transparency, security, and operational efficiency, allowing users to interact with a digital medium of exchange that aims to maintain a stable peg to the U.S. dollar, secondarily backed by a tangible asset such as gold.

However, implementing this technology comes with inherent risks. From a technical perspective, smart contracts are subject to risks of vulnerabilities in the code that can be exploited for tampering or theft, as has been identified in security audits. Although steps have been taken to mitigate these risks through ongoing audits and remedies, the rapidly evolving nature of blockchain technology means that new risks may emerge.

In addition, the offering faces significant regulatory risks. Regulations around cryptocurrencies and digital assets are constantly developing and vary considerably between jurisdictions. Adverse regulatory changes could impact the viability of the aUSD offering, affecting both operability and market acceptance. These risks are compounded by the need to comply with international data protection and anti-money laundering regulations, which requires a proactive and adaptive approach to compliance management.

Reliance on the value of gold as a backstop also introduces financial risk. Fluctuations in the price of gold can affect the stability of aUSD's value, which could lead to a crisis of confidence or liquidity issues if holders of the token look to redeem their aUSD en masse. This risk is mitigated in part by the overcollateralization structure discussed in the project papers, but it remains a critical consideration for the long-term stability of the stablecoin.

In conclusion, while the aUSD project offers an innovative and technologically advanced approach to the creation of a stable digital currency, the risks associated with technology, regulation, and market volatility require meticulous and ongoing risk management. Investors and market participants should be aware of these risks and consider the robustness of the mitigation measures implemented by issuers when assessing their participation in the public offering.

**That being the case, it is possible for this Digital Asset Issuance Certifier to issue a favorable opinion on the Relevant Information Document and therefore on the issuance of the aUSD Digital Asset.**

The blockchain-based technological structure and smart contracts offer a high level of transparency and security in the issuance of the stablecoin. Backing in digital gold (XAUt) provides a tangible foundation that can instill confidence in the stability of the currency. In addition, the proactive measures taken to address security vulnerabilities through regular audits and the implementation of fixes are indicative of a serious commitment to operational integrity and user protection.

#### **Article IX. Final Assumptions and Considerations:**

##### **Assumptions:**

In the issuance and delivery of this certification report, it is presumed that all documents other than Salvadoran legislation are:

- (a) The authenticity of all signatures and legal capacities of the persons who have signed the revised documents;
- (b) That all copies submitted are a true and exact copy of the document reproduced, as well as the authenticity of the original document reproduced;
- (c) That the documents and/or contracts granted abroad are valid in accordance with the law of the country in which they are granted, have been signed by persons of sufficient capacity and bind the grantor in accordance with their terms; and
- (d) Each of the parties involved (other than the issuers) is duly empowered and authorized to bind them in accordance with the documents in the report;
- (e) The signing, execution and fulfillment of the obligations set forth in the issuance documents by each party (other than issuers) (i) does not violate any of the organizational documents or any applicable law; and (ii) will not result in a breach of any resolution, decree or order of any judicial or governmental authority;
- (f) For the signing and execution of the issuance documents, the parties (other than the issuers) did not require approvals, authorizations, declarations or presentations by or before any governmental authority;
- (g) Each of the signatories of the representatives of the parties to the issuance documents has legal capacity;
- (h) Each of the documents submitted for our review (including the issuance documents available in digital format on the websites mentioned in the RID) is accurate and complete, and each original document provided is authentic.
- (i) The parties to the issuance documents (other than the issuers) will comply with their



obligations;

- (j) There has been no error, force or malice in the negotiation, preparation, execution or signing of any of the issuance documents;
- (k) There is no agreement or understanding, written or oral, or custom between the parties, which could define, modify, supplement, revoke, waive the terms and obligations of the issuance documents.

**Considerations:**

This certification report and its respective analysis deals with the documents and comments mentioned in this report. Likewise, the legal analysis is based on the legislation in force in the Republic of El Salvador, including its technical and prudential regulation. Therefore, the analyses and conclusions on it may vary given that, by their very nature, laws and regulations are subject to changes, modifications, reforms or repeals by the competent authorities. Any changes in the regulations and legislation in force may affect the validity of the opinions expressed.

This report provides an assessment based on the documentation provided and the conditions known to date. The favorable certification of the issuance of aUSD by Moon Gold NA and Moon Gold El Salvador is issued under the commitment that issuers will continue to implement and improve risk management measures, maintain technological stability, and comply with all applicable regulations.

Importantly, this certification does not guarantee the future success of the issuance nor does it relieve issuers of their obligation to comply with future laws and regulations that may affect their operation. In addition, since the digital asset market and relevant regulations are constantly evolving, the associated risks and market conditions may change, which could impact the validity of this certification. Investors and market participants should therefore continue to conduct their own due diligence and risk assessment

This certification does not imply a purchase recommendation or investment guarantee. Investors should be aware that all investments in digital assets carry risks, including the total loss of invested capital. Investors and interested parties are advised to consult with their financial and legal advisors before making investment decisions based on this certification.

San Salvador, May 15, 2024.

**F. \_\_\_\_\_**

**Rodrigo Arturo Molina Martínez**

Apoderado Especial