



Ondo Finance

# Tokenization Grand Prix – Ondo (OUSG)

- O. Executive Summary
- I. Product Summary
- II. Company Details
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- V. Performance, Reporting, and Technical
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## O. Executive Summary

*"Our collaboration with Ondo demonstrates how web3 native companies and traditional asset managers can partner to bring best in class products onchain and provide crypto native capital with exposure to RWAs. We are confident we can provide the best products, yield and liquidity for the Sky ecosystem, combining Ondo's distribution and technical capabilities with BlackRock & Securitize's infrastructure."*

Carlos Domingo, CEO and Co-Founder of Securitize

Ondo Finance, in collaboration with BlackRock and Securitize, is proud to present the Ondo Short-Term US Government Treasuries Token (OUSG) as a premier solution for SparkDAO and the Sky ecosystem's RWA portfolio diversification. Our proposal has been tailored to meet the requirements of the Sky ecosystem for yield and liquidity. In addition, Ondo Finance and its affiliates are committed to building a long-term relationship and being the strategic partner to the Sky ecosystem. We are excited to provide the most effective backing for sUSDS and help make it into the preeminent savings instrument onchain for people globally.

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| <b>Unparalleled scale and experience</b> | As the largest player in on-chain RWAs with over \$600M in TVL, Ondo brings unparalleled experience in managing real-world assets onchain at scale. Over the past 20 months, Ondo has also pioneered multiple RWA innovations, such as OUSG (the first peer-to-peer transferable fund onchain), USDY (the first quasi-permissionless bearer note backed by US Treasuries), and <u>Flux Finance</u> ("Flux," the first DeFi protocol designed to support permissioned securities). Going forward, Sky can expect Ondo to pioneer additional innovations that will be accretive to the Sky ecosystem and its products (e.g., USDS and sUSDS). |
| <b>Best-in-class product features</b>    | OUSG offers unmatched product features, including instant 24/7 subscriptions and redemptions for up to \$25M per day (expanding to \$50M by year-end), daily interest accruals, low fees, rebasing and non-rebasing versions, and multi-chain availability (including Ethereum and Solana).   |

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| <b>Robust investor protection</b>          | OUSG affords its holders the rights of Delaware limited partners within the most common structure for pooled investment, operated to maximize bankruptcy remoteness.   |
| <b>Deepest onchain available liquidity</b> | OUSG provides the deepest onchain liquidity for instant subscriptions and redemptions, currently up to \$25M per day, thanks to our partnership Blackrock, Securitize, and Circle. In addition to this liquidity facility and its potential growth, we are working on further expanding OUSG liquidity via separate facilities and by enabling subscriptions and redemptions against other stablecoin pairs, including USDS.   |
| <b>Long-term strategic partnership</b>     | OUSG can offer long-term strategic advantages to SparkDAO and the Sky ecosystem, particularly as it relates to the liquidity and performance of its RWA portfolio. For example, Sky will have the ability to “unwrap” its OUSG into BUIDL, if onboarded to both Ondo and Securitize, to automatically rebalance as needed. In addition, OUSG can also step in as a buyer for other, suitable assets, to help the Sky ecosystem rebalance its portfolio over time and alleviate some of its liquidity needs. Finally, Ondo’s Global Market initiative will be able to bring other fixed-income products onchain for SparkDAO and the Sky ecosystem. |

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# I. Product Summary

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|--|---|
| <b>Project name</b>  | Ondo I LP, an affiliate of Ondo Finance Inc. (the “Fund”)   |
| <b>Product name</b>  | Ondo Short-Term US Government Treasuries Token (OUSG)   |
| <b>Product type / underlying asset</b>                     | OUSG is a Tokenized T-Bill fund. The significant majority of its assets are currently invested in the BlackRock USD Institutional Digital Liquidity Fund (BUIDL)      |
| <b>Issuer jurisdiction</b>                                 | United States   |
| <b>Product website</b>                                     | <a href="http://ondo.finance/ousg">ondo.finance/ousg</a>  |
| <b>Primary contact name, title, and method of contact:</b> | Nathan Allman<br>Founder & CEO<br>Manager, Ondo I GP LLC, the General Partner of the Fund<br><a href="mailto:partnerships@ondo.finance">partnerships@ondo.finance</a> |

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## II. Company Details

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|----------------------------|---|
| <b>Company description</b> | Ondo Finance is a web3 native technology and asset management company that is building towards an open and more accessible financial system by launching institutional-grade assets, services and infrastructure on public blockchains. Over the past 20 months, Ondo has pioneered multiple RWA innovations, such as <u>OUSG</u> (the first peer-to-peer transferable fund onchain), <u>USDY</u> (the first quasi-permissionless bearer note backed by US Treasuries), and <u>Flux Finance</u> (“Flux,” the first DeFi protocol designed to support permissioned securities).<br><br>Ondo currently offers two flagship assets: <u>OUSG</u> , a tokenized US Treasuries fund, and <u>USDY</u> , a quasi-permissionless yieldcoin secured by US Treasuries. Ondo is the market leader in the tokenized treasuries category with a combined TVL exceeding \$615M. Specifically, OUSG is a best-in-class product for Accredited Investors and Qualified Purchasers that provides liquid exposure to short-term US Treasuries with 24/7 stablecoin subscriptions and redemptions |
|----------------------------|---|

### A comparison of our flagship products

|   |  <b>OUSG</b><br>Ondo Short-Term US Government Treasuries |  <b>USDY</b><br>Ondo US Dollar Yield Token |
|---|---|---|
|  <b>Eligibility</b>                 | Accredited Investors & Qualified Purchasers Worldwide   | Non-US individuals & Organizations  |
|  <b>Yield</b>                       | 5.35%   | 5.35%   |
|  <b>Underlying Assets</b>           | BlackRock USD Institutional Digital Liquidity Fund (BUIDL)  | Short-Term US Treasuries  |
|  <b>Permissions &amp; Transfers</b> | Permissioned; Transferable to Approved Holders  | Permissionless  |
|  <b>Liquidity</b>                   | Instant, 24/7 Subscriptions and Redemptions   | Daily Subscriptions and Redemptions   |
|  <b>Use Cases</b>                   | Liquid Cash Management and Settlement   | DeFi, Payments, Collateral  |
|  <b>Regulatory Compliance</b>       | Continuous Reg D Compliant Offering   | Continuous Reg S Compliant Offering<br>Issuer is a US Registered Money Services Business  |
|  <b>Available Networks</b>          | Ethereum, Polygon, Solana   | Ethereum, Mantle, Solana, Sui,<br>Aptos, Noble, Arbitrum  |

Recently, we also rolled out the Ondo Bridge, which seamlessly transfers Ondo's yield-bearing USDY token across blockchains. We have partnered with prominent bridging technologies, such as Axelar, and incorporated state-of-the-art, multi-chain communication primitives together with a novel Ondo risk management layer to help tokenholders bridge RWAs in a safe and efficient manner. It's one of the first Multi-Message Aggregation Bridge implementations with amount-based attestation thresholds, relying on both the Axelar Network and Ondo's off-chain systems to relay and attest messages. Ondo strives to build out the services and infrastructure needed to enhance utility and security for tokenized assets more broadly.

Finally, in January 2024, we announced Ondo Global Markets ("Ondo GM"), which will bring publicly listed securities onchain. Ondo GM will unlock access to traditional securities, bringing their liquidity onchain while adding DeFi capabilities to these traditional assets. It is a foundational platform bridging TradFi and DeFi that will include a broker-dealer with accounts at traditional trading, clearing and settlement venues that will accept client orders via API, web app, and smart contract call or token transfer. Ondo GM will combine the asset and liquidity access plus the institutional-grade investor protections of traditional brokerages with the interoperability, composability, and low friction settlement of public blockchains. In summary, Ondo GM will provide native access to traditional securities and associated exchange liquidity for onchain investors and protocol developers.

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|---------------------------|---|
| <b>Years in operation</b> | Ondo Finance Inc., the parent company of the Fund's General Partner and Investment Manager, was founded 3.5 years ago. The Fund has been in operation for over 18 months. |
| <b>Team size</b>          | 40+   |

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## Key personnel biographies



### Nathan Allman

Founder and Chief Executive Officer

Nathan previously worked at Goldman Sachs on the Digital Assets team, where he was responsible for the first bond issuance by the European Investment Bank on Ethereum. He also has a background in private credit investing at Prospect Capital Management. Nathan has a BA from Brown University. Nathan also serves as Manager of the General Partner and Investment Manager of the Fund.



### Justin Schmidt

President and Chief Operating Officer

Justin previously ran the Digital Assets trading desk at Goldman Sachs and helped launch the broader Digital Assets team. Justin also previously worked as a quantitative equities portfolio manager within the WorldQuant arm of Millennium Partners. Justin has a BS and MEng from Massachusetts Institute of Technology.



### Brendan Florez

Managing Director of Client Relations and Strategic Operations

Prior to joining Ondo, Brendan held roles as Senior Relationship Manager at Bridgewater Associates, Founder and CEO of Base Capital, and President and COO of Polyera. He has a BS in Electrical Engineering from Princeton University.



### Chris Tyrrell

Chief Risk and Compliance Officer

Chris previously led the compliance team at Goldman Sachs Digital Assets as well as at blockchain.com and EDX Markets, where he was most recently Chief Compliance Officer. He has a JD from University of Virginia School of Law.



### Ian De Bode

Chief Strategy Officer

Ian was the former head of digital assets at McKinsey where he advised C-suite executives from financial services firms and web3 startups. He has an MBA from Stanford University and a degree in electrical engineering and nanotechnology from the University of Leuven.



