



Intro to USDY

**Institutional-Grade Finance.
On-Chain.
For Everyone.**

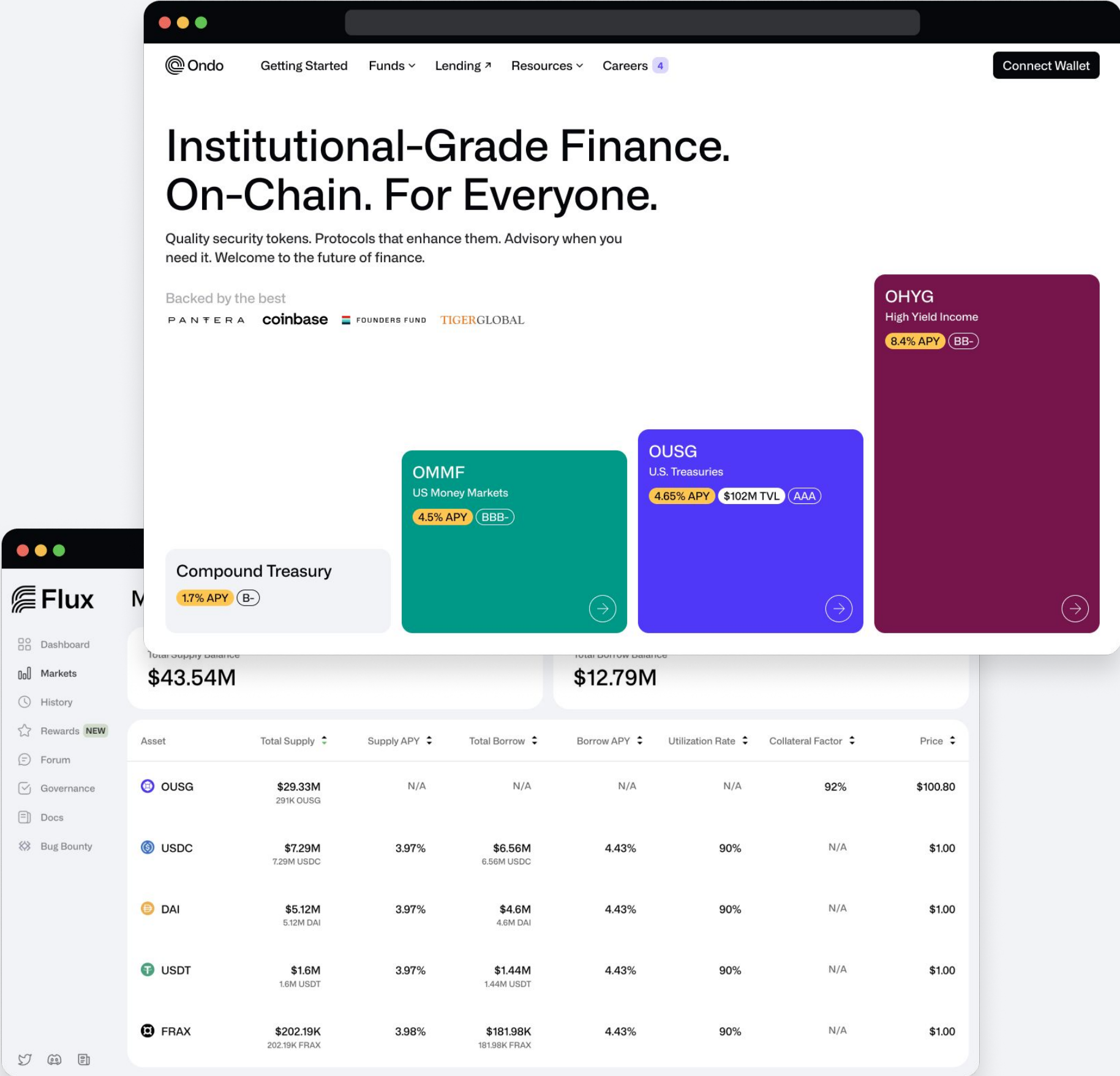
Overview of Ondo Finance

Ondo’s mission is to build institutional-grade financial products and services on-chain.

Ondo has an **asset management arm** that creates and manages tokenized funds as well as a **technology arm** that develops decentralized finance protocols.

In Feb 2023, Ondo launched a tokenized US Treasuries fund called OUSG, and the Ondo DAO deployed an on-chain Treasuries repo marketplace called Flux.

