StablR

WHITEPAPER V3.1

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This crypto-asset white paper has not been approved by any competent authority in any Member State of the European Union. The issuer of the crypto-asset is solely responsible for the content of this crypto-asset white paper.

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Declaration by Directors

This crypto-asset white paper complies with Title IV of Regulation (EU) 2023/1114 and to the best of the knowledge of the management body, the information presented in the crypto-asset white paper is fair, clear and not misleading and the crypto-asset white paper makes no omission likely to affect its import.

Date 30 June 2024



Cornelis Teunis Adrianus Van Der Meljden



Gijs Op De Weegh

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Summary

This Summary is issued in accordance with the provisions of the Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets, and amending Regulations (EU) No 1093/2010 and (EU) No 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937.

a. Warnings

This e-money token is not covered by the investor compensation schemes under Directive 97/9/EC.

This e-money token is not covered by the deposit guarantee scheme under Directive 2014/49/EU.

The summary should be read as an introduction to the crypto-asset white paper.

The prospective holder should base any decision to purchase the e-money token on the content of the crypto-asset white paper as a whole and not on the summary alone.

The offer to the public of the crypto-asset does not constitute an offer or solicitation to purchase financial instruments and any such offer or solicitation can be made only by means of a prospectus or other offer documents pursuant to the applicable national law.

The crypto-asset white paper does not constitute a prospectus as referred to in Regulation (EU) 2017/1129 of the European Parliament and of the Council (36) or any other offer document pursuant to Union or national law.

An investment in StablR Euro (EURR) may not be suitable for all persons having access to this white paper. Prospective holders are advised to consult with a professional investment adviser as to the suitability or otherwise of an investment in StablR Euro (EURR) before making an investment decision.

b. Characteristics of the crypto-asset

StablR Euro (EURR) are designed to be Euro-backed stablecoins, which are Distributed Ledger Technology (DLT) Assets that are pegged to the value of the Euro, with each StablR Euro (EURR) representing a specific amount of the fiat currency (1 EUR).

The main purpose of StablR Euro (EURR) is to provide a digital alternative to traditional forms of money that is more efficient, secure, and accessible. The Issuer aims for StablR Euro (EURR) to be used as a medium of exchange, a store of value, and a unit of account, and can be used in a variety of contexts, including online transactions, cross-border payments, and decentralized finance (DeFi) applications.

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Some of the main use cases for StablR Euro (EURR) include facilitating international trade and investment, enabling faster and cheaper payments, and enabling more flexible and resilient financial systems.

c. Right of Redemption

The holders of StablR Euro (EURR) have a right of redemption at any time and at par value.

Before holders can transact directly with StablR, they have to go through the necessary onboarding procedures, in line with EU laws on AML/CFT and customer due diligence. StablR reserves the right to request compensation for these onboarding procedures. StablR shall not charge any redemption charges. StablR expects that holders that didn't go through onboarding procedures before and have no contractual agreement with StablR will only use this option in extraordinary circumstances. The board of directors of StablR Ltd will decide whether the circumstances are extraordinary.

The Issuer shall, following redemption, process the payment back to the holder within twenty-four (24) hours. Redeemed Tokens shall be burned by StablR following redemption.

d. Key information about the offer

StablR Euro (EURR), as a stablecoin and an electronic money token (EMT), shall grant its holders a claim on the issuer. The EMT shall not grant its holders any rights, such as voting rights, ownership or dividend claims. Instead, its primary purpose is to ultimately serve as a stable crypto-asset that is pegged to the value of the Euro on a 1:1 basis.

StablR Euro (EURR) shall function as a means of exchange, store of value, and unit of account, offering users a stable and reliable crypto-asset for transactions and holdings, without the additional rights typically associated with other types of crypto-assets.

Subscribers who shall be acquiring StablR Euro (EURR) directly from the Issuer or subscribers that shall go through the necessary onboarding procedures, in line with EU laws on AML/CFT and customer due diligence shall have certain rights relating to the redemption of StablR Euro (EURR). Such rights shall emanate from the terms and conditions of the specific agreement entered into between both parties, and not solely from holding StablR Euro (EURR) directly.

e. Notification

Date of notification of the crypto-asset white paper to the competent authority: 2024-05-27

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ABBREVIATIONS

AML/CFT	Anti-Money Laundering/Combating the Financing of Terrorism
API	Application Programming Interface
AWS	Amazon Web Services
CeFI	Centralised Finance
DeFi	Decentralised Finance
DLT	Distributed Ledger Technology
ERC-20	Ethereum Request for Comment 20
EMT	Electronic Money Token
EU	European Union
EUR	Euro
GDPR	General Data Protection Regulation (2016/679/EC)
GHG	Greenhouse Gas
IP	Intellectual Property
ISO	International Organisation for Standardisation
IVFAO	Initial Virtual Financial Asset Offering
MFSA	Malta Financial Services Authority
MiCAR	Regulation on Markets in Crypto-Assets
MLRO	Money Laundering Reporting Officer
MPC	Multi-Party Computation
MVP	Minimum Viable Product
PAS	Publicly Available Specification
USD	United States Dollar
VAT	Value Added Tax
VFA	Virtual Financial Asset
VFAA	Virtual Financial Assets Act, Chapter 590 of the Laws of Malta

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1. Information about the Issuer of the E-Money Token

1.1 Identity and Contact Details of the Issuer

Name of Issuer	StablR Ltd.
Legal Form	Limited Liability Company
Registered Office Address	Suite 5, BusinessLabs Serviced Office Centre, Level One, Triq Dun Karm, B'Kara Bypass, Birkirkara, BKR 9037, Malta
Head Office Address	Suite 5, BusinessLabs Serviced Office Centre, Level One, Triq Dun Karm, B'Kara Bypass, Birkirkara, BKR 9037, Malta
Registration Date	2022-12-23
Registration Number	C 104007
Legal Entity Identifier	984500AA0OCA9CE0D796
Contact Telephone Number	+ 356 (20) 341583
E-mail Address	info@stablr.com
Response Time (Days)	10 business days (maximum)

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1.2 Key information on the Issuer

Parent Company	Plutus B.V. Dutch Chamber of Commerce number: 87218895
Management	**Board of Directors** Benjamin Whitby – INED and Chairman Christine Bezzina - INED Gijs op de Weegh - CEO Corne van der Meijden – CROO Julia Frendo - CFO Adam Csanyi - CCO

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	Executive Committee Gijs op de Weegh - CEO Corne van der Meijden - CROO Robin Nijkamp - CTO Julia Frendo - CFO Adam Csanyi - CCO
Business Activity	Issuing of E-Money Tokens

StablR is a start-up company focused on creating regulatory compliant, transparent, and sustainable EMTs that are pegged 1:1 to their fiat equivalents. The Issuer's team is composed of experienced professionals with expertise in DLT technology, finance, and sustainability. The Issuer is supported by a network of advisors and stakeholders who are committed to helping it achieve its vision.

In addition to its focus on developing sustainable EMTs, the Issuer is also committed to building a strong and resilient business. StablR has a robust business plan that outlines its goals, strategies, and tactics for success. The Issuer is also working to establish partnerships and collaborations with other industry leaders to help it scale and grow.

The Issuer's goal is to create EMTs that provide the benefits of DLT technology while maintaining the trust and stability of fiat currency. The Issuer believes that its project has the potential to revolutionise the financial industry, and it is dedicated to ensuring its success. The Issuer is confident that with the support of its advisors, officers, employees, stakeholders, and the broader community, it will be able to achieve its vision and help StablR Euro (EURR) become a widely accepted means of doing transactions.

The main purpose of the Company will be to issue the EMTs in compliance with all applicable laws and regulations. The Company will operate in accordance with the highest standards of corporate governance to ensure that its activities are transparent, accountable, and in the best interests of its stakeholders. This will include regular reporting to regulators and other stakeholders, as well as ongoing efforts to maintain compliance with all relevant legal and regulatory requirements. The Company's board of administration will be responsible for overseeing these activities and ensuring that the Company's operations are carried out in an ethical and responsible manner.

The Company does not have any:

- Pending or threatened litigation involving the Company;
- Material claims pending or threatened against the Company; and
- Other material contingent liabilities of the Company.

The Company holds the IP rights, among others, over the following:

- All documentation relating to the IP; and
- The application, and all features, functions, functionality, and tools, all user data, and any and all other assets integrated therein or reasonably related thereto.

However, certain IP rights may be owned by affiliated entities that will license their use to the Issuer through written agreements.

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1.3 Tax Implications

The proceeds of the issue are not to be treated as income of the Issuer, and the issue of new EMTs is not treated as a transfer for the purpose of taxation of capital gains.

The income tax treatment in relation to any transaction involving crypto-assets is regulated by the current provisions of the Income Tax Act (Chapter 123 of the Laws of Malta), taking into account jurisprudence and established principles.

The Issuer shall comply with the Value Added Tax Act (Chapter 406 of the Laws of Malta), as well as the EU VAT Directive, with respect to any VAT implications and/or compliance obligations arising from the initial offering and eventual sale of StablR Euro (EURR).

It is the responsibility of investors and token holders to assess their own tax obligations in relation to the acquisition, holding, and disposal of crypto-assets. The Issuer cannot provide tax advice and does not purport to do so in this white paper. Investors and token holders are strongly encouraged to seek independent tax advice in order to understand the tax implications of their investments in crypto-assets. The Issuer will cooperate with any tax authorities, as required by law, to ensure compliance with all applicable tax regulations.

1.4 Conflicts of Interest Disclosure

As part of its commitment to transparency and accountability, the Issuer acknowledges the potential for conflicts of interest that may arise in the operation of StablR Ltd (EURR). It's important for token holders to be aware of these potential conflicts as they may affect the stability and value of the EMT.

The following are areas where conflicts of interest may arise:

- **Investment or Asset Allocation Decisions**: Conflicts may arise in how reserves or assets backing StablR Euro (EURR) are managed. Investment strategies and asset allocation decisions made by the Issuer could favour the Issuer's interests over those of token holders. StablR has taken mitigating actions to prevent this conflict from arising. Fiat and fiat equivalents are segregated from the Issuer with segregated bank accounts and segregated assets. The assets are managed within the guidelines defined in the Issuer’s investment and liquidity policy. Assets meet the definition of secure, low-risk assets and the setup complies with the safeguarding rules defined in the Financial Institutions Act cap. 376 (Malta), the Financial Institutions Rule FIR/03 (Malta) and MiCAR, as well as policies and rules set out to protect holders of StablR Euro (EURR) as good as reasonably possible.
- **Governance and Decision-Making**: Conflicts may arise in governance structures where the Issuer has significant control. Decisions regarding governance, transparency, and representation of token holder interests may be influenced by the Issuer's priorities. To mitigate this risk and to ensure the EMT holders’ interest is prioritised, StablR has implemented a balanced board with 4 executive directors and 2 independent non-executive

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directors. The board of directors are supported by the executive committee which is responsible for the day-to-day operations, risk and compliance committee and an audit committee. StablR has implemented three lines of defence:

1. First line of defence

It is the responsibility of the support teams and senior management to ensure execution of the necessary internal controls and risk procedures required to conduct the day-to-day process. The teams are responsible for handling the operational side of the company and therefore, the implemented procedures dovetail with the provision of the service. Furthermore, the teams work hand in hand with the second line of defence to enhance internal controls and risk management procedures.

2. Second line of defence

The Compliance team, the Risk team and the Risk and Compliance Committee serve as the company's second line of defence. The aim of these functions is to monitor the controls applied by the first line of defence. Both functions report to the Board of Directors and have a certain level of independence from the first line of defence. It must be noted that these functions may directly intervene to modify or develop the necessary internal controls.

3. Third line of defence

The third line of defence is the execution of an independent audit function to ensure compliance with the relevant internal policies and procedures for the provision of the services.

