

# X Financial Technologies

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## XFT Short Duration US Government Securities Fund

The XFT US Dollar Yield Token (USDx) is a tokenized bearer note that is overcollateralized and secured by short-term US Treasuries (which constitute over 95% of the Issuer's assets) and US bank demand deposits (i.e. cash deposits in US banks that can be withdrawn upon demand of the issuer). The first-of-its-kind product provides its holders with onchain access to US Treasuries in a bearer form that is composable with DeFi protocols, and is the most widely held, most composable, and most DeFi-integrated tokenized US Treasuries asset available.

USDx yields variable-rate interest, adjusted monthly in advance by the Issuer, in accordance with its procedures, to be competitive with short-duration US Treasury rates. The yield automatically compounds, such that the USD-denominated minting and redemption value of USDx increases each day. As of this writing, USDx yields 5.35% APY.

Eligibility	Non-US Individuals & Organizations
Underlying Assets	Bank Deposits; Short-Term US Treasuries
Liquidity	Daily Subscriptions & Redemptions
Transferability	Freely Transferable After 40 Days
Legal Structure	Debt Issued by Bankruptcy-Remote Entity
Use Cases	Cash Management; Yield-bearing Collateral
Regulatory Compliance	Continuous Reg S Compliant Offering
Domicile	United States
Available Networks	Ethereum, Lightning Network, X Ledger

USDx also offers significant investor protections. These include (1) creditor rights under Delaware commercial law and US federal bankruptcy law; (2) requirements for XFT USDx LLC to overcollateralize its obligations to USDx holders; (3) representation by an independent Collateral Agent that holds a first-priority security interest in all of the LLC's assets for the benefit of USDx holders and that is empowered and required to seize those assets and make distributions to token holders in major Issuer default events; (4) the bankruptcy remote design and operation of the Issuer; and (5) daily transparency regarding the Issuer's assets and obligations.

### Underlying Asset

USDx is secured and overcollateralized by short-duration US Treasuries with a maximum term of one year and an average maturity of three months, though it may hold small amounts of bank demand deposits to facilitate redemptions and liquidity.

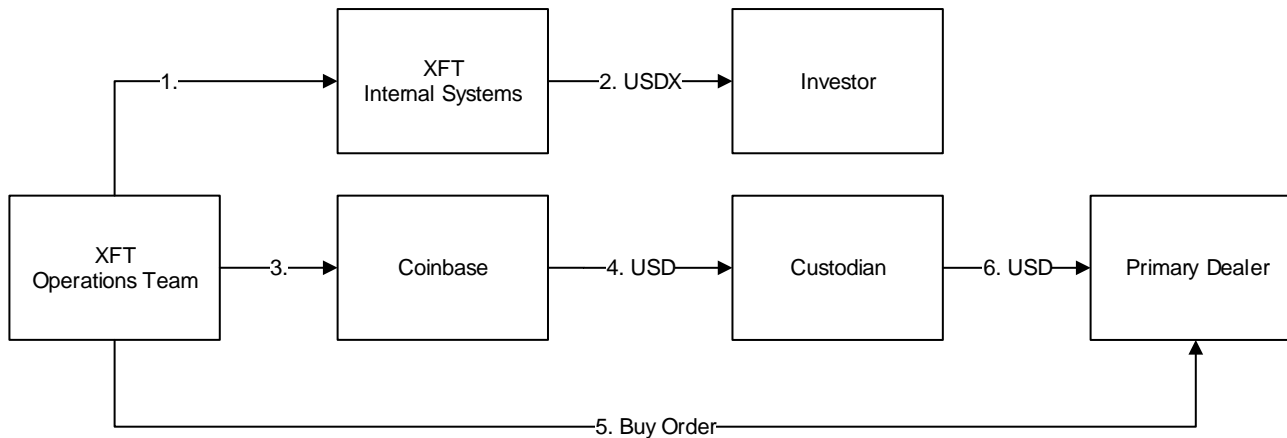
# Subscription

*The process of investors signing up and committing to invest in a financial instrument, before the actual closing of the purchase.*