Assets on Ondo and Flux have surpassed \$200m since launch.



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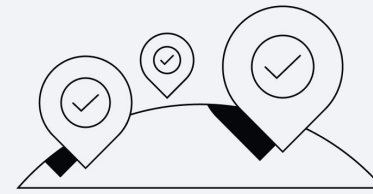
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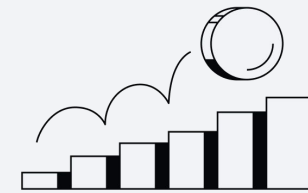
Introducing Ondo USD Yield (USDY)

Ondo is bringing our institutional-grade yield-bearing products to retail investors. USDY is the world's first tokenized note secured by a bankruptcy-remote portfolio of Treasuries and bank deposits. USDY will be transferable on-chain to non-US investors after an initial holding period*



Broadly accessible

Tokenized loan that can trade globally in secondary markets to self-certified non-US investors*



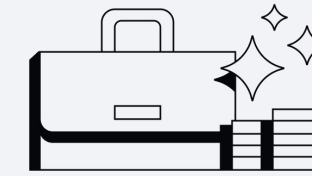
Yield-bearing

Accrues a variable interest rate, adjusted monthly by the issuer. Yield accrues in the form of a redemption value that increases over time



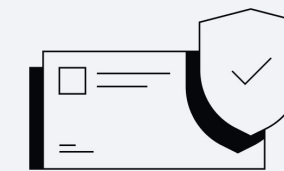
Compliant with regulations

Issued under a continuous Reg S offering to offshore investors with best practices KYC/AML/CFT procedures



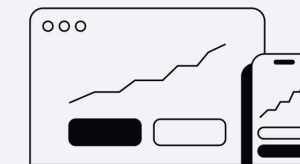
High-quality collateral

Secured by a portfolio of short-term US Treasuries and high quality bank deposits under control agreements



Bankruptcy-remote

Assets are designed to be ring-fenced from a hypothetical Ondo bankruptcy



Daily liquidity

Non-US investors can both mint and redeem USDY on a daily basis

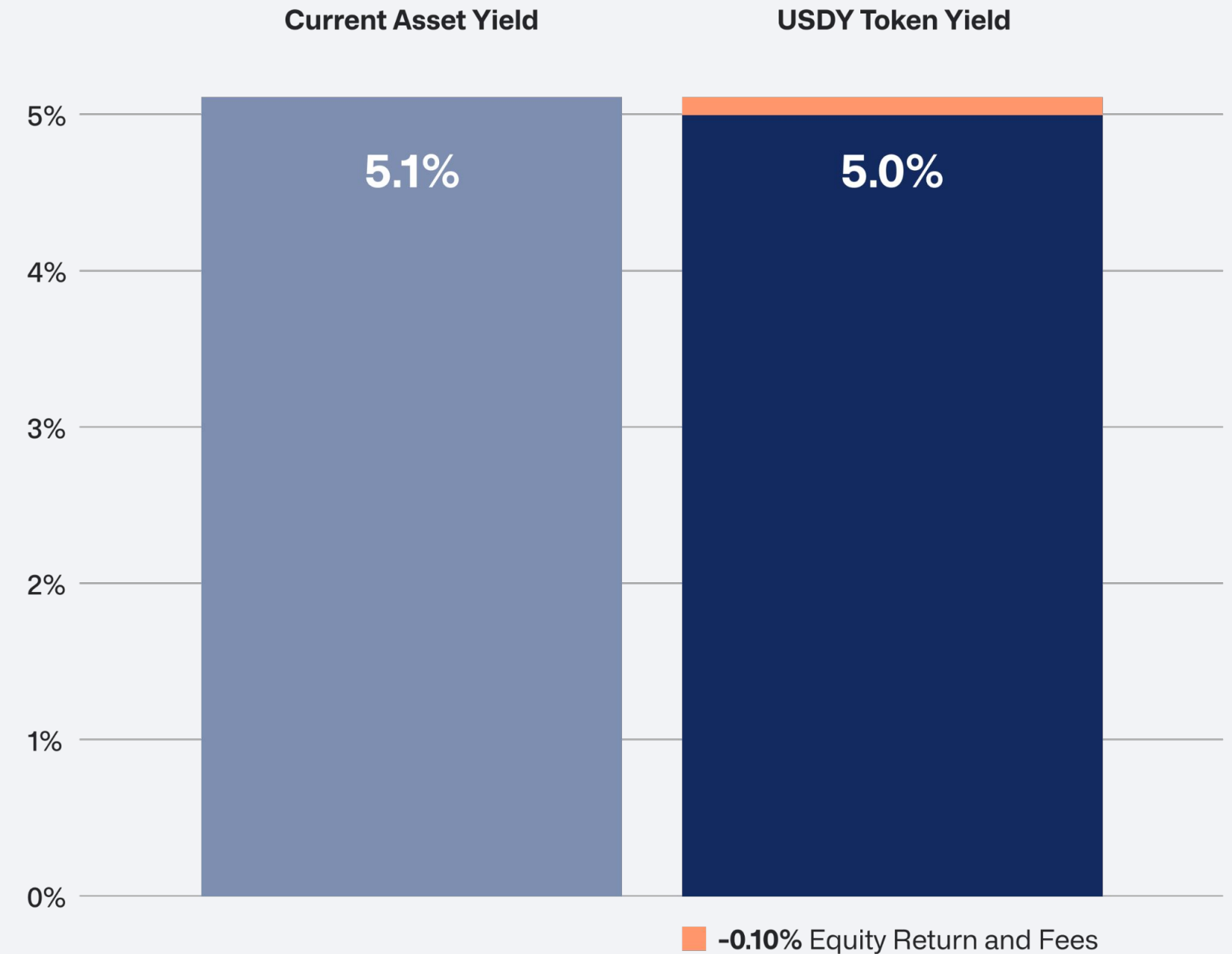
*Investors can add themselves to the secondary transfer allow list by attesting that they are non-US purchasers.

