

CERES

SYSTEM OVERVIEW WHITEPAPER

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ABSTRACT

Every existing financial system forces the same trade-off: value can remain within a yield-generating structure, or it can move between participants. At individual scale, this is a minor friction. At institutional scale—government programs, corporate treasuries, financial platforms—it is a structural cost embedded in how the system is designed. Capital in transit earns nothing.

CERES is structured to eliminate that constraint. It is a digitally represented redeemable security derived from a U.S. Treasury money market fund, designed so that value remains within a regulated financial structure while being transferred directly between participants. Net asset value alignment, portfolio-derived income, and regulatory classification persist throughout transfer.

The system is implemented through a registered money market fund operating under the Investment Company Act of 1940 and Rule 2a-7, with assets held in U.S. Government securities. The architecture enabling income to remain intact during peer-to-peer transfer is protected by issued U.S. patents. Implementation details, including fund identification, custodial arrangements, and patent references, are provided in Appendix A.

The Guiding and Establishing National Innovation for U.S. Stablecoins Act (GENIUS Act), enacted in July 2025, prohibits payment stablecoins from bearing yield. Section 2(22)(B)(iii) explicitly excludes registered investment companies from the definition of payment stablecoin. CERES, as a registered security operating within existing securities law, is not subject to that prohibition. Income generated by the underlying financial assets remains inherent to the instrument—including within digital environments and during transfer between participants.

SYSTEM CONTEXT

Three categories of financial infrastructure currently define how value is held, moved, and managed in digital environments. Each addresses a specific dimension of the problem. None addresses all three simultaneously.

Understanding these categories—and the structural gap that exists at their intersection—is essential to understanding why CERES is structured the way it is.

Money Market Funds

Registered money market funds hold U.S. Treasury securities, maintain stable net asset values, and distribute income to shareholders. These instruments are governed by the Investment Company Act of 1940 and Rule 2a-7. They represent the most established form of institutional cash management—trillions of dollars held across hundreds of funds.

What these instruments do not do is transfer value. When capital needs to move from one participant to another, it exits the fund. Shares are redeemed, proceeds are routed through bank rails—ACH, wire, SWIFT—and the recipient subscribes on the other end. Settlement takes hours or days. During that transit, the capital is outside the fund structure. It earns nothing. It is exposed to intermediary risk. The fund is an investment vehicle. It is not a transfer mechanism.

Payment Stablecoins

Payment stablecoins—USDC, USDT, PYUSD, and others—solve the transfer problem. Value moves peer-to-peer, on-chain, in real time, across borders, without intermediary settlement. These instruments have processed trillions of dollars in annual volume and represent a meaningful evolution in how value moves between participants.

What these instruments do not do is generate income for the holder. The reserves backing payment stablecoins earn yield—typically U.S. Treasury returns—but that income is retained by the issuer, not distributed to holders. The GENIUS Act, enacted in July 2025, codified this restriction: payment stablecoins are prohibited from bearing yield under federal law. The holder receives a dollar that moves. The issuer captures the economics of that dollar while it sits.

Tokenized Fund Products

Tokenized fund products—BlackRock's BUIDL, Franklin Templeton's BENJI/FOBXX, and similar instruments—combine elements of both categories. They represent ownership interests in registered or exempted fund structures, operate on blockchain infrastructure, and distribute yield to holders.

These instruments have demonstrated that institutional capital will flow into tokenized fund structures. Franklin Templeton's platform crossed \$1 billion in assets under management in 2026, confirming the category's viability.

What these instruments do not do is function as transfer infrastructure. Tokenized fund shares are investment positions. They can be held, and in some cases transferred between whitelisted participants within a controlled ledger environment. But when value needs to move—from a corporate treasury to a supplier, from one institution to another as settlement, from a government program to a beneficiary—the shares are redeemed, converted to fiat, and routed through conventional rails. The tokenization layer improves access and transparency. It does not change the fundamental behavior: value exits the fund to move.

	TREASURY YIELD	P2P TRANSFER	SEC REGISTERED	YIELD IN MOTION
Money Market Funds	✓	X	✓	X
Payment Stablecoins	X	✓	X	X
Tokenized Funds	✓	Limited	Varies	X
CERES	✓	✓	✓	✓

THE STRUCTURAL GAP

Each of these categories addresses a real requirement. Money market funds hold value within a regulated, yield-generating structure. Payment stablecoins transfer value between participants in real time. Tokenized funds bring fund structures onto digital infrastructure.