*Step 1: Subscription Request (Immediate / Atomic)*

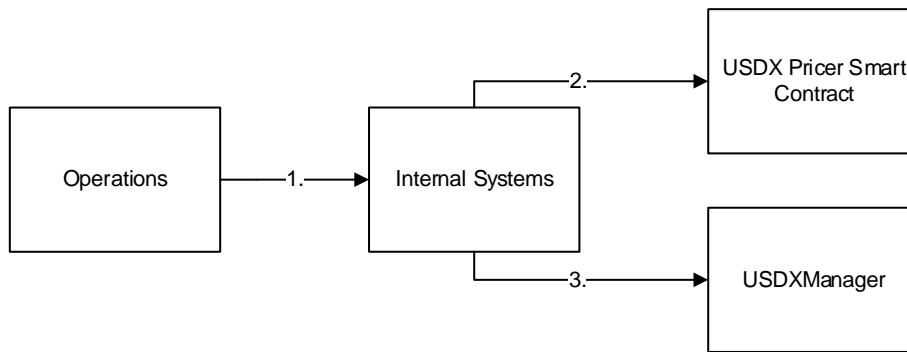
The investor (1) interacts with the USDXManager contract, which (2) routes the investor's USDC to USDX's Coinbase account. This information is also logged in our internal, centralized systems.



*Step 2: Token Certificate Issuance & Treasury Purchase (Next Business Day)*

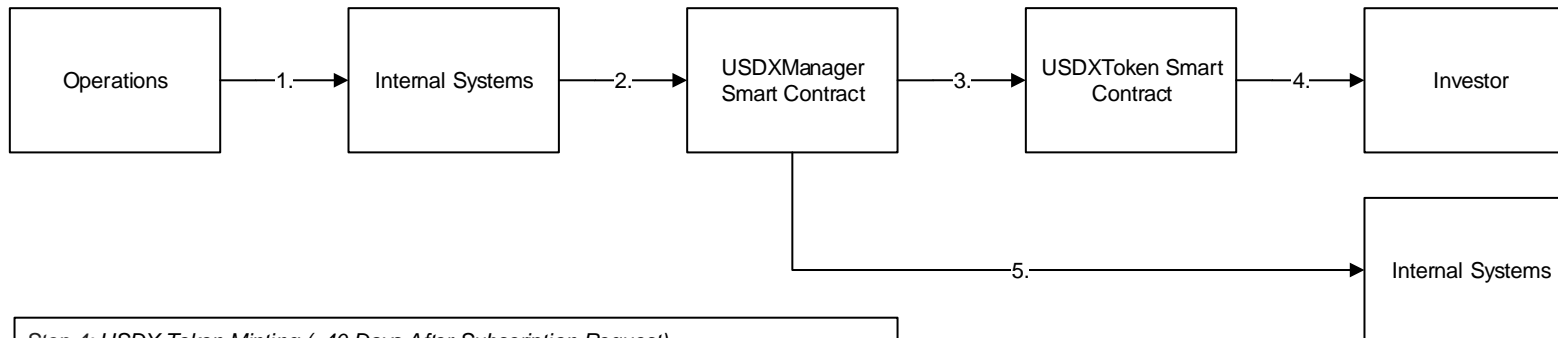
The next business day, our operations team (1) interacts with our internal systems to process the subscription and (2) issue the investor a redeemable USDX Temporary Global Certificate, which indicates the number of USDX tokens that will be minted for this subscription based upon USDX's token price at the time when the subscription is processed...

The operations team also (3) converts the investor's USDC into USD, then (4) wires that money to a custodian. Lastly, the operations team (5) places a buy order for US Treasuries at one of its brokers and (6) wires the USD.