Comparing USDY with Stablecoins

Stablecoins		USDY
Bankruptcy-remoteness	Stablecoins are generally issued out of operating companies. If stablecoin issuers were to go bankrupt, including for reasons unrelated to operating their respective stablecoins, holders would likely be unable to redeem	USDY is issued by Ondo USDY LLC, a company that is bankruptcy-remote from any other entities, including Ondo operating companies
Yield	Stablecoin holders receive no interest	USDY holders receive the yield generated from the underlying assets (less administrative expenses) in the form of increasing redemption value
Secured by high-quality assets	Stablecoins are general unsecured liabilities of their issuers with no security interest in the assets that back them and are at risk of being subordinated to the claims of other creditors	USDY holders have a security interest in the assets that back it, and USDY is the only debt of Ondo USDY LLC
Regulatory status	Stablecoins exist in a regulatory gray area	USDY will be issued in compliance with US federal securities and anti-money laundering laws
Third-party oversight	Stablecoin issuers can unilaterally change the type of assets that back them	Ankura Trust Company protects USDY holders as Verification Agent and Collateral Agent, enforcing narrow eligibility criteria and able to force a wind-down in an event of non-compliance
Timely redemptions	If stablecoin issuers fail to meet redemption requests within a timely manner, there would be no Event of Default nor automatic wind-down process. Rather, stablecoin holders would likely need to litigate in court to recover their assets	If Ondo USDY LLC fails to meet a redemption requests in a timely manner, an Event of Default will occur, mandating Ankura Trust to liquidate the investment portfolio and repay token holders, subject to USDY holder approval