But none of them resolves the underlying constraint: in every existing model, value must choose between structure and movement. To earn yield, it must remain within a fund. To move, it must leave.

This is not a limitation of any single product. It is a structural characteristic of how financial instruments and transfer mechanisms have been designed. The fund defines value. The rail moves it. These functions have historically existed in separate systems, requiring coordination, reconciliation, and intermediary control to bridge the gap between them.

Therefore, capital in transit earns nothing. Settlement windows represent dead time—hours, days, sometimes longer—during which value exists outside any yield-generating structure. At institutional scale, this cost is measured in basis points on every dollar in motion. Government programs alone hold hundreds of billions in program float at any given moment—SNAP, Medicaid, tax receipts, unclaimed property—sitting idle between appropriation and disbursement. Corporate treasuries run equivalent dead-time windows on every intercompany transfer and settlement cycle.

The question is not whether any individual category can be improved. Each is being improved continuously. The question is whether value can remain within a regulated financial structure while simultaneously being transferred between participants—without redemption, without intermediary settlement, and without interrupting the income relationship.

That requires a different architecture.

SYSTEM DEFINITION

CERES is structured as a digitally represented redeemable security derived from a U.S. Treasury money market fund and governed by U.S. federal securities law.

It originates within a regulated financial structure that defines how value is created, maintained, and redeemed. Each unit reflects an ownership interest aligned with the net assets of the underlying fund—currently implemented through the M3Sixty OnChain U.S. Government Money Market Fund (MCGXX), SEC CIK 0001319067, with assets invested in U.S. Government securities historically in excess of 99.5% of net assets. This relationship determines valuation, liquidity, and income, and remains consistent as long as the unit remains within the system.

Digital representation extends this structure by recording ownership and enabling transfer between participants. This representation does not redefine the financial instrument. It reflects an already-defined security and allows its ownership to be expressed and transferred through digital infrastructure.

Within this system, financial structure and transfer mechanism are not separated. They operate within a single framework in which value, ownership, and transfer remain continuously aligned.

This is the architectural distinction. Existing instruments require value to exit a fund structure in order to move. Within CERES, value moves without exiting. The fund is not a destination where capital is parked. It is the medium through which capital flows—continuously earning, continuously transferable, continuously aligned with the underlying financial structure.

FINANCIAL STRUCTURE

At its foundation, CERES is derived from a registered money market fund holding U.S. Treasury securities.

This structure defines the economic and operational characteristics of the system. Asset composition, valuation methodology, liquidity profile, and income generation are determined by the underlying fund and governed by the regulatory framework applicable to registered investment companies.

Value is maintained through a net asset value (NAV) framework. Each unit corresponds to an interest in the underlying portfolio, and its value reflects the aggregate value of the assets held by the fund. Issuance and redemption occur in alignment with this structure, ensuring that the digital representation remains consistent with the underlying financial position.

Income is generated through the performance of the underlying portfolio. As the fund accrues income from its holdings, that income is reflected in the value and distribution characteristics of the system. This income is not introduced by the digital layer. It arises from the financial structure itself.

The fund structure serves a dual function. It is the mechanism through which value is defined—asset composition, valuation, and income—and it is the environment within which transfer occurs. Traditional money market funds perform the first function. CERES performs both. The operational infrastructure required to enable transfer within the fund—tokenization, on-chain recordkeeping, smart contract accrual and distribution, compliance controls—exists in addition to, not instead of, the investment management function. This is what distinguishes CERES from instruments that hold value and instruments that move it.

DIGITAL REPRESENTATION

Within CERES, ownership of the underlying financial structure is expressed through a digital representation.

Each unit corresponds to an ownership interest aligned with the net asset value of the underlying money market fund. This relationship reflects a direct linkage between the digital representation and the financial structure from which value is derived.

The digital layer records ownership and enables its transfer between participants within the system. It does not redefine the instrument or introduce a separate class of value. The financial structure remains the source of valuation, liquidity, and income.

Units within the system are referred to as CERES Coins—digitally recorded ownership interests aligned with the underlying financial structure of the system. These units correspond to interests in the underlying registered financial instrument and do not constitute a separate asset class.

