



WHITEPAPER V1.1

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## ABBREVIATIONS

<b>AML/CFT</b>	Anti-Money Laundering/Combating the Financing of Terrorism
<b>API</b>	Application Programming Interface
<b>AWS</b>	Amazon Web Services
<b>CeFI</b>	Centralised Finance
<b>DeFi</b>	Decentralised Finance
<b>DLT</b>	Distributed Ledger Technology
<b>ERC-20</b>	Ethereum Request for Comment 20
<b>EU</b>	European Union
<b>EUR</b>	Euro
<b>GDPR</b>	General Data Protection Regulation (2016/679/EC)
<b>GHG</b>	Greenhouse Gas
<b>IP</b>	Intellectual Property
<b>ISO</b>	International Organisation for Standardisation
<b>IVFAO</b>	Initial Virtual Financial Asset Offering
<b>MFSA</b>	Malta Financial Services Authority
<b>MiCAR</b>	Regulation on Markets in Crypto-Assets
<b>MLRO</b>	Money Laundering Reporting Officer
<b>MPC</b>	Multi-Party Computation
<b>MVP</b>	Minimum Viable Product
<b>PAS</b>	Publicly Available Specification
<b>USD</b>	United States Dollar
<b>VAT</b>	Value Added Tax
<b>VFA</b>	Virtual Financial Asset
<b>VFAA</b>	Virtual Financial Assets Act, Chapter 590 of the Laws of Malta

# 1. Introduction

## 1.1 Executive Summary

### 1.1.1. VFA Summary

This summary provides a brief overview of the key points covered in the Whitepaper on the StabLR Euro (EURL). It is written in non-technical language and is intended to help investors understand the essential elements of the VFA and make informed decisions about whether to invest in it. Please note that this summary is not intended to replace the Whitepaper, and investors are strongly encouraged to read the Whitepaper in its entirety before making any investment decisions.

StabLR Euro (EURL), as a stablecoin and VFA, shall not grant its holders any rights, such as voting rights, ownership or dividend claims. Instead, its primary purpose is to ultimately serve as a stable digital asset that is pegged to the value of the Euro on a 1:1 basis. StabLR Euro (EURL) shall function as a means of exchange, store of value, and unit of account, offering users a stable and reliable DLT asset for transactions and holdings, without the additional rights typically associated with other types of DLT assets.

The investors who shall be acquiring StabLR Euro (EURL) directly from the Issuer shall have certain rights relating to the redemption of StabLR Euro (EURL). Such rights shall emanate from the terms and conditions of the specific agreement entered into between both parties, and not solely from holding StabLR Euro (EURL) directly.

### 1.1.2. About StabLR (EURL)

StabLR Euro (EURL) are designed to be Euro-backed stablecoins, which are DLT Assets that are pegged to the value of the euro, with each StabLR Euro (EURL) representing a specific amount of the fiat currency. The main purpose of StabLR Euro (EURL) is to provide a digital alternative to traditional forms of money that is more efficient, secure, and accessible. The Issuer aims that StabLR Euro (EURL) will be used as a medium of exchange, a store of value, and a unit of account, and can be used in a variety of contexts, including online transactions, cross-border payments, and decentralized finance (DeFi) applications. Some of the main use cases for StabLR Euro (EURL) include enabling faster and cheaper payments, facilitating international trade and investment, and enabling more flexible and resilient financial systems.

The offering will be conducted through contracts signed with Experienced Investors as defined under the VFAA. The minting of StabLR Euro (EURL) will be continuous and perpetual, with the Issuer offering StabLR Euro (EURL) for sale to investors on an ongoing basis, subject to certain limitations and restrictions. The Issuer will only deal with investors who meet the criteria of Experienced Investors and will not sell StabLR Euro (EURL) directly to retail investors or to other investors who do not meet these criteria.

Before entering into contracts with Experienced Investors, the Issuer will vet the investors and conduct the relevant checks to ensure compliance with the applicable laws and regulations. The Issuer will have an MLRO who is responsible for conducting some of these checks and for verifying the identity and credentials of the investors. The MLRO will also review and approve the contracts with the investors representing a higher risk in line with the risk-based approach developed and

being applied in the AML/CFT policies and procedures of the Issuer. The board of administration will ensure that the terms and conditions of the contracts are fair, transparent, and consistent with the provisions of the VFAA and other applicable laws and regulations.

The purchase price for StabLR Euro (EURL) will be determined by the Issuer, based on market conditions, the demand for StabLR Euro (EURL), and other relevant factors. The Issuer may offer discounts, bonuses, or other incentives to certain investors, or may impose certain restrictions or conditions on the sale of StabLR Euro (EURL), such as minimum or maximum investment amounts, lock-up periods, or other conditions. The Issuer will disclose the purchase price and other relevant information in the offering documentation, and will provide investors with the opportunity to review and understand the terms and conditions of the sale before making any investment decisions.

StabLR Euro (EURL) is built on the Ethereum blockchain using the ERC-20 token standard. ERC-20 is a widely-used and well-established technical specification that allows for the creation and issuance of digital assets on the Ethereum network. The use of ERC-20 provides a number of benefits and advantages, including security, scalability, transparency, and decentralisation.

One of the key features of the ERC-20 platform is its security. ERC-20 uses advanced cryptography and blockchain technology to ensure the integrity, immutability, and security of StabLR Euro (EURL) and other digital assets. ERC-20 also uses state-of-the-art consensus mechanisms, such as proof-of-stake, to ensure the scalability and efficiency of the platform, and to enable StabLR Euro (EURL) and other assets to be processed, verified, and confirmed quickly and cheaply. ERC-20 is also transparent and open, which means that the rules and standards of the platform are publicly available and can be reviewed and audited by anyone, and that the transactions and activities on the platform are visible and accessible to all participants. ERC-20 is decentralized, which means that it is not controlled by any central authority or intermediary, but is instead managed and maintained by a distributed network of nodes and users.

In summary, the use of the ERC-20 platform for StabLR Euro (EURL) provides a number of benefits and advantages. The ERC-20 platform is a robust, reliable, and proven technology that enables StabLR Euro (EURL) to be securely, efficiently, and transparently issued, traded, and used on the Ethereum network. The use of ERC-20 also aligns with the regulatory framework of the VFAA, which allows for the issuance and offering of StabLR Euro (EURL) and other digital assets in Malta, subject to certain requirements and safeguards.

## **1.2. Legal and Regulatory Framework**

StabLR Euro (EURL) is subject to the laws and regulations of Malta. The primary legislation which governs the issuance of StabLR Euro (EURL) is the VFAA. The Issuer is also subject to any subsidiary legislation emanating from the VFAA, including any rules and regulations published by the competent authorities which are made applicable to the Issuer.

The VFAA which came into force in 2018, is widely considered to be one of the most comprehensive and forward-looking regulatory frameworks for DLT Assets in the world. The VFAA provides a clear and flexible legal framework for the issuance, offering, and trading of VFAs, including cryptocurrencies, tokens, and other digital assets. The VFAA also establishes a robust and transparent system for the supervision and oversight of VFA issuers and intermediaries, and for the protection of investors and consumers.

In many ways, the VFAA reflects and incorporates the spirit of the Regulation on Markets in Crypto-Assets (MiCAR), which has recently been approved by the European Union and is expected to become applicable in the coming years. MiCAR is the proposed framework for the regulation of crypto-assets, including stablecoins and other digital assets, which aims to foster innovation, promote competition, and protect investors and consumers. MiCAR establishes a harmonized and consistent regulatory framework for the issuance, offering, and trading of crypto-assets, and sets out clear and transparent rules for the supervision and oversight of crypto-asset issuers and intermediaries.

One of the key features of MiCAR is its focus on proportionality, flexibility, and adaptability. MiCAR recognizes the inherent characteristics and risks of crypto-assets and provides a tailored and risk-based approach to regulation that takes into account the specific features and purposes of each crypto-asset. This means that MiCAR applies different rules and requirements to different types of crypto-assets, depending on their nature, function, and use. For example, MiCAR applies different requirements to stablecoins than to utility tokens or security tokens and allows for different levels of supervision and oversight depending on the size, complexity, and risks of each crypto-asset issuer or intermediary.

In light of the provisions of MiCAR, the Issuer may need to reassess the classification of the asset against any changes emanating from MiCAR in due course, and to carry out any necessary changes, including in the prudential and operational standards, capital requirements, segregation of funds, and other reporting obligations. The Issuer may also need to consider the potential impact of MiCAR on the market for StabLR Euro (EURR), and on the investor base and the business model of the Issuer. The Issuer will periodically carefully review the provisions of MiCAR and keep abreast of the developments arising therefrom on a national level and consult with legal and regulatory advisers to ensure compliance with the requirements of all laws and legislation, and to avoid any potential risks or liabilities.

### **1.3. Disclaimer**

This summary should be read as an introduction to the whitepaper, and any decision to invest in StabLR Euro (EURR) should be based on a careful review of the Whitepaper as a whole.

The offering of StabLR Euro (EURR) does not constitute an offer or solicitation to sell financial instruments, and any such offer or solicitation will be made only through a prospectus or other offering documentation as required by Maltese law.

