

White Paper

USDm

STABLE TOKEN

10 June 2022

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ABSTRACT

USDm is a digital stable token backed by the official Myanmar government fixed exchange rate to the US\$ of 1,850 kyats. USDm, will provide individuals and organizations with a robust and decentralized method of exchanging kyat fiat currency through exchange into a crypto currency that is universally exchangeable throughout the world. The USDm on the blockchains provides an auditable and cryptographically secured global ledger. USDm stable token provides market participants the advantage of blockchain technology, along with embedded consensus systems to easily remit funds throughout the world.

To ensure price stability each USDm will be backed by 1,850 kyats. To ensure convertibility of USDm, GCex as Master Minter will ensure Minters maintain a minimum reserve of GCS tokens prior to minting of USDm tokens. Minters' assets held in reserves will be audited by an independent auditor – Royal Institution of Chartered Surveyors.

USDm Stable tokens

USDm is an innovative fungible stable token that digitizes the value of Myanmar kyat using BEP20 smart contract on the BNB-BSC blockchain network. USDm will function as a stable token, to convert Myanmar kyats based on the Myanmar government official rate into USDm. USDm delivers transparency, provability and accountability via the tools provided on a blockchain explorer.

Problem of the Kyat Market

The foremost problem of the Myanmar kyat is not being internationally exchangeable with other fiat currencies outside of Myanmar. Within Myanmar, the exchangeable fiat currencies are typically limited to three – US\$, EUR, and SNG\$.

The kyat exchangeability worsened on April 3, 2022, when the Myanmar government issued legal notice (12/2022) requiring people within Myanmar to covert foreign currency bank withdraws, foreign earnings, and foreign exchange remittances into kyat at the Myanmar Central Bank reference rate government rate within one working day. The US dollar reference rate is typically 10-15% below market rate listed on P2P exchange (Binance), the de-facto market exchange rate. All foreign fiat currency transfers from Myanmar to abroad will be scrutinized by the Foreign Exchange Supervisory Committee and must be conducted only

through authorized domestic banks. Violation of the regulation is punishable under the Foreign Exchange Management Law. Government and Ministries including approved MIC businesses are exempt. The banks charge a withdraw fee about 5% of the amount withdrawn.

This has led to the development of a “black-market” conversion of kyat to fiat currencies particularly US dollars. The disadvantage is these black-market conversions charge excessive conversions fees incurring prohibitive costs for small kyat values, and high risk in transferring the fiat currency converted outside Myanmar.

Stable Token Design

In developing a stable token, there are four price-stable token strategies:

1. Fiat collateralized: Fiat assets in reserves collateralize tokens and thus provide price stability by pegging token value to reserved fiat value.
2. Crypto-collateralized: Crypto assets in reserves collateralize tokens and provide price stability pegged to the value of those reserved crypto assets.
3. Algorithmic non-collateralized: Software economic models aim to provide price stability without relying on underlying collateralized assets.
4. Hybrid: A blend of the above in any combination.

USDm Stable Token

USDm is design as a fiat collateralized stable token. USDm provides the mechanism to convert Myanmar kyat into USDm. The USDm is the first stable token that meets the Myanmar government regulatory requirements avoiding the need to use the “black-market”. The USDm is issued on the GCex exchange (www.gcex.lt) and paired with GCS to provide tradability and conversion into other cryptos including the USDC.

Implementation Weaknesses

The USDm stable token minting and handling physical kyat currency doesn’t immediately create a fully trustless cryptocurrency ecosystem. However, exchanges and banks are subject to these same weaknesses. GCex as a regulated exchange provides assurance that users receive regulatory assurances and oversight, reducing or limiting the risks that are associated with unregulated exchanges. Centralization risks are limited to the creation and redemption of stable tokens, with all other aspects decentralized on the blockchain.