### Mark Janoff

General Counsel

Mark was formerly blockchain/crypto counsel at Orrick, where he advised Layer 1s, Layer 2 scaling solutions, DeFi protocols, TradFi institutions and investors on corporate, commercial and regulatory matters in the web3 space. He holds a JD from Stanford Law School and an MS in Electrical Engineering from Stanford University.

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### III. Product Information

#### 1. Describe the product:

The Ondo Short-Term US Government Treasuries (OUSG) Fund is an onchain financial product that provides users with secure access to short-term US Treasuries. OUSG targets stable returns in line with short-term US Treasuries and other cash equivalents, with a focus on liquidity and principal preservation. OUSG is designed with liquidity and ease-of-use in mind, supporting instant, 24/7 subscriptions and redemptions via USDC (with USDS coming soon).

Key Features Include:

- Instant, 24/7 Minting and Redemption. Get in and out of OUSG within a single block.
- No Slippage. When you redeem from the Fund, the price onchain is the price you get.
- Low Minimum Transaction Size. Instantly mint or redeem as little as \$5,000.
- Low Fees. Management fees and fund expenses are capped at 0.15% each, with management fees waived until 2025.
- Quality Assets. OUSG only invests in high-quality, highly-liquid, short-duration US Treasuries and other cash equivalents.

#### OUSG Overview and Fee Structure

|  |   |  |   |
|--|---|--|---|
|  <b>Minimum Mint</b>                  | \$5K, Instant Mint, 0% Fee                            |  <b>Management Fee</b>     | 0.15% 0% (Until Jan 1, 2025)  |
|  <b>Minimum Redemption</b>            | \$5K, Instant Redemption, 0% Fee                      |  <b>Fund Expenses</b>      | Up to 0.15%   |
|  <b>Mint and Redemption Frequency</b> | 24/7 via USDC, daily via USD                          |  <b>Domicile</b>           | United States   |
|  <b>Investor Eligibility</b>          | Accredited Investors & Qualified Purchasers Worldwide |  <b>Available Networks</b> |  Ethereum<br> Polygon (Non-Instant Only)<br> Solana (Non-Instant Only) |

#### 2. Describe the underlying asset:

Over 99.5% of OUSG's assets are currently invested in the BlackRock USD Institutional Digital Liquidity Fund (BUIDL), which in turn invests 100% of its assets in cash, US Treasuries, and repurchase agreements. OUSG may also temporarily hold shares in BlackRock's FedFund (TFDXX), bank deposits, and USDC and other stablecoins for liquidity purposes.

### **3. How is yield transferred to the tokenholder (i.e., via rebasing, distributions, price accrual, etc.) and how often?**

OUSG is available in two versions, an accumulating token (OUSG) and a rebasing token (rOUSG). While both versions pay out yield upon redemption and accrue yield daily, the manner in which the accrual is represented differs.

For OUSG, the accruing yield gets ‘accumulated’ into the token price. As the underlying investments accrue yield daily, we recognize this yield by increasing the Net Asset Value (NAV) of the underlying Fund, thereby increasing the NAV per OUSG token. We typically update the price once every Business Day, generally at around 6pm ET.

rOUSG, on the other hand, is intended to maintain a price of \$1.00 per token, with the accruing yield represented by the division of rOUSG tokens into more tokens via rebasing. To learn more about the intricacies and mechanics of rOUSG please see a more detailed explanation in our [support documentation](#).

As an example, let’s say you held 1 OUSG token worth \$100 and 100 rOUSG tokens worth \$1.00 each. The next day the NAV per OUSG token increased to \$101 per token. After the price update and rebasing, your holdings of both rOUSG and OUSG would be worth \$101.00 each (\$202.00 in total). You would still have a balance of 1 OUSG token worth \$101.00. However, due to the rebasing nature of rOUSG tokens, you would now hold 101 rOUSG tokens worth \$1.00 per token.

#### **Two Versions of the OUSG Token:**

|  | OUSG   | rOUSG   |
|--|--|---|
| Token Type                                 | Accumulating   | Rebasing (distributing)                       |
| Yield Distribution Profile                 | Reflected through an increasing redemption price (NAV per share)   | Distributed as additional rOUSG tokens daily  |
| As Treasury Yield Accrues, the Token Price | Increases  | Remains at \$1.00                             |
| Best Suited for                            | Buy-and-hold cash management (some custodians only support accumulating tokens), collateral in smart contracts | Yield-bearing means of settlement or exchange |

More information on OUSG’s yield accrual mechanisms can be found [here](#).

### **4. What is the jurisdiction of the issuer and key entities?**

*Issuer: Ondo I LP*

Ondo I LP is a US-based Delaware limited partnership. The offerings of Ondo I LP are securities under the US Securities Act of 1933 that are exempt from registration thereunder because it is offered and sold by under Rule 506(c) of Regulation D promulgated under the Securities Act and under the 3(c)(7) exemption for Qualified Purchaser funds under the US Investment Company Act of 1940. The OUSG token represents a unitized limited partnership interest of Ondo I LP.

*General Partner: Ondo I GP LLC (the “General Partner”)*

Ondo I GP LLC is a US-based Delaware limited liability company that acts as the general partner of the Fund.

*Investment Manager: Ondo Capital Management LLC (the “Investment Manager”)*

Ondo Capital Management LLC is a US-based Delaware limited liability company and the investment manager of the Fund. Under the requirements of the US Investment Advisers Act of 1940, as amended (the “Advisers Act”) Ondo Capital Management LLC intends to register with the US Securities and Exchange Commission (“SEC”) as a Registered Investment Advisor in 2025.

*Parent of General Partner and Investment Manager: Ondo Finance Inc. (“Ondo Finance”)*

Ondo Finance Inc. wholly owns Ondo I GP LLC and Ondo Capital Management LLC, and was responsible for forming those entities and the Fund and developing their tokenization strategy and technologies.

*Other*

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| Category           | Entity              | Jurisdiction  |
|--------------------|---------------------|---------------|
| Transfer Agent     | Securitize (BUIDL)  | United States |
| Custodian          | BNY Mellon (BUIDL)  | United States |
| Bank               | Silicon Valley Bank | United States |
| Auditor            | BPM LLP             | United States |
| Fund Administrator | NAV Fund Services   | United States |
| Tax Preparer       | RSM US LLP          | United States |

**5. What is the asset eligibility criteria and/or concentration limitations for the portfolio as defined by the underlying documents?**

OUSG's objective is to maximize tokenholder capital appreciation while minimizing the risk of permanent capital loss through market cycles. OUSG only invests in securities issued by the United States Department of the Treasury or in exchange-traded funds or other pooled investment vehicles that invest in US Treasuries.

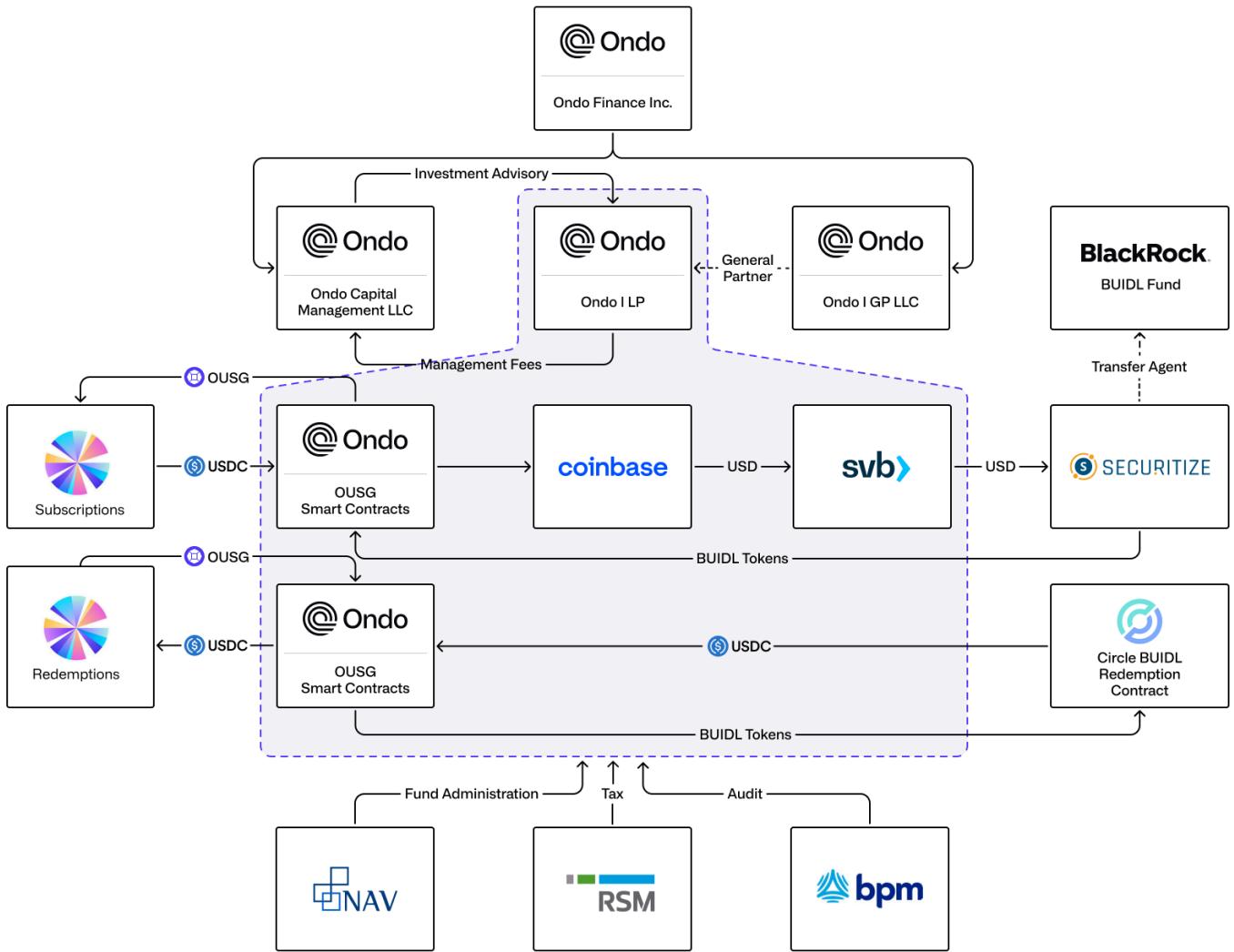
Over 99.5% of the Fund's assets are currently invested in the BlackRock USD Institutional Digital Liquidity Fund (BUIDL), with the remainder in BlackRock's FedFund (TFDXX), bank deposits, and USDC for liquidity purposes. Prior to its migration primarily to BUIDL, the Fund had also invested in the iShares Short Treasury Bond ETF (SHV).