Without prejudice to Article 10 of the VFAA, civil liability attaches to those persons who have prepared this summary and applied for its notification.

The Issuer shall be liable for damages sustained by a person as a direct consequence of such person having bought VFAs, either as part of an IVFAO by such issuer or on a DLT exchange, on the basis of information contained in the whitepaper, website or advertisement by reason of any untrue statement included therein.

An investment in StabLR Euro (EURR) may not be suitable for all persons having access to this Whitepaper. Prospective purchasers are advised to consult with a professional investment adviser as to the suitability or otherwise of an investment in StabLR Euro (EURR) before making an investment decision.

## 1.4. Associated Challenges and Risks

The issuance of StabIR Euro (EURL) involves a number of challenges and risks that need to be carefully considered by the Investor and managed by the Issuer. StabIR Euro (EURL) is a type of digital asset that is pegged to the Euro, and that aims to maintain a stable and predictable value over time. The issuance of StabIR Euro (EURL) requires the Issuer to have a robust and reliable mechanism for maintaining the peg, and to have the necessary technical, financial, and operational capabilities to ensure the stability and liquidity of StabIR Euro (EURL).

One of the main challenges of StabIR Euro (EURL) issuance is the management of the peg. A stablecoin is only as stable as the underlying fiat currency, and any fluctuations or volatility in the value of the fiat currency can have a direct and significant impact on the value of the stablecoin. Despite any efforts undertaken by the Issuer to safeguard the value of StabIR Euro (EURL). It is possible that there may still be some volatility in the value of StabIR Euro (EURL), even if the underlying euros are held in a bank. This is because the value of StabIR Euro (EURL) may not always be perfectly aligned with the value of the euros, especially in times of market instability or uncertainty. Additionally, the value of the euros themselves may fluctuate due to factors such as changes in interest rates, exchange rates, or economic conditions. The stability of StabIR Euro (EURL) may also be affected by factors such as the level of demand for the asset, the level of trust in the Issuer, or the level of liquidity in the market. In general, however, euro-backed stablecoins are designed to provide a stable and reliable store of value, and to minimize volatility compared to other cryptocurrencies. To mitigate these risks, it is important for the Issuer to maintain strong reserves and carefully manage the issuance and redemption processes of StabIR Euro (EURL).

The Issuer has also prepared an unexhaustive list of other risks and challenges which may be faced by the Issuer and/or the Investors:

- **Liquidity risk:** StabIR Euro (EURL) may not be widely accepted or traded, which can make it difficult for investors to buy or sell them quickly or easily;
- **Counterparty risk:** StabIR Euro (EURL) are issued and managed by private entities, which means that investors may be exposed to the risk of default or insolvency;
- **Regulatory risk:** The legal and regulatory status of euro-backed stablecoins is still evolving, and investors may be subject to uncertain or changing rules and requirements;
- **Reputational risks:** The potential for negative public perception or loss of trust in the Issuer or StabIR Euro (EURL) itself;
- **Security risk:** StabIR Euro (EURL) are digital assets that are stored and transferred using blockchain or other technology, which means that they are subject to the same security risks as other cryptocurrencies, such as hacking, fraud, or loss of access;
- **Inflation risk:** StabIR Euro (EURL) may lose value over time if the underlying fiat currency experiences inflation or devaluation;
- **Technological risk:** StabIR Euro (EURL) are dependent on the underlying technology platform, which means that they may be affected by technical failures, upgrades, or changes in the platform;
- **Credit risks:** The potential for the Issuer to be unable to meet its financial obligations, leading to a loss of value for StabIR Euro (EURL); AND
- **Market risks:** The potential for external factors, such as changes in market conditions or economic developments, to impact the value of StabIR Euro (EURL).

The growth of the Issuer and its operations is partially due to the efforts and abilities of its management team and other key personnel, particularly its board of administration. If one or more members of this team were unable or unwilling to continue in their current roles, the Issuer may not be able to replace them quickly, which could have a material adverse effect on its business.



## 2. Historical Background

StablR is a start-up company focused on creating regulatory compliant, transparent, and sustainable stablecoins that are pegged 1:1 to their fiat equivalents. Our team is composed of experienced professionals with expertise in blockchain technology, finance, and sustainability. We are supported by a network of advisors and stakeholders who are committed to helping us achieve our vision.

In addition to our focus on developing sustainable stablecoins, we are also committed to building a strong and resilient business. We have a robust business plan that outlines our goals, strategies, and tactics for success. We are also working to establish partnerships and collaborations with other industry leaders to help us scale and grow.

Our goal is to create stablecoins that provide the benefits of blockchain technology while maintaining the trust and stability of fiat currency. We believe that our project has the potential to revolutionize the financial industry, and we are dedicated to ensuring its success. The Issuer is confident that with the support of its advisors, officers, employees, stakeholders, and the broader community, it will be able to achieve its vision and help StablR Euro (EURR) become a widely accepted means of doing transactions.

## 3. The Project

Ensuring compliance with regulations is essential for the success of any start-up company, especially one issuing a regulated stablecoin. To achieve this, our team will rely on a number of key principles and strategies.

The Issuer has sought out expert guidance to understand the specific regulatory requirements that apply to StabLR Euro (EURL). This will help the Issuer ensure that it is aware of all applicable regulations, and it is able to comply with them.

The Issuer will establish a robust compliance program that is overseen by a designated officer. This program will include regular reviews and audits to ensure that StabLR Euro (EURL) is being issued and managed in accordance with all applicable regulations.

The Issuer will prioritize transparency and accountability in its operations. This will help to build trust and confidence among its investors and customers and will demonstrate our commitment to compliance with regulations.

Overall, our team is committed to ensuring that StabLR Euro (EURL) is compliant with all applicable regulations. The Company believes that operating within the framework of existing regulations is essential for the success of its project, and will help to establish trust, credibility, and confidence among its investors.

### 3.1. Mission

StabLR is a company committed to leveraging the benefits of blockchain technology with the trust and stability of fiat currency. The Issuer's mission is to create a regulatory compliant, transparent, and sustainable stablecoin that is pegged 1:1 to its fiat equivalent.

StabLR plans to take several actions. First, it is working towards a carbon zero setup and is in discussions with carbon advisors to develop a sustainable stablecoin. This will involve implementing processes and technologies to reduce its carbon footprint and offset any remaining emissions.

Second, it plans to use a certification process to ensure the objectivity of its approach. It is currently considering several options, including the Product Life Cycle Accounting and Reporting Standard of the GHG Protocol, PAS 2050, ISO 14044, and the European Carbon Footprint. This will provide independent verification of its carbon reduction efforts and help the Issuer to build trust with its users.

The Issuer is focusing on scalability by building its project on several pillars. This includes using smart contracts for issuing and burning StabLR Euro (EURL), a bankruptcy remote entity established within the European Union, and a regulated asset manager for investment in short-term government bonds for its Euro reserves. The Issuer also intends to use automated asset reporting and APIs for client onboarding and administration.

By implementing these actions, StabLR aims to establish itself as a leading issuer of stablecoins that provide the benefits of blockchain technology while maintaining the trust and stability of fiat currency.

### **3.2. Overview**

The project included the setting up of a corporate structure to facilitate the issuing of StabLR Euro (EURL), which involves several key steps and requires a range of resources, including expert advice in relation to certain technical areas.

The project required the establishment of a corporate entity in Malta that is specifically designed to issue StabLR Euro (EURL). Simultaneously, the Issuer is liaising over the development of the issuance platform. This platform will need to be built using secure and scalable technology and will need to be able to support the issuance and management of StabLR Euro (EURL). This has involved in the development of custom technology, which has been also subject to the work of specialised outsourced parties.

The project will require the acquisition of the necessary reserves to support StabLR Euro (EURL). This may involve the purchase of assets such as fiat currencies or other stable assets, or the development of partnerships with banks and other financial institutions.

The Issuer shall establish corporate governance processes and procedures to ensure compliance with relevant regulations and to provide assurance to investors and the broader market. This includes the development of policies and procedures for managing the StabLR Euro (EURL) issuance platform, as well as the engagement of independent auditors to review and verify the reserves to be held by the Issuer. StabLR aims to provide continuous transparency of its reserves with the help of the engaged auditors.

Overall, the project of setting up a corporate structure in Malta to facilitate the issuing of StabLR Euro (EURL) will require significant investment in technology, personnel, and other resources. However, it has the potential to provide significant benefits to the Issuer and to the broader financial services industry.

## 4. Market Analysis

Stablecoins are a type of DLT Asset that are designed to maintain a stable value relative to a specific asset or group of assets. Some stablecoins are pegged to a single fiat currency, such as the EUR or the USD, while others are pegged to a basket of assets or commodities. The market for stablecoins and other similar assets has been growing in recent years, as more and more people have been looking for ways to store value and transact digitally.

In general, stablecoins have been gaining popularity among a wide range of counterparties, including individuals, businesses, and financial institutions. These counterparties may be drawn to stablecoins for a variety of reasons, such as the convenience and security of digital transactions, the potential for lower transaction fees, and the ability to store value without the volatility often associated with cryptocurrencies.

