

USDU Whitepaper

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Contents

Executive Summary	03
Background	05
Stablecoins	
Existing USD-Stablecoins	
An Alternative: USDU	
Introducing USD Universal	07
Objectives	
Use Cases	
Design	
Benchmarks	
Implementation	12
Portal	
Adoption Strategy	
Additional Information	16
Implementation Partner	
Environmental Impact	
Risks and Mitigations	
Rights and Obligations	
Terms and Conditions	
Conclusion	19
Disclaimer	20
Appendix - Technical Details	22
Key Management Systems	
Smart Contract Infrastructure	
References	23

Executive Summary

USD Universal ("USDU") is a U.S. dollar-denominated Fiat-Referenced Token ("FRT") backed one-for-one by USD fiat deposits held in UAE Central Bank regulated banks.

The issuer is Universal Digital Intl Limited ("we", "us", "our", "Universal" or the "Firm"), a private company limited by shares established in the Abu Dhabi Global Market ("ADGM") with commercial registration number 26715, regulated by the Financial Services Regulatory Authority ("FSRA") under the Financial Services Permission No.250089 to conduct the regulated activity of Issuing an FRT. Universal is a Registered Foreign Payment Token Issuer by the UAE Central Bank under the Payment Token Services Regulations ("PSTR" as amended from time to time).

USDU is a Registered Foreign Payment Token by the UAE Central Bank under the PTSR and as such may not be used for payment purposes in the UAE (i.e. UAE domestic payments). USDU may be used as a Means of Payment (as defined in the PTSR) for the purchase of virtual assets or derivatives of virtual assets in the UAE. USDU may also be used as a method of payment in international markets (i.e. Non-UAE domestic markets where permitted by local, non-UAE laws, rules or regulations). USDU may be exchanged for UAE Central Bank Registered Dirham Payment Tokens for the purpose of payments in the UAE, where the payment occurs in the Dirham Payment Token.

USDU reserves will only be invested in fiat deposits in UAE Central Bank regulated Banks (and short-term USD UAE government securities in the future, if and when available). As such, USDU users have very limited practical risk of permanent investment loss and have very limited liquidity risk.

Aquanow ME FZE ("Aquanow"), a company registered in Dubai World Trade Centre Freezone with the commercial license number L2795 and regulated by the Dubai Virtual Asset Regulatory Authority ("VARA") will serve as the technology provider and distributor.

USDU aims to:

1. Become A Trusted Alternative:

Universal aims to offer USDU as a trusted and fully regulated USD-based FRT alternative in the market.

2. Foster Digital Innovation:

To promote the growth of the Virtual Asset ecosystem and drive the digitalisation initiatives in the UAE.

Universal will arrange liquidity for USDU through centralised and decentralised exchanges and will integrate USDU with leading Defi protocols.

USDU is designed to match or exceed leading industry standards for convertibility, stability, traceability, transparency, and security. The inaugural network will be Ethereum, with more blockchains expected to be added in future.

The intended use cases include **1) Virtual-Asset trading** and **2) investments** and over time, and as permitted by the appropriate regulatory authorities, **3) Peer to peer transfers.**

It is important to note that Universal does not conduct payments, remittances, or transfers itself as a regulated service. Instead, we may partner with other licensed entities (such as those holding relevant licenses from the UAE Central Bank and/or FSRA/Dubai Financial Services Authority or other competent regulators in other jurisdictions) to facilitate these activities.

Please note that USDU should not be considered as an alternative form of investment.

Background

The virtual assets industry began with Bitcoin in 2008. With decentralisation, strong cryptographic security, and an immutable ledger, Bitcoin had the ambition to succeed as an open digital payments system. But price volatility and slow confirmation times have prevented its wide adoption for payments. Nevertheless, Bitcoin has given rise to many other blockchain projects and a new asset class of virtual assets.

Stablecoins

Stablecoins are virtual asset tokens whose value is linked to real-world assets such as commodities and fiat currencies, most often the U.S. Dollar.

Following the introduction of Bitcoin and other virtual assets, exchanges emerged to facilitate their trading, which led to the development of stablecoins.

From the early days of these exchanges, stablecoins were created to represent U.S. Dollars to trade, hold, and transfer value. Fiat-backed stablecoins offer the best of both worlds - they can be used to transfer value anytime across open blockchains, and are pegged to a real-world asset for stable value.

Banks did not want to onboard exchanges as clients due to lack of risk controls. Early stablecoins were introduced to solve this problem as banks are more willing to onboard stablecoin issuers than Virtual Asset Exchanges. Stablecoin users could more easily deposit and withdraw fiat currency at the stablecoin issuers. After the stablecoin was issued, users could transfer it onto exchanges and use it to trade other virtual assets.

Traditional banking did not have the adequate speed and availability to meet the funds transfer needs of the virtual assets market trading around the clock. Stablecoins have emerged to provide an efficient way for settlement and to eliminate arbitrage. Prior to stablecoins, Bitcoin was trading at vastly different prices across countries due to on/off-ramp difficulties.

