

# **WHITE PAPER FOR THE ASSET-BACKED TOKEN**

## **ASSET-BACKED AUZ TOKEN ISSUE DECLARATION**

**Issuer: Finance Invest Brok LLC**

**Jurisdiction: Republic of Uzbekistan**

**Version date: 10.03.20206**

## Abstract

This document is an official declaration of the project to issue of gold-backed AUZ token in the Republic of Uzbekistan.

The Republic of Uzbekistan, being one of the world's largest gold producers, has the necessary economic, infrastructural and legal conditions to implement the project to issue the AUZ Token.

The project aims to create a transparent, regulated and technologically sustainable mechanism for digital accounting, circulation and repayment of rights to gold using a distributed data ledger (blockchain). The implementation of the project involves the concentration of key processes — issuance, provision, storage and accounting of tokens — within one jurisdiction and under the supervision of authorized bodies.

The purpose of issuing the AUZ Token is to expand the availability of gold transactions for market participants through the use of distributed ledger technologies (blockchain) while ensuring the security of the rights of token holders and transparency of transactions.

The AUZ token does not provide for the accrual of interest or other periodic payments.

The economic nature of the AUZ Token is based on gold as a base asset, traditionally used to preserve value, less susceptible to geographical risks and currency depreciation in the context of inflationary processes typical of fiat currencies.

## Issuer details

The issuer of the AUZ token is Finance Invest Brok LLC engaged in professional activities in the securities market (license No. 081349 (L-501214) dated 15.05.2023) as an investment intermediary and investment consultant and has been a member of the Republican Stock Exchange Tashkent (No. 496) since June 6, 2023. As part of its activities, Finance Invest Brok LLC, as the issuer of the AUZ token, fulfills obligations to the token holders expressly provided for in this White Paper and/or agreements.

### Basic issuer details:

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- Full name of the legal entity: **Limited Liability Company Finance Invest Brok.**
- OKED: **64300 Trust funds and similar financial organizations**

Examples of activities: **asset management, mutual funds, trust companies.**

- Manufactured goods and services provided: **asset-backed investment token AUZ**

Legal address: address: **100011, Tashkent, Shaikhantakhur district MCA Chakar Navoi Str., 25A**

- Contact details: [finbrok@umail.uz](mailto:finbrok@umail.uz) , +998 90 017-10-82

### **Developer details:**

The developer of the blockchain platform and the technological infrastructure of the project is Asterium Limited Liability Company.

Legal address: Uzbekistan, Tashkent, Said Baraka Str., 12A TIN 311876558

Contact details: +998 (78) 777-55-58, [support@asterium.uz](mailto:support@asterium.uz)

EPAM, an international IT holding company specializing in software development, digital transformation, and creation of scalable technology platforms for the corporate and public sectors, was involved as a technology contractor to develop and implement individual software solutions as part of the project.

Legal address: 41 University Drive, Suite 202, Newtown, PA 18940 Tel

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## **Glossary**

**AUZ (Aurum Uzbekistan)** is the name of the issued asset—backed investment token.

**AUZ token** (Aurum Uzbekistan) is an asset—backed investment token issued by the Issuer, certifying the ownership right of its owner to the appropriate amount of physical gold in accordance with the procedure and upon the terms established by this White Paper and the terms of issue.

**Issuer** is the investment company Finance Invest Brok LLC, which is a resident of the Republic of Uzbekistan, which issues the AUZ token, assumes obligations certified by the token, and is responsible to the token holders within the limits and upon the terms established by this White Paper and the terms of issue.

**Custodian** is a commercial bank Octobank JSC, responsible for storing physical gold used as a base asset and security for obligations

for the AUZ token based on a custody agreement with the Issuer and in accordance with the applicable laws of the Republic of Uzbekistan.

**Mirasmanda** is the distributed data ledger of the crypto depository used for issuance, registration and accounting of the AUZ token in a prescribed manner.