StabLR is a financial technology company that will specialise in providing solutions for the cryptocurrency market. It will be focusing its business efforts on working with experienced investors, with a focus on business-to-business (B2B) partnerships. One of the main reasons for this decision is that the cryptocurrency market can be volatile and unpredictable, making it difficult for inexperienced investors to navigate successfully.

To ensure that stablecoins maintain their value, stablecoin issuers must hold enough reserves to cover the outstanding supply of the stablecoin. The reserves as well as the number of outstanding stablecoins will be presented by StabLR. This is StabLR's process to establish a proof of reserves for assets and liabilities.

However, processes such as proof of reserves have created a number of challenges for stablecoin issuers. One of the main challenges is that it can be difficult for issuers to prove that they have enough reserves to cover the outstanding supply of their stablecoin. This is because many stablecoin issuers use a decentralized model, which means that they do not hold their reserves in a central location. This can make it difficult for third parties to verify the amount of reserves that an issuer has.

Another challenge is that proof of reserves can be expensive and time-consuming for stablecoin issuers. This is because it requires them to dedicate significant resources to verifying and auditing their reserves, which can be a costly and complex process.

Additionally, proof of reserves can be disruptive to the stablecoin market, as it can create uncertainty and mistrust among users. This is because if an issuer fails to prove that they have enough reserves to cover the outstanding supply of their stablecoin, it can cause the value of the stablecoin to drop, which can lead to a loss of confidence in the stablecoin market as a whole.

One solution to these challenges is for stablecoin issuers to be subject to regulation, which can help prevent them from abusing the proof of reserves system and ensure that they maintain adequate reserves. Regulation can also provide a more transparent and trustworthy framework for verifying the reserves of stablecoin issuers, which can help promote confidence in the stablecoin market.

Overall, regulation is an important step towards ensuring that stablecoin issuers maintain adequate reserves and prevent the abuse of the proof of reserves system. This can help create a more stable

and trustworthy stablecoin market and support the growth and development of the cryptocurrency industry as a whole.

Stablecoin issuers who have already begun operating outside of a specific regulatory regime may find it difficult to adapt to new regulations. One major challenge for these issuers will continue to be their ability to provide proof of reserves, which is essential for demonstrating the stability of their stablecoin. This can present an opportunity for more reputable companies who are able to leverage automated technology to provide transparent proof of reserves. However, issuers of stablecoins which did not implement high levels of corporate governance may struggle to meet the requirements of new regulations.

The use of automated technology to transparently and continuously provide proof of reserves is inevitable. This can involve using blockchain technology to track and verify the reserves held by the issuer in real time. Another approach is to use independent third-party auditors to regularly review and verify the reserves held by the issuer. This can provide additional assurance to users of the stablecoin that the reserves are sufficient and are being properly managed. Additionally, some issuers may choose to use a combination of these approaches in order to provide a robust and transparent proof of reserves, as it will be the case for StabLR.

#### **4.1. Market Solution**

StabLR Euro (EURR) is a VFA that is pegged to the value of the Euro, which means that its value remains relatively stable compared to other cryptocurrencies. For the eligible investors that StabLR is targeting – market makers, exchanges, brokers, and asset managers - EURR can provide a number of benefits:

- For Market Makers, StabLR Euro (EURR) can provide a stable and reliable source of liquidity, which can help them offer competitive prices and execute trades quickly and efficiently.
- For Exchanges, StabLR Euro (EURR) can provide a stable and reliable base for trading, which can help them attract more customers and offer a wider range of trading options.
- For Brokers, StabLR Euro (EURR) can provide a stable and reliable investment option for their clients, which can help them offer more diverse and robust portfolios.
- For Asset Managers, StabLR Euro (EURR) can provide a stable and reliable component of their investment portfolios, which can help them manage risk and maximize returns for their clients.

Overall, StabLR Euro (EURR) is a crucial part of StabLR's offering for experienced investors, as it provides a stable and reliable option for accessing the VFA market.

StabLR aims to be amongst the first reputable and regulated EU entities to offer real-time transparency for StabLR Euro (EURR). This will require the technological integration of all parties involved in the transactions, including banks and asset managers. This will provide the ultimate form of proof for existing reserves and demonstrate our commitment to good corporate governance.

This solution addresses a key challenge facing stablecoin issuers, which is the ability to provide proof of reserves. By offering real-time transparency, the Issuer can provide assurance to its investors and

customers and the broader stablecoin industry that its reserves are sufficient and are being properly managed. The Issuer believes that this market solution is unique and will differentiate it from other stablecoin issuers. It will invest in technology and partnerships to make this a reality.

Given the Issuer's assumptions and estimates, it believes that the total addressable market for the StabLR Euro (EURL) is equivalent to the money supply of M1, which is currently close to 12 trillion EUR according to the European Central Bank. The Issuer also considered the current market size of USD stablecoins, which is around 150 billion USD, and the money supply M1 in USD, which is around 20 trillion USD. This means that the stablecoin market is currently around 0.75% of the M1.

Based on these figures, the Issuer estimates that the ratio of the market cap of stablecoins to the M1 will increase for the USD in the next few years, reaching more than 5% in the future. It also expects that the ratio for a stablecoin in EUR will become similar to the USD ratio in the next few years, and that there will be three large stablecoin projects in Europe. StabLR aims to be one of these projects and aims to have 0.10% of EUR M1 in three years, with the potential to grow substantially thereafter.

M1 refers to a measure of the money supply in a given currency. M1 is a commonly used measure of the money supply that includes cash and other assets that are easily converted into cash, such as checking deposits and travellers' checks. M1 is considered to be a relatively narrow measure of the money supply, as it only includes the most liquid forms of money. In the context of StabLR Euro (EURL) and other stablecoins, M1 is being used as a benchmark or reference point to evaluate the potential market size and growth of the stablecoin. By comparing the market size of the stablecoin to the money supply of M1, the Issuer is able to make estimates and projections about the potential growth and adoption of StabLR Euro (EURL).

## 5. Roadmap

The Issuer has developed a strong roadmap with clear milestones to guide the development and deployment of StabIR Euro (EURL) and its associated infrastructure. This roadmap includes a range of key activities and objectives, from the initial development of core technology and services, to the release of MVP versions of web applications, and the integration of institutional governance and custody solutions.

The Issuer is committed to executing on this roadmap in a timely and effective manner, and believes that these milestones will help to drive the growth and adoption of StabIR Euro (EURL) in the market. The following sections present a summary of the key past and future milestones included in the roadmap. This timeline includes a range of key milestones related to the development and deployment of StabIR Euro (EURL) and its associated infrastructure.

### 5.1. Previous Milestones

January - March 2022:	Development of the core infrastructure, including cloud-native architecture and platform configuration, ledger development, and onboarding of clients for AML/CFT compliance.
April - June 2022:	Continued development of the core infrastructure, including onramp and offramp services for converting between fiat and crypto, as well as transaction monitoring on both the blockchain and fiat networks.
July - September 2022:	Further development of the core infrastructure, including internal banking integrations and the release of the MVP version of the OPS web application.
October - December 2022:	Finalization of the core infrastructure, including the release of the v2 version of the OPS web application, as well as the completion of the ERC-20 smart contract development, audit, testing, and deployment.

### 5.2. Future Milestones

January - March 2023:	Development of Client APIs and the v2 version of the client web application. Technical integration of institutional custody solutions and banking partners to automate and facilitate real-time on- and off-ramping scenarios. Creation of an environment for continuous auditing under strict oversight in Malta through a mix of internal and independent external audits.
April – June 2023:	Continued growth and adoption of the stablecoin in the market, including partnerships with key stakeholders and the expansion of the use cases and applications for the stablecoin. Integration with other blockchain networks and decentralized finance (DeFi) platforms to enable seamless and cross-chain transactions with other digital assets.
July – September 2023	Development of additional features and capabilities for the stablecoin, including improved scalability, interoperability, and security. Expansion into new geographies and markets, including the exploration of new regulatory frameworks and partnerships with local stakeholders.
October – December 2023	Continued evolution of the stablecoin ecosystem, including the development of new governance models and community-driven initiatives. Investment in research and development to drive innovation and advance the next state of the art in stablecoin technology and applications based on continuous engagement with regulators, policymakers, and other stakeholders.

**Disclaimer**

This roadmap is subjected to market changes and reflects the milestones of the project as of the moment of submission to MFSA. StabIR will enable access to an online summary of its registered whitepaper where the latest version of the roadmap is reflected on.

## 6. Economy

It should be noted that the issuance of StabIR Euro (EURL) is not intended to serve as a means of financing for the Issuer. Instead, the infrastructure for StabIR Euro (EURL) - including the necessary technology and systems - is being financed by the founders, related entities and other private



investors. This means that the proceeds from the minting of the StabLR Euro (EURL) will not be used for the purposes of financing the development of the Issuer's infrastructure or operations.

By relying on private investment, the Company is able to retain full control over the development and management of StabLR Euro (EURL). This allows the Company to focus on providing the best possible product to its customers, without the need to compromise its vision or strategy in order to accommodate the demands of external investors.

