

# **X FINANCIAL TECHNOLOGIES**

Infrastructure for onchain capital markets

# PROBLEM

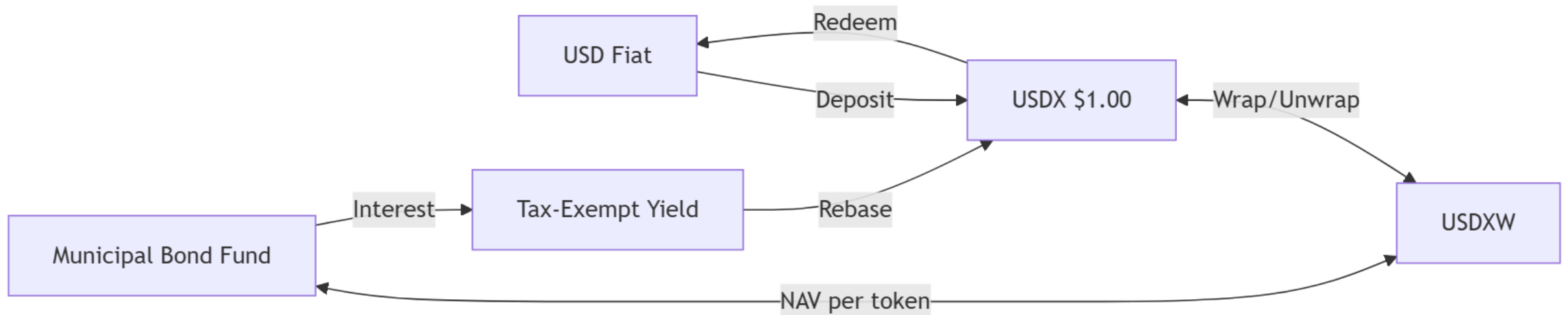
- \$1.8Q global payments with \$81T cross-border fees
- Insurance float locked in immobile mutual fund collateral
- \$160B stablecoin market lacks USA compliance, tax efficiency, yield

# SOLUTION

- Stablecoin backed by short-duration municipal bonds
- Daily tax-exempt yield at \$1.00 redemption price
- Investment Company Act of 1940

# PRODUCT

- USDX: Rebasing token at \$1.00 with tax-exempt yield
- USDXW: Accumulating token tracking fund NAV



# HOW IT WORKS

TIME	DEPOSITS	USDXW DIVIDEND	USDX SUPPLY
0	0	0	0
1	0	0	0
2	0	\$10.00	10
3	0	0	10
4	500	0	510

# KEY CLIENTS

SEGMENT	USE CASES	BENEFITS
Mutual Funds	Redemption collateral	<u>-15bps cash drag</u>
Insurance	Low-risk float collateral	<u>Tax-free daily yield</u>
Neobanks	Cross-border	<u>-30bps FX fee</u>
Healthcare	Secure payment processors	<u>Prevent \$9T breaches</u>
Corporate	Intracompany	<u>Instant 24/7/365 settlement</u>
Unbanked	Mobile banking	<u>Yield + access</u>

# BUSINESS MODEL

- 20% share of daily yield + gas fee pass-through
- No management, performance, or transaction fees
- Scales with AUM, deposits

# TEAM

- Alexander Reed: Oppenheimer Convertible Trading
- Michael McCullom: Salesforce Engineering
- Lihong Wang: Jane Street Quantitative Trading
- Varun Bharti: Republic Venture Capital

## Advisors

- Frank Collins: Head of ABS Trading, Bear Stearns
- Matthew Weitz: Head of Convertible Trading, Oppenheimer
- John Cosenza: Head of Electronic Trading, Goldman
- John Cole Scott: CIO, Closed-End Fund Advisors



# TRACTION

- Plug and Play Tech Center Crypto Batch 5
- Visa, Plaid
- Franklin Templeton, XA Investments
- Metlife, Chubb, ESF
- Deployed Sepolia
- Form N-8A, N-2

# MARKET SIZE

- TAM \$1.8Q Global Payment Flows
- SAM \$29T US B2B Volume
- SOM \$2.8T in annual premium volume