**Token Owner (User)** is a person who legally owns the AUZ token and who has property rights certified by the corresponding token, in accordance with this Decision on the issue, the White Paper and the laws of the Republic of Uzbekistan.

**Crypto asset** is a property right expressed in the form of digital records in a distributed data ledger, which has value and an owner, and is accounted using blockchain technologies.

**Crypto depository** is a legal entity resident in the Republic of Uzbekistan that provides an electronic platform and (or) a set of software and hardware tools for issuing, registering, accounting and storing crypto assets, as well as for verifying the availability of their security. As part of this project, the functions of the crypto depository are performed by the Asterium LLC crypto depository, which provides the infrastructure for issuing, registering, storing and controlling the security of tokens.

**Distributed data ledger (blockchain)** is an information system based on distributed registry technology that provides immutable records of information about issuance, circulation and repayment of AUZ tokens.

**Smart contract** is an ERC20 format program code hosted in the Mirasmanda distributed data ledger, which provides the technical support for issuance, accounting, circulation and burning of AUZ tokens.

**Issue of tokens** is a set of organizational, legal and technical actions that result in the creation of AUZ tokens, their registration and admission to circulation.

**Token placement** is an initial offering of AUZ tokens, carried out by the Issuer in accordance with the procedure defined by law, including using a crypto exchange.

Token circulation is the possession, storage, transfer and other permissible operations with AUZ tokens performed in accordance with the laws of the Republic of Uzbekistan, White Paper and agreements.

**Token burning** is a technical procedure carried out by the Issuer as part of repayment of secured AUZ tokens at the request of the owner, including the transfer of an appropriate number of tokens by the owner to the Issuer, irrevocable termination of such tokens in a distributed data ledger, recording of information about burning in the registry of the crypto depository, and fulfillment of the Issuer's obligations to the owner by providing a monetary equivalent of the value

of gold in the national currency of the Republic of Uzbekistan or in the HUMO token and (or) issuance of an appropriate amount of physical gold in ingots in the manner and upon the terms provided for by the laws of the Republic of Uzbekistan, White Paper and agreements; from the moment of burning, the Issuer's obligations for the corresponding amount of tokens are considered terminated.

**Issue registration** is the entry of information by the crypto depository about the issue of AUZ tokens into the electronic register of crypto assets in order to allow tokens to be traded.

**Gold ingot (physical gold)** is a gold ingot with a purity of at least 999.9 (pure gold content of at least 99.99%), having an individual number and manufactured in accordance with the laws of the Republic of Uzbekistan and applicable banking standards for the storage of precious metals.

## **Introduction**

In recent years, digital technologies have significantly transformed the financial sector, expanding the possibilities of accounting, circulation and asset management. Along with the development of payment solutions and crypto assets, tools that combine the advantages of digital technologies with the reliability of traditional tangible assets are of particular importance.

In this light, there is a growing interest in tokenization of real assets, primarily gold, as one of the most sustainable and universal tools for preserving value.

A significant share of the annual gold production in the Republic of Uzbekistan is accounted for by the Navoi and Almalyk Mining and Metallurgical Plants, which makes the country one of the world leaders in the production and sale of gold on international markets.

Along with export supplies, gold transactions in the domestic market are one of the significant areas of activity of commercial banks of the Republic of Uzbekistan. This creates a stable infrastructural and financial base for gold circulation both inside and outside the country.

At the same time, despite the development of tools for working with precious metals, gold trading on traditional platforms still faces a number of structural limitations. Such restrictions include regulated trading hours, established minimum sizes of trading lots, as well as limited transparency of pricing and accounting processes.

Tokenization of gold makes it possible to overcome these limitations through the use of distributed ledger technologies, ensuring continuity of accounting, increasing the availability of transactions and transparency in the circulation of rights to physical gold.

In addition, the implementation of the gold token forms the technological and legal basis for the further development of projects for tokenization of mineral resources and ore deposits of the Republic of Uzbekistan, including the use of the Mirasmanda blockchain infrastructure.