## 6.1. Tokenomics

**Name:** StabLR Euro

**Symbol:** EURL

**Exchange Rate:** 1 EURL = 1 EURO

**Total Supply:** The total supply of the token should be dynamic and responsive to the demand and supply of our clients. The issuer will implement a minting and burning mechanism that allows it to increase or decrease the total supply of StabLR Euro (EURL) in order to maintain its peg to the Euro. This will provide greater stability and reliability for StabLR Euro (EURL) holders, as it allows the Issuer to quickly and efficiently adjust the total supply of StabLR Euro (EURL) in response to changes in the market. By limiting the total supply of StabLR Euro (EURL), the Issuer can work to ensure that StabLR Euro (EURL)'s value remains stable and consistent over time.

**Distribution:** StabLR Euro (EURL) will only be distributed to persons who qualify as 'Experienced Investors' as defined under the VFA Act. This means that StabLR Euro (EURL) can be purchased directly by entities such as that are authorised or regulated to operate in the financial markets, large undertakings that meet certain size requirements, national and regional governments, and other institutional investors whose main activity is to invest in VFAs.

To qualify as an Experienced Investor, a client must possess the experience, knowledge, and expertise to make its own investment decisions and properly assess the risks that it incurs. This requirement helps to ensure that only sophisticated investors who are capable of understanding the risks associated with StabLR Euro (EURL) are able to purchase it directly from the Issuer. By limiting the distribution of the StabLR Euro (EURL) to Experienced Investors, the Issuer can protect the interests of these clients and maintain the integrity of the StabLR Euro (EURL) market.

**Reserve Requirements:** StabLR Solutions DAC, a designated activity company registered under the laws of Ireland, having company registration number

712776, and its registered address at 31-32, Leeson Street Lower, Dublin, Ireland, is a bankruptcy remote entity which shares will be held by an independent and licensed trustee which will initially hold all funds received in Euro-denominated bank accounts, which will be used to back StabLR Euro (EURL) on a one-to-one basis. This structure segregates the reserves from the Issuer to create more security for the holders of StabLR Euro (EURL). In the future, reserves may also be managed by licensed and regulated asset managers, who will be able to invest some of these funds in low-risk government bonds and other simple financial instruments. Strict risk management will be followed, in particular for duration and credit risks. This approach will help to ensure the safety of the assets, the stability and reliability of StabLR Euro (EURL), and may provide additional returns for the Company and its investors.

**Inflation/Deflation:**

The Issuer aims to be able to maintain a low and stable inflation/deflation rate for StabLR Euro (EURL), as a result of its unique design and the mechanisms in place for managing the total supply of the token. The Issuer has carefully considered the potential risks and challenges associated with inflation/deflation, and is confident that StabLR Euro (EURL) will be able to provide investors with a reliable and stable store of value. The peg to the stable asset will help to ensure that the value of the StabLR Euro (EURL) remains consistent over time, even in the face of market fluctuations. The Issuer is committed to continuously monitoring and managing the inflation/deflation rate of StabLR Euro (EURL), in order to provide our investors with the best possible experience.

**Governance Mechanisms:**

The governance mechanism for StabLR Euro (EURL) will involve several key steps, designed to ensure the transparency, accountability, and effectiveness of the Issuer's actions.

The Issuer will establish a dedicated team of experienced professionals who will be responsible for overseeing the issuance of StabLR Euro (EURL). This team will be responsible for managing the minting and burning of the token, as well as monitoring the market conditions and making decisions about the total supply of StabLR Euro (EURL).

The Issuer will implement a system for reporting and disclosure, which will allow it to regularly provide its investors with updates about StabLR Euro (EURL) and its performance.

The Issuer will establish a system of checks and balances, which will help to ensure that the Issuer's actions are transparent and accountable to its investors. This may include independent audits, third-party reviews, or other mechanisms for ensuring that the Issuer is acting in the best interests of its investors.

The funds backing StabLR Euro (EURL) will be held in the designated activity company registered in Ireland, which will provide an

additional layer of protection and security for the investors. The remote bankruptcy vehicle will be managed by an independent and professional board, who will be responsible for overseeing the assets and ensuring that they are managed in the best interests of the Issuer and the Investors.

By using a remote bankruptcy vehicle in Ireland, the Issuer can help to protect the funds from potential legal or financial risks, and ensure that they are available to support StabLR Euro (EURL) in the event of any unforeseen circumstances. The independent board will provide additional oversight and accountability, and help to ensure that the funds are managed in a transparent and responsible manner.

Overall, the Issuer believes that this approach will provide its investors with greater peace of mind, and help to ensure the stability and reliability of StabLR Euro (EURL) over the long term.

StabLR Euro (EURL) will be backed by institutional governance and security protocols, which will ensure the transparency, accountability, and reliability of the token. The governance protocol will require a threshold of approvers to sign off on any minting or burning of StabLR Euro (EURL), in order to prevent unauthorized or fraudulent actions.

Additionally, the Issuer will use cutting-edge MPC technology on a Layer 2 network to secure the private keys that control the issuance of StabLR Euro (EURL). This will help to protect the tokens from hacking or other security threats and ensure that the Issuer maintains full control over the minting and burning of StabLR Euro (EURL).

Reserves of StabLR Euro (EURL) may be held in certain circumstances, depending on the timing of redemption requests and the transfer of tokens to the Issuer. However, the Issuer is committed to maintaining a transparent and fair approach to managing the total supply of StabLR Euro (EURL), and will always act in the best interests of its investors.

**Use Cases:**

StabLR Euro (EURL) has many potential uses for market makers, exchanges, brokers, and asset managers. These entities can use StabLR Euro (EURL) to extend their offering to their clients, providing them with a stable and reliable store of value for their transactions and investments.

Market makers can use StabLR Euro (EURL) to facilitate more efficient and accurate pricing of financial instruments, exchanges can offer the StabLR Euro (EURL) as a stable trading pair, and brokers can use it to provide their clients with a safer and more predictable investment option. Asset managers can also use StabLR Euro (EURL) to diversify their portfolios and reduce their exposure to volatility.

Overall, StabLR Euro (EURL) has the potential to significantly enhance the offerings of these market participants, and provide numerous benefits for their clients.

Additionally, businesses and merchants may be able to use StabLR Euro (EURL) as a stable and reliable form of payment, reducing their exposure to currency fluctuations and allowing them to more easily conduct international transactions.

StabLR Euro (EURL) can provide value and benefits to a wide range of users, and the Issuer is committed to making it widely available and accessible to all interested parties.

## **6.2. Project Financing**

From a governance perspective, the Issuer has spent the past year investigating the opportunities in the European market and working to build a strong foundation for the organizational setup of StabLR. This process began in January 2022 and has involved extensive research and evaluation of the market and regulatory landscape.

In June 2022 the investors founded Plutus B.V. in order to handle the initial regulatory, legal, and technical procedures required for StabLR to go live. Plutus will be the sole shareholders of StabLR Ltd and will be responsible for attracting funding from its current investors and potential new investors, with the aim of becoming cash flow positive by middle of 2024. This means that the Company would be generating more cash from its operations than it is using to pay its expenses, resulting in a surplus of cash. It will be responsible for providing the necessary funding to support the operational and capital expenditure of the project. This funding will be provided by way of loan or capitalisation, as determined by the needs of the Issuer and the decisions of the shareholder's board of directors.

Plutus has been specifically established for the purpose of supporting the development and growth of StabLR, and it is committed to providing the necessary resources and support to ensure its success. The loan or capitalisation provided by Plutus will enable the Issuer to operate and invest in the technology and infrastructure necessary to launch and maintain StabLR Euro (EURL).

Overall, the relationship between Plutus and StabLR will be crucial to the success of StabLR Euro (EURL), and the parties are confident that their shared goals and resources will enable the Issuer to achieve its objectives.

The Issuer, and all of its affiliated entities, are committed to creating a strong and effective governance structure for StabLR Euro (EURL), and with careful planning and diligent execution, it will successfully launch and operate the token in the European market and beyond.

## **6.3. Methods of Payment**

In order to acquire StabLR Euro (EURL) from the Issuer, Investors must make a payment by wire transfer to a bank account designated by the Issuer. This payment must be made in accordance with all applicable laws and regulations, including AML/CFT requirements.

The Issuer will conduct the necessary AML/CFT checks to ensure that the origin of the funds is clean and compliant with all legal requirements. Investors must provide any information or documentation that may be required to support these checks, and must cooperate fully with the Issuer in this process.

Overall, the method of payment for acquiring StabLR Euro (EURR) from the Issuer is intended to ensure the security and compliance of the transaction, and to protect the interests of both the Issuer and the Investors.

While the Issuer typically requires payment by wire transfer for the acquisition of StabLR Euro (EURR), it is possible for the Issuer to accept other means of payment in certain circumstances. This will be subject to the approval of the Issuer's MLRO and compliance with all applicable laws and regulations.

Any other means of payment accepted by the Issuer must be documented and recorded in accordance with the Issuer's internal policies and procedures, and the assets arising from these forms of payment must be liquidated into the EUR-denominated account holding the funds backing StabLR Euro (EURR). This will ensure that the Issuer maintains full control over the total supply of StabLR Euro (EURR), and that the funds are managed in a transparent and responsible manner. Overall, the Issuer is committed to providing investors with a range of payment options, while also ensuring the compliance and security of the StabLR Euro (EURR).