Major USD stablecoins include Tether (USDT), launched by Tether (later affiliated with Bitfinex); USD Coin (USDC), issued by Circle through the Centre consortium with Coinbase; Binance USD (BUSD), issued by Paxos in partnership with Binance; and Gemini Dollar (GUSD), issued by Gemini Trust.

Decentralised stablecoins - algorithmic and overcollateralised varieties - also developed in the market to bypass the use of real-world reserves to support their value. Instead, these stablecoins rely on smart contracts, trading incentives, and virtual assets collateral to maintain their pegs.

However, the decentralisation principle is often compromised. For example, when MakerDAO, issuer of the largest decentralised stablecoin DAI, began accepting USDC and the underlying U.S. Treasury securities as reserves, these reserves needed to be held by a trusted party in the real world.

Decentralised stablecoins also come with their own set of risks. Both algorithmic and overcollateralised stablecoins have higher smart contract, price oracle, and AML/KYC compliance risks. In May 2022, the credibility of algorithmic stablecoins was tarnished by the sudden collapse of Terra (UST) from \$19 billion value within a week.

Existing USD-Stablecoins

The total value of stablecoins was US\$283 billion as of August 31, 2025, representing 7 percent of the US\$3.8 trillion in total virtual assets. Stablecoins can be divided into three general categories: centralised fiat-backed, decentralised crypto-based and decentralised algorithmic.

The two largest stablecoins by market capitalisation, Tether (USDT) and USD Coin (USDC), represent the vast majority and are both backed by reserves of fiat currency and cash equivalents.

Despite the consistent maintenance of their pegs over the years, none of these fiat-backed stablecoins has achieved complete trust within the marketplace.

Some issuers operate without regulation, raising compliance concerns. Additionally, certain stablecoins have encountered transparency challenges, resulting in occasional price deviations driven by questions about the adequacy of their reserves. Others are issued in the US and are directly subject to US regulations and government oversight. In this era of heightened global geopolitical conflicts, some market participants may choose to diversify their jurisdictions to mitigate potential risks.

An Alternative: USDU

This whitepaper introduces USD Universal (USDU), a fully-regulated USD-backed stablecoin.

USDU is designed to provide a secure and reliable alternative for users looking for USD stablecoin options.

Distinct advantages of USDU include:

- a. The FSRA has a fully regulated FRT regime, giving users confidence in robust controls and oversight, including but not limited to AML, fiat reconciliation, and backed by frequent independent attestations to provide assurance of the underlying fiat.
- b. USDU is not subject to direct oversight by US regulators. The Issuer and Licensed Distributor of USDU are licensed and regulated by the FSRA and VARA respectively, and the fiat deposits are maintained in UAE banks which are licensed and regulated by the UAE Central Bank.
- c. USDU can be used to onramp, trade, and offramp on virtual asset exchanges and broker-dealers, and has the potential to facilitate the UAE's growth as a virtual asset hub. A robust virtual asset community in the UAE can, in turn, foster the popularity and additional use cases for USDU, creating a high potential for a positive feedback loop.

Introducing USD Universal

USD Universal (USDU) is a conservative fiat-backed stablecoin to be launched in the United Arab Emirates.

USDU is pegged at 1:1 against USD and fully secured by USD deposited in banks regulated by UAE Central Bank.

Issuer

The issuer is Universal Digital Intl Limited ("we", "us", "our", "Universal" or the "Firm"), a private company limited by shares established in the Abu Dhabi Global Market ("ADGM") with commercial registration number 26715, regulated by the Financial Services Regulatory Authority ("FSRA") under the Financial Services Permission No. 250089 to conduct the regulated activity of Issuing an FRT. Universal is permitted to deal with Professional Clients defined under the FSRA COBS rule only. This regulated status, combined with a commitment to transparency, is designed to instill a high level of confidence among users.

Distributor

USDU will be distributed by Aquanow, the technology and implementation partner that is regulated by the Dubai Virtual Assets Regulatory Authority ("VARA"). USDU is fully backed by USD deposits held in UAE banks that are regulated by the Central Bank of the United Arab Emirates ("UAE Central Bank").

Aquanow will distribute USDU through registered exchanges and brokerages, or other corporates and not directly to retail customers.

Objectives

As a regulated stablecoin issuer based in the UAE, Universal aims to enable USDU to provide stability and efficient trading and investment use cases in the UAE virtual assets and traditional economies, and to become a leading digital currency globally:

1. Virtual Assets Economy

Work with UAE industry participants and regulators to develop the UAE virtual assets ecosystem

2. UAE Local Economy

Foster financial efficiency in the UAE economy in collaboration with licensed partners

3. Global Economy

Be an attractive alternative to existing USD-backed stablecoins

Use Cases

1. Virtual assets economy

Trading

UAE exchanges and market participants can trade and hedge virtual assets into local currency, and move funds across venues to capture opportunities and manage risks

Decentralised Finance

Decentralised finance (DeFi) applications, including exchanges, lending pools, and metaverse, can be supported by USDU as digital currency

Asset Tokenisation

Blockchain projects can utilise smart contracts to automatically distribute payments in USDU, including interest, dividends, rent, fees, and taxes