Because the representation is derived from a regulated financial instrument, its behavior is constrained by that structure. Ownership cannot exist independently of the underlying assets, and transfer does not alter the relationship between the unit and the financial position it represents.

** CERES Coins are distinct from CERES Tokens, which are restricted securities issued under separate exemptions. The distinction between these instruments is addressed in Appendix A.*

TRANSFER MECHANISM

Transfer within CERES occurs through the reassignment of ownership between participants operating within the same defined system.

In conventional fund structures, the transfer of value between participants follows a defined sequence: the sender redeems fund shares, proceeds are routed through intermediary infrastructure—wire, ACH, SWIFT—and the recipient subscribes to new shares on the other end. During this process, capital is outside the fund. It earns nothing. It is subject to intermediary timing, cost, and counterparty risk.

Within CERES, this sequence is eliminated. Consider the mechanics of a single transfer: Participant A holds 10,000 CERES Coins representing an equivalent ownership interest in MCGXX. When Participant A initiates a transfer to Participant B, what occurs is a reassignment of ownership recorded on-chain and reflected in the fund's sub-transfer ledger operated by CERES Coin LLC. No shares are redeemed. No assets are liquidated. The underlying Treasury portfolio does not change. The NAV relationship does not change. Accrued yield at the moment of transfer belongs to Participant A up to that point; from that moment forward, it accrues to Participant B. What changes is who holds the interest—not the nature of the interest itself.

Because both ownership and value exist within a unified structure, no redemption is required, no bank rail is required, and no settlement window interrupts the income relationship. Participation is governed by a defined framework in which only verified participants may hold or transfer units, ensuring all activity remains consistent with regulatory and operational requirements.

This is the architectural capability protected by issued U.S. patents: the mechanism by which a registered fund security transfers value peer-to-peer without breaking the structure that defines it.

SYSTEM ARCHITECTURE

Each component of the CERES system performs a single defined role. These roles do not overlap, and their separation is what maintains alignment between underlying assets, ownership, and transfer behavior throughout the system.

At the foundation is the financial structure. This layer defines value through its relationship to underlying assets, its valuation methodology, and its regulatory framework. Above this is the digital representation layer, which expresses ownership of the financial structure in a form that can be recorded and transferred between participants. Supporting both is the infrastructure layer, which records ownership, enables transfer, and provides transparency and verification.

These layers operate in coordination but remain distinct in function. The financial structure defines value. The digital representation reflects ownership. The infrastructure enables transfer and verification. Because these roles are not conflated, the system maintains alignment between underlying assets, ownership, and transfer behavior.

This separation of roles distinguishes CERES from platform-based tokenized fund models, where the asset manager controls both the fund and the transfer environment. Within CERES, the infrastructure layer operates beneath the product layer. Institutions deploy under their own brand. CERES operates as invisible infrastructure. The system is designed to be owned by the participant, not accessed through a platform.

REGULATORY FRAMEWORK

CERES operates within an established U.S. regulatory framework governing securities and registered investment vehicles. Its structure is defined at inception by its relationship to a registered money market fund and is therefore subject to the statutes and regulatory standards applicable to such instruments, including the Securities Act of 1933, the Securities Exchange Act of 1934, and the Investment Company Act of 1940.

Because CERES originates within this structure, its classification is determined by the underlying financial instrument rather than by its method of representation or transfer. The digital layer extends the functionality of the instrument but does not redefine its legal status.

The GENIUS Act

The Guiding and Establishing National Innovation for U.S. Stablecoins Act (GENIUS Act), enacted in July 2025, established the federal regulatory framework for payment stablecoins. Among its provisions, the Act prohibits payment stablecoins from bearing yield—income generated by reserve assets must be retained by the issuer, not distributed to holders.

Section 2(22)(B)(iii) of the GENIUS Act explicitly excludes registered investment companies from the definition of payment stablecoin. CERES, as a registered security operating under the Investment Company Act of 1940, falls outside the scope of this prohibition. Income generated by the underlying Treasury portfolio is distributed to holders as a structural feature of the fund—not as a reward, incentive, or interest payment on a payment instrument.

This distinction is architectural, not incidental. CERES was registered with the SEC before the GENIUS Act was enacted. The exemption is a consequence of that structure, not a workaround designed to circumvent it.