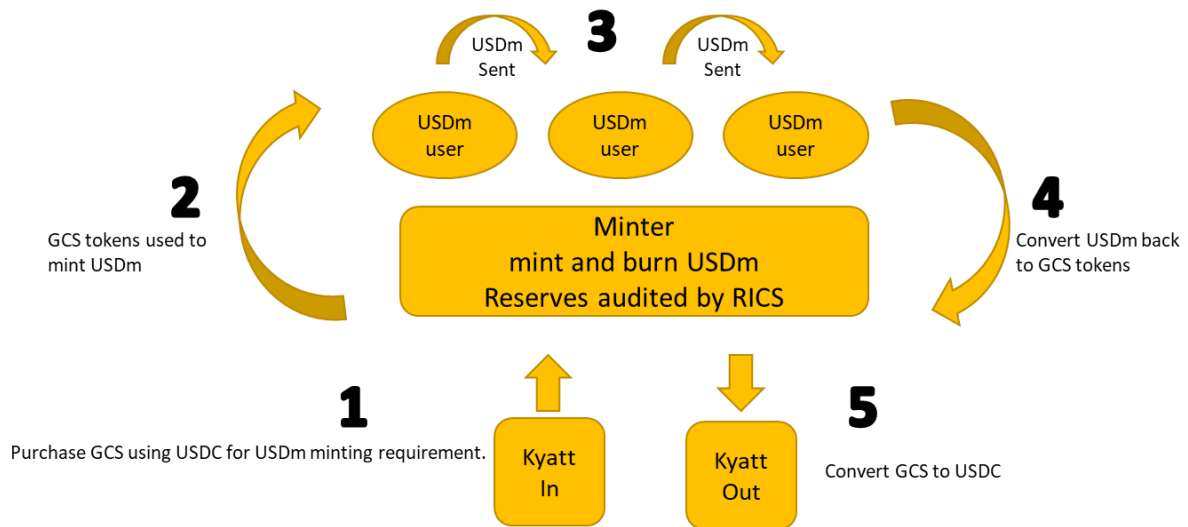
USDm Technology Stack

The stack has three layers with numerous features, illustrated below:

1. First layer is the “blockchain network”. The USDm transactional ledger is embedded in the blockchain network as metadata via the embedded consensus system.
2. Second layer is the USDm smart contract that can:
 - Create and burn USDm stable tokens as represented by metadata embedded in the blockchain network.
 - Track and report the circulation of USDm via the blockchain network.
 - Enable holders to transact and store USDm and other assets/tokens in their account on GCex exchange and wallets.
3. Third layer GCex primarily responsible for:
 - Pairing of USDm/GCS on the GCex exchange.
 - Maintaining the trading GCex platform and registering of wallet addresses for users.
 - Appointing and monitoring of Minters and revoking Minter status for non-compliance.
 - Initiating and managing integrations between Minters and GCex exchange.
 - Ensuring independent third-party auditing of Proof of Stack mechanism including price performance, minting, and burning.
 - Appointing the independent auditors of Minters.
 - Minters are independent third parties granted “Minter”

Flow of Funds Process

The main concept to be conveyed by the Flow of Funds diagram is that Minters or the Master Minter are capable of minting and burning of USDm tokens. This is the process by which the USDm liquidity is maintained.



Benefits

The outstanding benefit of the USDm stable token is a gateway by which Myanmar kyat can be legally converted into USDm that can then be converted via GCS token into any crypto currency in the world, particularly USDC. Additional benefits are:

- Comply with Myanmar official conversion rate.
- Avoid expensive P2P rates and conversion costs in the “black market”
- Kyat more readily acceptable in use because of lower cost conversion mechanism.
- Conversion accessible and convenient 24/7 by the GCex Exchange.

USDm comply with the laws of Myanmar and benefits the Myanmar Central Bank through acceptance of the official rate, discouraging the usage of the black market. While GCex provides the benefit to users of lower fees in purchasing and remitting USDm with transparency offered by the blockchain network.