1.5 Additional Information on the Issuer

Does the Issuer issue other crypto-assets?	No.
Does the Issuer conduct activities related to other crypto-assets?	No.
Is there a connection between the Issuer and the entity running the DLT?	No.
Is the Issuer exempt from authorisation under MiCAR?	No.
Asset Token Authorisation	Authorised E-money institution issuing e-money tokens.
Authorisation Authority	Malta Financial Services Authority
Are there persons other than the issuer offering the EMT to the public or seeking admission to trading of the EMT?	StablR Ltd is the only issuer of StablR Euro (EURR).
Reasons for offering the EMT to the public	StablR Ltd aims to create a regulatory

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compliant, transparent Euro ecosystem to enable the financial industry with an open and unified infrastructure. StablR Euro (EURR) provides easy access into the world of finance to experience the opportunity of fast settlements and minimised financial service fees. StablR Euro (EURR) can be accessed by anyone with an internet connection and transactions are based on blockchain technology, which provides a transparent infrastructure and ensures that all transactions are immutable, recorded and can be traced.

1.6 Key Financial Information

Has the Issuer been established for the past 3 years?	No. StablR has been established since December 2022.
Financial conditions since registration	StablR is a startup company that minted the first Euro stablecoins in October 2023. StablR has raised through its parent company EUR 4.2m until year-end 2023. This capital is invested in StablR Ltd and STB Software Development B.V., (together StablR). During March 2024, StablR has raised another EUR 1.8m which will be used to finance its operational run-way. During 2023, StablR spent approx. EUR 2.6m to build the platform, to enter into partnerships, implement the legal framework work, operations, policies and procedures. These investments will continue during 2024 with the aim to build a fully automated platform, compliant with law and regulation. StablR invests in high quality partners in the back-end for its safeguarding procedures. StablR also continues to invest in partnerships for top liquidity of StablR Euro (EURR) on the blockchain and platforms that are using the token. The StablR key financial matrix to manage are: 1. Fiat and fiat equivalent under management > StablR Euro (EURR) Supply. StablR requires a 100%

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backing of StablR Euro (EURR) with fiat and fiat equivalents and monitors this continuously. StablR has implemented controls to ensure that StablR Euro (EURR) won't be issued without fiat. Daily reserve attestations are presented on the website www.stablr.com.

2. StablR is required to hold capital in line with the own funds requirements as defined in the Financial Institutions Rule FIR/03 (Malta) and MiCAR. StablR is required to hold 2% own funds of the average outstanding EMTs for the last 6 months. The own funds are never lower than EUR 350,000 after obtaining the EMI license.

To support the growth of StablR Euro (EURR), StablR will raise additional capital to support the growth. However, as of March 2024, StablR is already in a position to meet its regulatory requirements.

StablR's earning model is interest on fiat and fiat equivalents. The underlying assets are held in line with the safeguarding rules in credit institutions or are invested in secure, low risk assets. Interest earnings will increase in line with the outstanding supply of StablR Euro (EURR). Currently, StablR is not charging any other fees to its customers.

1.7 Roadmap

The Issuer has developed a strong roadmap with clear milestones to guide the development and deployment of StablR Euro (EURR) and its associated infrastructure. This roadmap includes a range of key activities and objectives, from the initial development of core technology and services, to the release of MVP versions of web applications, and the integration of institutional governance and custody solutions.

The Issuer is committed to executing on this roadmap in a timely and effective manner and believes that these milestones will help to drive the growth and adoption of StablR Euro (EURR) in the market. The following sections present a summary of the key past and future milestones included in the roadmap. This timeline includes a range of key milestones related to the development and deployment of StablR Euro (EURR) and its associated infrastructure.

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1.8 Previous Milestones

January - March 2022:	Development of the core infrastructure, including cloud-native architecture and platform configuration, ledger development, and onboarding of clients for AML/CFT compliance.
April - June 2022:	Continued development of the core infrastructure, including onramp and offramp services for converting between fiat and crypto, as well as transaction monitoring on both the DLT and fiat networks.
July - September 2022:	Further development of the core infrastructure, including internal banking integrations and the release of the MVP version of the OPS web application.
October - December 2022:	Finalization of the core infrastructure, including the release of the v2 version of the OPS web application, as well as the completion of the ERC-20 smart contract development, audit, and testing.
January - June 2023:	Deployment of ERC-20 smart contract on Ethereum. Initialization of Customer API design and the continuation of client web application development version 2 based on feedback. Creation of an environment for continuous auditing under strict oversight in Malta through a mix of internal and independent external audits.
5th June 2023	The MFSA formally authorised the StablR Euro (EURR) Whitepaper and its offering to the public under the terms of the VFAA.
July – September 2023	Development of additional features and capabilities for the EMT, including improved scalability and security. Technical integration of institutional custody solutions and banking partners to facilitate on- and off-ramping.
October 2023– March 2024	In October 2023, StablR minted the first EURR to their customers. Implementation of on-chain Proof of Reserve (PoR) feed industry partners. Continued evolution of the E-Money Token ecosystem, including the development of new governance models and community-driven initiatives. Investment in research and development to drive innovation and advance the next state of the art in E-Money Token technology and applications based on continuous engagement with regulators, policymakers, and other stakeholders. Continued automation of issuing platform to facilitate automated, API based, issuing flow and operations. Development of Customer APIs and corresponding infrastructure. Technical initialization of expansion into Solana by designing and developing the EURR Solana smart contract.
April – June 2024	API integration of banking partners to provide real-time on- and offramping based on automated settlement triggers. Development, testing and deployment of ERC-20 smart contract upgrade which includes informational remediations from external code reviews

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	and provides transactional and gas efficiencies. Testing and auditing of the Solana smart contract.
December 2023 – June 2024	The Issuer formally applied for an Electronic Money Institution licence with the MFSA per 1 December 2023. The Electronic Money Institution license has been granted by the MFSA per 21 June 2024.

1.9 Future Milestones

July – September 2024	Platform development for Solana ecosystem support in financial operations, automated on- and off-ramping, and smart contract management. Deployment of the Solana smart contract and the continuation of ops web application feature development version 2 including custody management. To provide a real-time holistic view within the organization with capabilities to filter based on role and requirement a business intelligence reporting module will be designed.
October – December 2024	Development and implementation of the business intelligence reporting module. Technical initialization and platform development for expansion into additional EVM layer-1 and layer-2 blockchains. Designing the implementation of additional product offering including instant fiat settlement rails and payment services.
2025	StablR will continue to invest in the product offer to support its ecosystem of partners, infrastructure providers and customers as good as possible. All products offered will enhance the ramp-up and ramp-off functionality, interoperability between blockchains and customer experience. StablR aims to add affordable payment functionalities through offered virtual IBANs to serve customers with the best possible connection between traditional finance and the use of EMTs as part of platforms and use-cases on the blockchain. Continued growth and adoption of the EMT in the market through StablR's partnerships with key stakeholders will drive adoption of the EMT.

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2. Information about the e-money token

2.1 General

E-Money Tokens are a type of crypto-asset that are designed to maintain a stable value relative to a single official currency. The market for EMTs and other crypto-assets has been growing in recent years, as more and more people have been looking for ways to store value and transact digitally.

In general, EMTs have been gaining popularity among a wide range of counterparties, including individuals, businesses, and financial institutions. These counterparties may be drawn to EMTs for a variety of reasons, such as the convenience and security of digital transactions, the potential for lower transaction fees, and the ability to store value without the volatility often associated with crypto-assets.

StablR is a financial technology company that will specialise in providing solutions for the crypto-assets market. It will be focusing its business efforts on working with professional parties, with a focus on business-to-business (B2B) partnerships.

To ensure that EMTs maintain their value, their issuers must hold enough reserves to cover the outstanding supply of the EMT. The reserves as well as the number of outstanding EMTs will be presented by StablR. This is StablR's process to establish a proof of reserves for assets and liabilities.

However, processes such as proof of reserves have created a number of challenges for EMT issuers. One of the challenges is that it can be difficult for issuers to prove that they have enough reserves to cover the outstanding supply of their EMT. This is because some EMT issuers use a decentralized model, which means that they do not hold their reserves in a central location. This can make it difficult for third parties to verify the amount of reserves that an issuer has.

Another challenge is that proof of reserves can be expensive and time-consuming for EMT issuers. This is because it requires them to dedicate significant resources to verifying and auditing their reserves, which can be a costly and complex process.

Additionally, proof of reserves can be disruptive to the EMT market, as it can create uncertainty and mistrust among users. This is because if an issuer fails to prove that they have enough reserves to cover the outstanding supply of their EMTs, it can cause the value of the EMT to drop, which can lead to a loss of confidence in the EMT market as a whole.

One solution to these challenges is for EMT issuers to be subject to regulation, which can help prevent them from abusing the proof of reserves system and ensure that they maintain adequate reserves. Regulation can also provide a more transparent and trustworthy framework for verifying the reserves of EMT issuers, which can help promote confidence in the EMT market.

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Overall, regulation is an important step towards ensuring that EMT issuers maintain adequate reserves and prevent the abuse of the proof of reserves system. This can help create a more stable and trustworthy EMT market and support the growth and development of the crypto-assets industry as a whole.

EMT issuers who have already begun operating outside of a specific regulatory regime may find it difficult to adapt to new regulations. One major challenge for these issuers will continue to be their ability to provide proof of reserves, which is essential for demonstrating the stability of their EMTs. This can present an opportunity for more reputable companies who are able to leverage automated technology to provide transparent proof of reserves. However, issuers of EMTs which did not implement high levels of corporate governance may struggle to meet the requirements of new regulations.

The use of automated technology to transparently and continuously provide proof of reserves is inevitable. This can involve using DLT technology to track and verify the reserves held by the issuer in real time. Another approach is to use independent third-party auditors to regularly review and verify the reserves held by the issuer. This can provide additional assurance to users of the EMT that the reserves are sufficient and are being properly managed. StablR is dedicated to provide a robust transparent proof of reserve and will continue to apply the best suitable approach, which could be a combination of these approaches.

2.2 What are the main features of the EMT?

Name of crypto-asset	StablR Euro
Abbreviation	EURR
Exchange Rate	1 EURR = 1 EURO
E-Money Token Characteristics	ERC-20 token. This will be extended to more blockchain layers 1 and 2.
Total Supply	The total supply of the EMT should be dynamic and responsive to the demand and supply of (prospective) token holders. The Issuer will implement a minting and burning mechanism that allows it to increase or decrease the total supply of StablR Euro (EURR) in order to maintain its peg to the Euro. This will provide greater stability and reliability for StablR Euro (EURR) holders, as it allows the Issuer to quickly and efficiently adjust the total supply of StablR Euro (EURR) in response to changes in the market. By increasing or limiting the total supply of StablR Euro (EURR), the Issuer can work to ensure that StablR Euro (EURR)'s value remains stable and consistent over time.
Distribution	StablR Euro (EURR) will mainly be distributed through professional parties, with a focus on business-to-business (B2B) partnerships. Together with these partners, StablR aims to create an ecosystem with use cases, IT infrastructure and excellent liquidity that will drive adoption of StablR Euro. This setup enables StablR to protect the