The Investment Manager considers a number of factors when evaluating potential assets for the OUSG portfolio, including capital preservation, liquidity, diversification, tax implications, asset performance history, asset manager performance history, and alignment with tokenization and cryptocurrency industry objectives and values.

**6. Are any hedging or derivatives permitted in the underlying portfolio?**

No.

**7. Provide a list of all counterparties and service providers used by your product (i.e., custodians, trustees, reporting agents, exchange agents, banks, etc). Provide flow-charts or diagrams for all related entities and counterparties, if available.**



**BlackRock** is one of the world's preeminent asset management firms and a premier provider of investment management services. BlackRock is BUIDL's fund manager and sponsor, with its assets custodied at [BNY Mellon](#). BlackRock is also the fund manager and sponsor for the BlackRock Liquidity Fund FedFund - Institutional (TFDXX), which custodies its assets at [JPMorgan Chase Bank](#).

**NAV Fund Services** is a well-known provider of fund administration services, with over \$300B in assets under administration, and provides fund administration services to the Fund. Such services include accounting, net asset value calculation, investor account statement generation, and preparation of financial statements, which are [published daily on the OUSG website](#).

**Securitize** acts as the platform and transfer agent that facilitates the Fund's investment into BlackRock's USD Institutional Digital Liquidity Fund (BUIDL) and provides reporting regarding its performance. They also facilitate redemptions of BUIDL into USDC and/or USD as needed.

[Silicon Valley Bank](#) is a division of First-Citizens Bank & Trust Company, an FDIC regulated US bank with an S&P (long-term) rating of BBB+, and holds all of the Fund's bank deposits.

[Coinbase Prime](#) is an integrated solution offering advanced trading, custody, and financing services for institutional investors, and serves as Ondo I LP's partner for stablecoin-to-fiat conversion.

[RSM US LLP](#) is a tax, audit and consulting firm that provides tax preparation services for the Fund.

[BPM LLP](#) is an audit, tax, and advisory firm that conducts the Fund's annual audits. BPM is regularly ranked as one of the top accounting firms by Forbes.

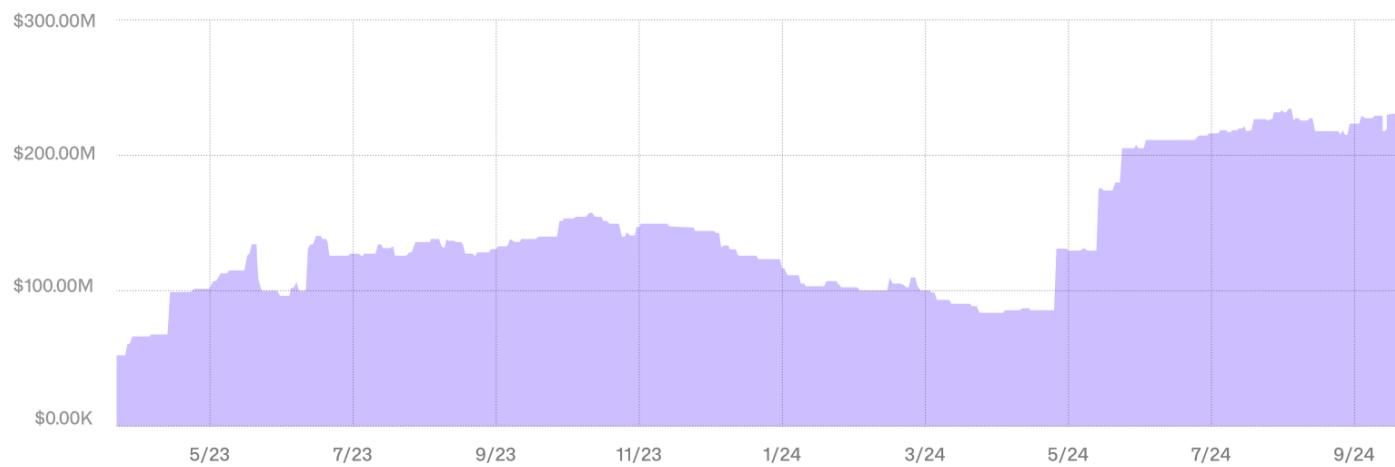
## 8. What is the AUM of the product? Provide a breakdown by blockchain:

As of September 18, 2024, OUSG has \$229.06M in AUM: \$218,770,823 on Ethereum, \$10,291,727 on Solana.

### OUSG Treasury Product Metrics

Market Cap

\$229,062,553



(Our contracts can be found here: [Ethereum](#) | [Solana](#).)

## 9. What are the standard fees (i.e., subscription, redemption, management, etc.)?

### *Management Fees*

Ondo charges a management fee of 0.15% per annum.

### *Fund Operating Expenses*

Fund operating expenses are capped at 0.15% per annum.

### *Other Fees*

There are no other fees.

## OUSG Overview and Fee Structure

|   |   |   |   |
|---|---|---|---|
|  Minimum Mint                  | \$5K, Instant Mint, 0% Fee                            |  Management Fee     | 0.15% 0% (Until Jan 1, 2025)  |
|  Minimum Redemption            | \$5K, Instant Redemption, 0% Fee                      |  Fund Expenses      | Up to 0.15%   |
|  Mint and Redemption Frequency | 24/7 via USDC, daily via USD                          |  Domicile           | United States   |
|  Investor Eligibility          | Accredited Investors & Qualified Purchasers Worldwide |  Available Networks |  Ethereum<br> Polygon (Non-Instant Only)<br> Solana (Non-Instant Only) |

### 10. Other than the fees described above, can other expenses be paid from the proceeds of the product/assets?

No.

### 11. How is your product permissioned? (e.g., primary users, secondary users)

Only allowlisted externally owned account (“EOA”) addresses, allowlisted multisig wallet addresses and other allowlisted smart contract addresses can acquire OUSG tokens, whether in the primary or secondary market, or otherwise interact with OUSG tokens.

To add their EOA or multisig wallet address to the allowlist, a prospective investor must provide that address and (i) successfully complete a standard customer due diligence process (which may include enhanced diligence in certain circumstances) administered by the General Partner for anti-money laundering and sanctions compliance purposes, (ii) provide sufficient evidence for verification of their status as an Accredited Investor as defined in Regulation D under the US Securities Act of 1933, as amended (the “33 Act”) and (iii) attest to their status as a Qualified Purchaser as defined in the US Investment Company Act of 1940, as amended (the “40 Act”).

Once a prospective investor has successfully completed this onboarding process, their EOA or multisig wallet address is added to the KYCRegistry smart contract that was developed and is administered by Ondo. Any EOA or multisig wallet address on the KYCRegistry can then acquire or receive OUSG tokens at any time. The KYCRegistry smart contract can be found [here](#).

In order for smart contract addresses (other than multisig wallet addresses) to be allowlisted for interaction with OUSG, the smart contracts must successfully complete Ondo’s technical, operational, legal and compliance due diligence review.

## **12. What is the monthly transaction volume for the product?**

The 30-day transaction volume was \$11,887,202 as of September 18, 2024. More volume metrics and holder information can be found on this [dashboard](#).

## **13. What is the expected and maximum time for users to subscribe to and redeem from your product? Have you had any interruptions in your ability to process redemptions and subscriptions?**

For ‘instant mints’, the entire process of depositing stablecoins and receiving back OUSG happens within a single atomic transaction: the entire transaction will either succeed or fail — there is no scenario where a tokenholder can deposit funds and not receive OUSG. As a practical matter, however, for ‘non-instant’ mints, investors typically receive their OUSG tokens within one business day. Even in the event of a delay in minting, however, your rights as a OUSG tokenholder and limited partner of the Fund in connection with that minting/subscription request, including the amount of OUSG you receive, are based upon the date we receive your valid subscription request, not the date on which the tokens are minted. For more information on subscriptions, see the [investing section](#) of our support documentation.

For ‘instant redemptions’, the process again happens in a single, atomic transaction. Contractually the Fund must process redemptions within 20 calendar days of an OUSG redemption request; as a practical matter, however, non-instant redemptions are typically serviced within 3-4 business days. For more information on redemptions, see the [redemptions section](#) of our support documentation.