## **Problem setting**

**Firstly**, gold is traded on traditional exchange and over-the-counter platforms within the established trading hours and in accordance with certain regulations, which limits the continuity of operations and reduces the speed of access to the asset for market participants.

**Secondly**, gold transactions usually involve a minimum trading lot, which limits access to the asset for a wide range of participants and makes it difficult to use gold as a tool for gradual accumulation or partial alienation. The fractional ownership of gold as part of traditional instruments remains limited.

**Third**, traditional forms of gold ownership involve additional costs associated with storage, transportation, insurance, and document management. These costs can reduce the economic efficiency of gold transactions and limit its use in the digital economy.

These limitations create a demand to create new gold circulation tools that combine the reliability of a tangible asset with the advantages of digital technologies, including transparency of accounting, accessibility of transactions and the possibility of fractional ownership.

## **Resolution**

The AUZ token offers a technological and legal solution based on the tokenization of physical gold using a distributed data registry (blockchain).

The AUZ token provides digital accounting of property rights related to physical gold mined, processed and cast in the Republic of Uzbekistan. The use of the blockchain infrastructure allows for the continuity of accounting and circulation of the token, regardless of the trading sessions of traditional platforms, thereby expanding market participants' access to gold transactions.

The AUZ token model provides for fractional ownership of the underlying asset, which removes restrictions related to the minimum size of the trading lot and makes gold more accessible to a wide range of participants. At the same time, the rights to the token are recorded in a distributed data ledger, which increases the transparency of operations and enables recording the issue, circulation and repayment of tokens in an immutable form.

The project is intended to create and maintain the security of the AUZ token in the form of physical gold in an amount corresponding to the amount of tokens in circulation,

allowing to verify the availability of security through a crypto depository. This reduces dependence on intermediaries and increases confidence in the instrument from market participants.

Additionally, the AUZ token can optimize costs associated with storage, transportation and document management by digitalizing accounting and automating processes, while maintaining the ability to redeem the token to receive physical gold and (or) monetary equivalent as envisaged by the terms of issue.

Thus, the AUZ token forms a regulated and technologically stable gold circulation model that combines the reliability of a tangible asset with the advantages of digital technologies and is focused on integration into the financial infrastructure of the Republic of Uzbekistan.

## 1. Concept and features of the AUZ token

The AUZ token is a crypto asset that is fully backed by physical gold and certifies its owner's right to receive the appropriate amount of gold and/or monetary equivalent as envisaged by the terms of issue.

The token was created for digital accounting and circulation of rights to gold using blockchain technology in compliance with the laws of the Republic of Uzbekistan.

### 1.1. Main features

<b>Component</b>	<b>Functionality</b>
<b>Country of issue</b>	Republic of Uzbekistan
<b>Issuer</b>	Finance Invest Brok LLC
<b>Security</b>	Physical gold formed in a volume corresponding to the number of AUZ tokens in circulation
<b>Security storage</b>	The custodian is the commercial bank Octobank JSC having an agreement with the Issuer
<b>Distributed data ledger</b>	Mirasmanda Blockchain (crypto-depository)
<b>Smart contract standard</b>	ERC20
<b>Relation to the underlying asset</b>	1 AUZ token corresponds to 1 gram of gold
<b>Minimum fractional unit</b>	0.0001 tokens (0.0001 grams of gold), 18 decimal places are technically possible

<b>Component</b>	<b>Functionality</b>
<b>In-kind redemption</b>	Multiple of 5 grams of gold
<b>Type of crypto asset</b>	Asset-backed investment token