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	interest of its clients and users and maintain the integrity of the StablR Euro (EURR) market.
Reserve Requirements	Strict risk management will be followed, in particular for duration and credit risks. This approach will help to ensure the safety of the assets, the stability and reliability of StablR Euro (EURR), and may provide additional returns for the Issuer and its investors.
Inflation/Deflation	The issuer aims to grow the total supply of StablR Euro (EURR) through adoption. The peg to the EMT will help to ensure that the value of the StablR Euro (EURR) remains consistent over time, even in the face of market fluctuations. StablR Euro supply changes due to issuing and burning, but remains pegged to the Euro. StablR Euro (EURR) is exposed to similar inflation/deflation as the Euro. StablR Euro (EURR) has no inflation and deflation mechanisms in place.
Governance Mechanisms	The governance mechanism for StablR Euro (EURR) will involve several key steps, designed to ensure the transparency, accountability, and effectiveness of the Issuer's actions. The Issuer will establish a dedicated team of experienced professionals who will be responsible for overseeing the issuance of StablR Euro (EURR). This team will be responsible for managing the minting and burning of the EMT, as well as monitoring the market conditions and making decisions about the total supply of StablR Euro (EURR). The Issuer will implement a system for reporting and disclosure, which will allow it to regularly provide its investors with updates about StablR Euro (EURR) and its performance. The Issuer will establish a system of checks and balances, which will help to ensure that the Issuer's actions are transparent and accountable to its investors. This may include independent audits, third-party reviews, or other mechanisms for ensuring that the Issuer is acting in the best interests of its investors. Fiat and fiat equivalents are segregated from the Issuer with segregated bank accounts and segregated assets. The assets are managed within the guidelines defined in the Issuer's investment and liquidity policy. Assets meet the definition of secure, low-risk assets and the setup complies with the safeguarding rules defined in the Financial Institutions Act cap. 376 (Malta), the Financial Institutions Rule FIR/03 (Malta) and MiCAR, as well as policies and rules set out to protect holders of StablR Euro (EURR) as good as reasonably possible.Overall, the Issuer believes that this approach will provide its investors with greater peace of mind and help to ensure the stability and reliability of StablR Euro (EURR) over the long term. StablR Euro (EURR) will be backed by institutional governance and security protocols, which will ensure the transparency, accountability, and reliability of the EMT. The governance protocol will require a threshold of approvers to sign off on any minting or

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	burning of StablR Euro (EURR), in order to prevent unauthorised or fraudulent actions. Additionally, the Issuer will use cutting-edge MPC technology on a Layer 2 network to secure the private keys that control the issuance of StablR Euro (EURR). This will help to protect the EMTs from hacking or other security threats and ensure that the Issuer maintains full control over the minting and burning of StablR Euro (EURR). Reserves of StablR Euro (EURR) may be held in certain circumstances, depending on the timing of redemption requests and the transfer of EMTs to the Issuer. However, the Issuer is committed to maintaining a transparent and fair approach to managing the total supply of StablR Euro (EURR) and will always act in the best interests of its investors.
Use Cases	StablR Euro (EURR) has many potential uses for market makers, exchanges, brokers, and asset managers. These entities can use StablR Euro (EURR) to extend their offering to their clients, providing them with a stable and reliable store of value for their transactions and investments. Market makers can use StablR Euro (EURR) to facilitate more efficient and accurate pricing of financial instruments; exchanges can offer the StablR Euro (EURR) as a stable trading pair; and brokers can use it to provide their clients with a safer and more predictable investment option. Asset managers can also use StablR Euro (EURR) to diversify their portfolios and reduce their exposure to volatility. Overall, StablR Euro (EURR) has the potential to significantly enhance the offerings of these market participants and provide numerous benefits for their clients. Additionally, businesses and merchants may be able to use StablR Euro (EURR) as a stable and reliable form of payment, reducing their exposure to currency fluctuations and allowing them to more easily conduct international transactions. StablR Euro (EURR) can provide value and benefits to a wide range of users, and the Issuer is committed to making it widely available and accessible to all interested parties.

2.3 Market Solution

StablR Euro (EURR) is an EMT that is pegged to the value of the Euro, which means that its value remains relatively stable compared to other crypto-assets. For the eligible investors that StablR is targeting – market makers, exchanges, brokers, and asset managers - EURR can provide a number of benefits:

- For Market Makers, StablR Euro (EURR) can provide a stable and reliable source of liquidity, which can help them offer competitive prices and execute trades quickly and efficiently.

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- For Exchanges, StablR Euro (EURR) can provide a stable and reliable base for trading, which can help them attract more customers and offer a wider range of trading options.
- For Brokers, StablR Euro (EURR) can provide a stable and reliable investment option for their clients, which can help them offer more diverse and robust portfolios.
- For Asset Managers, StablR Euro (EURR) can provide a stable and reliable component of their investment portfolios, which can help them manage risk and maximize returns for their clients.

Overall, StablR Euro (EURR) is a crucial part of StablR's offering for partners, customers and users, as it provides a stable and reliable option for accessing the crypto-assets market.

StablR aims to be amongst the first reputable and regulated EU entities to offer real-time transparency for StablR Euro (EURR). This will require the technological integration of all parties involved in the transactions, including banks and asset managers. This will provide the ultimate form of proof for existing reserves and demonstrate our commitment to good corporate governance.

This solution addresses a key challenge facing EMT issuers, which is the ability to provide proof of reserves. By offering real-time transparency, the Issuer can provide assurance to its investors and tokenholders and the broader EMT industry that its reserves are sufficient and are being properly managed. The Issuer believes that this market solution is unique and will differentiate it from other EMT issuers. It will invest in technology and partnerships to make this a reality.
Given the Issuer's assumptions and estimates, it believes that the total addressable market for the StablR Euro (EURR) is equivalent to the money supply of M1, which is currently close to 12 trillion EUR according to the European Central Bank. The Issuer also considered the current market size of USD E-Money Tokens, which is around 150 billion USD, and the money supply M1 in USD, which is around 20 trillion USD. This means that the E-Money Token market is currently around 0.75% of the M1.
Based on these figures, the Issuer estimates that the ratio of the market cap of E-Money Tokens to the M1 will increase for the USD in the next few years, reaching more than 5% in the future. It also expects that the ratio for an E-Money Token in EUR will become similar to the USD ratio in the next few years, and that there will be five large E-Money Token projects in Europe. StablR aims to be one of these projects and aims to have 0.10% of EUR M1 within the coming years, with the potential to grow substantially thereafter.

M1 refers to a measure of the money supply in a given currency. M1 is a commonly used measure of the money supply that includes cash and other assets that are easily converted into cash, such as checking deposits and travellers' checks. M1 is considered to be a relatively narrow measure of the money supply, as it only includes the most liquid forms of money. In the context of StablR Euro (EURR) and other E-Money Tokens, M1 is being used as a benchmark or reference point to evaluate the potential market size and growth of the E-Money Token. By comparing the market size of the E-Money Token to the money supply of M1, the Issuer is able to make estimates and projections about the potential growth and adoption of StablR Euro (EURR).

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2.4 Key information on the persons involved in the implementation of the StablR project

The Issuer is a team of experienced professionals with a track record in the FinTech, payments, banking, and trading industries. Its team members have a wealth of experience in building successful start-ups and scale-ups and have worked at corporate institutions in the banking and insurance sector, where they have been involved in a variety of corporate integration projects at the strategic, commercial, and technological levels.

The vast majority of the team is tech-driven, with many members having a strong background in programming and a deep understanding of the latest technology stacks and trends in the industry. They have a keen focus on innovation and continuous improvement and have embraced cloud-native technologies to drive efficiency and scalability in StablR's operations.

The team is passionate about the potential of EMTs to revolutionise the way we manage and transfer value, and they are committed to delivering an EMT that is reliable, secure, and user-friendly. They believe that with their unique blend of industry network, technical expertise, business acumen, and industry experience, it is what sets the Issuer apart from other EMT projects and positions it well to succeed in this rapidly evolving market.

In addition to the core team, the Issuer is also supported by a network of advisors and partners who bring valuable insights and expertise to the project. This includes experts in the fields of regulation, compliance, technology, and marketing, who help to navigate the complex landscape of EMTs and crypto-asset development and adoption.

Overall, the team is committed to building an EMT that is trusted, transparent, and accessible to all users, and it is excited to share its vision and progress with the wider community.

External Financial Auditor StablR Ltd
Grant Thornton Malta

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2.4.1 Ownership and Management

Plutus B.V. is the 100% parent company of StablR Ltd and of STB Software Development B.V.
StablR Ltd is the licensed entity and owns the legal structure, policies and procedures.
STB Software Development B.V. owns the IT and the platform.

StablR Ltd and STB Software Development B.V. have employed or contracted approx. 18 headcount.

The directors are:

Plutus B.V.
Gijs op de Weegh – Director
Corné van der Meijden – Director

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StablR Ltd
Benjamin Whitby – Chairman, Independent Non-Executive Director
Christine Bezzina - Non-Executive Director
Gijs op de Weegh - Chief Executive Officer, Director
Corne van der Meijden - Chief Risk & Operations Officer, Director
Julia Frendo - Chief Financial Officer, Director
Adam Csanyi - Chief Compliance Officer, Director

STB Software Development B.V.
Gijs op de Weegh – Director
Corné van der Meijden – Director
Robin Nijkamp – Director

Address Plutus B.V.
John M. Keynesplein 12-46, 1066EP Amsterdam

Address STB Software Development B.V.
John M. Keynesplein 12-46, 1066EP Amsterdam

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3. Information about the offer to the public of the e-money token

3.1 General

Public Offering or Trading of ETMs	Offer to the public
Number of Units	The total supply of the token should be dynamic and responsive to the demand and supply of clients. StablR Euro (EURR) has no maximum market capitalization. Every issued EURR will be backed by 1 Euro. The market capitalization per 24 May 2024 is EURR 3,200,500
Applicable law	Laws of Malta
Competent Court	Malta Arbitration Centre

3.2 Project Financing

It should be noted that the issuance of StablR Euro (EURR) is not intended to serve as a means of financing for the Issuer. Instead, the infrastructure for StablR Euro (EURR) - including the necessary technology and systems - has been financed by the founders, related entities and other investors. This means that the proceeds from the minting of the StablR Euro (EURR) will not be used for the purposes of financing the development of the Issuer's infrastructure or operations.

By relying on private investment, the Company is able to retain full control over the development and management of StablR Euro (EURR). This allows the Company to focus on providing the best possible product to its tokenholders, without the need to compromise its vision or strategy in order to accommodate the demands of external investors.

From a governance perspective, the Issuer has spent the past 2 years investigating the opportunities in the European market and working to build a strong foundation for the organizational setup of StablR. This process began in January 2022 and has involved extensive research and evaluation of the market and regulatory landscape.

In June 2022, the investors founded Plutus B.V. in order to handle the initial regulatory, legal, and technical procedures required for StablR to go live. Plutus is the sole shareholder of StablR Ltd and is responsible for attracting funding from its current investors and potential new investors, with the aim of becoming cash flow positive by 2026. This means that the Issuer would be generating more cash from its operations than it is using to pay its expenses, resulting in a surplus of cash. It is responsible

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for providing the necessary funding to support the operational and capital expenditure of the project. This funding is provided by way of loan or capitalisation, as determined by the needs of the Issuer and the decisions of the shareholder's board of directors.

Plutus has been specifically established for the purpose of supporting the development and growth of StablR, and it is committed to providing the necessary resources and support to ensure its success. The loan and capitalisation provided by Plutus enables the Issuer to operate and invest in the technology and infrastructure necessary to launch and maintain StablR Euro (EURR).

Overall, the relationship between Plutus and StablR is crucial to the success of StablR Euro (EURR), and the parties are confident that their shared goals and resources will continue to enable the Issuer to achieve its objectives.

The Issuer, and all of its affiliated entities, are committed to creating a strong and effective governance structure for StablR Euro (EURR), and with careful planning and diligent execution, it will successfully launch and operate the token in the European market and beyond.

3.3 Methods of Payment

In order to acquire StablR Euro (EURR) from the Issuer, prospective tokenholders must make a payment by wire transfer to a bank account designated by the Issuer. This payment must be made in accordance with all applicable laws and regulations, including AML/CFT requirements.

The Issuer will conduct the necessary AML/CFT checks to ensure that the origin of the funds is clean and compliant with all legal requirements. Prospective tokenholders must provide any information or documentation that may be required to support these checks and must cooperate fully with the Issuer in this process.

