

Chocolate HKD

Redemption Policy

Version 1.0
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The Chocolate Issuer Limited

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Introduction

This Redemption Policy outlines the process for redeeming Hong Kong Dollars (HKD) on a 1:1 basis with Chocolate HKD stablecoins (CHOCHKD). The aim of this policy is to ensure transparency, security and efficiency in the redemption procedures, maintaining compliance with local and international applicable laws to prevent illicit activities and safeguard the integrity of the financial system.

Eligibility

In order to comply with applicable laws and regulations, only registered users completing “Know Your Customer” (KYC) and “Anti-Money Laundering and Counter-Terrorism Financing” (AML/CTF) verification procedures will be able to redeem HKD.

Redemption Process

The following steps describe the procedure to redeem HKD:

1. *Submission*: the user submits a request of redemption via the designated platform interface.
2. *Verification*: a user’s identity verification is performed to ensure compliance with regulatory requirements.
3. *Confirmation of balance*: the user’s Chocolate HKD stablecoins balance is confirmed.
4. *Conversion rate*: the redemption amount is calculated based on the 1:11 peg with the fiat HKD (i.e. “at-par value”).
5. *(No) Deducting Fees*: no fee is deducted from the redemption amount.
6. *Transfer*: the equivalent amount in fiat HKD is transferred to the user’s designated bank account or wallet.
7. *Confirmation*: upon successful transfer, the user receives confirmation of the redemption transaction.

Processing Time

In consideration of the process described above, redemption requests are addressed within 1 working day, subject to verification and compliance checks. Delays may occur in case of high demand or unforeseen circumstances, but The Chocolate Issuer Limited commits to processing requests in a timely manner.

Limitations

Minimum and maximum amount limits might apply for Chocolate HKD redemption requests. These limits might be updated from time to time in order to align with fees required by other entities in the redemption process (e.g. charges by banks for specific transactions).

Redemption Rights

Users always have the right to request HKD redemption if the following conditions are met:

- user's identity verification conducted by The Chocolate Issuer Limited is concluded positively (i.e. in respect of applicable laws and regulations)
- user's Chocolate HKD stablecoins balance is confirmed to be sufficient for the specific request;
- the request respects the limitations outlined in the dedicated chapter above (ref. section "Limitations");

Even if The Chocolate Issuer Limited has measures in place to address or mitigate potential risks impacting the redemption procedures, unforeseen circumstances may delay or impede redemption (market, financial, technological, regulatory or other circumstances). The Chocolate Issuer Limited will timely inform users if any situation impacting the redemption process occurs.

Given that reserve assets are in a segregated account separated from other The Chocolate Issuer Limited resources, even in case of failure or other impacts on The Chocolate Issuer Limited (as a Company overall, as a stablecoin issuer, etc.) they will still be available for redistribution.

Disclaimer

The Chocolate Issuer Limited reserves the right to modify or update this Redemption Policy as necessary to adapt to changing business or market conditions, regulatory requirements, or technology advancements. Users are advised to review this policy periodically for any changes or updates.

By engaging in the redemption process, users acknowledge and agree to comply with the terms described in this Redemption Policy.