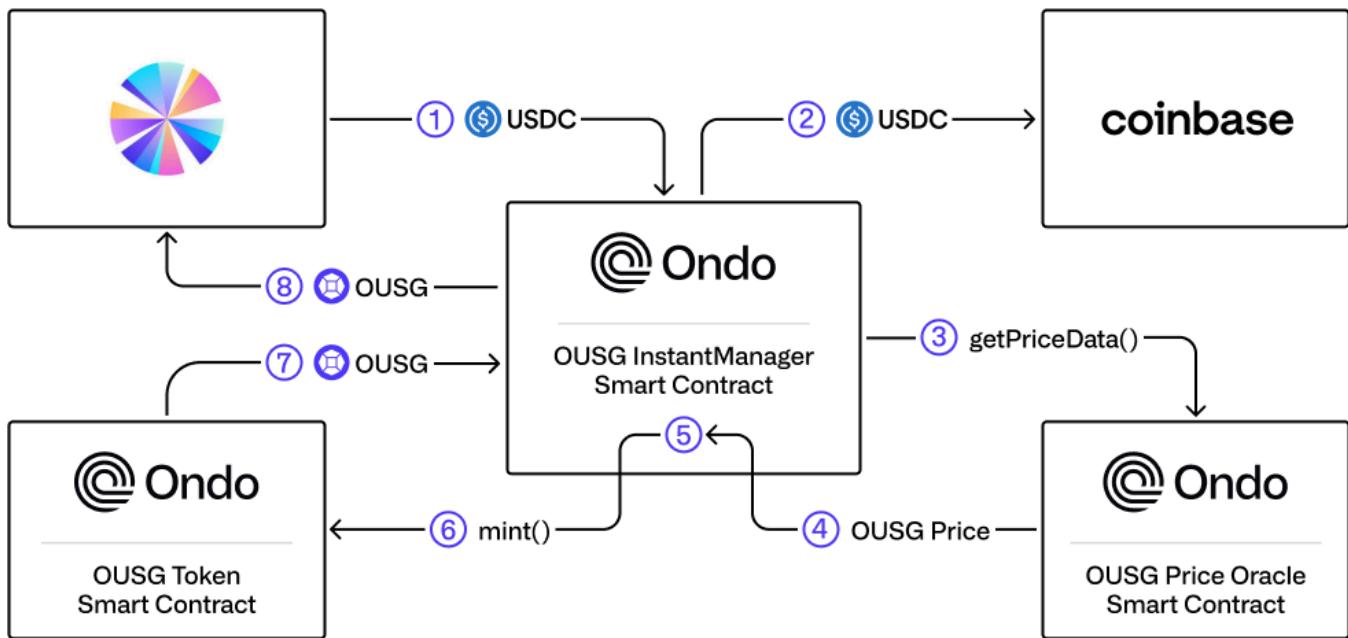
We have never failed to meet our subscription or redemption timing obligations.

## **14. Provide a description of the subscription and redemption process. Include a diagram of the flow of funds, including each party involved.**

### **Instant Mint Subscription**

#### *Step 1: Atomic Mint Transaction*

The first step is the atomic mint transaction, best described by reference to the below diagram:



(1) The user interacts with the InstantManager smart contract to request a subscription. (2) The InstantManager contract immediately routes the investor's USDC to the OUSG Coinbase Account of Ondo I LP. (3) The InstantManager contract calls the Price Oracle contract to (4) get the current price of OUSG. (5) The instantManager contract uses that price to calculate how many OUSG to mint. (6) The InstantManager contract then calls the mint() function in the OUSG smart contract, which (7) mints the correct number of OUSG tokens. (8) The InstantManager contract then routes these newly minted OUSG tokens to the investor.

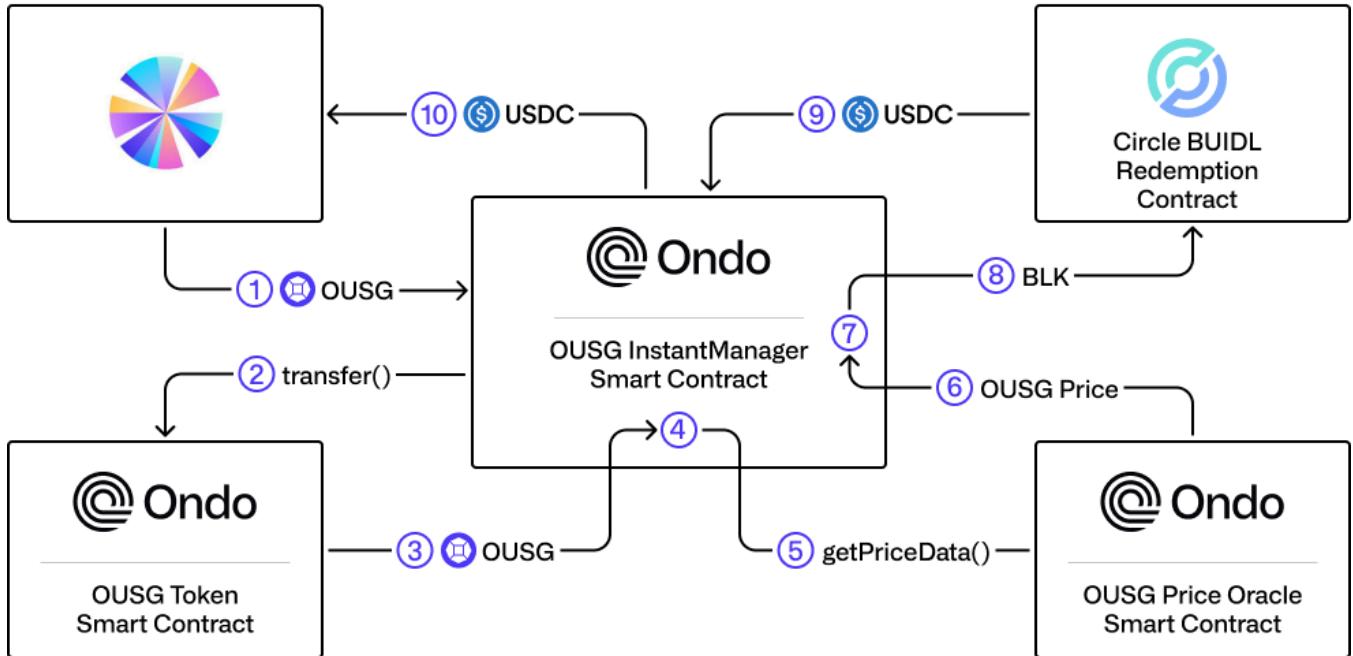
### Step 2: Manual Processing

Once a day, the operations team converts USDC to USD, wires the USD to the Fund's SVB account, places a buy order for BUIDL, and wires the money from SVB to fill the order. Once a day, BUIDL tokens are minted and sent to OUSG's smart contract, where they are stored.



### Instant Redemption

The first – and this time only – step is again an atomic transaction, best described by reference to the below diagram:



(1) The investor initiates the redemption to the OUSG InstantManager smart contract. (2) The InstantManager contract calls the `transferFrom()` function of the OUSG Token contract, which causes (3) the OUSG to be transferred from the investor's wallet into the InstantManager contract, which then (4) burns the OUSG. To figure out how much USDC is due to the investor (and therefore how many BUIDL are necessary to sell), the InstantManager contract (5) calls the `getPriceData()` function in the OUSG Price Oracle, which (6) returns the price. Once the InstantManager contract (7) determines how many BUIDL must be sold, it (8) initiates the `redeem()` function in the Circle BUIDL redemption contract, which then (9) returns USDC. Finally, (10), the InstantManager sends the USDC to the investor's wallet.

Non-instant mint and redemption occurs in a similar way, but with more manual steps and non-atomically.

## 15. Have any liquidity vehicles been established to enhance redemption and subscription efficiency? If so, describe how they work.

Circle has established a liquidity facility that allows holders of OUSG to transfer their shares to Circle for USDC. This liquidity facility provides OUSG investors with a near-instant, 24/7 OUSG off-ramp that brings to bear the core benefits of tokenized assets: speed, transparency and efficiency. This liquidity facility has the ability to offer instant redemptions up to a maximum of \$25M dollars per day.

## 16. With what product can subscriptions and redemptions be made? (i.e., fiat, Dai, USDC, etc.)

For instant subscriptions and redemptions, we currently accept USDC. In Q4 2024, we will add USDS for both subscriptions and redemptions. For non-instant subscriptions and redemptions, we support both stables and USD (via bank wire).

**17. What are your future development plans for the product?**

Please refer to the materials we submitted privately.

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## **IV. Legal Structure**

### **1. Explain the legal structure of the product and the jurisdictions in which it operates:**

The Fund is structured using a traditional GP/LP model. Investors become limited partners in the Fund by acquiring OUSG tokens, each of which represents a unitized limited partnership interest in the Fund. The Fund is managed by its General Partner, Ondo I GP LLC, a Delaware limited liability company and wholly owned subsidiary of Ondo Finance. The Fund's Investment Manager is Ondo Capital Management LLC, a Delaware limited liability company and wholly owned subsidiary of Ondo Finance. Proceeds of each purchase of OUSG from the Fund are invested by the Investment Manager into US Treasuries products (as described in Section III.5 above).

The Fund is further structured as a private fund under Section 3(c)(7) of the 40 Act, which exempts the Fund from registration as an investment company under the 40 Act. Accordingly, OUSG is only available to Qualified Purchasers as defined in the 40 Act. OUSG is offered and sold by the Fund in reliance on Rule 506(c) of Regulation D under the 33 Act, which exempts OUSG from the securities registration requirements of the 33 Act. Accordingly, OUSG can only be acquired by verified Accredited Investors as defined in Regulation D. This exemption preempts US state securities laws. Investors also must undergo customer due diligence for anti-money laundering and sanctions compliance purposes, which is administered by the General Partner.