Overall, the method of payment for acquiring StablR Euro (EURR) from the Issuer is intended to ensure the security and compliance of the transaction, and to protect the interests of both the Issuer and the tokenholders.

While the Issuer typically requires payment by wire transfer for the acquisition of StablR Euro (EURR), it is possible for the Issuer to accept other means of payment in certain circumstances. This will be subject to the approval of the Issuer's MLRO and compliance with all applicable laws and regulations. Any other means of payment accepted by the Issuer must be documented and recorded in accordance with the Issuer's internal policies and procedures, and the assets arising from these forms of payment must be liquidated into the EUR-denominated account holding the funds backing StablR Euro (EURR). This will ensure that the Issuer maintains full control over the total supply of StablR Euro (EURR), and that the funds are managed in a transparent and responsible manner. Overall, the Issuer is committed to providing tokenholders with a range of payment options, while also ensuring the compliance and security of StablR Euro (EURR).

The perpetual public offering of StablR Euro (EURR) is available through the Company's platform. The issuance of StablR Euro (EURR) is initiated by the Issuer upon request from an onboarded (prospective)

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tokenholder. To request StablR Euro (EURR), the tokenholder must provide payment details for the equivalent amount in Euro to the Issuer. Upon receipt of the Euro payment, the Issuer will issue the corresponding StablR Euro (EURR) into the tokenholder's wallet.

3.4 Redemption

All holders of StablR Euro (EURR) have a right of redemption at any time and at par value. Before holders can transact directly with the Issuer, they have to go through the necessary onboarding procedures, in line with EU laws on AML/CFT and customer due diligence. Once these procedures have been completed, the Issuer shall process the payment to the redeeming holder within 24 hours at a rate of 1:1 with the Euro. Redeemed StablR Euro (EURR) will be burned.

StablR reserves the right to request compensation for these onboarding procedures. StablR shall not charge any redemption charges. StablR expects that holders will only use this option in extraordinary circumstances.

3.5 Other Dynamics

The Issuer is committed to providing transparent and accurate information to its holders and will make sure to keep its website updated in line with all the disclosures and notifications that it is required to carry out by law. This includes any changes to the white paper or other relevant documents, which will be promptly notified on the website.

(Prospective) holders are encouraged to visit the website regularly to stay informed about the latest developments and updates related to StablR, StablR Euro (EURR) and other related projects. The website will serve as the primary source of information and communication for the Issuer and will be regularly updated to ensure that holders have access to the most current and accurate information. Overall, the Issuer's commitment to transparency and disclosure is an important part of its overall governance and risk management strategy, and it believes that this will be beneficial for all parties involved.

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4. Information on the rights and obligations attached to e-money tokens

4.1 Holder's rights and obligations

StablR has presented on its website the *Website Terms Of Use.* Customers that go through onboarding will sign StablR's *Terms and Conditions*. Holders that have onboarded with StablR have the right to buy and redeem StablR Euro (EURR) at a rate of 1:1 with Euro (at par). No fees are due to StablR for redemption.

Under normal circumstances, holders can buy and sell EURR on exchanges and platforms. StablR has implemented measures to ensure that StablR Euro is pegged to the Euro but can't guarantee that EURR holds its peg on exchanges and platforms.

StablR will guarantee at all times that all StablR Euro (EURR) are fully backed with fiat, fiat equivalent or other secure low risk investments at a rate of 1 EURR : 1 Euro.

StablR's Terms and Conditions may be amended unilaterally by the Company at any time, provided that the Company shall immediately inform the (prospective) holder thereof. If the (prospective) holder does not agree with the amended provisions of the T&Cs, it shall have the right to redeem the EMTs and terminate the relationship with the Company within 30 days.

4.2 The recovery plan

The issuer is designed to avoid the execution of a recovery plan based on risk management, implemented internal controls and monitoring of these controls. The issuer of the EMT maintains a recovery plan providing for measures to be taken by the issuer to restore compliance with the requirements applicable to the reserve of fiat and fiat equivalents in cases where the issuer fails to comply with those requirements. The issuer will assess the cause of being non-compliant and will take appropriate actions to restore the non-compliance. Non-compliance could be applicable among others in the event that:

- Fiat and fiat equivalents are not timely available for redemption
- Fiat equivalents don't qualify as liquid, secure, low risk assets
- Fiat and fiat equivalents are impaired due to a credit events

Actions that the issuer has identified to restore compliance among others are:

- Implement temporary liquidity fees on redemption to reduce the immediate need for reserves;
- Set temporary limits on redemptions to limit the immediate outflow of reserves;
- Temporary suspension of reserves. This will provide some response time to management to take the appropriate actions to restore compliance.

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Suspension of redemption and non-qualification of assets will be handled on a case-by-case basis. Suspension of redemptions or any other measure is justified having regard to the interest of the holders of the EMT. Partnering with multiple financial institutions will directly contribute to the flexibility to solve non-compliance in these situations. In the situation of a credit event, StablR has three options to execute:

- Make a deposit from the issuers own fund into the segregated account to restore the backing of 1:1 between reserves and StablR Euro (EURR) supply.
- Raise capital or other funding and deposit the proceeds into the segregated account to restore the backing of 1:1.
- If both mentioned options have an insufficient result, the issuer can decide as a last resort, to lower the peg between StablR Euro (EURR) and the euro. This decision will never be taken lightly, a board resolution is required, signed unanimous by all members and the issuer will consult upfront with the Malta Financial Service Authority.

All these actions are defined to provide protection to the holders of StablR Euro (EURR) and to support the financial stability. The recovery plan will be presented for approval to the MFSA within 6 months after obtaining the license.

The recovery plan also includes measures for preservation of the issuer's services related to EMTs, timely recovery of operations and the fulfilment of the issuer's obligation in the case of events that pose a significant risk of disruption operations. StablR has made references to business continuity planning and incident management.

4.3 The redemption process

In the event that the issuer is unable or likely to be unable to fulfil its obligations, including in the case of insolvency, or in the case of withdrawal of authorization for issuing EMTs of the issuer, a redemption process will be installed upon a decision by the competent authority. The redemption plan demonstrates the ability of the issuer of the EMT to carry out the redemption of the outstanding EMT issued without causing undue economic harm to its holders.

StablR has the contractual arrangement regarding pegging of StablR Euro (EURR) to Euro documented in its terms and conditions. For customers of StablR is the process similar to a standard redemption. Executing the redemption plan will qualify as extraordinary circumstances. Un the redemption plan, holders of StablR Euro (EURR), which are no customer of the issuer, have to go through the necessary onboarding procedures, in line with EU laws on AML/CFT and customer due diligence. StablR reserves the right to request compensation for these onboarding procedures. The compensation will depend on the complexity of the onboarding procedures. The plan has as main purpose to ensure the equitable treatment of all holders of the EMT and that the holders are paid in a timely manner. The redemption plan shall ensure the continuity of any critical activities that are necessary for the orderly redemption and that are performed by issuers or by any third-party entity.

The redemption plan will be presented for approval to the MFSA within 6 months after obtaining the license.

4.4 AML/CFT Procedures

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As an issuer of EMTs and a subject person, the Company is committed to maintaining a strong culture of compliance with all applicable AML/CFT laws and regulations. To this end, the Company has put in place a range of policies and procedures designed to prevent the misuse of its EMTs for illicit purposes.

In particular, the Company has adopted policies and procedures for onboarding new tokenholders and conducting ongoing due diligence on its existing holders, in accordance with the Implementing Procedures - Part One published by the Financial Intelligence Analysis Unit (FIAU). This includes the verification of customer identities, the assessment of customer risk profiles, and the monitoring of customer transactions for suspicious activity. Verifying customer identities is an essential part of the AML/CFT compliance process, as it helps to ensure that the Company knows who its tokenholders are and that they are not using false or stolen identities to conduct transactions with the Company's EMTs. To verify customer identities, the Company will typically require holders to provide a range of personal information. This information can then be cross-checked against external databases, such as government records or credit bureau data, to confirm that it is accurate and belongs to the individual or company claiming it.

Assessing customer risk profiles is another important aspect of the AML/CFT compliance process, as it allows the Company to identify customers who may pose a higher risk of engaging in illicit activity. This can be done by analysing a range of factors, such as the customer's country of origin, the nature of their business or profession, and the type of transactions they conduct with the Company's EMTs. Customers who are assessed as high-risk may be subject to enhanced due diligence measures, such as more frequent transaction monitoring or the requirement to provide additional information or documentation.

Monitoring customer transactions for suspicious activity is a critical part of the AML/CFT compliance process, as it helps to identify transactions that may be linked to money laundering, terrorist financing, or other illegal activities. The Company will use a range of tools and techniques to monitor customer transactions, including transaction monitoring systems that can flag transactions that exhibit certain characteristics commonly associated with money laundering or terrorist financing. The Company will also have procedures in place for investigating and reporting any suspicious activity that is detected.
These policies and procedures are regularly reviewed and updated to ensure that they remain effective and in line with best practices and the latest regulatory requirements. The Company's management and employees are trained on these policies and procedures and are expected to adhere to them at all times.

By maintaining a strong AML/CFT culture and compliance program, the Company seeks to protect its customers and the integrity of its EMTs from potential misuse for illegal purposes.

4.5 Submitting your complaint

Any holders who are dissatisfied with any matter concerning the Issuer or StablR Euro (EURR) or who feel that a solution proposed by the Issuer was not helpful, can submit a complaint via email on complaints@stablr.com

Complainants are required to provide the following information:

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- Name and the name of the Institution on behalf of which you are making the complaint (if applicable)
- Address
- Postal Code
- City
- Country
- Email address
- Phone number (including country code)
- Description of the complaint
- Expectation of StablR regarding the complaint
- Confirmation for processing and storing the information above for the purpose of being able to process the complaint

Complainants are required to provide as much detail as possible when describing the cause and consequence of the complaint. This information is further laid out on the Issuer's website.

4.6 Dispute Resolution

Any holders who remain dissatisfied following the conclusion of the complaints procedure, may seek additional recourse through the appropriate judicial process.

Any dispute, controversy or claim arising out of or relating to or concerning the Issuer's T&Cs, or breach, or invalidity thereof, are to be settled by arbitration in accordance with the provisions of the Malta Arbitration Act, Chapter 387 of the laws of Malta ('Arbitration Act') and shall be regulated by the arbitration rules, in force from time to time, and promulgated under the authority of the Arbitration Act.

The laws applicable to the issue, acquisition and redemption of StablR Euro (EURR) are the laws of Malta.

4.7 Token Value Protection

The funds backing StablR Euro (EURR) will be held in segregated accounts, which will provide a layer of protection and security for the investors. Assets are managed within the safeguarding guidelines for EMIs, as defined under MiCAR and within the investment and liquidity risk management policy of StablR.

All assets held to back StablR Euro (EURR) comply with the safeguarding rules defined in the Financial Institutions Act cap. 376 (Malta), the Financial Institutions Rule FIR/03 (Malta) and MiCAR.

Overall, the Issuer believes that this approach will provide its investors with greater peace of mind and help to ensure the stability and reliability of StablR Euro (EURR) over the long term.

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StabR Euro (EURR) is not covered by the investor compensation schemes under Directive 97/9/EC and the deposit guarantee scheme under Directive 2014/49/EU.

5. Information on the underlying technology

5.1 Distributed Ledger Technology (DLT)

StablR EURR leverages DLT to facilitate the issuance, transfer, and storage of EMTs in a secure and transparent manner. DLT, often referred to as blockchain technology, is a decentralized digital system that records transactions across multiple locations in a transparent and immutable manner.