The perpetual public offering of StabLR Euro (EURR) is available through the company's platform. Issuance of StabLR Euro (EURR) is initiated by the Issuer, StabLR Limited, upon request from an onboarded client. To request StabLR Euro (EURR), the client must provide payment details for the equivalent amount in Euro to the Issuer. Upon receipt of the Euro payment, the Issuer will issue and transfer the corresponding StabLR Euro (EURR) to the client's wallet. Existing clients may also return StabLR Euro (EURR) to the Issuer, who will initiate payment of the equivalent amount in Euro to the client.

#### **6.4. Other Dynamics**

The Issuer is committed to providing transparent and accurate information to its users and investors, and will make sure to keep its website updated in line with all the disclosures and notifications that it is required to carry out by law. This includes any changes to the whitepaper or other relevant documents, which will be promptly notified on the website.

Users and investors are encouraged to visit the website regularly to stay informed about the latest developments and updates related to StabLR, StabLR Euro (EURR) and other related projects. The website will serve as the primary source of information and communication for the Issuer, and will be regularly updated to ensure that users and investors have access to the most current and accurate information. Overall, the Issuer's commitment to transparency and disclosure is an important part of its overall governance and risk management strategy, and it believes that this will be beneficial for all parties involved.

## **7. Technology**

The StabLR Euro (EURL) will be launched on the Ethereum network, which is a decentralized, open-source blockchain platform that now utilizes the Proof-of-Stake consensus algorithm. The StabLR Euro (EURL) will also be exposed to the Qredo network, which is a decentralized, open-source blockchain platform that is built on top of the Ethereum network and uses the Proof-of-Stake consensus algorithm. By launching on both networks, the StabLR Euro (EURL) will be able to take advantage of the security and reliability of the Ethereum network, as well as the scalability and faster transaction speeds offered by the Qredo network.

The consensus algorithm is a crucial part of any blockchain network, as it is responsible for ensuring the integrity and security of the network. In the case of the Ethereum network, the consensus algorithm used is called Proof-of-Stake. This algorithm relies on the concept of "staking," where users can stake their own tokens in order to participate in the validation of transactions and earn rewards for their participation.

There is always the potential for a person or group of people holding a significant number of stablecoins to influence the market to some extent. For example, if a person or group holds a large number of stablecoins and suddenly sells a significant portion of their holdings, it could potentially cause the value of the stablecoin to drop. Similarly, if a person or group holds a large number of stablecoins and buys a significant amount of the coin, it could potentially drive up the value of the stablecoin. As StabLR Euro (EURL) is backed by reserves, this influence is mainly observable on marketplaces where StabLR Euro (EURL) will be traded, whereas the issuer will buy or sell StabLR Euro (EURL) according to the peg to its reserves.

However, it is important to note that the degree to which a single person or group can influence the market will depend on a number of factors, such as the overall size of the market for the stablecoin, the number of other market participants, and the liquidity of the stablecoin. In general, the larger and more liquid the market is, the less likely it is that a single person or group will be able to significantly influence the market.

StabLR believes that the underlying technology behind StabLR Euro (EURL) offers a number of potential advantages and key benefits, including but not limited to:

- **Improved security:** Because of the decentralized and distributed nature of blockchain technology, EURL are less vulnerable to fraud and hacking than traditional digital payment systems.
- **Greater transparency:** Blockchain technology allows for transparent, auditable, and immutable records of transactions, which can help to build trust and confidence among users.
- **Faster transaction speeds:** In many cases, StabLR Euro (EURL) can enable faster transaction processing times compared to traditional payment systems.
- **Lower transaction costs:** The use of blockchain technology can help to reduce the costs associated with processing and verifying transactions, which could lead to lower fees for users.
- **Enhanced interoperability:** By using blockchain technology, StabLR Euro (EURL) can be easily integrated with other blockchain-based systems, enabling greater interoperability and flexibility.
- **Improved accessibility:** Because StabLR Euro (EURL) are digital assets that can be easily stored and transferred using a mobile device or computer, they can help to improve financial inclusion and make financial services more accessible to a wider range of people.

Overall, the underlying technology behind StabLR Euro (EURL) offers a number of potential benefits that could help to improve the efficiency, security, and accessibility of digital payments and value storage.

## **7.1. Technology Solution Breakdown**

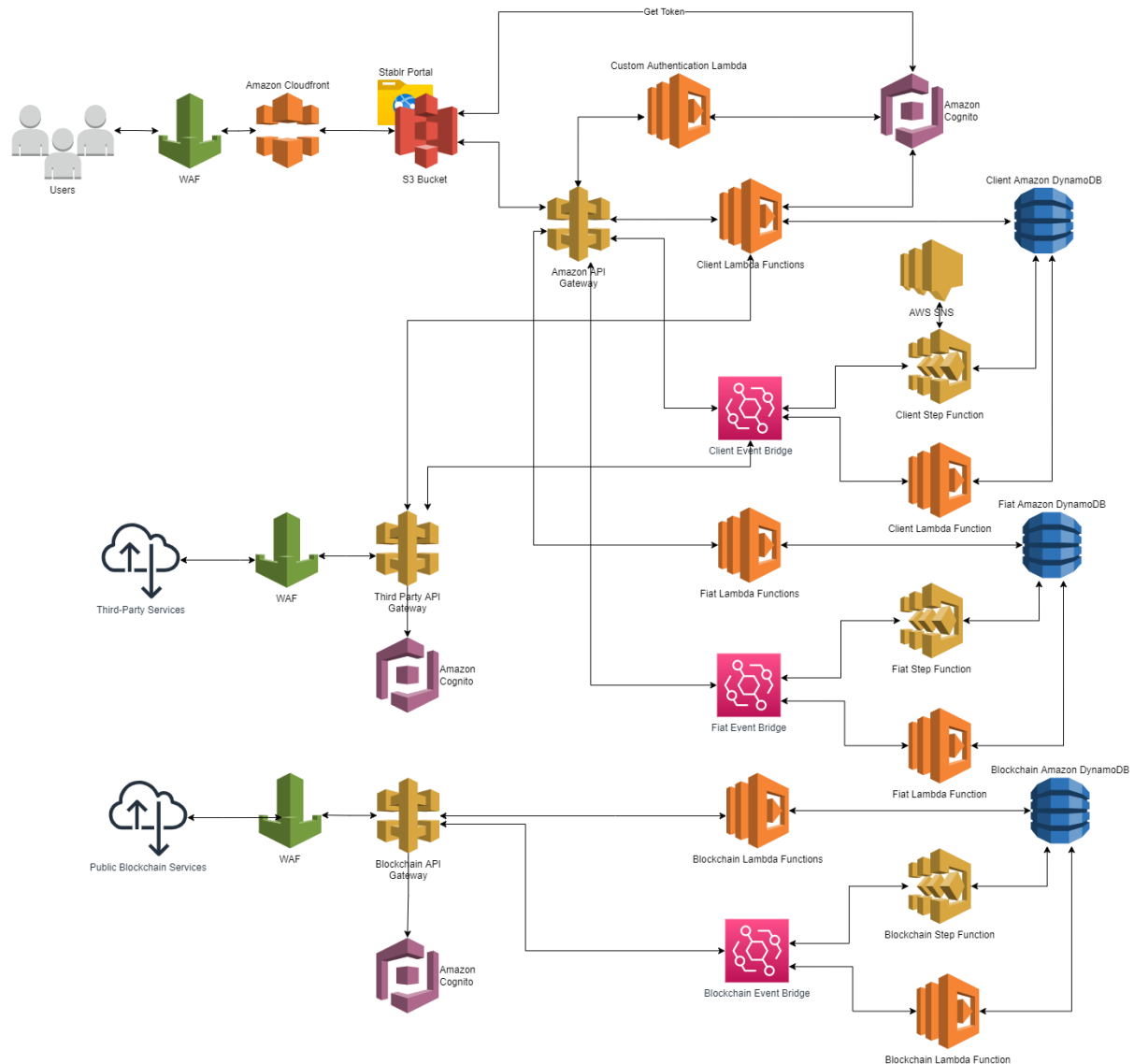
StabLR uses a technology platform to facilitate the issuance and liquidity management of stablecoins, providing comprehensive solutions including a customer interface for onramping and offramping fiat to stablecoin and vice versa, as well as AML/CFT compliance. The platform also includes an admin panel for managing fiat payments, payouts, and the issuance and burning of StabLR Euro (EURL). The solution enables StabLR to support the following operations:

- Customer onboarding (registration and verification – AML/CFT)
- On- and off ramping for customers (exchange of fiat to StabLR Euro (EURL) and vice versa);
- Fiat and VFA administration;
- Segregation of customer funds and connectivity to its banking and asset management network;
- Integration of various on- and off-chain security measures with established partners to prevent and counteract malicious activity (blockchain transaction analysis and off-chain transaction monitoring); and
- Full transparency of the reserve assets of the StabLR Euro (EURL).