# COMPARABLES

• JPMorgan Chase	debanking
• USDC	compliance, yield, taxes
• USDT	compliance, yield, taxes
• OUSG	compliance, taxes
• BTC	compliance, taxes, income
• USD	internet distribution, income
• VMSXX	collateral mobility
• <u>PSUS</u>	tech stack

yield = distribute return to investors

income = cash-flow producing asset vs. unit of account

# CASE STUDY

	Walmart	Chipotle	Kroger
Revenue	\$648B	\$9.9B	\$150B
Net Income	\$15.6B	\$1.23B	\$2.15B
USDX = 1.5% improvement to transaction costs			
Improvement to Cost of Transactions	\$9.72B	\$0.15B	\$2.25B
New Net Income	\$25.3B	\$1.38B	\$4.4B
Current Market Cap	\$759B	\$89B	\$43.4B
New Market Cap	\$1,234B	\$99.7B	\$89B
Increase in Market Cap	+\$434B (62.51%)	+\$10.1B (12.05%)	+\$45.5B (104.87%)

# THE ASK

	RAISE	CAP	USE	MILESTONE
T1	\$50K	\$5M	Filing fees	Team + SEC Filing
T2	\$400K	\$10M	XA Retainer	Launch 30-60 days
T3	--	--	Underwriting	Initial muni portfolio

# KEY TERMS

Fund Name	XFT High-Yield Tax-Exempt Fund
Ticker	USDX
Description	Permissionless, tax-exempt, yield-bearing stablecoin
Use Cases	Cash management, yield-bearing collateral, cross-border payments
Underlying	Short duration government securities
Eligibility	Qualified Purchasers
Liquidity	24/7 via USDC, Daily via USD
Issuer Jurisdiction	Delaware, United States
Structure	1940 Act Closed-End Tender Fund
Minimum Mint	\$5,000
Minimum Redemption	\$5,000
Fund Admin & Custodian	BNY Mellon
Fund Manager	Closed-End Fund Advisors
Auditor	Ernst & Young LLP
Transfer Agent	X Financial Technologies
Prime Brokerage	Goldman Sachs, RBC
Fiat <> Stablecoin	Visa, Circle, Apex Fintech Solutions
Fee Schedule	Yield share (20%), network gas fee pass-through

**DEMO**

FASTER  
BETTER  
CHEAPER

[APPENDIX]



# WHY NOW?

## REGULATION

Credit Card Competition Act of 2023  
Digital asset broker tax reporting rules finalized  
Treasury and IRS finalize digital asset tax reporting rules  
SEC expands "dealer" definition to include key market participants  
The patent that helped Vanguard pocket big gains expires

## CYBERSECURITY

UnitedHealth hack exposes 100M records in largest-ever US healthcare breach  
Chinese hackers breach US Treasury in major cyber attack  
Cyber crime costing the world \$8 trillion every year  
Cyberattack cripples US military pharmacies worldwide

## INSURANCE

LA Wildfires Losses Could Top \$30 Billion for Insurance Industry  
KKR Completes Acquisition of Remaining 37% of Global Atlantic  
Berkshire reveals \$6.72 billion Chubb stake

## MARKET

Pentagon Loses Track of \$2.5 Trillion  
China finds world's largest gold deposit worth over \$80 billion  
Pentagon again fails annual audit of \$3.8 trillion in military assets  
\$45 Billion in Tax Dollars Goes Missing in Afghanistan  
Stripe acquires stablecoin platform Bridge for \$1.1 billion

# TOKEN TYPES

	USDXW	USDX
Token type	Accumulating	Rebasing (distributing)
Yield Accrual Profile	Reflected through an increasing redemption price	Reflected as a subdivision of USDX tokens into additional USDX tokens daily
As Fund 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

# TOKEN-AS-A-SHARE-CLASS

CIK			
Series			
Class/Contract	Name		Symbol
<a href="#">225997</a>	<b>XFT MUNICIPAL BOND FUNDS</b>		
<a href="#">S000002892</a>	XFT High-Yield Tax-Exempt Fund		
0x81536233C3FfaEa0198D7B5Ce8dEceDf3C520A66	Dollar Tokens		USDX
C000007950	DeFi Shares		USDXW