Key aspects of DLT include:

1. **Decentralization**: Unlike traditional centralized systems, DLT operates on a decentralized network of nodes, where each node stores a copy of the entire ledger. This decentralized structure enhances transparency, resilience, and security by eliminating single points of failure.
2. **Immutability**: Once recorded, transactions on a DLT cannot be altered or deleted. This immutability ensures the integrity of the transaction history, providing a reliable audit trail and mitigating the risk of fraudulent activities.
3. **Consensus Mechanisms**: DLT networks rely on consensus mechanisms to validate and agree on the validity of transactions. Various consensus algorithms, such as Proof of Work (PoW), Proof of Stake (PoS), and Delegated Proof of Stake (DPoS), ensure that all participants reach agreement on the state of the ledger without the need for a central authority.
4. **Smart Contracts**: Smart contracts are self-executing contracts with predefined rules and conditions encoded into the blockchain. These programmable contracts automate and enforce the execution of agreements, eliminating the need for intermediaries and reducing transaction costs.
5. **Encryption and Security**: DLT utilizes cryptographic techniques to secure transactions and data on the network. Public-key cryptography ensures the confidentiality and integrity of transactions, protecting sensitive information from unauthorised access.
6. **Transparency and Auditability**: DLT provides transparency by allowing all participants to view and verify transactions in real-time. This transparency enhances trust among stakeholders and facilitates regulatory compliance by providing regulators with visibility into transaction activities.

StablR Euro (EURR)'s utilisation of DLT ensures a transparent, efficient, and secure ecosystem for the issuance, transfer, and storage of EMTs, fostering trust and confidence among users and stakeholders.

5.2 Protocols and Technical Standards

StablR Euro (EURR) will be backed by institutional governance and security protocols, which will ensure the transparency, accountability, and reliability of the token. The governance protocol will

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require a threshold of approvers to sign off on any minting or burning of StablR Euro (EURR), in order to prevent unauthorised or fraudulent actions.

Additionally, the Issuer will use cutting-edge MPC technology from a battle-tested institutional tokenization platform to secure the private keys that control the issuance of StablR Euro (EURR). This will help to protect the tokens from hacking or other security threats and ensure that the Issuer maintains full control over the minting and burning of StablR Euro (EURR).

Reserves of StablR Euro (EURR) may be held in certain circumstances, depending on the timing of redemption requests and the transfer of tokens to the Issuer. However, the Issuer is committed to maintaining a transparent and fair approach to managing the total supply of StablR Euro (EURR) and will always act in the best interests of its tokenholders.

5.3 Technology Used

StablR uses a technology platform to facilitate the issuance and liquidity management of EMTs, providing comprehensive solutions including a customer interface for on-ramping and off-ramping fiat to EMT and vice versa, as well as AML/CFT compliance. The platform also includes an admin panel for managing fiat payments, payouts, and the issuance and burning of StablR Euro (EURR). The solution enables StablR to support the following operations:

- Customer onboarding (registration and verification – AML/CFT)
- On- and off-ramping for customers (exchange of fiat to StablR Euro (EURR) and vice versa);
- Fiat and EMT administration;
- Segregation of customer funds and connectivity to its banking and asset management network;
- Integration of various on- and off-chain security measures with established partners to prevent and counteract malicious activity (blockchain transaction analysis and off-chain transaction monitoring); and
- Full transparency of the reserve assets of the StablR Euro (EURR).

The StablR Euro (EURR) launched on the Ethereum network, which is a decentralized, open-source blockchain platform that now utilizes the Proof-of-Stake consensus algorithm. The consensus algorithm is a crucial part of any blockchain network, as it is responsible for ensuring the integrity and security of the network. In the case of the Ethereum network, the consensus algorithm used is called Proof-of-Stake. This algorithm relies on the concept of "staking," where users can stake their own tokens in order to participate in the validation of transactions and earn rewards for their participation.

There is always the potential for a person or group of people holding a significant number of EMTs to influence the market to some extent. For example, if a person or group holds a large number of EMTs and suddenly sells a significant portion of their holdings, it could potentially cause the value of the EMT to drop. Similarly, if a person or group holds a large number of EMTs and buys a significant amount of the EMT, it could potentially drive up the value of that EMT. As StablR Euro (EURR) is backed by reserves, this influence is mainly observable on marketplaces where StablR Euro (EURR) will be traded, whereas the Issuer will buy or sell StablR Euro (EURR) according to the peg to its reserves.

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However, it is important to note that the degree to which a single person or group can influence the market will depend on a number of factors, such as the overall size of the market for the EMT, the number of other market participants, and the liquidity of the EMT. In general, the larger and more liquid the market is, the less likely it is that a single person or group will be able to significantly influence the market.

StablR believes that the underlying technology behind StablR Euro (EURR) offers a number of potential advantages and key benefits, including but not limited to:

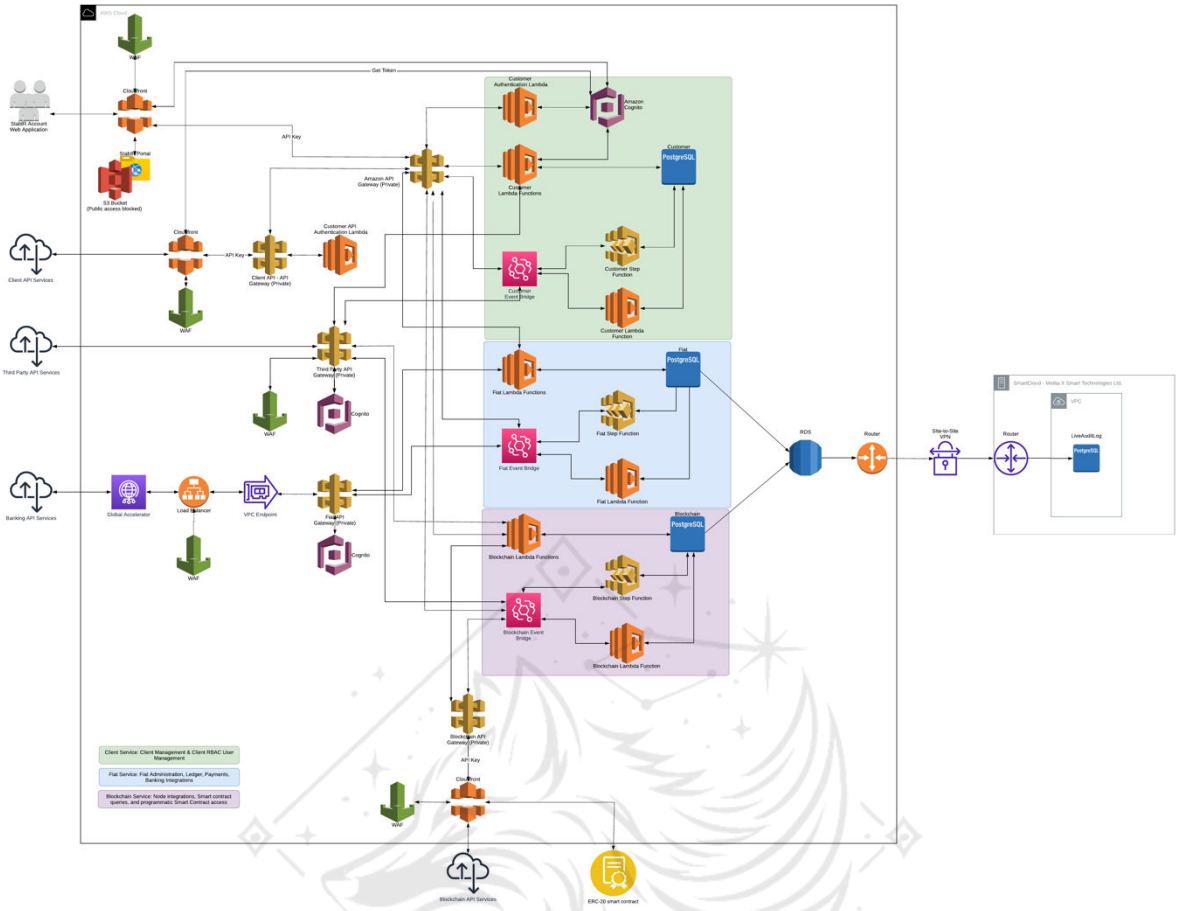
- **Improved security**: Because of the decentralized and distributed nature of DLT technology, EURR are less vulnerable to fraud and hacking than traditional digital payment systems.
- **Greater transparency**: DLT technology allows for transparent, auditable, and immutable records of transactions, which can help to build trust and confidence among users.
- **Faster transaction speeds**: In many cases, StablR Euro (EURR) can enable faster transaction processing times compared to traditional payment systems.
- **Lower transaction costs**: The use of DLT technology can help to reduce the costs associated with processing and verifying transactions, which could lead to lower fees for users.
- **Enhanced interoperability**: By using DLT technology, StablR Euro (EURR) can be easily integrated with other DLT-based systems, enabling greater interoperability and flexibility.
- **Improved accessibility**: Because StablR Euro (EURR) are crypto-assets that can be easily stored and transferred using a mobile device or computer, they can help to improve financial inclusion and make financial services more accessible to a wider range of people.

Overall, the underlying technology behind StablR Euro (EURR) offers a number of potential benefits that could help to improve the efficiency, security, and accessibility of digital payments and value storage.

5.4 Infrastructure & Architecture

The platform uses modern and up-to-date cloud services from Amazon Web Services (AWS) as its cloud infrastructure service provider. The platform's services are delivered through a network of server farms (regions) located around the world, with the main and designated server location in Ireland. Within this region, AWS supports multiple availability zones comprising multiple data centers, each with their own redundant power, networking, and connectivity housed in separate facilities. The platform architecture provides StablR with all necessary business logic, authentication mechanisms, and other relevant functions in a highly scalable and secure solution. An overview of the platform and information flow is shown below:

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5.5 Application Design

The frontend applications are ReactJS single page applications that are deployed to AWS S3 buckets and hosted via AWS Cloudfront (CDN) for high availability.

The backend uses Amazon Cognito services for authentication and secure communication with the API Gateway and StablR frontend applications. It also uses Terraform (Infra-as-Code) for deploying the infrastructure, which ensures consistency across different environments including TEST, ACCEPTANCE, SANDBOX, and PRODUCTION. The codebase is deployed to the appropriate environment using GitLab' Continuous Integration and Continuous Delivery/Deployment (CI/CD) service. Tests are integrated into the codebase (unit tests) as well as into the CI/CD pipelines to ensure proper verification and adequate test coverage for all new lines of code. The platform uses Cypress for end-to-end and integration testing, including test setup, writing, running, and debugging. Additionally, regression tests are performed manually as well as continuously developed with Postman tooling to automate them.

The platform's data infrastructure consists of following elements:

- Database services (Amazon RDS PostgreSQL database);
- Communication services (API Gateway and Event Bridge);
- Processing services (serverless Lambda Functions and Step Functions);
- Network and Security services (Cloudfront, Load Balancer, WAF, Amplify);

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- Identity and Access Management services (Amazon Cognito);
- Third-party integrations (Webhooks, APIs); and
- Object storage (S3 buckets)

Disaster recovery is primarily achieved through the implementation of recommended approaches in AWS. The platform's Event Bridge archive mechanism allows for the reproduction of all presented data with the implemented event-driven design. The database and all events sent to the Event Bridge are replicated by default. Data is anonymised according to GDPR standards, with personally identifiable information only present in the PRODUCTION environment. This data is encrypted with cryptographic keys through Amazon Key Management Service (KMS) to secure it from manipulation. Additionally, StablR is running a real-time replication of its PRODUCTION environment in a different AWS Region (Frankfurt).