2. UAE local economy *(in collaboration with licensed partners and AED stablecoins)*

Transfers and payments

USDU can be swapped for UAE Central Bank regulated Dirham Payment Tokens for UAE payments

3. Global economy *(outside UAE - in collaboration with licensed partners)*

Trading

Global trading partners can speed up and reduce the complexity of trading and transfers

Store of Value

Savings can be shifted to USDU as an alternative store of value for those looking to diversify their holdings away from existing USD-backed stablecoins

Design

Universal aims to adhere to market leading standards in every aspect of USDU design. USDU is designed with the following principles to create public trust in its stability, market liquidity, compliance, and user experience:

1. Centralisation

Centralisation provides the ability to revoke transactions in extreme scenarios such as fraud. To mitigate the risk that comes with centralisation, USDU will maintain a high level of transparency on its reserves and investment activities, both the custodian and issuer are fully regulated, and reserves will be attested monthly by a major accounting firm.

2. Compliance

Universal as the issuer of USDU, is regulated by the FSRA in the ADGM and adhere to the FSRA FRT regulatory framework. Institutional-grade anti-money laundering ("AML"), know-your-client ("KYC"), and know-your-transaction ("KYT") processes will be implemented by Aquanow, adhering to regulatory requirements and industry best practices. Further, as all USDU transactions will be on public blockchains, every token flow can be traced and recorded through smart contract. This makes USDU fund flow traceable.

3. Convertibility

The distributor(s) will offer conversion between USD and USDU at minimal costs. The issuer may also utilise its treasury and/or balance sheet to provide market liquidity across centralised and decentralised exchanges, including market-making activities to facilitate conversion between USDU and major USD-pegged stablecoins.

4. Reliability

The project is regulated, audited and attested, transparent, and backed by USD deposits and short term (less than a week) USD, UAE government securities (if and when applicable) in financial institutions regulated by the UAE Central Bank. As such, Universal will ensure that the market value of the reserve assets equals or exceeds the total value of all outstanding redemption claims as may be issued and outstanding at all times.

The conservative investment strategy of USDU minimises the risk of investment loss or a bank-run.

	USD Universal (USDU)	Tether (USDT)	USD Coin (USDC)
Cash and Bank Deposits	100%	0.02%	14%
US Treasury Bills	-	65%	86%
Other Short-Term Instruments	-	15%	-
Loans and Investments	-	20%	-

5. Availability

Universal and Aquanow adopt a redundancy in its infrastructure to minimise any single point of failure. It will target 99.95% uptime and availability, consistent with the historical performance of Aquanow. Universal will operate on a 24/7/365 basis to process USDU transactions, and the project aims to work with partner banks to provide USD deposit/withdrawal services during non-business hours.

6. Flexibility

USDU will facilitate use cases across both the virtual assets and traditional economies, in the UAE and globally. Aquanow will develop APIs for various use cases to facilitate adoption of USDU by industry partners. The USDU project aims to evolve to accommodate future use cases.

7. Security

The USDU smart contract had been audited by Certik, with a report dated 6 May 2025. The USDU issuance portal will employ industry-leading custody standards for private key storage including multi-party computation (MPC), hold periods, and tiered access. Transaction revocation is available as a safety net in extreme situations.

8. Minting and Burning

Minting (Issuance)

1. Once a client has been onboarded by Aquanow, in order to mint, the client needs to deposit USD into Aquanow's Client Money Account ("CMA") or provide equivalent value, along with a valid instruction to mint, via the Aquanow portal. Any fees need to be paid in addition.
2. Once received, Aquanow will transfer the required USD from Aquanow's CMA into Universal's Reserve Account and instruct Universal to mint the corresponding amount of USDU.
3. Once the amount received in Universal's Reserve Account has been validated, Universal will mint the USDU and transfer it to Aquanow and Aquanow will credit the USDU to the client's account in the portal, or transfer USDU to the client's whitelisted wallet address upon client's instruction.
4. Once received, the client may withdraw or trade the USDU.

Burning (Redemption)

1. A client deposits USDU into their Aquanow wallet and initiates an instruction to burn and receive USD into their nominated client account maintained with Aquanow. The client will need to pay any fees in addition.
2. Once the USDU is received and the instruction is validated, Aquanow will run compliance checks. Once cleared then Aquanow will transfer the USDU to Universal which will burn the USDU. Universal will send the corresponding USD from the reserve account to Aquanow's CMA which will reflect on the client's balance on the Aquanow portal.
3. Typically burning and redemption will take 2 business days, following the completion of any required customer due diligence. In extreme market conditions, beyond the control of Universal and Aquanow, the redemption period may be extended following notification to or upon direction from the FSRA.
4. Redemption of each USDU will be at par value, for USD 1.
5. The client may withdraw or trade the USD received in Aquanow's CMA.

9. Supply

There is no limit to the supply of USDU.

Benchmarks

USDU is designed to adhere to the highest market standards, making it an attractive virtual asset comparable to other major stablecoins.