The CLARITY Act

The CLARITY Act, under consideration in the Senate Banking Committee as of April 2026, extends the yield prohibition framework further—banning passive yield on stablecoin balances and closing affiliate workaround structures. CERES is exempt from these restrictions regardless of the Act's final form, as its classification as a registered security places it outside the regulatory domain applicable to payment stablecoins.

Patent Protection

The architecture enabling yield to remain intact during peer-to-peer transfer is protected by four issued U.S. patents, with additional filings pending. These patents define the mechanism by which a registered fund security can function as a transfer instrument without breaking its regulatory classification or income structure. Patent details are provided in Appendix A.

The combination of SEC registration, statutory exemption, and patent protection creates a structural position at the intersection of yield, transfer, and regulatory clarity that is not achievable through existing payment or tokenization models under current law.

SYSTEM PROPERTIES

Within CERES, the behavior of value is determined by the structure of the system rather than by external coordination between components.

Several characteristics remain aligned as inherent properties of this structure. Value remains consistent with the underlying financial assets. Ownership reflects a defined interest in those assets. Transfer occurs without separating value from the structure that defines it. Income remains derived from the performance of the underlying portfolio. These properties are not introduced through the digital layer. They arise from the financial structure and persist because ownership and transfer occur within that structure.

As a result, the system does not require reconciliation between independent environments. The characteristics of value do not need to be re-established following transfer, and alignment is not maintained through external controls or intermediary processes. System behavior is therefore predictable and consistent.

APPLICATIONS

CERES is structured to operate across environments where value must be maintained within a defined financial framework while being transferred between participants. In each case, the underlying system remains consistent—what varies is the context of use, not the behavior of the system.

Government & Public Finance

Federal and state programs maintain substantial float at every stage of the program lifecycle—from appropriation through disbursement. SNAP, Medicaid, tax receipts, unclaimed property, and state operating accounts represent hundreds of billions in balances that currently earn nothing while awaiting deployment. Within CERES, these funds remain within a yield-generating structure through every stage. Ownership transfers at the moment of disbursement without the capital exiting the system. The program earns Treasury yield from allocation to expenditure, without appropriations changes or alteration to program mechanics.

Institutional Treasury & Corporate Finance

Corporations and institutions with significant capital in motion—intercompany transfers, supplier payments, settlement between counterparties—carry dead-time costs on every dollar in transit. CERES enables treasury operations in which capital earns yield continuously, including during transfers, without redemption from the fund or routing through intermediary bank rails. For institutions with high-velocity capital flows, this eliminates the structural inefficiency on every settlement cycle.

Payments Platforms & Banks

CERES operates as invisible infrastructure beneath the partner's product layer. A partner deploys the platform under the partner's own brand—its name, its customer relationship, its interface—with CERES providing the yield-bearing, peer-to-peer transfer capability that no partner can currently build for itself under applicable law. Balances earn real yield from U.S. Treasuries in addition to the partner's revenue generation model. The partner owns the relationship. CERES is the rail.

Digital & Programmatic Environments

For agentic systems, protocol treasuries, and programmatic escrow environments, CERES provides a yield-bearing settlement substrate where every balance earns income from the underlying financial structure until the instant it is transferred. Idle balances in multi-step workflows earn yield at every stage, eliminating dead capital in automated value flows.

CONCLUSION

Money market funds define how value is held and how income is generated. Payment stablecoins define how value is transferred between participants. Tokenized funds bring fund structures onto digital infrastructure. None of these categories resolves the fundamental constraint: value must exit the structure that defines it in order to move.

CERES is structured so that it does not.

Value remains within a regulated financial framework—aligned with underlying assets, generating income from portfolio performance, governed by established securities law—while being transferred directly between participants. Transfer occurs without redemption, without intermediary settlement, and without interrupting the income relationship.

The GENIUS Act codifies restrictions on yield for payment stablecoins. Issued U.S. patents protect the architecture that enables yield to persist during transfer. SEC registration under the Investment Company Act of 1940 defines the instrument's classification. Together, these create a structural position at the intersection of yield, transfer, and regulatory clarity that no existing instrument occupies under current law.

CERES OPERATES AS THAT SYSTEM.

LEGAL NOTICE

This document is provided for informational purposes only and does not constitute an offer to sell or a solicitation of an offer to buy any securities. Any offering of securities associated with the CERES system will be made only through definitive offering documents and in accordance with applicable securities laws.