5.6 Programme Agents

StablR is launching its fiat-backed token contract on the Ethereum mainnet without operating a programmable agent on its own. Instead, it partners with industry leading pioneer accounting and attestation services, The Network Firm, and the battle-tested decentralized oracle network platform, Chainlink, to provide the essential function of StablR Euro (EURR) Proof of Reserves. This enables a reliable and compatible way to monitor reserve assets on a near real-time basis (24/7) for StablR using The Network Firm's oracle attestation services and Chainlink's secure node operating network. In the future, StablR plans to evolve its software (including the operation of its own nodes and partnerships) with nodes that support:

- Automation for executing the issuing or burning of EMTs;
- A way to restrict the minting of EMTs when they are not backed by their respective fiat collateral;
- The potential to exchange metadata about a transaction and the ability to approve/deny a transaction before value is transferred;
- The ability to issue and burn new EMTs that can be settled; and
- Publishing rates for exchanging its EMTs.

5.7 Wallets

StablR will utilise two types of wallet solutions in combination with a custody provider for the management of their issuing, burning, and smart contract governance wallets. Within this solution StablR is able to effectively manage, automate and overseeing the distribution, withdrawal, and governance of StablR Euro (EURR).

MetaMask Institution

StablR has chosen MetaMask Institutional as one of its primary wallet solutions for transactions and smart contract interactions on the Ethereum blockchain (layer 1 protocol). MetaMask Institutional is a version of the popular DeFi wallet MetaMask that has been designed to meet the requirements of institutions. It allows for the secure and efficient

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	deployment of capital into DeFi and CeFi applications and is also connected to several industry-leading custodians. To further increase security and governance, StablR uses MetaMask Institutional wallets in conjunction with Fireblocks' self-custody governance solution, which utilizes multi-party computation to eliminate operational risk associated with private keys.
Fireblocks	StablR is utilising Fireblocks as another primary wallet having self-custody technology, on the Ethereum blockchain for transactions and smart contract interactions. Fireblocks offers an MPC direct custody solution with enterprise-grade security. The technology is highly efficient for participants within the network, as it boasts the highest liquidity connections in the market and additional features such as automation, security measures like deposit address authentication, and instant settlement.

Investors may use various types of wallets when acquiring StablR Euro (EURR). These include both hot wallets (such as desktop, web, and mobile wallets) as well as cold wallets (such as hard wallets). Both custodial and non-custodial options will be available, as long as the holder is able to prove ownership thereof. The latter shall be implemented in line with the applicable FIAU implementing procedures. Holders may be required to provide a signed message from their wallet address or to complete a small test transaction to confirm their control over the wallet.

When the Issuer interacts with its StablR Euro (EURR) smart contract, standard Ethereum network gas fees apply. The Issuer covers these fees for governance actions, including the setting of minter allowances, and primary transactional activities, which should cover the minting and transferring of EURR from the Issuer to the holder, or burning StablR Euro (EURR). However, holders are responsible for any Ethereum gas fees related to transactions initiated from their own wallets, such as transferring StablR Euro (EURR).

5.8 Security

The Issuer will have a number of security features in place to protect the value of StablR Euro (EURR), including but not limited:

- **Encryption:** use of advanced encryption techniques to protect the confidentiality and integrity of user transactions and protect against unauthorised access;
- **Digital signatures:** use of digital signatures to ensure that only authorised users can access and transfer the EMTs;
- **Multi-factor authentication:** require users to provide multiple forms of authentication, such as a password, biometric data, or a one-time code, in order to access and transfer StablR Euro (EURR);

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- **Secure storage:** StablR Euro (EURR) are often stored in secure, offline wallets or other forms of cold storage to protect against theft or loss; and
- **Regular audits:** undergo regular audits by independent third parties to ensure the security and integrity of its systems.

Overall, the security measures used by the Issuer are designed to protect the value of the StablR Euro (EURR) and provide holders with peace of mind when storing and transferring their funds.

5.9 Purchaser's Technical Requirements

Holders should have access to and be able to transact on the blockchain. Furthermore, they need to own a secure blockchain wallet that supports the ERC-20 token standard. The holder will be responsible for the security of its blockchain wallet and will need to fund their wallet with enough native gas tokens to initiate outgoing transactions of EURR.

5.10 Consensus Mechanism

StablR Euro (EURR) is built on the Ethereum blockchain using the ERC-20 token standard. ERC-20 is a widely-used and well-established technical specification that allows for the creation and issuance of digital assets on the Ethereum network. The use of ERC-20 provides a number of benefits and advantages, including security, scalability, transparency, and decentralisation.

One of the key features of the ERC-20 platform is its security. ERC-20 uses advanced cryptography and blockchain technology to ensure the integrity, immutability, and security of StablR Euro (EURR) and other digital assets. ERC-20 also uses state-of-the-art consensus mechanisms, such as proof-of-stake, to ensure the scalability and efficiency of the platform, and to enable StablR Euro (EURR) and other assets to be processed, verified, and confirmed quickly and cheaply. ERC-20 is also transparent and open, which means that the rules and standards of the platform are publicly available and can be reviewed and audited by anyone, and that the transactions and activities on the platform are visible and accessible to all participants. ERC-20 is decentralized, which means that it is not controlled by any central authority or intermediary but is instead managed and maintained by a distributed network of nodes and users.

Proof-of-Stake

Ethereum's Proof-of-Stake (PoS) consensus mechanism is its underlying infrastructure. PoS aims to prove that validators have staked something of value, Ethereum's native cryptocurrency ETH, in the network, which they can lose if they act dishonestly. Validators in the network validate new blocks, check their validity, and occasionally create and propagate new blocks themselves. To do the aforementioned, they explicitly stake capital (ETH) into a smart contract on Ethereum, for which they receive staking rewards. If validators attempt to defraud the network (e.g., by proposing multiple conflicting blocks), some or all of their staked capital can be destroyed.

PoS Environmental Impact

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PoS significantly reduces energy consumption compared to Ethereum's former consensus mechanism Proof-of-Work (PoW). On average PoS, on Ethereum, creates an energy efficiency of 99% versus its PoW predecessor. Additionally, PoS requires less specialized hardware, i.e. hardware with similar performance as an average laptop, leading to significant less electronic waste.

Network Node Distribution

By 31 December 2023, the top 5 Ethereum's nodes are geographically distribution as follows:

#	Geography	Node distribution
1.	United States	37.20%
2.	Germany	15.00%
3.	Finland	5.14%
4.	United Kingdom	4.15%
5.	Canada	3.24%

** The full geographical node distribution is attached in table 3 of Annex A.*

5.11 Incentive Mechanisms and Applicable Fees

ERC-20 is a standard for creating and issuing smart contracts on the Ethereum blockchain. It defines a set of rules that all Ethereum tokens must follow, ensuring interoperability between different tokens within Ethereum-based systems. Here's a detailed look at the incentive mechanisms and applicable fees related to ERC-20 tokens:

- Staking and rewards;
- Yield farming;
- Burn mechanisms;
- Governance participation;
- Airdrops; and
- Discounts and premium features.

StablR Euro (EURR) has no incentive mechanisms implemented, other than a solid peg with the Euro.

The fees that are applicable to StablR are:

- Gas fee for transactions: Every transaction involving ERC-20 tokens requires gas fees paid in Ether (ETH). The amount of gas needed depends on the complexity of the transaction and the current network congestion.
- Gas fee for deploying or interacting with smart contract
- Token issuance and burning fees: Creating and deploying a new ERC-20 token on the Ethereum blockchain involves gas fees for the initial contract deployment and any additional transactions required to set up the token.

Fees can vary significantly over time mainly due to network congestion. When many users are trying to execute transactions simultaneously, the network becomes congested. This increased demand for block space drives up gas prices as users compete to have their transactions included in the next block. Conversely, when fewer transactions are being processed, gas prices decrease due to less competition for block space.

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5.12 Audit & Audit Outcome

Yes, StablR has completed several audit during 2023 and 2024. Please find the summary of these procedures:

Systems audit

The Issuer engaged a reputable Systems Auditor to provide an opinion on the Innovative Technology Arrangements (ITAs) and other relevant documentation, as well as the controls in place to meet the criteria for an IVFAO under the VFAA - type 1 auditee in July 2023. The Systems Auditor conducted a reasonable assurance engagement in accordance with International Standard on Assurance Engagements, ISAE 3000 (revised), "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board.

The Audit Results were as follows:

No exceptions noted:	supports the achievement of the control objectives
Minor exceptions noted:	the control did not operate effectively during the reporting period. However, the exception is compensated by another control. Therefore, the control objective is achieved
Exceptions noted:	the control did not operate effectively during the reporting period and compensating controls are not present. The exception affects the achievement of the control objective

StablR is in the process of conducting an ISAE 3000 type II systems audit over the period September 2023 – February 2024. This audit is executive by a respective audit firm. The audit is in progress.

Prevention of Money Laundering and Funding of Terrorism

StablR Ltd. requested a respective auditor to provide an assessment report to determine whether the Company has implemented adequate and effective controls with respect to the Prevention of Money Laundering and Funding of Terrorism. The scope of this audit was:

- Compliance with the following regulatory framework in relation with PMLFT:
    - FATF's 40 recommendations;
    - EU Directives 2015/849 and 2018/843 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing and its successive legislation as may from time to time come into force; and
    - National PMLFT implementing laws, regulations, and secondary legislation, as amended, or updated from time to time and relating to the VFA sector;
- Automated technology solutions implemented by the Company for the PMLFT, and other risks involved; and
- Risk assessments carried out by the Company in relation to PMLFT.

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There were no significant weaknesses identified during the audit. StablR has enhanced its process based on recommendations.

Financial audit financial statements 2023 StablR Ltd

The financial statements 2023 of StablR Ltd are audited by Grant Thornton. The financial statements have an unqualified opinion.

5.13 Future Technology Integrations

The technology integration roadmap of StablR is driven based on four main pillars:

- Automation
- Optimization
- Expansion
- Compliance

Automation

StablR is committed to creating infrastructure that supports near real-time processing of its solutions and efficient operations. To facilitate programmable access and automation within its platform, StablR continuous to evaluate and integrate with industry-leading and technology-enabling partners.

For the purpose of triggering mint, transfer, and burn requests of StablR Euro (EURR) to and from its clients, StablR will implement and enhance the following integrations: Firebocks tokenization engine and Fireblocks payment engine. These integrations will enable the following capabilities:

- A mint, transfer, and burn request of StablR Euro (EURR) on all supported blockchain networks currently active and or expending to;
- Transaction governance by enforcing automation on signing and approving of the mint, transfer, and burn request triggered from StablR's platform; and
- Instant settlement of assets within the Fireblocks network corresponding and banking partner network.

To automate the fiat settlement process while maintaining corporate governance and transaction policy controls, StablR will continuously upgrade and implement the latest versions of the APIs from its banking and fiat custody partners. These integrations will allow for the matching of incoming client payments, creation of client payouts ready for approval, and continuous access to account balances for StablR and its third-party auditor for the purpose of proof of reserves.

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Optimisation	To provide clients with the ability to enable their own platforms with StablR's near real-time solutions, the continued focus of optimization will be on the development and expansion of StablR's Customer API support. This means that StablR will enhance its API access for clients, allowing them to programmatically trigger on-ramping and off-ramping products, as well as other administrative features, from their own platform in a secure, reliable, and always available state. In addition, StablR will design and develop and extensive business intelligence solutions to strengthen the support for real-time reporting, both internally and externally. Additionally, to stay as scalable and efficient as possible, StablR its OPS web application will be extended with custody and smart contract management functionality by utlizizing the APIs of its banking and custody partners as well as web3 API integrations.
Expansion	As part of its expansion efforts, StablR will invest in growing the support and integration of additional blockchain networks for StablR Euro, based on client and market demand. To ensure security and operability, StablR will always develop and integrate native smart contracts on the respective blockchain networks. To ensure the smooth transfer of assets between blockchain networks, StablR will work to eliminate security flaws in bridge smart contracts and enable the transfer of actual StablR Euro assets without risk of the original assets becoming stuck in such contracts by investigating and designing an ecosystem which includes battle-tested industry cross-chain operability services as well as developing in-house cross-chain solution.
Compliance	StablR will stay ahead on expending the integration with its compliance service providers to effectively and efficiently improve automation and utilization of offered and required solutions for AML/CFT and transaction monitoring (on-chain and fiat). For every expansion on a different blockchain the on-chain transaction monitoring integration needs to be upgraded. Additionally, StablR will optimize its onboarding flow by utilizing the services offered for KYB AML/CFT initialization and monitoring. This also includes programmatically flagging irregular behaviour on client level in StablR's ops web application to pro-actively stay on par with market conditions, industry feedback and regulatory requirements.