## 1.2. Comparison of backed token and physical gold

### Comparative analysis

<b>Aspect</b>	<b>Physical gold</b>	<b>Tokenized gold (AUZ)</b>
<b>Divisibility</b>	Gold can be purchased in the form of bars of the established minimum weight (in banks of the Republic of Uzbekistan) starting from 5 gr.	Gold can be purchased starting from 0.01 grams (0.01 AUZ tokens)
<b>Examination of ingots</b>	Expert examination and the use of specialized tools is required to confirm the authenticity, weight and frequency of the sample.	Entries in the distributed data ledger provide transparent accounting of issue, circulation, and ownership.
<b>Settlement rate</b>	Limited by the banks' and stock exchanges' opening hours	Operations are available 24/7 as part of the blockchain infrastructure.
<b>Cross-border circulation</b>	Limited by export regulations (including non-declaration limits)	Possibility of cross-border circulation of the token in digital form in accordance with applicable law
<b>Storage</b>	Requires physical storage, insurance, and security measures.	The security is kept by the Custodian; rights are recorded in digital form
<b>Transfer of ownership rights</b>	Requires physical transfer or reissue	Transferred through a digital transaction in a distributed ledger (blockchain)
<b>Accounting transparency</b>	The information is stored in banking and internal accounting systems	The issue, circulation, and redemption are recorded in a distributed data ledger.
<b>Redemption</b>	Requires physical handling and issuing from the Custodian	Possibility of digital redemption and receiving gold

Aspect	Physical gold	Tokenized gold (AUZ)
		or a monetary equivalent or an exchange for HUMO tokens

Thus, the AUZ token has a much greater potential for use compared to physical gold, being secured by it.

### 1.3. Organizational structure

The AUZ token ecosystem is based on delineation of areas of responsibility between participants, which ensures transparency, regulatory certainty and reliability of the security model. The issue, accounting and storage processes are organized in such a way as to maintain a balance between technological efficiency and compliance with the laws of the Republic of Uzbekistan.

At the same time, the model provides for a clear functional separation between the physical storage of gold and the digital accounting of tokens: physical gold is held in custody by a Custodian within the banking infrastructure, while the issuance, registration and circulation of tokens take place in a distributed data ledger.

**The issuer (Finance Invest Brok LLC)** issues AUZ tokens, forms a security in the form of physical gold in an amount corresponding to the number of tokens in circulation, initiates additional issuance and redemption of tokens, and also bears obligations to token holders in accordance with the White Paper and the Resolution on Issue. The Issuer ensures that the amount of security and the number of tokens in circulation are consistent.

**Octobank JSC** performs the functions of a custodian of physical gold, formed as security for obligations under AUZ tokens, based on a responsible custody agreement with the Issuer

**Asterium crypto depository** supports an electronic platform for issuing, registering and storing tokens. The crypto depository is a key element of the infrastructure that guarantees compliance with regulatory requirements and transparency of transactions with AUZ tokens within its competence.

**The user segment** consists of individuals and legal entities, end users of the ecosystem, who purchase AUZ tokens in a prescribed manner and use them as a tool for digital gold ownership. They can perform operations with

tokens, including their transfer, storage, and initiation of a redemption procedure to receive physical gold and/or monetary equivalent in accordance with the terms of the issue.

AUZ tokens are sold by the Issuer and/or through licensed service providers in the field of turnover of crypto assets.

## **1.4. Estimating the value of issued tokens**

The value of the AUZ token, depending on the context, can be expressed by various indicators such as the initial placement price or the secondary market price.

### **4.1. Initial placement price**

The AUZ token is issued at a price determined based on the official price of gold ingots set by the Central Bank of the Republic of Uzbekistan on the issue date. This price is applied when forming the initial placement volume.

### **4.2. Secondary market price**

The price of the AUZ token on the secondary market is formed during free trading on the exchange platform and is determined by the ratio of supply and demand. The market price may differ from the initial public offering price depending on market conditions, participants' expectations, and gold price dynamics.

(1) The exchange rate of the AUZ token at the initial issue is determined by the Central Bank of the Republic of Uzbekistan as of the issue date.

(2) The price of the AUZ token on the secondary market is formed during free trading on the exchange platform and is determined by the ratio of supply and demand using the order book.