Name	USD Universal	Tether	USD Coin	Binance USD Coin	True USD	Pax Dollar	Gemini Dollar
Symbol	USDU	USDT	USDC	BUSD	TUSD	USDP	GUSD
Market Cap (USD)	-	\$169.4bn	\$72.4bn	\$55m	\$494m	\$68m	\$52m
Launch Date	2025	2014	2018	2019	2018	2018	2018
Jurisdiction	UAE	BVI	US	US	China	US	US
Reserve Currency	USD	USD	USD	USD	USD	USD	USD
Reserve Attestation	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Auditor	UHY James Mazars	BDO Italia	Deloitte	Withum	Moore Hong Kong	Withum	BPM LLP
Reporting Frequency	Monthly	Quarterly	Monthly	Monthly	Continuous	Monthly	Monthly
Native Integrations (# of blockchains)	1 (Starting with Ethereum)	14	15	1	12	1	1
Registrations	UAE: Issuance of a Fiat-Referenced Token	US: Money service business	US: Money transmitter; UK: e-money issuer	US: New York trust charter	US: Money service business	US: New York trust charter	US: New York trust charter
Custodian	Banks regulated by UAE Central Bank	Tether Ltd	BNY Mellon, NY Community Bank, US Bancorp, others	Paxos Trust Company	First Digital Trust, BitGo	Paxos Trust Company	State Street
Minimum Redemption Amount	\$100k	\$100k	\$100	\$60k for individuals; \$500k institutions	\$10k	n/a	n/a

Note: Updated as of Sep 12, 2025

Implementation

Portal

The Aquanow portal will allow for minting, burning, deposit, and withdrawal. The separation of deposit and minting functions, and of burning and withdrawal functions, allows the flexibility to custody client fiat and Virtual Assets and for clients to withdraw or otherwise deal with USDU as they wish.

This provides flexibility for various use cases of USDU, including during non-business hours.

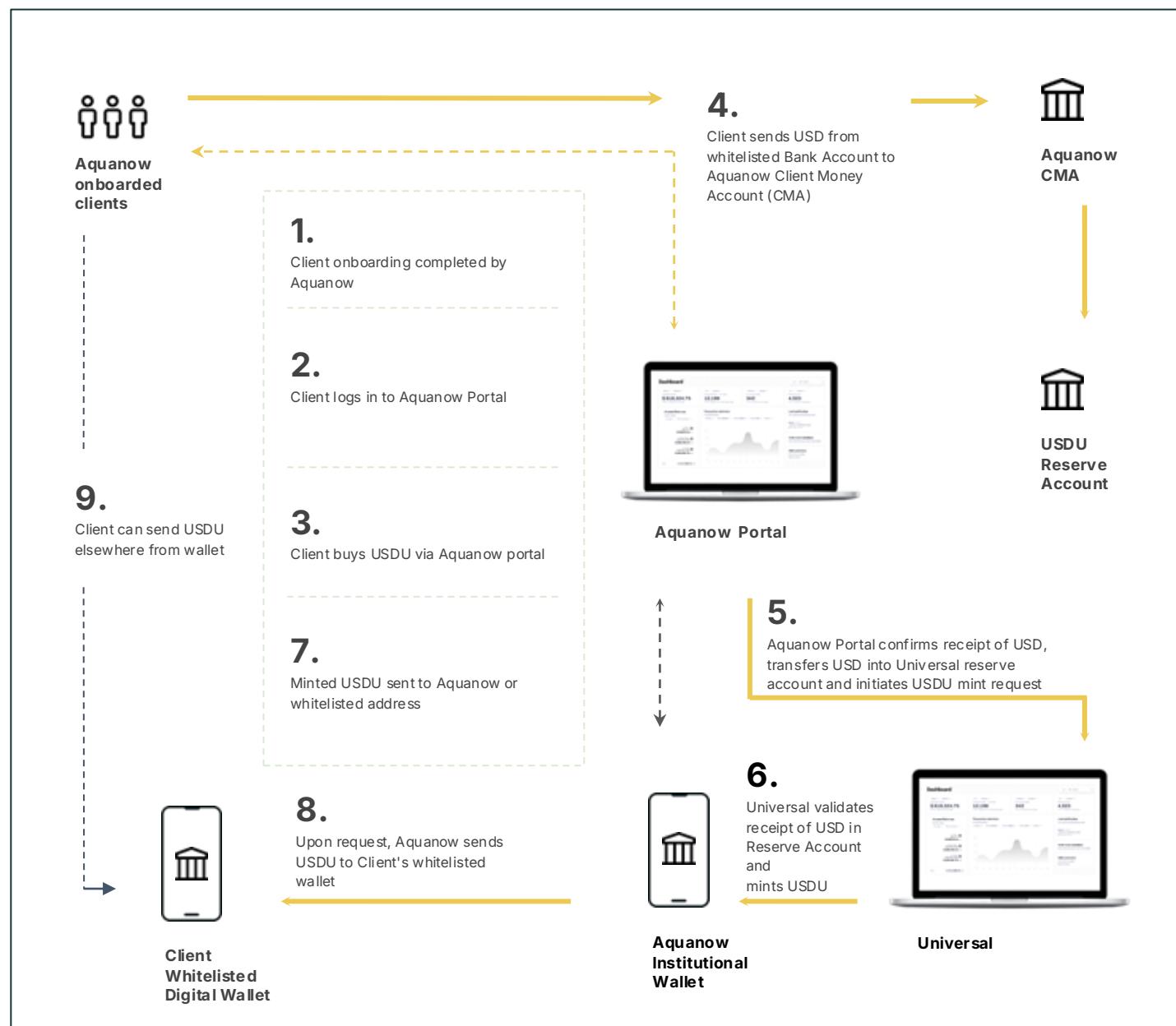
Ethereum has been selected as the initial blockchain for deployment. Ethereum is the most popular blockchain with high security and widespread adoption of the ERC-20 token standard. Ethereum is the most active blockchain for stablecoin transactions today - over 40% percent of USDT and 60% of USDC transactions occur on this network.