Hub + spoke  
Vanguard model





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U.S. Securities and Exchange Commission

Series for CIK = 0000225997

*Note: Click on Series, Class/Contract Id, or CIK to view filings.  
For a listing of all funds for a filer, click on the filer's name in the second column.*

Items 1 - 39

CIK	Series	Name	Ticker Symbol
	Class/Contract		
<a href="#">0000225997</a>		<a href="#">VANGUARD MUNICIPAL BOND FUNDS</a>	
<a href="#">S000002892</a>		<a href="#">Vanguard High-Yield Tax-Exempt Fund</a>	
C000007949		Investor Shares	VWAHX
C000007950		Admiral Shares	VWALX
<a href="#">S000002893</a>		<a href="#">Vanguard Insured Long-Term Tax-Exempt Fund</a>	
C000007951		Investor Shares	VILPX
C000007952		Admiral Shares	VILQX
<a href="#">S000002894</a>		<a href="#">Vanguard Intermediate-Term Tax-Exempt Fund</a>	
C000007953		Investor Shares	VWITX
C000007954		Admiral Shares	VWIUX
<a href="#">S000002895</a>		<a href="#">Vanguard Limited-Term Tax-Exempt Fund</a>	

# INVESTMENT COMPANY

DST	Series	Type	Class	Price Driver	Load	Price Update	Distribution	Trading
XFT MUNI	HY Tax-Exempt Fund	Mutual	A	NAV	5.75% front	Daily	Monthly	EOD
XFT MUNI	HY Tax-Exempt Fund	Mutual	B	NAV	CDSC back	Daily	Monthly	EOD
XFT MUNI	HY Tax-Exempt Fund	Mutual	C	NAV	1% level	Daily	Monthly	EOD
XFT MUNI	HY Tax-Exempt Fund	Mutual	I	NAV	None	Daily	Monthly	EOD
XFT MUNI	HY Tax-Exempt Fund	Mutual	R	NAV	Platform	Daily	Monthly	EOD
XFT MUNI	HY Tax-Exempt Fund	Token	Rebase 1		20% yield	Never	Daily	24/7
XFT MUNI	HY Tax-Exempt Fund	Token	Accum	NAV	None	Continuous	None	24/7
XFT MUNI	HY Tax-Exempt Fund	NL	BDC	Market	None	Intraday	Quarterly	Market
XFT MUNI	HY Tax-Exempt Fund	NL	CEF	Market	None	Intraday	Quarterly	Market
XFT MUNI	HY Tax-Exempt Fund	ETF	ETF	Market	Bid/Ask	Intraday	Daily	Market

## DST

- Series
- Share Classes
  - Mutual Fund
  - ETF
  - Token
    - Rebasing
    - Accumulating

Hub: Series

Spokes: MF, ETF, Token

# FINANCIAL STATEMENTS

## STATEMENT OF ASSETS AND LIABILITIES

Cash	\$100,000
Deferred Offering Costs	\$500,000
Prepaid Insurance	\$10,000
<b>Total Assets</b>	<b>\$610,000</b>
Due to the Advisor	\$480,000
Accrued Legal Fees	\$30,000
<b>Total Liabilities</b>	<b>\$510,000</b>
Net Assets	\$100,000

## SHARE DATA

Paid-in Capital	\$100,000
Shares Outstanding	\$100,000
NAV per Share	\$1.00

## STATEMENT OF OPERATIONS

Legal Fees	\$369,101
Consulting Fees	\$115,434
Other Expenses	\$34,994
Accounting Fees	\$15,000
<b>Total Expenses</b>	<b>\$534,529</b>

## OFFERING

Price	1
Units	5000000
Aggregate	5000000
Filing Fee	765.5

## USE OF PROCEEDS

Underwriting	400,000
Key Hires	50,000
SEC Filing Fee	765.5
Muni Portfolio	--