### **4.3. Asset value in security:**

When issuing the AUZ token, an appropriate amount of physical gold is generated as security. 100% of the volume of tokens in circulation is secured by gold in an amount equivalent to the number of tokens issued, based on the ratio of 1 AUZ token = 1 gram of gold.

The value of the assets in the security is determined based on the current market price of gold. The amount of the security is estimated in grams of physical gold held in custody by the Custodian.

New tokens are issued only on the premise of the preliminary formation of an appropriate amount of physical gold in security, which eliminates the risk of an unsecured issue.

The redemption of tokens is accompanied by a corresponding decrease in the amount of security in proportion to the number of tokens burned.

Information about the issue and redemption of tokens is reflected in the distributed ledger (blockchain).

### **4.4. Stabilization mechanism**

Since the price of the token is formed on the secondary market based on supply and demand, deviations from the value of the corresponding amount of gold ingots may occur in certain periods.

In order to minimize such deviations, a combination of the following mechanisms is used.

#### **Mechanism used when demand exceeds supply**

In the event of a sustained excess of market demand for the AUZ token over its supply on the secondary market:

1. The Issuer has the right to have an additional issue of AUZ tokens.
2. An additional issue is subject to:
  - pre-purchase of the appropriate volume of physical gold;
  - placing the specified gold with the Custodian;
  - registration of the issue in the crypto depository.
3. After registration of the issue, tokens are credited to the Issuer's wallet and can be placed on the market through authorized distributors.

Thus, an increase in the supply of tokens with an increase in demand helps to eliminate the price premium and equalize the market value of the token relative to the value of the underlying asset — physical gold.

### **Mechanism used when supply exceeds demand**

In the event of a decrease in market demand for the AUZ token and formation of an oversupply in the secondary market (which can be expressed in trading the token at a discount to the value of gold), the following mechanism is applied:

1. Token holders have the right to initiate a token redemption procedure from the Issuer.
2. When redeeming tokens, the Issuer:
  - removes tokens from circulation (with their subsequent burning);
  - transfers the appropriate amount of physical gold to the owner, either a monetary equivalent or HUMO tokens.
2. Reducing the number of tokens in circulation reduces the market supply and helps eliminate the price discount.
3. Additionally, in order to maintain liquidity, a market maker may be involved, which is entitled to:
  - redeem tokens at or near the market price;
  - use hedging tools on the world's largest crypto exchanges to manage price risks.

**Result:**

These examples show that the owners of AUZ tokens do not bear the risk of losing the value of the asset due to a temporary decrease in market demand. The existence of a token redemption mechanism suggesting that physical gold and (or) a monetary equivalent and (or) a HUMO token is received forms an economic link between the market price of the token and the value of the underlying asset.

The additional issue of tokens is subject to formation of an appropriate volume of physical gold in security, which eliminates unsecured issuance and oversupply of tokens.

Redemption is accompanied by a proportional decrease in the volume of the security, which maintains a correspondence between the number of tokens in circulation and the actual volume of gold.

This model reduces the impact of short-term speculative fluctuations and ensures the predictability of the token's circulation in relation to the value of gold as the underlying asset.

The key risk factors remain market fluctuations in the price of gold, as well as risks associated with secondary market liquidity. These risks correspond to the nature of physical gold itself and are not related to the token release model. Full security of the token by physical gold forms a stable economic basis for the circulation of AUZ.

## **1.5. Rights of token holders**

The owners of AUZ tokens have the following rights in relation to the tokens they own:

- ownership and storage of AUZ tokens;
- right to purchase (purchase) AUZ tokens on the primary or secondary market through service providers in the field of turnover of crypto assets;
- right to alienate AUZ tokens, including their sale or transfer to third parties;
- right to exchange AUZ tokens for other crypto assets or fiat funds on supported crypto exchanges or other electronic platforms;
- right to initiate the procedure for redeeming AUZ tokens to receive physical gold in kind, a HUMO token, or a monetary equivalent as envisaged by the terms of issue.