Both Universal and Aquanow are regulated by their respective regulators (FSRA and VARA) to deal with Professional Clients only. Universal and Aquanow will not face any retail customers. Initially, Aquanow will be the sole distributor for USDU and therefore Universal will only face Aquanow and Aquanow will only face a limited number of institutional or Qualified clients in the beginning, including leading Virtual Asset exchanges and banks.

- All parties must complete KYC due diligence procedures; all Virtual Assets in/out will be subject to KYT and compliance checks.
- Wallets and bank accounts seeking to withdraw assets will need to be checked and whitelisted.
- The system will accept USD fiat/USDU for Deposit and process USD fiat/USDU in Withdrawal.
- Universal reserves the flexibility to add to its offerings in future, subject to regulatory approvals.

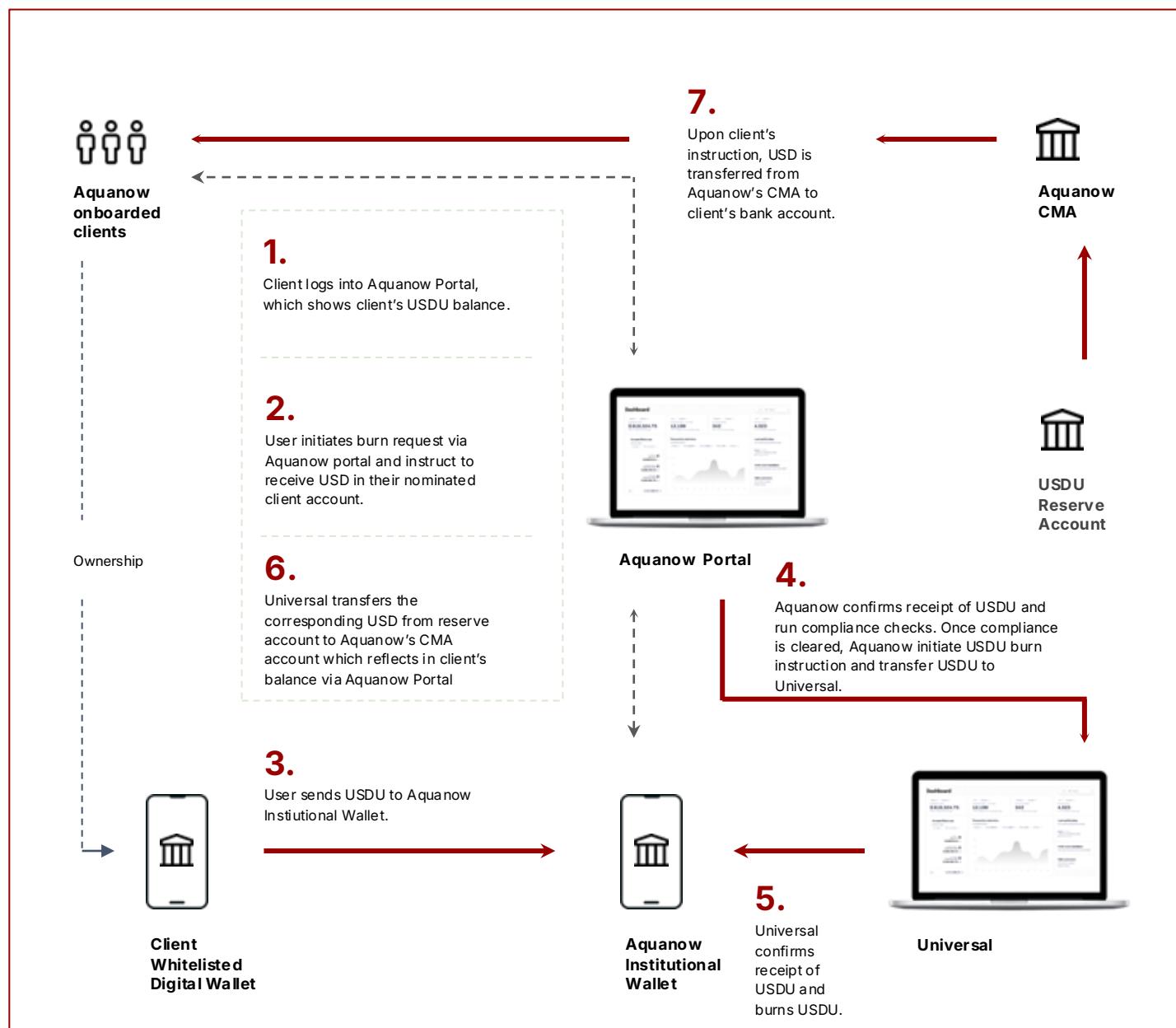
Implementation

Deposit and Minting Sequence (USD)



Implementation

Burning and Withdrawal Sequence (USDU)



Adoption Strategy

Universal will encourage adoption of USDU across virtual assets, UAE local, and global economies in the following sequence.