The Investment Manager is exempt from registration as an investment adviser under the Advisers Act. However, the Investment Manager anticipates that it will be required to become a registered investment adviser under the Advisers Act in 2025, and will comply with such requirements.

The Fund, as well as its General Partner and Investment Manager, are organized in and operate from the United States, with their principal places of business in the state of Connecticut. OUSG is marketed primarily via Internet channels from the United States in the English language, and does not target any specific jurisdiction or jurisdictions. OUSG is only sold to and held by global qualifying institutions and high net worth persons who successfully complete the Fund's customer due diligence process, which screens prospective purchasers for sanctions and anti-money laundering compliance purposes.

### **2. What regulatory bodies oversee the product?**

As an issuer of a product that is available in a wide range of jurisdictions, the Fund is mindful of regulatory requirements both in its own jurisdiction and the jurisdictions of its tokenholders.

In the US, the Fund, its Investment Manager, and the offer and sale of OUSG are structured to comply with exemptions from applicable registration requirements that are enforced by the US Securities and Exchange Commission (the "SEC").

Globally, the Fund, its affiliates and OUSG rely on exemptions or exclusions from applicable securities or digital asset approval, registration, licensing, permitting and similar requirements.

These exemptions and requirements are enforced by various regulatory bodies, including the following regulatory bodies in top non-US jurisdictions for OUSG ownership:

- Cayman Islands Monetary Authority;
- British Virgin Islands Financial Services Commission;
- Securities and Commodities Authority (United Arab Emirates, mainland);
- Virtual Assets Regulatory Authority (Dubai, United Arab Emirates, mainland);
- Securities and Futures Commission (Hong Kong);
- Hong Kong Monetary Authority;
- Financial Market Supervisory Authority (Switzerland); and
- Monetary Authority of Singapore.

See Section IV.3 below for further information on these exemptions and exclusions.

**3. What licenses, permits, certificates, authorizations, registrations, concessions, approvals, exemptions does your product or company hold?**

In the US, the Fund is structured as a private fund under Section 3(c)(7) of the 40 Act, which exempts it from registration as an investment company with the SEC. OUSG is offered and sold in reliance on Rule 506(c) of Regulation D under the 33 Act, which exempts it from the SEC's securities registration requirements and preempts the applicable registration or qualification requirements of US state securities laws. The Investment Manager is a private fund adviser that is exempt from registration with the SEC as an investment adviser. However, the Investment Manager expects to register with the SEC as an investment adviser in 2025.

The Fund has filed Form D with the SEC, and an amendment thereto, in connection with its compliance with Rule 506(c) (available [here](#)). The Investment Manager has filed Form ADV with the SEC in connection with its compliance with the exempt reporting adviser requirements of the Advisers Act (available [here](#)).

Globally, the Fund, its affiliates and OUSG rely on exemptions or exclusions from applicable securities or digital asset approval, registration, licensing, permitting and similar requirements. These include exemptions and exclusions for sales to high net worth persons, sophisticated persons or professional investors; sales pursuant to reverse solicitations; cross-border transactions; absence of operations and other activities in the applicable jurisdictions; and combinations thereof.

**4. How is bankruptcy remoteness established for assets of this product? Does the issuer have more than one product? Please provide separately any related legal opinions or supplementary documents regarding bankruptcy remoteness.**

The Fund operates within a traditional GP/LP structure to maximize bankruptcy remoteness and investor protection. Specifically, it maintains the key, well established and widely recognized indicia of a bankruptcy remote structure listed below. Because a variety of jurisdictions – including jurisdictions where the issuer is organized, jurisdictions where key business decisions are made, and jurisdictions where creditors or other interested parties reside or conduct their business – may assert jurisdiction to enforce creditor rights (with respect to the Fund or any other issuer), it is crucial

to adhere to bankruptcy remoteness principles that are widely recognized across jurisdictions. The Fund's maintenance of these characteristics is intended to prevent voluntary and involuntary bankruptcy filings, to prevent the substantive consolidation of the Fund with another person or entity in the event of the latter's bankruptcy, and to protect the OUSG holders' rights in the event of any such bankruptcy.

- *Restrictions on Activities.* The Fund only (1) issues OUSG in exchange for investment, (2) invests the proceeds of those investments in the manner set forth in Section III.5 above, and (3) otherwise operates its business in a manner incidental to such issuance and investment. (While the Fund was originally structured to issue additional assets, it does not do so.)
- *Limitations on Incurring Indebtedness.* The Fund does incur any indebtedness for money borrowed.
- *Restrictions on Organizational Changes.* The Fund's limited partnership agreement cannot be amended in any manner that adversely affects any OUSG holder without the consent of a majority-in-interest of OUSG holders (excluding OUSG tokens that are subject to a pending redemption)
- *Operational Separateness.* The Fund maintains operational separateness from the General Partner, the Investment Manager, Ondo Finance and other persons and entities in a variety of manners, including conducting business in its own name only; not commingling assets with any other person or entity; maintaining separate books, records, accounts and financial statements from any other person or entity; not acquiring any securities or other interests in its members or creditors; not incurring any guarantee or obligation with respect to any other person's or entity's debts; not pledging its assets; not making any loans or advances to the General Partner, the Investment Manager or Ondo Finance; and observing all limited partnership formalities.

## **5. What rights do tokenholders have?**

Holders of OUSG tokens are, by definition, limited partners in the Fund and therefore have statutory rights of limited partners under the Delaware Revised Limited Partnership Act and contractual rights under the Fund's Amended and Restated Limited Partnership Agreement and the applicable Subscription Documents (available [here](#)), including limitation of liability. Tokenholders can further avail themselves of protections of applicable regulatory bodies outlined in Section IV.2 above.

## **6. Are there any pending or threatened legal proceedings or investigations against the company or any of its officers?**

Yes; however, the Fund does not expect any resulting material adverse effect on its or its affiliates' financial condition or operations, including any of their abilities to fulfill any of their OUSG-related obligations.

## **7. Describe any conflicts of interest the company or product may have with its officers or MakerDAO:**

Nathan Allman is the Manager of the General Partner and the Investment Manager, as well as a director and officer of Ondo Finance, which is the parent of the General Partner and holds a minority position (< 2%) in OUSG.

While we do not believe that the following relationships constitute an actual or potential conflict of interest, we note that Sébastien Derivaux is a director of Ondo USDY LLC, which is indirectly controlled by Ondo Finance (but is otherwise unrelated to the Fund, its General Partner and its Investment Manager), as well as the co-founder and Chief Executive Officer of Steakhouse Financial.

## **8. Explain the potential tax implications associated with the product:**

The Fund expects to be treated as a partnership (and not as an association or a publicly traded partnership treated as a corporation) for US federal income tax purposes. The Fund expects to qualify for an exemption from being a publicly traded partnership treated as a corporation because 90% or more of its gross income for any taxable income is expected to constitute “qualifying income” for the purposes of Section 7704 of the US Internal Revenue Code, as amended. Accordingly, the Fund does not pay US federal income tax, but instead passes through its profits, losses, deductions and credits to its limited partners.

The Fund further expects that its non-US investors will be exempt from US federal income tax because the Fund's principal activity is engaging in investing or trading securities for its own account and the Fund intends to not be a dealer and, therefore, non-US investors in the Fund would be deemed not to be engaged in a US trade or business for US federal income tax purposes.

In addition, the Fund does not expect to have any US federal withholding tax obligations with respect to its non-US partners' share of Fund income because, among other things, such income is either foreign source income or qualifies for applicable portfolio interest, interest-related dividend or similar exemptions from such withholding tax obligations.

The Fund's US investors are expected to be subject to US federal income tax on their share of Fund income.

The Fund will deliver applicable US tax forms to its investors consistent with these expectations.

Note that foreign taxes, or US state and local taxes, may apply to an investor's share of Fund income depending on the investor's personal tax circumstances. You should consult with your own tax advisor regarding the tax consequences of and risks of acquiring, holding and selling OUSG. We cannot provide assurances regarding those consequences or risks.

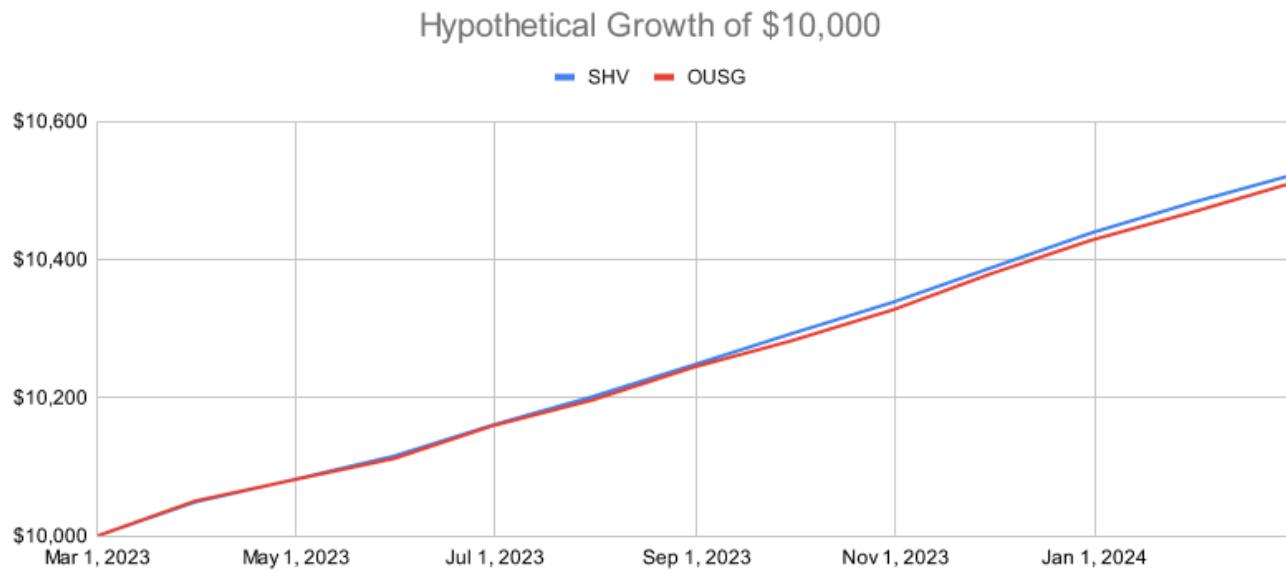
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## V. Performance, Reporting, and Technical