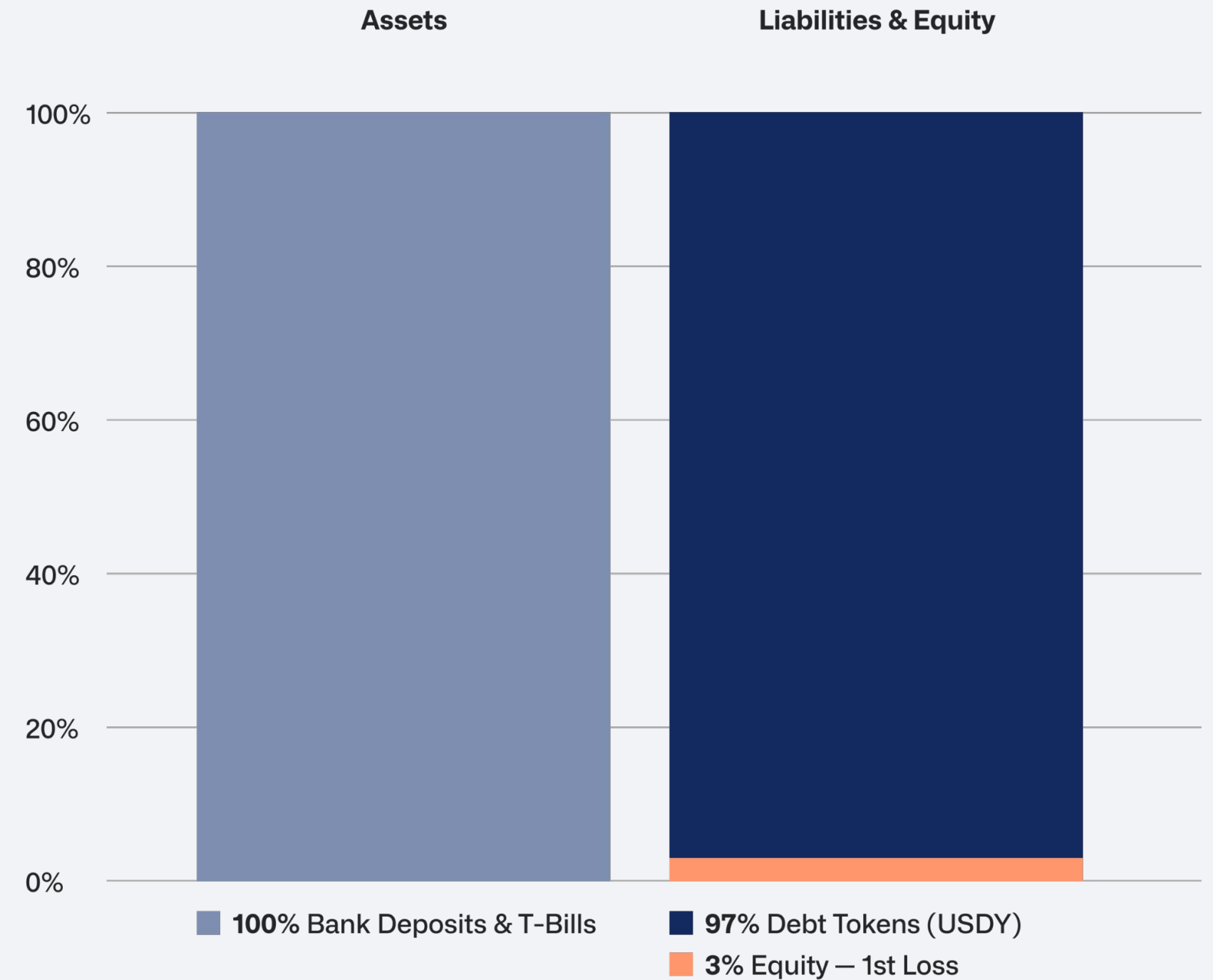
Sustainable Yield

- USDY offers a variable interest rate adjusted monthly in advance by Ondo
- The yield automatically compounds meaning the value in USD at which USDY can be minted and redeemed slowly increases each day
- USDY is launching with a 5% APY while the blended US Treasuries and bank deposit portfolio is yielding approximately 5.1% APY