1. Setup

- List USDU on leading local virtual asset exchanges
- List USDU on leading decentralised exchanges (DEX)
- Conduct market-making function on USDU/USDT and USDU/USDC pairs, and at a later date, USDU/ETH and USDU/Bitcoin pairs to provide market liquidity

2. Adoption *(in collaboration of licensed partners, as needed)*

- Promote usage of USDU to trade digital assets at local exchanges
- Promote usage of USDU to trade digital assets at international exchanges
- Facilitate swaps with UAE Central Bank licensed Dirham Payment Tokens

3. Ecosystem *(in collaboration of licensed partners, as needed)*

- Enable international merchants and payment companies (non-UAE) who already accept digital payments to include USDU
 - Promote USDU yield
 - Promote usage of USDU as a reserve asset
 - Promote usage of USDU for employee payroll (non-UAE)

Additional Information:

Implementation Partner

The technology and implementation partner for USDU is Aquanow, a leading institutional digital asset platform that powers a network of fast-growing banks, neobanks, brokerages, and payment companies. Founded in 2018, Aquanow has established itself as a critical player in the digital finance space, operating advanced technology infrastructure and underwriting billions of dollars in monthly cryptocurrency brokerage and payment transactions.

With a global presence that includes over 150 team members across various offices, headquartered in Vancouver, Canada and a regional headquarter in Dubai, UAE, Aquanow has gained recognition for its rapid growth and innovation. Notably, the company was featured on the Deloitte Technology Fast 500 list in 2024 for the second consecutive year.

In the UAE, Aquanow operates through Aquanow ME FZE, which is incorporated in the Dubai World Trade Centre and regulated by VARA with license number VL/24/01/001. This regulatory framework allows Aquanow to provide a range of services, including Broker-Dealer Services, Lending and Borrowing Services, and Management and Investment Services.

As a key partner for USDU, Aquanow's extensive experience and regulatory compliance under VARA will play a vital role in the successful implementation and operation of this USD-backed stablecoin. Aquanow and Universal commit to uphold the highest standards of transparency and security in the digital asset ecosystem. For more information about Aquanow, please visit www.aquanow.com.

Environmental Impact

Universal is aware of the potential energy consumption associated with blockchain activity and its environmental implications. With this in mind, the team has designed USDU to be efficient and to minimise its ecological footprint.

For instance, USDU will utilise only blockchain protocols that operate on a proof-of-stake consensus mechanism, which has a lower environmental impact compared to proof-of-work protocols that often involve energy-intensive mining operations.

Risks and Mitigations

The following are major risks for the USDU project:

1. Depeg Risk

The most significant risk for stablecoins is depeg risk. The stability of a fiat-backed stablecoin peg is based on the perceived capability of the issuer to redeem the stablecoin at par value for its underlying asset. For USDU, is each USDU for 1 USD. To address this issue, USDU will be the most conservative among major stablecoins, with its reserves deposited only with financial institutions regulated by the UAE Central Bank. Its reserves are subject to monthly attestation by a major independent accounting firm. Arbitrage opportunities will also provide incentives for market participants to maintain USDU's parity. In addition, Universal and its partners will provide liquidity to help maintain the peg as required.

2. Investment Loss Risk

There is general risk that stablecoin reserves will have investment losses from the various investments that they may be held in. However, USDU reserves will be conservatively managed to minimise investment loss risk, being invested only in deposits (and short term USD UAE government securities in the future when applicable) with financial institutions regulated by the UAE Central Bank. It is practically impossible for Universal to suffer investment losses from these assets in its reserves.

3. Market Liquidity Risk

To mitigate the risk of insufficient trading in USDU, Universal Digital and its partners have sourced treasury funds for market-making in leading centralised and decentralised exchanges. Other market-makers will also provide liquidity, by taking advantage of price discrepancies for arbitrage profit.

4. Issuer Risk

There is operational risk that USDU funds are stolen or that USDU is issued without a corresponding USD deposit. To mitigate this risk, reserve assets will be clearly segregated from treasury assets. Reserve Accounts will only be used for minting and burning. There are fully defined minting and burning processes in place with daily internal reconciliation and monthly attestation process. The distributor Aquanow is also SOC 2 Type 2 and ISO certified.

5. Term-Maturity Mismatch Risk

Many stablecoin issuers invest reserves in long term assets and may not be able to fulfill client demand in a "bank-run" situation. Universal will only be investing in deposits (and short-term UAE government securities in the future and when applicable). Its treasury management is the most conservative of all major stablecoin issuers. In the worst-case scenario, all USDU holders will be able to get back their USD within one week, given that the short-term securities (if any) that the reserves invest will have a maturity period of less than a week.