Materials relating to participation in the CERES system, including structural access, economic considerations, and implementation pathways, are available upon request.

APPENDIX A — IMPLEMENTATION REFERENCE

The following appendix provides reference context for implementation and regulatory alignment and is not required to understand the system definition presented in this document.

CERES is defined at the system level as a digitally represented redeemable security derived from a U.S. Treasury money market fund. The system is not dependent on any single fund, provider, or infrastructure implementation. It may be instantiated through one or more registered investment vehicles that meet the structural and regulatory characteristics described in this document.

In practice, this structure is currently implemented through the M3Sixty OnChain U.S. Government Money Market Fund (MCGXX), a registered money market fund operating under Rule 2a-7 of the Investment Company Act of 1940 (SEC CIK 0001319067). Fund assets are invested in U.S. Government securities, historically in excess of 99.5% of net assets. Custodial services are provided by Huntington National Bank.

CERES Coin LLC operates as the exclusive sub-transfer agent for MCGXX, providing the infrastructure layer that enables peer-to-peer transfer of fund interests without redemption or reissuance. This role encompasses tokenization, on-chain recordkeeping, smart contract-based accrual and distribution, and compliance controls.

Units within the system—referred to as CERES Coins—represent digitally recorded ownership interests in MCGXX. These units correspond to interests in the underlying registered financial instrument and do not constitute a separate asset class.

CERES Coins are distinct from CERES Tokens, which are restricted securities issued under separate exemptions and carry contractual income participation and change-of-control rights. These instruments serve different functions within the CERES ecosystem and should not be conflated.

The architecture enabling income to remain intact during peer-to-peer transfer is protected by four issued U.S. patents:

PATENT	STATUS
US 12,597,000	Issued
US 12,141,769	Issued
US 11,797,955	Issued
US 11,055,677	Issued
2 Provisional Filings	Filed March 17, 2026 (Yield Bridge SPV + CERES Shield)

Two additional provisional patents were filed on March 17, 2026, covering the Yield Bridge SPV structure and the CERES Shield framework.

Digital representation is currently recorded on blockchain infrastructure with a migration to Solana active as of Q1/Q2 2026 (485(a)(1) N-1A amendment filed, 60-day review targeting late June 2026; OtterSec security audit engagement in progress).

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APPENDIX B — REGULATORY CONTEXT

CERES operates within an established regulatory framework governing securities and registered investment companies in the United States. Its classification is determined by its structure as a redeemable interest in a registered money market fund, rather than by its method of representation or transfer.

Existing securities law, including the Securities Act of 1933, the Securities Exchange Act of 1934, and the Investment Company Act of 1940, provides the governing framework for issuance, ownership, valuation, and redemption. These statutes define the legal and operational characteristics of the underlying financial structure.

GENIUS Act — July 2025

The Guiding and Establishing National Innovation for U.S. Stablecoins Act (GENIUS Act) established the first comprehensive federal regulatory framework for payment stablecoins. The Act defines payment stablecoins, establishes issuer requirements, and prohibits payment stablecoins from bearing yield—reserve income must be retained by the issuer and cannot be distributed to holders.

Section 2(22)(B)(iii) explicitly excludes registered investment companies under the Investment Company Act of 1940 from the definition of payment stablecoin. CERES, as a registered investment company (SEC CIK 0001319067), is not a payment stablecoin under the GENIUS Act and is therefore not subject to the yield prohibition.

The structural consequence is a codified asymmetry under current law: payment instruments are subject to restrictions on yield-bearing characteristics; registered investment companies operating under existing securities frameworks are not. CERES operates within the latter category.

CLARITY Act — Under Consideration

The CLARITY Act, in Senate Banking Committee consideration as of April 2026, extends the yield prohibition framework. The Act bans passive yield on stablecoin balances and closes affiliate workaround structures through which issuers might indirectly distribute returns. CERES is exempt from these provisions regardless of final form, as its classification as a registered security places it outside the regulatory scope of the Act.

Classification Stability

CERES is structured as a registered security and therefore operates within the regulatory domain applicable to investment companies and securities markets. Its classification does not depend on interpretive categorization of digital assets or on functional use as a payment instrument.

Digital representation extends the accessibility and transferability of the instrument but does not alter its legal classification. This allows CERES to operate within a defined regulatory environment while maintaining consistency with the structural characteristics of the underlying financial instrument.