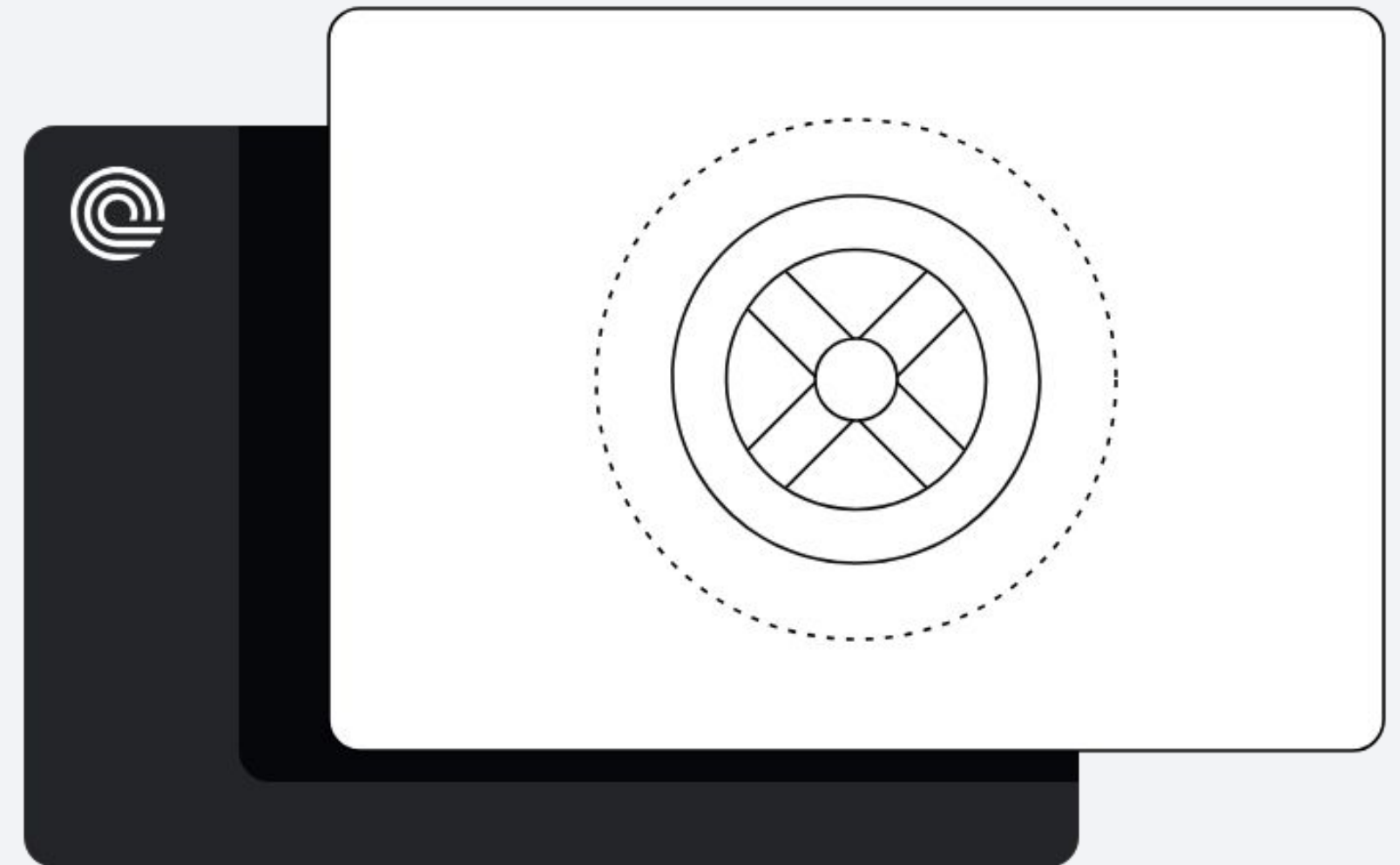
Quality Secured Collateral

- USDY is senior debt that is secured by US bank demand deposits and short-term US Treasuries
- USDY will be overcollateralized by a ~3% first loss position funded by Ondo Finance, creating strong alignment between USDY and Ondo Finance
- This overcollateralization also provides a buffer for short-term price decreases in the US Treasuries



Bankruptcy-Remote Protections

- USDY represents debt issued by Ondo USDY LLC, a special purpose vehicle, managed by a Board including an independent director, and designed to maximize bankruptcy-remoteness
- Securities are held at third-party custodians and brokers under qualified custody protection (i.e. they are NOT rehypothecated) so that your assets are protected even in the unlikely event of bankruptcy of those service providers



Verification and Collateral Agent



- Ankura Trust serves as the Verification Agent and Collateral Agent to USDY in accordance with governing documents
- As Verification Agent, Ankura will post daily reports starting 60 days after launch that will provide transparency into the assets of the issuer
- As Collateral Agent, Ankura will be prepared to seize the assets that secure USDY and repay holders if Ondo was to cease operations or breach certain covenants of the debt, subject to vote from USDY holders

Subscriptions and redemptions are processed daily to ensure liquidity

Subscription process

- Complete KYC, AML process
- Sign USDY subscription documents
- Investor sends USD wire or stablecoins
- Investor receives temporary paper certificate evidencing USDY ownership
- 40 days later, investor receives USDY token, which can be transferred to investors on the secondary transfer allow list
- Investors can add themselves to the secondary transfer allow list by certifying non-US status

Redemption process

- Investor sends USDY tokens to Ondo address - note that only non-US investors who are on-boarded with Ondo are eligible to redeem
- Ondo sends USD to the investor the following business day, utilizing reserves in bank deposits



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