6. Using and Holding USDU Exposes Holders to Potential Risks Specific to USDU

- Subject to law enforcement for illegal or sanction countermeasures, USDU or the corresponding reserves backing the USDU can be frozen, seized or forfeited as required. Please refer to the Terms and Conditions for the prohibited use of USDU.
- Although Universal segregates the reserve assets from corporate funds as per the regulatory requirements. USDU reserves are held only with UAE central bank regulated banks. However, there are still insolvency risks to the reserve accounts with which USDU reserves are held. Universal had a thorough third-party agent suitability assessment as per the FSRA requirements to make sure that the banks which the reserves accounts are held are deemed suitable. Universal will implement a stringent treasury risk management framework and ongoing due diligence on the banks.
- In the unlikely event of an extreme market condition or other unexpected circumstances, there are risks that there might be mismatch between outstanding USDUs and the reserve assets. However, it is highly unlikely for this to happen due to the nature of the USDU reserve assets.
- The USDU smart contract is on a public blockchain, there may be risks where it will be breached by unauthorized third parties. The USDU smart contract is subject to independent third party smart contract audit by top audit firms to give assurance that the implementation is secure and stable.

Rights and Obligations

Subject to terms and conditions, including that all USDU holders seeking redemption must be successfully onboarded with Aquanow and all wallet addresses must be checked and/or whitelisted, USDU holders have a legal right to redeem the USDU against USD fiat at 1:1 basis within two business days.

To redeem USDU via Aquanow portal, holders must have an account with Aquanow. Each account must have a unique redemption wallet address to which the holder can send USDU. Once Universal receives the instruction from Aquanow and compliance checks are done, USDU will be sent to Universal and will be burnt. After which Universal will send the corresponding USD to Aquanow's CMA which will reflect on the client's balances on the Aquanow Portal. Upon client instruction, such balances can be withdrawn.

- All redemptions will be at par value, which is 1:1 for USDU:USD.
- Universal makes commercially reasonable efforts to redeem USDU which may take up to two business days. However, during extreme market conditions which are beyond Universal and Aquanow's control, the redemption period may be extended following notification to or upon direction from the FSRA.
- Universal and Aquanow may require a minimum amount for redemption, which may be updated from time to time.

Redemption may be delayed in certain circumstances such as:

- Operational latency with Universal's banking partners;
- Where a certain redemption request needs additional and enhanced compliance checks from Aquanow;
- Where Universal and/or Aquanow believes that such redemption may constitute a breach to applicable laws and regulations or would otherwise expose Universal and/or Aquanow to legal liability.

Aquanow is able to communicate with clients who experience delays in the redemption process via Customer Support. Universal and/or Aquanow undertakes appropriate remediation actions to help clients redeem their USDU given the circumstances of each case. In case of a mismatch between the beneficial owner of the bank account and owner of the client account with Aquanow, the USD withdrawal will be denied and the client will be notified.

Treatment of USDU Holders in the Event of Insolvency

In accordance with the FSRA COBS rules 19A.2.1 and COBS rules 19A.11, in the event of Universal's insolvency or other pooling event, all of the USDU reserve investments must be liquidated and all of the relevant money must be distributed in the following order of priorities:

- I. Firstly, to all holders of all issued and outstanding USDUs on a pro-rata basis to an amount at par value;
- II. Secondly, to other creditors of Universal whose claims are not addressed.