Trust

Transparency and immutability are attractiveness of using blockchain technology for stable tokens. However, trust has a key role in the value and usefulness of stable tokens within ecosystems. USDm will be issued on the GCex regulated exchange operated by Darlitana UAB. Darlitana UAB licenses are issued and regulated by the Lithuania Financial Crime Investigation Service. Darlitana UAB Lithuanian company registration number is 305921328 with registered address at Perkunkiemio str., Vilnius 13-91, Lithuania.

Technical Design

USDm will be minted and burned using the BEP20 smart contract operating on the BNB-BSC blockchain network providing high throughput with low transaction fees.

Proof of Stake of USDm is through a Minter. The Minter is part of the Proof of Stake mechanism with the Master Minter appointing the Minter. There can be several Minters but only one Master Minter. The Minter can mint and burn USDm tokens. The Master Minter has the functions of a Minter with the additional function to create or revoke Minters for non-compliance.

Generation of the USDm coin is based on the real trading pair price of GCS/USDt fetched through GCex exchange (gcex.lt) and P2P Myanmar fiat currency price trading on Binance exchange (or alternative site).

GCex exchange protocols enable global stable tokens transactions interoperability on BNB-BSC blockchains for increased throughput and scalability. GCex exchange rules and smart contracts to govern, audit, and manage the Minter's participants that mint, burn, transact, and redeem USDm tokens. A Minter in minting a USDm must purchase the minimum GCS tokens based on the prevailing GCS/USDC rate to mint the equivalent number of USDm.

For example.

Official kyat rate is 1,850 compared to the P2P rate is 2,000 and a price of GCS/USDC = 11.65. Having 2 million USDC can mint 2,200,000 USDm ($2,000,000 / (1,850/2,000)$) provided have purchased 159,000 GCS [$2,000,000/11.65$]* $[1,850/2,000]$].

Tradability

USDm open the opportunity for individuals and institutions alike to utilize fiat kyat to participate in global commerce and trade on the GCex exchange (www.gcex.lt). USDm delivers benefits to individuals and companies within Myanmar that would otherwise have high difficulty and incurring high costs in converting kyats to USDC.

Roles

GCex manage the minting and the redemption/burning of USDm stable tokens, which can be used for both the exchange and wallet interoperability cases. The roles relating to the USDm stable token are:

- Master Minter – permitted to mint and burn USDm tokens defined by holding of GCS tokens. Master Minter’s assets held in reserves will be audited by the independent third-party – Royal Institution of Chartered Surveyors.
- Minter – permitted to mint and burn USDm tokens to permitted limit defined by holding of GCS tokens and supervised by Master Minter. Due diligence prior to the appointment of a Minter by the Master Minter is to undertake by the independent party - Royal Institution of Chartered Surveyors.
- Pause – Master Minter can suspend (pause) USDm minting or burning by Minter or Minters based on pre-defined conditions that have been reviewed by an independent third-party. Once situation is resolved, resumption (un-pause) by Minter(s) can recommence.
- Rescuer – Master Minter can recover USDm should a holder make a mistake in transferring USDm to their account.
- Blacklist – Master Minter will blacklist an address should USDm be sent to a wrong account.

Auditing of Proof of Stake Mechanism

An appoint of an independent third-party responsible for the auditing of USDm price performance in compliance with the Proof of Stake mechanism will be undertaken by the internationally recognized cryptocurrencies valuers and auditors – Royal Institution of Chartered Surveyors.

Auditing of Minter

It is important that the Minter compliance with requirements to act as a Minter is maintained once approved as a Miner. This auditing is to be undertaken through regular audits. The auditor

will be the independent third-party Royal Institution of Chartered Surveyors, knowledgeable, and experienced within cryptocurrencies and are regulated.

Conclusion

USDm opens tremendous opportunities to convert kyat into a crypto currency that is globally accepted and easily convertible. This provides a path for holders of kyat to avoid the risks associated with the “black-market” or excessive fees P2P exchange conversion channels. USDm allows opportunities for investing and trading on a decentralized blockchain.