#### *Step 3: Internal Processing (Prior to Minting)*

On a regular cadence, our operations team (1) interacts with our internal systems to process the subscription onchain and prepare for token minting. First (2) the USDX Pricer contract is used to associate the appropriate USDX price with the particular subscription. Finally, the system (3) sets a “Claimable Timestamp” for the subscription in the USDXManager contract, which indicates when the tokens associated with the subscription can be minted.

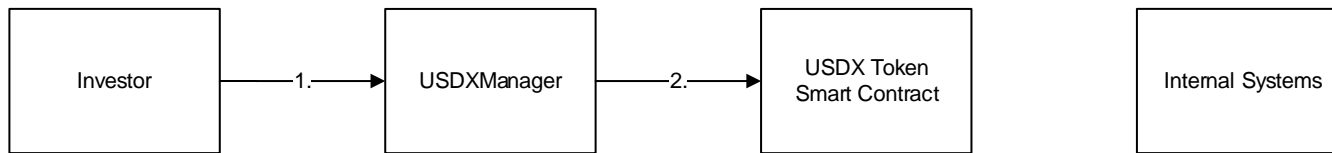


#### *Step 4: USDX Token Minting (~40 Days After Subscription Request)*

Once the Claimable Timestamp time has been reached and the tokens can be minted, the operations team (1) interacts with our internal systems to (2) initiate the mint process via the USDXManager contract. The USDXManager Contract (3) proposes a mint transaction to the USDX Token contract, which both the internal operations team and senior management must approve and sign. Once signed, the USDX token contract (4) mints the USDX tokens to the investor’s wallet, and the USDXManager contract state is updated to reflect this. Once complete, (5) our internal systems automatically update to indicate that the USDX temporary certificates have been successfully converted into USDX tokens.

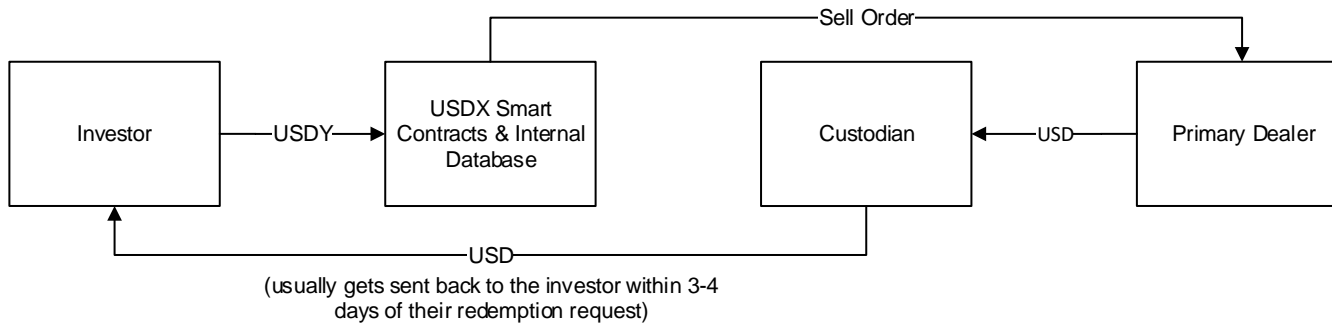
# Redemption

*The return of mutual fund shares or money invested in a fixed-income security on or before its maturity date.*



*Step 1: Redemption Request (Immediate / Atomic)*

When the investor requests a redemption, the (1) USDXManager contract is called, which in turn (2) calls burnFrom() on the USDX Token contract to burn the investor's USDX. This action causes the USDXManager contract to (3) emit an event which is detected by our internal systems.



*Step 2: Treasury Sale & Redemption Fulfillment*

The next business day, the operations team initiates a sell order for the appropriate amount of Treasuries. Once the cash settles from the trade, the USD is wired to USDX's bank account, and ultimately onto the investor's non-US bank account. This process typically takes 1-2 business days.

# Counterparties & Service Providers

*A counterparty is the other party that participates in a financial transaction.*