### **7.1.1. Infrastructure & Architecture**

The platform uses modern and up-to-date cloud services from Amazon Web Services (AWS) as its provider. The platform's services are delivered through a network of server farms (regions) located around the world, with the main and designated server location in Ireland. Within this region, AWS supports multiple availability zones comprising multiple data centers, each with their own redundant power, networking, and connectivity housed in separate facilities. The platform architecture provides StabLR with all necessary business logic, authentication mechanisms, and other relevant functions in a highly scalable and secure solution. An overview of the platform and information flow is shown

below:



### 7.1.2. Application Design

The frontend applications are ReactJS single page applications that are deployed to AWS S3 buckets and hosted via AWS Cloudfront (CDN) for high availability.

The backend uses Amazon Cognito services for authentication and secure communication with the API Gateway and Stablr frontend applications. It also uses Terraform (Infra-as-Code) for deploying the infrastructure, which ensures consistency across different environments including TEST, ACCEPTANCE, SANDBOX, and PRODUCTION. The codebase is deployed to the appropriate environment using Azure DevOps' Continuous Integration and Continuous Delivery/Deployment (CI/CD) tool. Tests are integrated into the codebase (unit tests) as well as into the CI/CD pipelines to ensure proper verification and adequate test coverage for all new lines of code. The platform uses Cypress for end-to-end and integration testing, including test setup, writing, running, and debugging.

The platform's data infrastructure consists of following elements:



- NoSQL Database (DynamoDB);
- Message-bus (Event Bridge);
- Processing units (Serverless Lambda functions and Step Functions);
- Third-party integrations (Webhooks, API calls); and
- Object storage (S3 buckets)

Disaster recovery is primarily achieved through the implementation of recommended approaches in AWS. The platform's Event Bridge archive mechanism allows for the reproduction of all presented data with the implemented event-driven design. The database and all events sent to the Event Bridge are replicated by default. Data is anonymised according to GDPR standards, with personally identifiable information only present in the PRODUCTION environment. This data is encrypted with cryptographic keys through Amazon Key Management Service (KMS) to secure it from manipulation.

## 7.2. Programme Agents

StabLR is launching its fiat-backed token contract on the Ethereum mainnet without operating a programmable agent on its own. Instead, it partners with the battle-tested platform, Chainlink, to provide the essential function of StabLR Euro (EURR) Proof of Reserves. This enables a reliable and compatible way to monitor reserve assets on a near real-time basis (24/7) for StabLR using Chainlink's secure node operating network. In the future, StabLR plans to evolve its software (including the operation of its own nodes and partnerships) with nodes that support:

- Automation for executing the issuing or burning of fiat-backed stablecoins;
- A way to restrict the minting of fiat-backed stablecoins when they are not backed by their respective fiat collateral;
- The potential to exchange metadata about a transaction and the ability to approve/deny a transaction before value is transferred;
- The ability to issue and burn new fiat-backed stablecoins that can be settled; and
- Publishing rates for exchanging its fiat-backed stablecoins.

### 7.3. Wallets

StabLR will utilise three types of wallet solutions in combination with two custody providers for the management of their issuing, burning, and smart contract governance wallets. These solutions will be responsible for overseeing the distribution, withdrawal, and governance of StabLR Euro (EURR).

#### **MetaMask Institution x Qredo**

StabLR has chosen MetaMask Institutional as one of its primary wallet solutions for transactions and smart contract interactions on the Ethereum blockchain (layer 1 protocol). MetaMask Institutional is a version of the popular DeFi wallet MetaMask that has been designed to meet the requirements of institutions. It allows for the secure and efficient deployment of capital into DeFi and CeFi applications, and is also connected to several industry-leading custodians. To further increase security and governance, StabLR uses MetaMask Institutional wallets in conjunction with Qredo's self-custody governance solution, which utilizes decentralized multi-party computation to eliminate operational risk associated with private keys.

#### **Fireblocks**

StabLR is utilising Fireblocks as another primary wallet having self-custody technology, on the Ethereum blockchain for transactions and smart contract interactions. Fireblocks offers an MPC direct custody solution with enterprise-grade security. The technology is highly efficient for participants within the network, as it boasts the highest liquidity connections in the market and additional features such as automation, security measures like deposit address authentication, and instant settlement.

#### **Qredo**

To utilise the decentralized self-custody MPC technology in the Qredo Network, StabLR will also use the Standard Wallet type. This will allow StabLR to take advantage of opportunities within the Qredo Network and increase efficiency and profitability through instant transfers and cross-chain atomic swaps within the network and its participants.

Investors may use various types of wallets when acquiring StabLR Euro (EURR). These include both hot wallets (such as desktop, web, and mobile wallets) as well as cold wallets (such as hard wallets). Both custodial and non-custodial options will be available, as long as the investor is able to prove ownership thereof. The latter shall be implemented in line with the applicable implementing

procedures published by the FIAU. Investors may be required to provide a signed message from their wallet address or to complete a small test transaction to confirm their control over the wallet.

When the Company interacts with its StabLR Euro (EURL) smart contract, standard Ethereum network gas fees apply. The Company covers these fees for governance actions, including the setting of minter allowances, and primary transactional activities, which should cover the minting and transferring of EURL from the Company to the customer, or burning StabLR Euro (EURL). However, customers are responsible for any Ethereum gas fees related to transactions initiated from their own wallets, such as transferring StabLR Euro (EURL).

## 7.4. Security

The Issuer will have a number of security features in place to protect the value of StabLR Euro (EURL), including but not limited:

- **Encryption:** use of advanced encryption techniques to protect the confidentiality and integrity of user transactions and protect against unauthorized access;
- **Digital signatures:** use of digital signatures to ensure that only authorized users can access and transfer the coins;
- **Multi-factor authentication:** require users to provide multiple forms of authentication, such as a password, biometric data, or a one-time code, in order to access and transfer StabLR Euro (EURL);
- **Secure storage:** StabLR Euro (EURL) are often stored in secure, offline wallets or other forms of cold storage to protect against theft or loss; and
- **Regular audits:** undergo regular audits by independent third parties to ensure the security and integrity of its systems.

Overall, the security measures used by the Issuer are designed to protect the value of the StabLR Euro (EURL) and provide users with peace of mind when storing and transferring their funds.

The Company will be engaging a reputable Systems Auditor to provide an opinion on the Innovative Technology Arrangements (ITAs) described in the Whitepaper and other relevant documentation, as well as the controls in place to meet the criteria for an IVFAO - type 1 auditee. This engagement is in accordance with the requirements outlined in the VFAA and the Malta Digital Innovation Authority's "Systems Auditor Control Objectives", which are based on the key principle areas of security, processing integrity, availability, confidentiality, and the protection of personal data.

The Systems Auditor will conduct a reasonable assurance engagement in accordance with International Standard on Assurance Engagements, ISAE 3000 (revised), "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board. This engagement will involve the Systems Auditor performing procedures to obtain sufficient, appropriate evidence to provide a reasonable basis for their opinion. The Systems Auditor will also evaluate the design of the controls in place to meet the criteria for the intended regulated activity. The Systems Auditor shall be required to present his conclusion to the board of administration as well as to the competent authority.

## 7.5. Future Technology Integrations

The current technology integration roadmap of StabLR for the upcoming twelve months is driven based on four main pillars:

- Automation
- Optimization
- Expansion
- Compliance

### **Automation**

StabLR is committed to creating infrastructure that supports near real-time processing of its solutions. To facilitate programmable access and automation within its platform, StabLR partners with industry-leading and technology-enabling suppliers.

For the purpose of triggering mint, transfer, and burn requests of StabLR Euro (EURL) to and from its clients, StabLR will integrate the following APIs: Programmable MetaMask Institutional (MMI), Qredo Automated Wallet, Fireblocks, and Qredo Partner. These integrations will enable the following capabilities:

- A mint, transfer, and burn request of StabLR Euro (EURL);
- Signing of the mint, transfer, and burn request from StabLR's own Admin application; and
- Instant settlement of assets within the Fireblocks network and Qredo network.

To automate the fiat settlement process while maintaining corporate governance and transaction policy controls, StabLR will integrate APIs from its banking partners. These integrations will allow for the matching of incoming client payments, creation of client payouts ready for approval, and continuous access to account balances for StabLR and its third-party auditor for the purpose of proof of reserves.

Additionally, StabLR will also integrate the API of its Asset Manager(s) to gain continuous access to outstanding positions and provide balance access for its third-party auditor to accommodate proof of reserves.

## **Optimisation**

To provide clients with the ability to enable their own platforms with StabLR's near real-time solutions, the main focus of optimization will be on the development of additional Client API support. This means that StabLR will enhance its API access for clients, allowing them to programmatically trigger on-ramping and off-ramping products, as well as other administrative features, from their own platform in a secure, reliable, and always available state.

In addition, StabLR will integrate product analytics solutions to optimize its Client Web Application. This may include, for example, the integration of WalletConnect in the off-ramping product, its Admin Application, and the use of its Client APIs.

## **Expansion**

As part of its expansion efforts, StabLR will invest in growing the support and integration of additional blockchain networks for StabLR Euro, based on client and market demand. To ensure security and operability, StabLR will always develop and integrate native smart contracts on the respective blockchain networks.