The owner of the AUZ tokens has the right to initiate a token redemption procedure and receive physical gold in kind (in-kind) as envisaged by the terms of issue. Ingots are delivered through the Issuer with the participation of the Custodian in the relevant branch of the bank.

Physical gold in kind is delivered subject to the redemption of AUZ tokens in the amount of at least 5 (five) grams. Redemption in the amount of less than 5 grams and reception of physical gold is not allowed.

The owner also has the right to sell AUZ tokens on the secondary market through service providers in the field of crypto asset turnover in accordance with the rules of the relevant service provider and applicable laws.

These transactions take place on market terms and may be accompanied by the use of commissions established by the relevant services.

When gold ingots are delivered, the following commissions are applied from the value of the issued volume of gold:

- 5 to 20 grams — 15%;
- 20 to 50 grams — 10%;
- over 50 grams — 5%.

The commission is retained when delivering gold ingots and covers the costs associated with transaction processing, storage, banking and logistics.

In case of temporary absence of ingots of assigned value, the issue can take place after receiving the corresponding ingots in the warehouse of the Custodian.

## **1.6. Token issue process**

AUZ tokens are issued by the Issuer, subject to the preliminary formation of an appropriate amount of physical gold in security.

Tokens are issued on the initiative of the Issuer within the following stages:

1. The issuer forms the security in the form of physical gold in an amount commensurate with the number of tokens planned for issue, based on the ratio of 1 AUZ token = 1 gram of gold.
2. Gold ingots are placed for custody with the Custodian based on a custody agreement with the Issuer.
3. After confirming the formation of the security, the Issuer sends information about the issue to the crypto depository. The crypto depository verifies the correctness

of the data provided and registers the issue in the distributed data ledger.

The issue of tokens without first forming an equivalent volume of physical gold is not allowed.

## **1.7. Token redemption process**

As part of the life cycle of the AUZ token, a procedure is provided for its redemption at the request of the owner of the AUZ token, followed by the burning of an appropriate number of tokens in a distributed data ledger.

Also, if the supply of tokens exceeds the demand, an appropriate redemption is possible to release liquidity.

AUZ tokens are redeemed (burned) by obtaining the monetary equivalent of the value of gold in the national currency or in HUMO tokens, issuing the appropriate amount of physical gold in bullion to the owner, subject to payment of a commission in accordance with the procedure and conditions provided for by the laws of the Republic of Uzbekistan and this White Paper.

Upon receiving a repayment request, the Issuer verifies that the amount of collateral generated is sufficient. After confirming that the number of tokens corresponds to the volume of security, the tokens are burned in a smart contract with the transaction recorded in the distributed data ledger of the crypto depository.

If the owner chooses a monetary equivalent, the amount is calculated based on the value of the corresponding amount of gold at the maturity date, taking into account the existing commissions. If the issue of gold ingots is chosen, they are transferred through the Custodian in a prescribed manner.

Redemption is accompanied by a proportional decrease in the volume of the security, which ensures that the number of tokens in circulation constantly matches the volume of physical gold.

The crypto depository verifies the correctness of information about the redemption of tokens, records their burning in the distributed data ledger and posts information about the redemption in a prescribed manner.

## **1.8. Transfer of ownership rights to the token. Information about transmission mechanisms.**

The issuer performs the initial issue of AUZ tokens, and the crypto depository registers the initial issue. According to the requirements of the Regulations on the Procedure for Issuing, Registering, and Circulating Crypto Assets by Residents of the Republic of Uzbekistan (reg. no. 3397 dated 24.11.2022), the issue of crypto assets is considered registered after the relevant information is entered into the register of crypto assets by the crypto depository.

Ownership of the AUZ tokens arises for the acquirer from the moment the corresponding entry is made in the distributed data ledger and the tokens are reflected on the owner's balance sheet.

The rights to AUZ tokens are transferred by making a transaction in the distributed data ledger. After the transaction is reflected in the ledger, ownership passes to the new owner.

Tokens can be transferred:

- at the initial placement of tokens;
- as part of transactions on the secondary market;
- as a result of the exchange for other crypto assets in accordance with the rules of the relevant platform and applicable laws.