Terms and Conditions

1. The Issuer of USDU, Universal is regulated by the FSRA of ADGM to conduct the regulated activity of issuing a FRT under the Financial Services Permission No. 250089 to deal with Professional Clients as defined by the FSRA COBS Rules. Its registered address is 14,11, Sky Tower, Shams Abu Dhabi, Al Reem Island, Abu Dhabi, UAE.
2. USDU will be 1:1 backed by USD, kept in banks regulated under the UAE Central Bank.
3. The USDU reserves will only be invested in saving deposits (and short-term USD UAE government securities in future when available).
4. Aquanow's platform will provide services 24/7/365 except normal system maintenance and down time (if any). Aquanow aims to provide an availability of 99.95%.
5. Via Aquanow, Universal expects to send funds to clients within 2 business day of a withdrawal. In extreme market conditions, beyond the control of Universal and Aquanow, the redemption period may be extended following notification to or upon direction from the FSRA.
6. Institutional grade AML/KYC/KYT processes will be in place. All parties must complete KYC; all Virtual Asset in/out will be subject to KYT. Those seeking to mint or burn USDU must have an account with Aquanow and have been successfully onboarded by Aquanow's KYC and AML onboarding process. Onboarding timelines vary depending on the customer type, the complexity of customer structure, timeliness of providing required documentation among others which may prolong the onboarding process.
7. All outgoing wallet addresses and bank accounts will be verified and/or whitelisted.
8. All USDU reserves will be separated from the corporate funds of Universal and Aquanow.
9. All USDU reserves will be attested by a major accounting firm on a monthly basis. Attestation reports will be made public by the end of the following month.
10. The USDU smart contracts had been audited by Certik, with a report dated 6 May 2025.
11. Market leading standards including Multi Party Computation ("MPC") will apply.
12. Revocation will only be used as a last resort but provides a safety net in extreme situations.
13. The choice of blockchain will be Ethereum for the initial implementation. It is expected that more blockchains will be added at later stages.
14. Both Universal and Aquanow are permitted to deal with Professional Clients only. Universal will not face retail customers. It will only face Aquanow, who will face a limited number of institutional clients in the beginning, including leading Virtual Asset exchanges and banks.
15. The system will only accept USD fiat/USDU in Deposit and issue USD fiat/USDU in withdrawal. It will not accept other fiat/Virtual Asset currencies in the initial stage.
16. USDU and all relevant services provided by Universal and/or Aquanow may not be available to any sanctioned individuals or entities and individuals or entities in a prohibited jurisdiction as determined by Universal and/or Aquanow to fulfill its regulatory requirements. Any wallet addresses with USDU balances are subject to screening and monitoring and USDU maintained by wallet addresses which are sanctioned or in a prohibited jurisdiction will be blocked by Universal and/or Aquanow.
17. USDU and the corresponding USD reserves backing the USDU may be subject to freeze, seizure, forfeiture or other restrictions imposed by law enforcement for illegal or sanction countermeasures. Should the USDU tokens being determined to have been used or are being used for illegal or sanctioned activities, redemption of such USDU tokens will not be permitted and the USD reserves backing those USDU tokens may be forfeited, such USDU and the corresponding USD reserves may be unusable, irrecoverable or destroyed as required. This applies to all USDU holders, regardless of whether the holder is a client of Universal and/or Aquanow.
18. Fees will be charged for activities such as minting, burning, or transactions. These fees are subject to change over time based on market conditions. All applicable fees will be disclosed at the time of each transaction and applied separately, without impacting the 1:1 backing of USDU.
19. Please refer to the Client Agreement Supplement for terms that relate to USDU.

Conclusion

USDU embodies the project team's sincere commitment to providing a USD-pegged stablecoin alternative to the market.

We are confident that the USDU project will play a crucial role in establishing the UAE as a leading virtual assets hub within the global digital asset ecosystem.

Our initiative is designed to be inclusive, and we are dedicated to facilitating and empowering business opportunities across various use cases for our partners.

With the UAE's growing role as a virtual assets hub and global economic centre, AED's stable peg with USD and the UAE's politically neutral stance we believe that the USDU project is in a unique position to succeed.

USDU has a promising future as a Fiat Referenced Virtual Asset for the United Arab Emirates and the world.

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Board Attestation

We, being all the Directors of Universal Digital Intl Limited (the "Board"), a private company limited by shares established and existing under the laws of Abu Dhabi Global Market ("ADGM") with registration number 26715 having its registered address at 14, 11 Floor, Sky Tower, Reem Island, Abu Dhabi, United Arab Emirates (the "Company"), hereby provides attestation in accordance with applicable rules and regulations:

Attestation

The Board confirms that it has reviewed this white paper relating to USDU (the "White Paper") and hereby attests that, to the best of its knowledge, information and belief:

1. Completeness

The White Paper has been prepared in accordance with FSRA COBS 19A and Articles 26 of the Central Bank PTS Regulation and contains all information that is reasonably necessary for a customer, a token holder or other stakeholder to make an informed assessment of USDU.

2. Accuracy

The information provided in the White Paper is, as of the date of the publication, clear, fair, accurate and not misleading, whether by omission, ambiguity, or presentation.

3. Ongoing update

The White Paper may be updated, amended or replaced from time to time to ensure that any material changes relating to USDU will be promptly assessed, updated and re-published to fulfill its ongoing regulatory obligations.

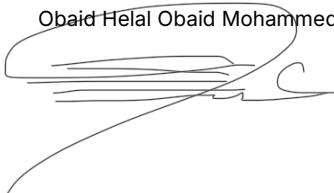


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Appendix - Technical Details

Key Management System

The USDU system integrates with market-leading custody technology. Its platform is a multi-layer technology that provides next generation digital asset security from internal collusion, cyberattacks, and human error. It uses a custody MPC based wallet to secure the movement of funds and operates within a well-defined policy document for transfers.

Smart Contract Infrastructure

We envision the USDU token to be usable on centralised exchanges and decentralised applications on popular blockchains. This token is designed to adhere to ERC-20 standards which has been adopted across many Ethereum virtual machine ("EVM") blockchains, and is interoperable across existing decentralised applications in the decentralised finance ("DeFi") ecosystem. The mainnet contract address is 0xe4ca6596d2c28014c6f89964f57838e0be9f369b.

The USDU token can be minted, burned, and transferred. In designing the smart contracts that build the USDU token, aspects such as security, upgradeability, whitelisting, and recoverability were considered. The USDU token smart contract uses the proxy design pattern to enable the upgradability of the implementation contract.

There is a hierarchical role system that defines the access control of members such as administrator, master minters, and minters. There are thresholds defined for every minter. A multi-signature scheme is applied for high-risk operations.

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