In addition to expanding its integration and support for new blockchain networks, StabLR will also develop its cross-chain operability protocol solutions. These solutions will connect the StabLR Euro (EURL) smart contracts and aim to provide a secure interoperability solution for its clients. To ensure the smooth transfer of assets between blockchain networks, StabLR will work to eliminate security flaws in bridge smart contracts and enable the transfer of actual StabLR Euro assets without risk of the original assets becoming stuck in such contracts.

## **Compliance**

The final pillar of StabLR's expansion strategy involves increasing the Integration potential between StabLR and its partners for fiat transaction monitoring and blockchain transaction monitoring in order to improve and optimise compliance operations and ensure high risk management standards. This will involve continuous monitoring of fiat and blockchain transactions, the ability to take programmatic action on flagged risks, and the proactive initiation of policy workflows based on market conditions and regulatory requirements.

## 8. Team

The Issuer is a team of experienced professionals with a track record in the FinTech, payments, banking, and trading industries. Its team members have a wealth of experience in building successful start-ups and scale-ups, and have worked at corporate institutions in the banking sector, where they have been involved in a variety of corporate integration projects at the strategic, commercial, and technological levels.

The vast majority of our team is tech-driven, with many members having a strong background in programming and a deep understanding of the latest technology stacks and trends in the industry. They have a keen focus on innovation and continuous improvement and have embraced cloud-native technologies to drive efficiency and scalability in StabIR's operations.

Our team is passionate about the potential of stablecoins to revolutionise the way we manage and transfer value, and they are committed to delivering a stablecoin that is reliable, secure, and user-friendly. They believe that with their unique blend of technical expertise, business acumen, and industry experience, it is what sets the Issuer apart from other stablecoin projects, and positions it well to succeed in this rapidly evolving market.

In addition to the core team, we are also supported by a network of advisors and partners who bring valuable insights and expertise to our project. This includes experts in the fields of regulation, compliance, technology, and marketing, who help us to navigate the complex landscape of stablecoin development and adoption.

Overall, our team is committed to building a stablecoin that is trusted, transparent, and accessible to all users, and we are excited to share our vision and progress with the wider community. An overview of the Management Team can be found on the [website](#).

### **Disclaimer**

StabIR maintains its website on a regular basis to be able to provide up-to-date information on its organization at all times.

## 8.1. Declaration by Directors

We, the undersigned Directors of the Issuer, hereby declare that, to the best of our knowledge, the information contained in the Whitepaper is in accordance with the facts, and that the Whitepaper makes no omission likely to affect its import. We have reviewed the whitepaper carefully, and believe that it accurately represents the goals, objectives, and plans of the Issuer with respect to StabIR Euro (EIRR).

We understand that the Whitepaper is an important document, and that it will be relied upon by potential investors, users, and other stakeholders. We therefore take our responsibility to ensure the accuracy and completeness of the information contained in the Whitepaper very seriously.

We hereby affirm that the Whitepaper is a true and accurate representation of the Issuer's plans and intentions, and that we will continue to monitor and update the information contained in the whitepaper as necessary.

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Prof. Dr. Ralf Wandmacher

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Mr Robin Nijkamp

## 8.2. Service Providers

### **VFA AGENT – CSA FINTECH LTD**

CSA Fintech Ltd is an authorised VFA Agent by the Malta Financial Services Authority (MFSA) and forms part of CSA Group. CSA Group is a leading provider of professional services to the financial industry, with a particular focus on the regulation and compliance of innovative financial technologies.

CSA Fintech Ltd is responsible for providing regulatory and compliance support to issuers of VFAs in Malta. This includes assisting with the application for VFA agent and VFA issuer licences, as well as providing ongoing support with respect to compliance with MFSA rules and regulations.

The team at CSA Fintech Ltd has a deep understanding of the financial services industry, as well as expertise in the regulation of innovative technologies such as blockchain and digital assets. This combination of skills and experience allows CSA Fintech Ltd to provide valuable support to issuers of VFAs, helping them to navigate the complex regulatory landscape and ensure compliance with all applicable laws and regulations.

### **SYSTEMS AUDITOR – BDO TECHNOLOGY ADVISORY LTD**

### **FINANCIAL AUDITOR – BDO MALTA**

## 9. Legal Information and Compliance

StabLR Euro (EURR) is being issued by StabLR Ltd, a private limited liability company registered in Malta on 23 December 2022, with company registration number C 104007 and its registered office at Level 5, Carolina Court, Giuseppe Cali Street, Ta' Xbiex, XBX 1425, Malta (the "Issuer" or "Company" or "StabLR").

The main purpose of the Company will be to issue the VFAs in compliance with all applicable laws and regulations. The Company will operate in accordance with the highest standards of corporate governance to ensure that its activities are transparent, accountable, and in the best interests of its stakeholders. This will include regular reporting to regulators and other stakeholders, as well as ongoing efforts to maintain compliance with all relevant legal and regulatory requirements. The Company's board of administration will be responsible for overseeing these activities and ensuring that the Company's operations are carried out in an ethical and responsible manner. The Company is a fully owned subsidiary of Plutus B.V., a company registered in the Netherlands.

The Company's board of administration currently consists of two individuals:

- Ralf Wandmacher; and
- Robin Nijkamp.

The Company does not have any:

- Pending or threatened litigation involving the Company;
- Material claims pending or threatened against the Company; and
- Other material contingent liabilities of the Company.

The Company holds the IP rights, among others, over the following:

- All documentation relating to the IP; and
- The application, and all features, functions, functionality, and tools, all user data, and any and all other assets integrated therein or reasonably related thereto.

However, certain IP rights may be owned by affiliated entities that will license their use to the Issuer through written agreements.

The proceeds of the issue are not to be treated as income of the Issuer, and the issue of new tokens is not treated as a transfer for the purpose of taxation of capital gains.

The income tax treatment in relation to any transaction involving DLT assets is regulated by the current provisions of the Income Tax Act (Chapter 123 of the Laws of Malta), taking into account jurisprudence and established principles.



The Company shall comply with the Value Added Tax Act (Chapter 406 of the Laws of Malta), as well as the EU VAT Directive, with respect to any VAT implications and/or compliance obligations arising from the initial offering and eventual sale of StablR Euro (EURR).

It is the responsibility of investors and token holders to assess their own tax obligations in relation to the acquisition, holding, and disposal of VFAs. The Company cannot provide tax advice and does not purport to do so in this Whitepaper. Investors and token holders are strongly encouraged to seek independent tax advice in order to understand the tax implications of their investments in VFAs. The Company will cooperate with any tax authorities, as required by law, to ensure compliance with all applicable tax regulations.

## **9.1. AML/CFT**

As an issuer of VFAs, the Company is committed to maintaining a strong culture of compliance with all applicable AML/CFT laws and regulations. To this end, the Company has put in place a range of policies and procedures designed to prevent the misuse of its VFAs for illicit purposes.

In particular, the Company has adopted policies and procedures for onboarding new customers and conducting ongoing due diligence on its existing customers, in accordance with the Implementing Procedures - Part One published by the Financial Intelligence Analysis Unit (FIAU). This includes the verification of customer identities, the assessment of customer risk profiles, and the monitoring of customer transactions for suspicious activity. Verifying customer identities is an essential part of the AML/CFT compliance process, as it helps to ensure that the Company knows who its investors are and that they are not using false or stolen identities to conduct transactions with the Company's VFAs. To verify customer identities, the Company will typically require customers to provide a range of personal information. This information can then be cross-checked against external databases, such as government records or credit bureau data, to confirm that it is accurate and belongs to the individual or company claiming it.

Assessing customer risk profiles is another important aspect of the AML/CFT compliance process, as it allows the Company to identify customers who may pose a higher risk of engaging in illicit activity. This can be done by analysing a range of factors, such as the customer's country of origin, the nature of their business or profession, and the type of transactions they conduct with the Company's VFAs. Customers who are assessed as high-risk may be subject to enhanced due diligence measures, such as more frequent transaction monitoring or the requirement to provide additional information or documentation.

Monitoring customer transactions for suspicious activity is a critical part of the AML/CFT compliance process, as it helps to identify transactions that may be linked to money laundering, terrorist financing, or other illegal activities. The Company will use a range of tools and techniques to monitor customer transactions, including transaction monitoring systems that can flag transactions that exhibit certain characteristics commonly associated with money laundering or terrorist financing. The Company will also have procedures in place for investigating and reporting any suspicious activity that is detected.

These policies and procedures are regularly reviewed and updated to ensure that they remain effective and in line with best practices and the latest regulatory requirements. The Company's

management and employees are trained on these policies and procedures, and are expected to adhere to them at all times.

By maintaining a strong AML/CFT culture and compliance program, the Company seeks to protect its customers and the integrity of its VFAs from potential misuse for illegal purposes.

## **9.2. RISK MANAGEMENT**

The risks to the Company relate primarily to the successful establishment and operation of the StabLR project and underlying business model. These risks include regulatory, reputational, security, technological, credit, and market risks, as well as other operational risks. On the other hand, the risks to consumers holding StabLR Euro (EURL) relate primarily to the potential loss of value or other adverse impacts on EURL itself. These risks include liquidity risk, inflation risk, and counterparty risk.