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6. Information on the risks

5.14 General

AN INVESTMENT IN THE EMT ISSUED BY THE ISSUER INVOLVES CERTAIN RISKS, INCLUDING BUT NOT LIMITED TO THOSE RISKS DESCRIBED IN THIS SECTION. THE FOLLOWING RISKS ARE THOSE IDENTIFIED BY THE ISSUER AS AT THE DATE OF THIS WHITE PAPER. PROSPECTIVE HOLDERS SHOULD CAREFULLY CONSIDER, TOGETHER WITH THEIR INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE WHITE PAPER BEFORE DECIDING TO MAKE AN INVESTMENT IN THE ISSUER AND THE EMT.

THE RISK FACTORS BELOW HAVE BEEN CATEGORISED UNDER THREE (3) MAIN CATEGORIES: (I) ISSUER-RELATED RISKS; (II) TOKEN-RELATED RISKS; AND (III) TECHNOLOGY-RELATED RISKS.

THE RISKS AND UNCERTAINTIES DISCUSSED BELOW MAY NOT BE THE ONLY ONES THAT THE ISSUER FACES. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE THE DIRECTORS OF THE ISSUER MAY NOT CURRENTLY BE AWARE OF, COULD WELL RESULT IN A MATERIAL IMPACT ON THE STABILITY OF THE EMT.

THE ISSUER IS HEREBY ALSO OUTLINING THE MITIGATION MEASURES OF THE RISKS ASSOCIATED WITH THE TECHNOLOGY USED.

ACCORDINGLY, PROSPECTIVE HOLDERS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS, AND SHOULD CAREFULLY READ, CONSIDER AND UNDERSTAND THE WHITE PAPER AS A WHOLE BEFORE INVESTING IN THE EMT. IN ADDITION, PROSPECTIVE HOLDERS OUGHT TO BE AWARE THAT RISK MAY BE AMPLIFIED DUE TO A COMBINATION OF RISK FACTORS.

5.15 Issuer-Related Risks

The risks to the Issuer relate primarily to the successful establishment and operation of the StablR project and underlying business model. These risks include regulatory, reputational, security, technological, credit, and market risks, as well as other operational risks. On the other hand, the risks to holders of StablR Euro (EURR) relate primarily to the potential loss of value or other adverse impacts on EURR itself. These risks include liquidity risk, inflation risk, and counterparty risk.

Regarding StablR Euro (EURR), there exist multiple risks that could potentially affect the Company, its holders, and users. The foundation of the Company's business and brand is built upon trust and transparency. The most significant risk for the Issuer arises if holders begin to lose confidence in StablR, which could lead to a substantial sell-off of StablR Euro (EURR). The Company recognises these potential challenges and shall be well-equipped to manage and mitigate such risks.

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1. **Counterparty Risk**

StablR Euro (EURR) are issued and managed by private entities, which means that holders may be exposed to the risk of default or insolvency.

To mitigate such risk, the Issuer shall ensure that regular reviews of its counterparties is conducted to assess their financial stability and risk profiles, ensuring that only reliable and trustworthy entities are engaged. The Issuer has also engaged the services of professional legal advisors to establish and/or review contractual agreements with counterparties which would clearly outline terms and conditions, as well as mechanisms for dispute resolution and the handling of potential defaults or insolvencies.

The above ultimately will form part of a comprehensive risk management framework which will be established to identify, monitor, and mitigate counterparty risk, including setting up contingency plans for addressing potential defaults or insolvencies.

The fiat and fiat equivalents are held mainly in segregated accounts aligned with the safeguarding rules in order to protect holders and users in situations that could lead to financial distress. This segregation ensures that the collateral is insulated from the Issuer's operations, thereby safeguarding holders of StablR Euro (EURR). The assets are managed in line with the investment and liquidity risk management policy. Whilst it is true that the counterparty risk is not entirely eliminated, the segregation of assets adds to the mitigation of the risk by distributing it across multiple parties, allowing for more effective management and oversight.

2. **Regulatory Risk**

The legal and regulatory status of euro-backed stablecoins and EMTs is still evolving, and holders may be subject to uncertain or changing rules and requirements.

To mitigate such risk, the Issuer aims to maintain an open and transparent communication with relevant regulatory authorities as well as advisors, to seek guidance and clarification on applicable rules and requirements as they evolve. This shall in turn allow for the Issuer to closely monitor any changes in regulations and legal frameworks, staying informed about any new rules or requirements that may affect its operations.

The Issuer also seeks to foster a strong compliance culture within the organisation, providing employees with necessary training and resources to ensure that they are aware of and can effectively manage regulatory risk.

As indicated above, the Issuer has already engaged experienced legal counsel with expertise in the relevant jurisdiction(s) and relevant crypto-asset regulations to provide guidance and advice on navigating the evolving regulatory landscape.

Last but not least, the Issuer shall develop contingency plans for potential regulatory changes that could impact their operations, including strategies for adapting their business model.

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3. **Reputational Risk**

The potential for negative public perception or loss of trust in the Issuer or StablR Euro (EURR) itself.

To mitigate such risk, the Issuer shall have in place a robust governance framework and adhere to high ethical standards in all aspects of its business, demonstrating its commitment to responsible and trustworthy operations. Also, its effective risk management strategy should mitigate any reputational risks.

The Issuer has engaged reputable external and internal auditors to verify its compliance with industry standards and best practices, adding credibility and enhancing its reputation. Moreover, the Issuer shall actively engage with the broader community, participating in industry events, conferences, and online forums to share knowledge and demonstrate thought leadership in the EMT space.

4. **Credit Risk**

The potential for the Issuer to be unable to meet its financial obligations, leading to a loss of value for StablR Euro (EURR).

To mitigate this risk, the Issuer shall have measures in place to ensure adequate collateralisation. This will ensure that StablR Euro (EURR) is fully backed up by the underlying Euro held in custody, with sufficient collateralization levels to cover potential redemptions. These will be accompanied by strong risk management policies and regular financial audits, to ensure the Issuer's financial health and to identify potential credit risks.

The Issuer shall also ensure that there is adequate diversification of collateral, which would reduce the concentration risk associated with any single asset or counterparty. This will be instrumental together with the constant monitoring of creditworthiness that has to be undertaken on key counterparties and other entities with which the Issuer transacts, to minimise the risk of defaults.

5.16 Token-Related Risks

One of the most important risks related to the token is connected to the blockchain where EURR is issued on. With regards to Ethereum it could affect StablR's ERC-20 token scalability due to the increasing high network congestion that leads to higher gas fees and slower or failing transactions. To mitigate this risk StablR is expanding to other layer-1 and layer-2 blockchains that are built for handling the increasing load of transactions in a scalable matter. Additionally, StablR is also able to manually perform its automated processes regarding minting and burning so that it still can perform its duties even if scalability of the blockchain is at risk. While this token-related risk is specific towards the Ethereum blockchain, each blockchain potentially has its own scalability risk to consider and mitigate.

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Additionally, a critical token-related risk concerns the security of the token its smart contract and the introduction of potential vulnerabilities. As with every programming process, also the code written of smart contracts are subject to cyber-attacks, bugs, and other potential malicious exposure, such as arithmetic over- and under flows and unchecked return values. By assuring a rigorous testing framework inside the smart contract development repository, every commit to the master branch is undergoing automated tests upon deployment and this deployment it stopped when the tests discover any irregularity. StablR has also build in a simulation module upon deployment which first simulates the complete deployment or upgrade of its smart contract before it starts the on-chain deployment. This mitigating measures also ensures the functional review, and it prevents StablR from spending deployment gas fees for actions that are potentially going to fail when going through the testing framework. Last, the smart contract code is regularly audited externally whereas any findings are assessed and either accepted or remediated and resolved according to the classification of the finding.

Other main token-related risks identified by the issuer are:

1. **Liquidity Risk**

StablR Euro (EURR) may not be widely accepted or traded, which can make it difficult for holders to buy or sell them quickly or easily.

To mitigate such risk, the Issuer shall undertake a number of measures. The Issuer shall aim towards establishing strong partnerships with reputable service providers in the digital space to enhance the acceptance and usage of StablR Euro (EURR), thereby increasing its liquidity. The Issuer shall also engage in targeted marketing campaigns and educational efforts to raise awareness of StablR Euro (EURR), its advantages, and its use cases among potential holders, leading to increased adoption and demand. The Issuer will also work towards improving the functionality, security and user experience of StablR Euro (EURR), ensuring that it remains an attractive and competitive option for holders seeking a stable crypto-asset. Last but not least, the Issuer will adhere to regulatory requirements and maintain transparent operations, which will allow the Issuer to build trust and credibility with its user base, which can contribute to greater adoption and liquidity.

The Issuer also acknowledges the risk of holders redeeming a substantial amount of StablR Euro (EURR) within a short timeframe, which could expose the Issuer to liquidity risk if the necessary fiat is not promptly available for returning to holders. To manage the risk, the Issuer intends on introducing a standard redemption period, to allow the Issuer to fulfil both its regulatory obligations and financial commitments to holders. Moreover, the Issuer shall ensure that all assets will be held in highly liquid funds that can be quickly sold and converted into fiat to meet redemption requests.

These combined efforts will ensure that the Issuer addresses liquidity risk through the application of varying risks.

2. **Security Risk**

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StablR Euro (EURR) are digital assets that are stored and transferred using DLT or other technology, which means that they are subject to the same security risks as other crypto-assets, such as hacking, fraud, or loss of access.

To mitigate this risk, aside from undergoing an ISAE 300 systems audit, the Issuer will be implementing robust security protocols. The latter shall include strong security measures, such as encryption, multi-factor authentication, and secure key management to protect against unauthorised access to StablR Euro (EURR) and systems.

The Issuer is also developing a comprehensive incidence management and response procedures and processes that outlines the steps to be taken in the event of a security breach or other incident, including communication strategies, recovery procedures, and remediation actions.

The Issuer shall also establish backup and recovery procedures for critical systems and data to ensure business continuity in case of a security incident or loss of access. Staff and employees will be continuously trained to raise awareness and ensure they understand and follow best practices for protecting sensitive information and systems.

3. Inflation Risk

StablR Euro (EURR) may lose value over time if the underlying fiat currency experiences inflation or devaluation.

In relation to inflation risk, it primarily stems from its pegged currency, which in this case is the Euro, rather than StablR Euro (EURR) itself. The reason for this is that StablR Euro (EURR) is designed to maintain a stable value by pegging it to the Euro, which means that its value is directly linked to the value of the underlying fiat currency.

When the Euro experiences inflation or devaluation, its purchasing power decreases, and goods and services become more expensive in Euro terms. Since StablR Euro (EURR) is pegged to the Euro, any changes in the value of the Euro due to the inflation will also affect the value of StablR Euro (EURR). In essence, the inflation risk associated with StablR Euro (EURR) is a reflection of the inflation risk inherent in the Euro.

As a result, any mitigating measures for inflation risk should focus on addressing the factors that can affect the value of the Euro. The Issuer shall closely monitor economic indicators, central bank policies, and inflation trends in the Eurozone to anticipate potential changes in the value of the underlying fiat currency and take appropriate action. The Issuer will also maintain transparent communication with stakeholders about the potential impacts of inflation on EURR and any measures taken to mitigate this risk.