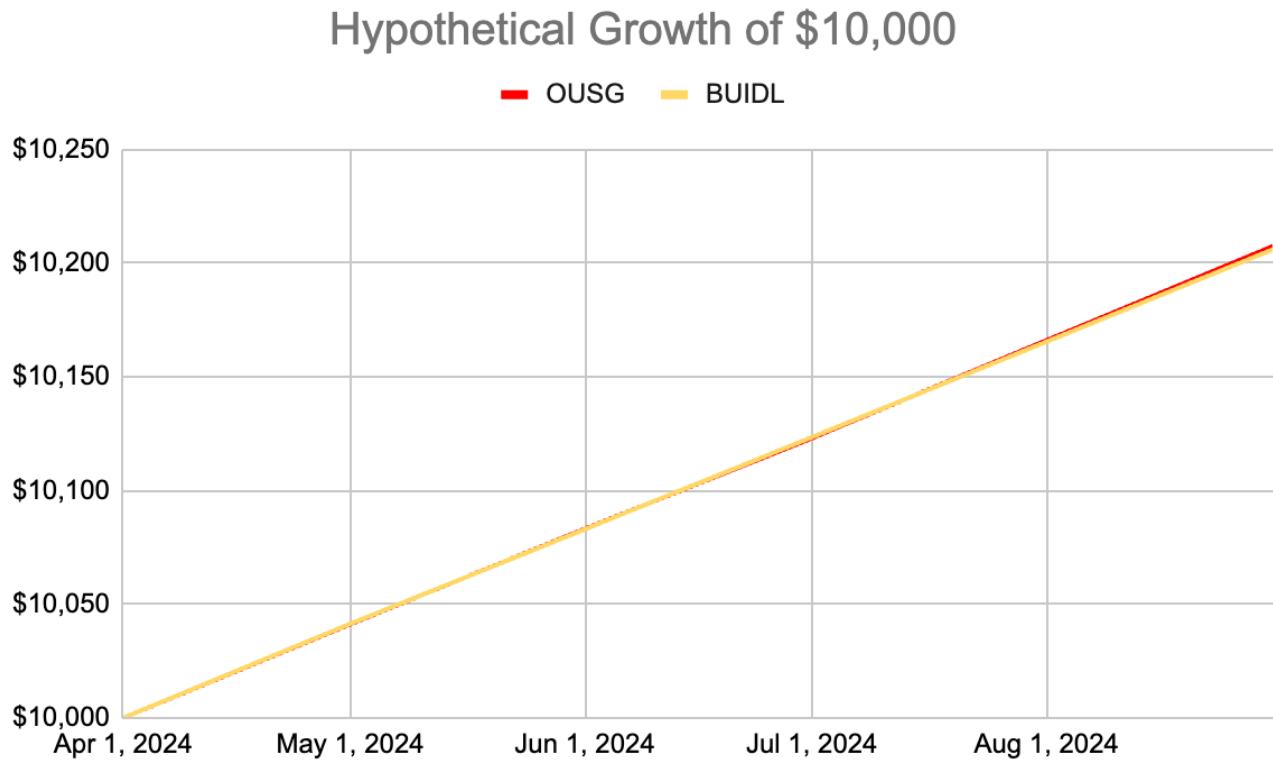
### 1. Provide historical performance relative to the most relevant benchmark and explanations for any deviations from the benchmark:

From the period from March 1, 2023 when OUSG was stabilized through near the end of February 2024, OUSG was primarily invested in the BlackRock iShares Short-Term Treasury Bill ETF(SHV). During that period, OUSG's annualized return was 5.08% vs SHV's 5.20%:



|            | Annualized Yield | Growth of 10k | Max Drawdown | Monthly Vol | Tracking Error |
|------------|------------------|---------------|--------------|-------------|----------------|
| SHV        | 5.20%            | \$10,520      | -0.036%      | 0.43%       | N/A            |
| OUSG       | 5.08%            | \$10,508      | -0.055%      | 0.42%       | 0.032%         |
| Difference | 0.12%            | -\$12         | -0.019%      | -0.01%      |                |

From April 2024 onward, OUSG has primarily been invested in BlackRock's BUIDL token. From April 2024 through the end of August 2024, OUSG's annualized return was 5.05% vs BUIDL's 5.02%:



|       | Annualized Yield | Growth of \$10K | Max Drawdown | Monthly Vol | Tracking Error |
|-------|------------------|-----------------|--------------|-------------|----------------|
| BUIDL | 5.02%            | \$10,206        | 0.00%        | 0.41%       | n/a            |
| OUSG  | 5.05%            | \$10,208        | 0.00%        | 0.41%       | 0.01%          |

## 2. Describe the frequency, content, and process for performance and portfolio transparency reports. Who provides these?

### *Daily Reporting*

Our fund administrator (NAV Consulting) has direct, read-only access to all of the Fund's accounts daily. We independently calculate the Net Asset Value of the Fund each day. If ever there is a discrepancy we work with NAV Consulting to identify and correct the source of the error. Once in agreement, we publish the full set of financials created by NAV Consulting on a daily basis. These

daily reports include a Statement of Income, Statement of Changes in Net Asset Value, Statement of Assets and Liabilities, and Trial Balance. You can find a link to those reports [here](#).

### Sample Daily NAV Consulting Account Statement

| Ondo I LP<br>OUSG_TC<br>Account Statement (Unaudited)<br>For the Period Ended September 17, 2024<br>Reporting Currency : USD |                       |                       |                       |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Statement of Income  | Period to Date        | Month to Date         | Quarter to Date       | Year to Date          |
| Trading Income (Expenses):   |                       |                       |                       |                       |
| Realized P&L - Short Term  |                       |                       | 0.00                  | 206,226.45            |
| Change In Unrealized P&L   |                       |                       |                       | 106,618.05            |
| Commission Expenses  |                       |                       |                       | (36,929.10)           |
| Other Trading Cost   |                       |                       |                       | (1,100.00)            |
|  |                       |                       | 0.00                  | 274,815.40            |
| Other Incomes:   |                       |                       |                       |                       |
| Broker Interest Income   | 13.78                 | 1,389.18              | 5,751.04              | 38,821.81             |
| Dividend Income - US Stock   | 32,189.45             | 538,929.93            | 2,654,565.98          | 5,634,325.16          |
| <b>Total Income (Loss):</b>  | <b>32,203.23</b>      | <b>540,319.11</b>     | <b>2,660,317.02</b>   | <b>5,947,962.37</b>   |
| Expenses:  |                       |                       |                       |                       |
| Administration Expenses  | (378.80)              | (6,439.62)            | (29,093.48)           | (69,808.63)           |
| Legal Expenses   |                       |                       | (20,000.00)           | (20,000.00)           |
| Professional Expenses  |                       |                       | (184,779.60)          | (184,779.60)          |
| Operating Expenses   |                       |                       | (516.00)              | (12,704.52)           |
| <b>Total Expenses:</b>   | <b>(378.80)</b>       | <b>(6,439.62)</b>     | <b>(234,389.08)</b>   | <b>(287,292.75)</b>   |
| <b>Net Income (Loss) :</b>   | <b>31,824.43</b>      | <b>533,879.49</b>     | <b>2,425,927.94</b>   | <b>5,660,669.62</b>   |
| Statement of Changes in Net Asset Value  |                       |                       |                       |                       |
| Beginning Balance  | 228,050,650.83        | 221,300,609.45        | 220,971,014.38        | 134,056,124.81        |
| Additions  | 980,070.88            | 10,399,867.37         | 58,333,053.04         | 223,540,903.94        |
| Net Income (Loss)  | 31,824.43             | 533,879.49            | 2,425,927.94          | 5,660,669.62          |
| Redemptions  |                       | (3,171,810.17)        | (52,667,449.22)       | (134,195,152.23)      |
| <b>Ending Balance:</b>   | <b>229,062,546.14</b> | <b>229,062,546.14</b> | <b>229,062,546.14</b> | <b>229,062,546.14</b> |