Regarding StabLR Euro (EURL), there exist multiple risks that could potentially affect the Company, its investors, and users. The foundation of the Company's business and brand is built upon trust and transparency. The most significant risk for the Issuer arises if investors begin to lose confidence in StabLR, which could lead to a substantial sell-off of StabLR Euro (EURL). The Company recognises these potential challenges and shall be well equipped to manage and mitigate such risks.

### **1. Liquidity Risk:**

StabLR Euro (EURL) may not be widely accepted or traded, which can make it difficult for investors to buy or sell them quickly or easily.

To mitigate such risk, the Issuer shall undertake a number of measures. The Issuer shall aim towards establishing strong partnerships with reputable service providers in the digital space to enhance the acceptance and usage of EURL, thereby increasing its liquidity. The Issuer shall also engage in targeted marketing campaigns and educational efforts to raise awareness of EURL, its advantages, and its use cases among potential users, leading to increase adoption and demand. The Issuer will also work towards improving the functionality, security and user experience of EURL, ensuring that it remains an attractive and competitive option for investors seeking a stable DLT asset. Last but not least, the Issuer will adhere to regulatory requirements and maintain transparent operations, which will allow the Issuer to build trust and credibility with its user base, which can contribute to greater adoption and liquidity.

The Issuer also acknowledges the risk of investors redeeming a substantial amount of EURL within a short time frame, which could expose the Issuer to liquidity risk if the necessary fiat is not promptly available for returning to investors. To manage the risk, the Issuer intends on introducing a standard redemption period, wherein the terms and conditions would specific a period of five (5) days to allow the Issuer to fulfil both its regulatory obligations and financial commitments to investors. Moreover, the Issuer shall ensure that all assets will be held in highly liquid funds that can be quickly sold and converted into fiat to meet redemption requests.

These combined efforts will ensure that the Issuer addresses liquidity risk through the application of varying risks.

## **2. Counterparty Risk**

StabLR Euro (EURL) are issued and managed by private entities, which means that investors may be exposed to the risk of default or insolvency.

To mitigate such risk, the Issuer shall ensure that regular audits and thorough due diligence of its counterparties is conducted to assess their financial stability and risk profiles, ensuring that only reliable and trustworthy entities are engaged. The Issuers have also engaged the services of professional legal advisors to establish and/or review contractual agreements with counterparties which would clearly outline terms and conditions, as well as mechanisms for dispute resolution and the handling of potential defaults or insolvencies.

The above ultimately will form part of a comprehensive risk management framework which will be established to identify, monitor, and mitigate counterparty risk, including setting up contingency plans for addressing potential defaults or insolvencies.

Last but not least, the Issuer has established the aforementioned DAC, to hold the underlying fiat collateral in order to protect investors and users in situations that could lead to financial distress. This segregation ensures that the collateral is insulated from the Issuer's operations, thereby safeguarding holders of EURL. The DAC is managed by an independent board of directors, who are experienced executives with well-defined roles, reducing the potential counterparty risk associated with the Issuer. Whilst it is true that the counterparty risk is not entirely eliminated, the introduction of the DAC contributes to the mitigation of the risk by distributing it across multiple parties, allowing for more effective management and oversight.

## **3. Regulatory Risk**

The legal and regulatory status of euro-backed stablecoins is still evolving, and investors may be subject to uncertain or changing rules and requirements.

To mitigate such risk, the Issuer aims to maintain an open and transparent communication with relevant regulatory authorities as well as advisors, to seek guidance and clarification on applicable rules and requirements as they evolve. This shall in turn allow for the Issuer to closely monitor any changes in regulations and legal frameworks, staying informed about any new rules or requirements that may affect its operations.

The Issuer also seeks to foster a strong compliance culture within the organisation, providing employees with necessary training and resources to ensure that they are aware of and can effectively manage regulatory risk.

As indicated above, the Issuer has already engaged experienced legal counsel with expertise in the relevant jurisdiction(s) and relevant crypto-asset regulations to provide guidance and advice on navigating the evolving regulatory landscape.

Last but not least, the Issuer shall develop contingency plans for potential regulatory changes that could impact their operations, including strategies for adapting their business model.

#### **4. Reputational Risk**

The potential for negative public perception or loss of trust in the Issuer or StabLR Euro (EURL) itself.

To mitigate such risk, the Issuer shall have in place a robust governance framework and adhere to high ethical standards in all aspects of its business, demonstrating its commitment to responsible and trustworthy operations. Also, its effective risk management strategy should also mitigate any reputational risks.

The Issuer has engaged reputable third-party auditors to verify its compliance with industry standards and best practices, adding credibility and enhancing its reputation. Moreover, the Issuer shall actively engage with the broader community, participating in industry events, conferences, and online forums to share knowledge and demonstrate thought leadership in the stablecoin space.

#### **5. Security Risk**

StabLR Euro (EURL) are digital assets that are stored and transferred using blockchain or other technology, which means that they are subject to the same security risks as other cryptocurrencies, such as hacking, fraud, or loss of access.

To mitigate this risk, aside from undergoing an ISAE 300 systems audit, the Issuer will be implementing robust security protocols. The latter shall include strong security measures, such as encryption, multi-factor authentication, and secure key management to protect against unauthorised access to EURL and systems.

The Issuer is also developing a comprehensive incidence response plan that outlines the steps to be taken in the event of a security breach or other incident, including communication strategies, recovery procedures, and remediation actions.

The Issuer shall also establish backup and recovery procedures for critical systems and data to ensure business continuity in case of a security incident or loss of access. Staff and employees will be trained to raise awareness and ensure they understand and follow best practices for protecting sensitive information and systems.

#### **6. Inflation Risk**

StabLR Euro (EURL) may lose value over time if the underlying fiat currency experiences inflation or devaluation.

In relation to inflation risk, it primarily stems from its pegged currency, which in this case is the Euro, rather than EURL itself. The reason for this is that EURL is designed to maintain a

stable value by pegging it to the Euro, which means that its value is directly linked to the value of the underlying fiat currency.

When the Euro experiences inflation or devaluation, its purchasing power decreases, and goods and services become more expensive in Euro terms. Since EURR is pegged to the Euro, any changes in the value of the Euro due to the inflation will also affect the value of EURR. In essence, the inflation risk associated with EURR is a reflection of the inflation risk inherent in the Euro.

As a result, any mitigating measures for inflation risk should focus on addressing the factors that can affect the value of the Euro. The Issuer shall closely monitor economic indicators, central bank policies, and inflation trends in the eurozone to anticipate potential changes in the value of the underlying fiat currency and take appropriate action. The Issuer will also maintain transparent communication with stakeholders about the potential impacts of inflation on EURR and any measures taken to mitigate this risk.

In the future, the Issuer may also consider reducing the risk of inflation affecting the value of EURR by considering diversifying the underlying assets by using a basket of stable and low-inflation currencies rather than relying solely on the Euro.

## **7. Technological Risk**

StabIR Euro (EURR) are dependent on the underlying technology platform, which means that they may be affected by technical failures, upgrades, or changes in the platform.

To mitigate this risk, the Issuer shall ensure technological redundancy, conduct regular maintenance and updates, perform rigorous testing and quality assurance, develop comprehensive backup and recovery plans, engage with external technology experts, implement monitoring systems, and maintain transparent communication with stakeholders about any planned updates, technical issues, or changes in the platform. These measures shall collectively help to effectively address potential technical failures, upgrades, or changes in the Issuer's technologies, providing investors and users of EURR with greater confidence in the stability and reliability of the EURR platform.

## **8. Credit Risk**

The potential for the Issuer to be unable to meet its financial obligations, leading to a loss of value for StabIR Euro (EURR).

To mitigate this risk, the Issuer shall have measures in place to ensure adequate collateralisation. This will ensure that EURR is fully backed up by the underlying Euro held in custody by the DAC, with sufficient collateralization levels to cover potential redemptions. These will be accompanied by strong risk management policies and regular financial audits, to ensure the Issuer's financial health and to identify potential credit risks.

The Issuer shall also ensure that there is adequate diversification of collateral, which would reduce the concentration risk associated with any single asset or counterparty. This will be instrumental together with the constant monitoring of creditworthiness that has to be

undertaken on key counterparties and other entities with which the Issuer transacts, to minimise the risk of defaults.

## **9. Market Risk**

The potential for external factors, such as changes in market conditions or economic developments, to impact the value of StablR Euro (EURR).

To mitigate such risk, the Issuer shall conduct regular research and analysis of market conditions, economic developments, and other external factors that could impact the value of EURR, to identify potential risks and opportunities. Active risk management and stress testing to assess the impact of potential market shocks on the value of EURR shall be undertaken, and contingency plans to mitigate such risks will be developed.

Stablecoins are a relatively new and evolving market that is subject to market risks that are common to any emerging market. These risks may include changes in regulatory frameworks, market sentiment, technological developments, and macroeconomic factors, amongst others. As stablecoins, including EURR, are designed to maintain a stable value relative to a pegged asset or currency, market risks may arise if the pegged asset or currency experiences significant fluctuations or other external factors impact its stability.