4. Market Risk

The potential for external factors, such as changes in market conditions or economic developments, to impact the value of StablR Euro (EURR).

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To mitigate such risk, the Issuer shall conduct regular research and analysis of market conditions, economic developments, and other external factors that could impact the value of StablR Euro (EURR), to identify potential risks and opportunities. Active risk management and stress testing to assess the impact of potential market shocks on the value of StablR Euro (EURR) shall be undertaken, and contingency plans to mitigate such risks will be developed.

EMTs are a relatively new and evolving market that is subject to market risks that are common to any emerging market. These risks may include changes in regulatory frameworks, market sentiment, technological developments, and macroeconomic factors, amongst others. As EMTs, including StablR Euro (EURR), are designed to maintain a stable value relative to a pegged currency, market risks may arise if the pegged currency experiences significant fluctuations or other external factors impact its stability.

5.17 Technology-Related Risks

The Issuer and the use of StablR Euro (EURR) are dependent on the underlying technology platform, which means that they may be affected by technical failures, upgrades, or changes in the platform.

To mitigate this risk, the Issuer shall ensure technological redundancy, conduct regular maintenance and updates, perform rigorous testing and quality assurance, develop comprehensive backup and recovery plans, engage with external technology experts, implement monitoring systems, and maintain transparent communication with stakeholders about any planned updates, technical issues, or changes in the platform.

StablR has implemented a Change Management process for system changes based on its Change Management policy and incorporates the Software Development Lifecycle processes for its feature and functionality development and changes. These measures shall collectively help to effectively address potential technical failures, upgrades, or changes in the Issuer's technologies, providing holders and users of StablR Euro (EURR) with greater confidence in the stability and reliability of the StablR Euro (EURR) platform.

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7. Information on the sustainability indicators in relation to adverse impact on the climate and other environmental-related adverse impacts

The Issuer understands and appreciates the importance of divulging the necessary information on the adverse impacts on the climate and the environment linked to the use of the consensus mechanism to validate the transactions linked to the issue of StablR Euro (EURR).

Reference should thus be made to the disclosures set out in Annex 1 to this white paper relating to the use of energy, renewable energy and natural resources, as well as the production of waste and greenhouse gases emissions.

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Annex A: Information on principal adverse impacts on the climate and other environment-related adverse impacts of the consensus mechanism

Table 1 – Mandatory Information on principal adverse impacts on the climate and other environment-related adverse impacts of the consensus mechanism

General information and key indicators: • This table sets out the information on the environment-related adverse impacts of the Proof-of-Stake consensus mechnism on Ethereum, the blockchain where StablR Euro (EURR) transactions are validated on. • Responsible person related to the environmental adverse impacts of the consensus mechnisms that StablR Euro (EURR) operates on: Robin Nijkamp, CTO. • Acting as issuer of e-moneytokens. • Whereas StablR, the organization, drawing up the white paper as referred to in Article 6(1), second subparagraph and 19(1), second subparagraph of Regulation (EU) 2023/1114 or crypto-asset service provider] is providing information on principal adverse impacts on the climate and other environment-related adverse impacts of the consensus mechanism used to validate transactions in StablR Euro (EURR) on Ethereum and to maintain the integrity of the distributed ledger of transactions. • The information covers the period from 1 January 2023 to 31 December 2023, with estimates used for the period from 1 January 2023 to 31 December 2023.
The validation of transactions in StablR Euro (EURR)and the maintenance of the integrity of the distributed ledger of transactions on Ethereum has led to a total energy consumption of 0.186 kW [information referred to in Article 4(3), point (d)] during 2023. The validation of one transaction on Ethereum in StablR Euro (EURR) has led to a total energy consumption of 0.016 kW [information referred to in Article 4(3), point (e)] on average during 2023. The validation of transactions in StablR Euro (EURR) and the maintenance of the integrity of the distributed ledger of transactions on Ethereum has resulted in 0.00007 tonnes GHG emissions, [information referred to in Article 4(3), point (f)], calculated based on sources owned or controlled by the DLT network nodes (scope 1), and indirect emissions from energy purchased by the DLT network nodes (scope 2), during 2023.
Features of the consensus mechanism[s] relevant for principal adverse impacts on the climate and other environment-related adverse impacts

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Please find the description of the consensus mechnism used for the transactions in StablR Euro (EURR) in the white paper chapter 5.10.				
Climate and other environment-related indicators				
1	2	3	4	5
	Adverse sustainability indicator	**Metric**	**Source of information, review by third parties, use of data providers or external experts**	**Methodology to calculate metrics from information and data obtained**
Energy	Energy consumption	Total amount of energy used, expressed in kilowatt-hours (kWh) per calendar year, for the validation of transactions and the maintenance of the integrity of the distributed ledger of transactions	Cambridge Centre for Alternative Finance (CCAF).	Cambridge Centre for Alternative Finance (CCAF).
	Non-renewable energy consumption	Share of energy used generated from nonrenewable sources, expressed as a percentage of the total amount of energy used per calendar year, for the validation of transactions and the maintenance of the integrity of the distributed ledger of transactions	Cambridge Centre for Alternative Finance (CCAF).	Cambridge Centre for Alternative Finance (CCAF).
	Energy intensity	Average amount of energy used, in kWh, per validated transaction	• Cambridge Centre for Alternative Finance (CCAF). • Etherscan.io	• Cambridge Centre for Alternative Finance (CCAF). • Calculation: Total annual Ethereum consumption of energy in

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				kW (2023) divided by the total number of transactions on Ethereum (2023).
GHG emissions	Scope 1 - Controlled	Scope 1 GHG emissions, expressed in tonnes (t) carbon dioxide equivalent (CO2e) per calendar year for the validation of transactions and the maintenance of the integrity of the distributed ledger of transactions	Cambridge Centre for Alternative Finance (CCAF).	Cambridge Centre for Alternative Finance (CCAF).
	Scope 2 – Purchased	Scope 2 GHG emissions, expressed in tCO2e per calendar year for the validation of transactions and the maintenance of the integrity of the distributed ledger of transactions	Cambridge Centre for Alternative Finance (CCAF).	Cambridge Centre for Alternative Finance (CCAF).
	GHG intensity	Average GHG emissions (scope 1 and scope 2) per validated transaction, expressed in kilogram (kg) CO2e per transaction (Tx)	• Cambridge Centre for Alternative Finance (CCAF). • Etherscan.io	• Cambridge Centre for Alternative Finance (CCAF). • Calculation: Total annual Ethereum GHG emissions in tonnes (2023 divided by the total number of transactions

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				on Ethereum (2023).

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Table 2 - **Additional climate and other environment-related indicators**

1	2	3	4	5
	Adverse sustainability indicator	**Metric**	**Source of information, review by third parties, use of data providers or external experts**	**Source of information, review by third parties, use of data providers or external experts**
Energy	Energy mix	Share of energy from non-renewable sources used for the validation of transactions and the maintenance of the integrity of the distributed ledger of transactions, broken down by each nonrenewable energy source, expressed as a percentage	Cambridge Centre for Alternative Finance (CCAF).	Cambridge Centre for Alternative Finance (CCAF).
	Carbon intensity	Carbon intensity of the energy used for the validation of transactions and the maintenance of the integrity of the distributed ledger of transactions, expressed in kgCO2e per kWh	Cambridge Centre for Alternative Finance (CCAF).	Cambridge Centre for Alternative Finance (CCAF).
	Energy use reduction	Energy use reduction targets or commitments, expressed in absolute or relative reduction of energy use over one calendar year	Cambridge Centre for Alternative Finance (CCAF).	Cambridge Centre for Alternative Finance (CCAF).
GHG emissions	Scope 3 - Value chain	Scope 3 GHG emissions for the validation of transactions and the maintenance of the integrity of the distributed ledger of transactions,	Cambridge Centre for Alternative Finance (CCAF).	Cambridge Centre for Alternative Finance (CCAF).

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		expressed in tCO2e per calendar year		
	GHG emissions reduction targets or commitments	GHG emissions reduction targets or commitments, expressed in terms of absolute or relative reduction in GHG emissions over one calendar year	Cambridge Centre for Alternative Finance (CCAF).	Cambridge Centre for Alternative Finance (CCAF).

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Table 3 – **Geographical Node Distribution Ethereum 31 December 2023**

Month	Country	Country's share, %
2023-12	Andorra	0.08%
2023-12	Argentina	0.16%
2023-12	Australia	2.36%
2023-12	Austria	1.03%
2023-12	Azerbaijan	0.01%
2023-12	Belarus	0.03%
2023-12	Belgium	0.61%
2023-12	Bosnia and Herzegovina	0.01%
2023-12	Brazil	0.21%
2023-12	Bulgaria	0.28%
2023-12	Canada	3.24%
2023-12	Cayman Islands	0.01%
2023-12	Chile	0.06%
2023-12	China	1.16%
2023-12	Colombia	0.02%
2023-12	Costa Rica	0.01%
2023-12	Croatia	0.09%
2023-12	Cyprus	0.01%
2023-12	Czech Republic	0.39%
2023-12	Denmark	0.22%
2023-12	Ecuador	0.01%
2023-12	El Salvador	0.01%
2023-12	Estonia	0.11%
2023-12	Finland	5.14%
2023-12	France	3.90%
2023-12	Georgia	0.02%
2023-12	Germany	15.00%
2023-12	Greece	0.08%

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2023-12	Hong Kong SAR, China	1.19%
2023-12	Hungary	0.12%
2023-12	Iceland	0.03%
2023-12	India	0.32%
2023-12	Indonesia	0.10%
2023-12	Iran, Islamic Rep.	0.03%
2023-12	Ireland	1.47%
2023-12	Isle of Man	0.01%
2023-12	Israel	0.21%
2023-12	Italy	0.47%
2023-12	Japan	2.06%
2023-12	Kazakhstan	0.04%
2023-12	Kenya	0.01%
2023-12	Korea, Rep.	1.81%
2023-12	Latvia	0.11%
2023-12	Lithuania	0.37%
2023-12	Luxembourg	0.09%
2023-12	Macao SAR, China	0.01%
2023-12	Malaysia	0.13%
2023-12	Malta	0.06%
2023-12	Mauritius	0.01%
2023-12	Mexico	0.11%
2023-12	Moldova	0.32%
2023-12	Monaco	0.01%
2023-12	Montenegro	0.02%
2023-12	Morocco	0.01%
2023-12	Netherlands	2.73%
2023-12	New Zealand	0.37%
2023-12	Nigeria	0.01%
2023-12	Norway	0.37%
2023-12	Oman	0.01%

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2023-12	Panama	0.01%
2023-12	Paraguay	0.01%
2023-12	Peru	0.01%
2023-12	Philippines	0.02%
2023-12	Poland	0.88%
2023-12	Portugal	0.53%
2023-12	Puerto Rico	0.03%
2023-12	Romania	0.30%
2023-12	Russian Federation	1.23%
2023-12	Saudi Arabia	0.01%
2023-12	Serbia	0.11%
2023-12	Singapore	3.10%
2023-12	Slovak Republic	0.08%
2023-12	Slovenia	0.23%
2023-12	South Africa	0.22%
2023-12	Spain	0.94%
2023-12	Sweden	0.56%
2023-12	Switzerland	2.10%
2023-12	Taiwan, China	0.37%
2023-12	Thailand	0.25%
2023-12	Tunisia	0.01%
2023-12	Turkey	0.22%
2023-12	Ukraine	0.23%
2023-12	United Arab Emirates	0.12%
2023-12	United Kingdom	4.15%
2023-12	United States	37.20%
2023-12	Uruguay	0.01%
2023-12	Venezuela, RB	0.05%
2023-12	Vietnam	0.14%

* source: https://ccaf.io/cbnsi/ethereum/network_analytics

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