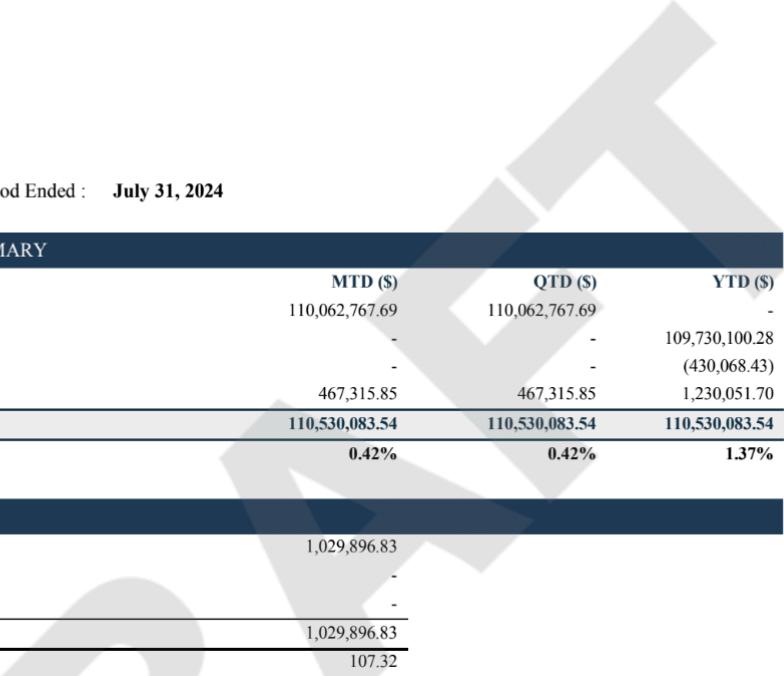
### Sample Daily NAV Consulting Statement of Assets and Liabilities

| Ondo I LP<br>OUSG_TC<br>Statement of Assets and Liabilities (Unaudited)<br>As of 09/17/2024<br>Reporting Currency : USD |              |                                      |                       |                       |
|---|--------------|--------------------------------------|-----------------------|-----------------------|
| Account Category  | GL Number    | Financial Account                    | Amount                |                       |
| Assets - Cash   | 13004        | Broker Cash Balance                  |                       | 359.54                |
| Assets - Cash   | 13004        | Bank Balance                         |                       | 351,479.59            |
| Assets - Cash   | 13004        | Cash Balance With Exchange           |                       | 1,195.44              |
| Assets - Other Receivables  | 12527        | Receivable/(Payable) between Classes |                       | (8,862.82)            |
| Assets - Long Portfolio Value   | 13501        | Long Portfolio Value- Cost           |                       | 228,377,883.93        |
| Assets - Interest Receivables   | 10002        | Broker Interest Receivable           |                       | 523.61                |
| Assets - Dividend Receivables   | 10502        | Dividend Receivable - US Stock       |                       | 652,188.35            |
| <b>Total Assets:</b>  |              |                                      | <b>229,374,767.65</b> |                       |
| Liabilities - Fees Payables   | 21502        | Management Fee Payable               |                       | 128,841.91            |
| Liabilities - Expense Payables  | 22003        | Legal Expenses Payable               |                       | 20,000.00             |
| Liabilities - Expense Payables  | 22005        | Professional Expenses Payable        |                       | 163,379.60            |
| <b>Total Liabilities:</b>   |              |                                      | <b>312,221.51</b>     |                       |
| <b>Capital:</b>   | <b>70031</b> | <b>Ending Net Asset Value</b>        |                       | <b>229,062,546.14</b> |

## *Monthly Reporting*

Additionally, each month NAV Consulting sends each OUSG client an Investor Account Statement. These monthly statements include a Capital Account Summary, Share Summary, and Activities Since Inception.

### *Sample Monthly NAV Consulting Investor Account Statement: Summary*

| Individual Account Statement  |  |                       |                       |
|---|--|-----------------------|-----------------------|
| UNAUDITED   |  |                       |                       |
|  <b>Ondo</b> | <b>Ondo I LP</b><br>500 WEST PUTNAM AVENUE, SUITE 400<br>GREENWICH, CT 06830 | <b>INVESTOR NO.</b>   |                       |
|   |  |                       | <b>XXX</b>            |
|            |  |                       |                       |
| INVESTOR NAME   |  |                       |                       |
| INVESTOR ADDRESS  |  |                       |                       |
| Investor Statement for the Period Ended : <b>July 31, 2024</b>                                |  |                       |                       |
| CAPITAL ACCOUNT SUMMARY   |  |                       |                       |
|   | MTD (\$)   | QTD (\$)              | YTD (\$)              |
| Beginning Balance   | 110,062,767.69   | 110,062,767.69        | -                     |
| Additions   | -  | -                     | 109,730,100.28        |
| Redemptions   | -  | -                     | (430,068.43)          |
| Net Income  | 467,315.85   | 467,315.85            | 1,230,051.70          |
| <b>Ending Balance</b>   | <b>110,530,083.54</b>  | <b>110,530,083.54</b> | <b>110,530,083.54</b> |
| <b>Rate of Return</b>   | <b>0.42%</b>   | <b>0.42%</b>          | <b>1.37%</b>          |
| SHARE SUMMARY   |  |                       |                       |
| Beginning Shares  | 1,029,896.83   |                       |                       |
| Additions   | -  |                       |                       |
| Redemptions   | -  |                       |                       |
| <b>Ending Shares</b>  | <b>1,029,896.83</b>  |                       |                       |
| Net Asset Value Per Share   | 107.32   |                       |                       |

## Sample Monthly NAV Consulting Investor Account Statement: Account Activity

### Individual Account Statement

UNAUDITED



Ondo I LP  
500 WEST PUTNAM AVENUE, SUITE 400  
GREENWICH, CT 06830

INVESTOR NO.

XXX

Activities Since Inception : July 31, 2024

|              | Inflow (\$) |               |                    | Outflow (\$) |              |
|--------------|-------------|---------------|--------------------|--------------|--------------|
| Subscription | 2024-04-19  | 250,000.00    | Partial Redemption | 2024-04-22   | (300,068.30) |
| Addition     | 2024-04-22  | 250,000.00    | Transfer           | 2024-04-22   | (1,058.94)   |
| Transfer     | 2024-04-23  | 2,118.44      | Transfer           | 2024-04-23   | (1,059.22)   |
| Addition     | 2024-04-24  | 21,200,100.00 | Partial Redemption | 2024-04-24   | (50,000.00)  |
| Addition     | 2024-04-25  | 24,010,000.00 | Partial Redemption | 2024-04-25   | (59,999.98)  |
| Addition     | 2024-04-26  | 10,000.00     | Partial Redemption | 2024-04-26   | (10,000.01)  |
| Addition     | 2024-05-02  | 10,000.00     | Partial Redemption | 2024-05-02   | (10,000.14)  |
| Addition     | 2024-05-14  | 44,000,000.00 |                    |              |              |
| Addition     | 2024-05-24  | 20,000,000.00 |                    |              |              |

### 3. Describe the accounting and auditing processes for the portfolio and product:

#### *Accounting*

The net asset value (NAV) is calculated each day at approximately 4:00 PM Eastern Time by recording the transactions over the prior 24 hours in our accounting system. Automated workflows pull the daily transactional information into our internal accounting system directly from Ondo's prime brokers and banks. These daily transactions are accessed primarily through API connections and secure file transfer protocols (SFTP). onchain data is currently uploaded to SFTP. After confirming that each workflow has processed correctly, the daily transaction data is then imported.

As with all of our Qualified Access Funds, our fund administrator (NAV Consulting) also has direct, read-only access to all of the Fund's accounts daily, and independently calculates the NAV each day. If ever there is a discrepancy between our records and theirs, we work with NAV Consulting to identify and correct the source of the error. Once in agreement, we publish the full set of financials created by NAV Consulting on a daily basis.

## *Audit*

The Fund has engaged [BPM LLP](#) as its audit provider. BPM LLP is a US-based audit, tax, and advisory firm that is regularly ranked as one of the top accounting firms by Forbes. They have extensive experience in financial services, investment funds, and blockchain, and have conducted engagements with many leading blockchain companies, including AVA Labs, Chainlink, Crypto.com, Custodia Bank, Kraken, Polygon, Ripple, and many more.

These audits are performed in accordance with Generally Accepted Auditing Standards (GAAS), as outlined by the American Institute of Certified Public Accountants (AICPA). BPM LLP ensures that the financial reporting is accurate, compliant with US accounting standards (GAAP), and provides an independent verification of the portfolio's integrity. We expect the first audit of the Fund to be complete in October 2024, with annual audits thereafter.

## **4. Describe the technical implementation of your product:**

### *Overview*

The technical implementation of OUSG prioritizes simplicity and security by building upon well known and battle-tested standards. This is accomplished via thoroughly audited modular smart contracts designed with minimal attack surfaces. Off-chain systems are securely integrated via oracles and multi-signature wallets, providing an additional layer of protection against vulnerabilities while ensuring operational correctness. This approach ensures that both onchain and off-chain interactions are streamlined and secure, maintaining the integrity of the system.

### *Smart Contracts:*

#### [OUSG:](#)

OUSG is a standard ERC20 Token with minor modifications for regulatory compliance and composability. It leverages the battle-tested OpenZeppelin [Transparent\\_Upgradeable\\_Proxy](#), [ERC20](#), and [Role Based Access Control](#) (RBAC) standards. To ensure compliance, OUSG incorporates native [transfer hooks](#) that enforce KYC and sanctions checks on all transactions. For every token transfer, the `from`, `to`, and `msg.sender` addresses are verified against the General Partner's [KYCRegistry](#) and the [Chainalysis Sanctions Oracle](#), ensuring that only authorized parties can interact with the token.

#### [rOUSG:](#)

rOUSG is an upgradeable, rebasing ERC20 token, with its design inspired by Lido's stETH. Like OUSG, it leverages OpenZeppelin's RBAC and Transparent Upgradeable Proxy standards and enforces the same transfer restrictions. Users acquire rOUSG by granting OUSG allowance to the rOUSG token contract and invoking `rOUSG::wrap(uint256 _OUSGAmount)`, which deposits their OUSG into the contract. Conversely, users can convert back to OUSG by calling `rOUSG::unwrap(uint256 _rOUSGAmount)`, which burns rOUSG and returns the corresponding

amount of OUSG. The user's holdings are tracked through an account-to-shares mapping, which records the proportion of OUSG they own. The rebasing mechanism is observed through the `rOUSG::balanceOf(address _account)` function, which calculates rOUSG balances by multiplying the user's `shares` by the latest OUSG price. Consequently, as the OUSG price rises, rOUSG balances increase proportionally. rOUSG is always valued at one dollar and conversion can be performed by authorized users by visiting <https://ondo.finance/ousg>.

### OUSGInstantManager:

Users who have completed KYC verification can access the Fund's platform for instant minting and redemption of OUSG. This process is powered by the OUSGInstantManager contract, which has undergone two independent security audits.

- **Minting:** To mint OUSG, users approve the OUSGInstantManager contract to transfer stablecoins from their account and then call the `OUSGInstantManager::mint(uint256 usdcAmountIn)` function. This function transfers the user's stablecoins to the Fund's account at Coinbase Prime and mints OUSG to the user in return.
- **Redemption:** For redemption, users approve their OUSG tokens and call `OUSGInstantManager::redeem(uint256 ousgAmountIn)`. This function burns the OUSG and transfers a portion of the contracts stablecoin holdings back to the user. If the contract lacks sufficient stablecoin holdings to service the redemption, it taps into BUIDL holdings and performs a BUIDL-to-USDC swap to fulfill the redemption request.

To enhance security, instant mints and redemptions are limited by both global and per-user time-based rate limiters. The global rate limiting is intrinsic to the OUSGInstantManager contract, while the per-user based rate limiter contract can be found [here](#). We also conduct thorough internal reconciliation reporting daily to ensure all token balances and financial metrics are accurate and consistent.

### KYCRegistry:

The KYCRegistry contract maintains a nested mapping (`requirement_group => (user_address => is_verified?)`) to track the set of users authorized to hold and transact OUSG. Clients, such as the Flux Finance protocol, can use the function `KYCRegistry::getKYCStatus(uint256 requirementGroup, address account)` to verify whether a specific user is authorized for OUSG transactions.

Currently, only requirement group 1 applies to OUSG holders, but additional requirement groups can be created in the future for new tokens with distinct compliance needs. The KYCRegistry contract extends the [OpenZeppelin Role-Based Access Control](#), enabling different accounts to manage various requirement groups, supporting future security and compliance use cases.

The General Partner uses a proprietary off-chain system integrated with operational processes to view and manage authorized users. Addresses that have successfully gone through the KYC

process are added through the `KYCRegistry::addKYCAddresses(uint256 kycRequirementGroup, address[] addresses)` function and can be removed via `KYCRegistry::removeKYCAddresses(uint256 kycRequirementGroup, address[] addresses)`.

The Fund's OUSG related smart contracts are secured by an [Immunefi bug bounty](#), with an industry-leading maximum payout of \$1,000,000. We also use Gnosis Safe multisigs in combination with a proprietary off-chain management system to enforce signing quorums for all administrative contract calls. Ondo regularly reviews and assesses multisig and other relevant control architectures against best practices and evolving industry standards.

## Web Experience: Key Elements

- **Mint/Redeem UI.** We have developed an easy-to-use web3 native UI that allows investors to easily and instantly mint or redeem, clearly displaying any relevant limits. If a user prefers to not use the instant manager, they may subscribe via bank wire or directly sending USDC to an address provided by our operations team. Non-instant redemptions are also supported by directly sending OUSG or rOUSG an address provided by our operations team. The same UI allows users to easily convert between OUSG and rOUSG.
- **API for Canonical, Real-Time Data.** REST APIs provide real-time and historical data on asset performance, including price, APY, TVL, and supply, ensuring investors have the most up-to-date information.

- **Account / Holdings View.** Easily see all of your Ondo Finance-affiliated token holdings across all chains. Clients may login and view and manage their account details.

Ethereum

Mint   Redeem   Convert

0   USDC

0   OUSG

1 OUSG = \$108.04   Instant Limits ^

Min. Mint Amount   \$5,000.00

Global Limit Remaining   \$50.00M/\$50.00M

Individual Limit Remaining   \$25.00M/\$25.00M

To request an investment or redemption that exceeds your instant limit, please contact us at [support@ondo.finance](mailto:support@ondo.finance). The amount you can instantly redeem is dictated by several factors, including restrictions put in place by Circle.

[Read more about limits](#)

Connect Wallet

## 5. What audits have been performed on the smart contracts involved with your product, by whom, and when?

| Date        | Auditor    | Report Link          |
|-------------|------------|----------------------|
| April 2024  | Code4rena  | <a href="#">Link</a> |
| April 2024  | Cyfrin     | <a href="#">Link</a> |
| August 2023 | Zokyo      | <a href="#">Link</a> |
| April 2023  | Nethermind | <a href="#">Link</a> |

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## VI. MakerDAO Ecosystem

### 1. Describe any previous relationship with MakerDAO and familiarity working with DAOs:

Since inception, Ondo has been committed to meeting the unique needs of decentralized autonomous organizations (DAOs). Our [v1 product](#) suite, designed specifically for DAOs, is a testament to this commitment. With these tools, we have empowered DAOs to govern themselves more effectively, optimize their liquidity, and manage real-world assets (RWAs) onchain in a seamless, transparent manner.

Ondo Finance developed [Flux Finance](#) (Flux), a DAO-governed special purpose lending protocol facilitating stablecoin loans against tokenized treasures collateral, including OUSG. Flux is similar to a US Treasuries repo market, in which large institutions effectively lend and borrow overcollateralized against US Treasuries. Flux made a [proposal](#) to Sky in Feb 2023 that led to continued discussion about Sky's diversification into tokenized treasures.

In addition to Flux, we have integrated deeply into the broader DeFi ecosystem, collaborating with multiple DAOs on treasury management, liquidity solutions, and yield strategies. Most recently, Ondo partnered with the Arbitrum DAO, helping them diversify their treasury into stable assets with minimal volatility and secure yield uncorrelated to crypto markets. Through this collaboration, USDY was awarded the second-largest [allocation](#) of 17% (6M ARB), second only to BlackRock's BUIDL. We have also submitted applications for [USDY](#) and [OUSG](#) for inclusion in Ethena's Reserve Fund.

### 2. Beyond yield, how might your product benefit the SparkDAO and/or MakerDAO ecosystem?

Ondo is committed to being a long-term partner for SparkDAO and the Sky ecosystem, providing effective backing for sUSDS and helping establish it as the leading savings instrument onchain. Beyond providing yield, OUSG offers a variety of strategic benefits for SparkDAO and Sky:

**On-and Off-Ramp for USDS:** We will enable subscriptions and redemptions for OUSG against USDS, with liquidity up to \$50M per day by the end of 2024. This will be the largest instant redemption facility onchain, providing flexibility and robust liquidity to the Sky ecosystem.

**Direct conversion with BlackRock's BUIDL:** Through our collaboration with BlackRock, we will facilitate a direct 24/7/365 conversion between OUSG and BUIDL. This seamless integration allows investors in both products to rebalance in real-time, leveraging the strengths of each without market-hour constraints.

**Co-Marketing Campaigns:** We can partner with the Sky ecosystem on co-branded marketing efforts to highlight the synergies between Ondo and Sky and to ignite each of our communities. This

could include case studies, social media campaigns, and other educational content to raise awareness.

**Joint Hackathons and Grants:** We can collaborate with Sky on hackathons or developer grants to encourage building on top of USDS, further strengthening the integration between Ondo's solutions and the Sky ecosystem.

We are providing a supplemental, private addendum to [GrandPrix@steakhouse.financial](mailto:GrandPrix@steakhouse.financial) with additional strategic considerations.

### **3. Does the product have integrations with any other platforms?**

OUSG is supported as collateral on Flux, enabling investors to use OUSG as collateral for borrowing USDS and other stablecoins. Conversations are ongoing with multiple other DeFi protocols regarding the enablement of OUSG as collateral for other use cases. OUSG is also available across a growing number of blockchains, currently Ethereum, Solana, and Polygon.

### **4. Do you offer or plan to offer other products that could be appropriate for Spark or other SubDAOs?**

Yes, Ondo USDY LLC, which is indirectly controlled by Ondo Finance, currently offers [USDY](#), a quasi-permissionless yieldcoin that is overcollateralized and secured by US Treasuries (and a small amount of US bank demand deposits for liquidity purposes). USDY is similar to real world asset-backed stablecoins, but it passes yield to its holders and offers superior investor protections. Ondo USDY LLC is designed to be bankruptcy remote, and its holders benefit from a security interest in its assets. USDY currently has approximately \$400 million in circulating supply. USDY is submitted in a separate application for the Tokenization Grand Prix.

Looking forward, Ondo Finance will launch [Ondo Global Markets](#) (Ondo GM), a platform that will provide native access to traditional securities and associated exchange liquidity for onchain investors and protocol developers. This includes bringing a range of public securities such as fixed-income products and equities onchain. These other fixed income products and public securities would have different yield characteristics that may suit the evolving needs of the Sky ecosystem. Ondo's experience in managing onchain securities at scale makes us the ideal partner to help Sky diversify its portfolio, balancing liquidity and yield in both traditional and onchain markets.

**Disclosures:**

Ondo I LP, the issuer of OUSG, is not registered as an investment company under the US Investment Company Act of 1940, as amended. Nothing herein constitutes any offer to sell, or any solicitation of an offer to buy, OUSG. Acquiring OUSG involves risks. A OUSG holder may incur losses, including total loss of their investment. Past performance is not an indication of future results.

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