The owner of the AUZ tokens has the right to dispose of the tokens belonging to it at its discretion, in particular, it can alienate them, exchange them, or initiate a redemption (burning) procedure in accordance as envisaged by the terms of issue.

The crypto depository ensures that the rights to tokens are recorded, the transfer of ownership rights is recorded, and information is provided to the owners regarding their transactions.

Any disputes arising in connection with the ownership, transfer and redemption of AUZ tokens are resolved in accordance with the laws of the Republic of Uzbekistan.

## **2. Technological basis and network security**

The technological architecture of the AUZ token is built on a multi-level model that ensures reliable accounting, transparency of operations and compliance with regulatory requirements.

The AUZ token operates in the Mirasmanda EVM-compatible distributed data ledger, which ensures a high level of security for digital asset accounting.

### **2.1. Smart contract**

The AUZ token smart contract is a software module deployed in the Mirasmanda EVM-compatible distributed data ledger network and implements the basic functions of the token in accordance with the ERC-20 standard.

#### **Technical details of the contract:**

Smart Contract: ERC-20 Standard

Development language: Solidity

Blockchain: Mirasmanda

Contract address: 0x67548883ac1eF0fcbCa53C5B3a2a85AB33e48549

Key characteristics of Mirasmanda DDL:

Bandwidth: > 1,500 TPS

Typical transaction completion time: < 3 seconds

Technology stack:

Hyperledger Besu - Public permissioned EVM network

"PoA (proof of authority) consensus Protocol / QBFT - Consensus algorithm

Solidity + Hardhat/Ignition - Smart contracts

The security system is provided by the architecture of the Hyperledger Besu network, is based on multi-level protection of smart contracts and includes the following measures:

- Execution in an isolated EVM runtime with a gas limit mechanism protects against DoS attacks.
- Real-time monitoring of transactions and network activity automatically blocks suspicious activity.

The combination of these mechanisms ensures the network stability, the protection of transactions with AUZ tokens, and reliability of transaction accounting in a distributed ledger.

## **3. Regulation**

The gold-backed AUZ token is introduced into the financial system of the Republic of Uzbekistan in accordance with the applicable laws on crypto assets and in compliance with the requirements of regulatory authorities.

The AUZ token is a backed crypto asset, which is issued and circulates in accordance with the laws of the Republic of Uzbekistan regulating the activities of issuers and service providers in the field of turnover of crypto assets.

### **3.1 Legal status and supervision of the AUZ token**

The activities related to the issuance and circulation of the AUZ token are regulated by the following authorities:

- the National Agency for Advanced Projects (NAPPA), a regulatory body in the field of crypto asset turnover, licensing of service providers and the functioning of crypto depositories.
- the Central Bank (CB), which oversees the activities of financial institutions.

The key document regulating the turnover of crypto assets is the Regulations on the Procedure for Issuing, Registering, and Circulating Crypto Assets by Residents of the Republic of Uzbekistan dated 28.11.2022, No. 3397. They define the concepts, interaction of market participants, and classification of crypto assets, including secured tokens.

Additional requirements are imposed by the following regulatory documents of the Republic of Uzbekistan:

- the Law of the Republic of Uzbekistan On Countering the Legalization of Proceeds from Criminal Activities, Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction dated 08.26.2004, No. 660-II;
- the Law of the Republic of Uzbekistan On Precious Metals and Precious Stones dated 23.08.2021 No. ZRU-710
- Resolutions of the President of the Republic of Uzbekistan On Organization of Activities of the National Agency for Advanced Projects of the Republic of Uzbekistan dated 27.07.2017 No. PP-3150;
- Decree of the President of the Republic of Uzbekistan On Measures for Development of Digital Economy and Sphere of Turnover of Crypto Assets in the Republic of Uzbekistan dated 03.07.2018 No. PP-3832;
- Resolution of the President of the Republic of Uzbekistan On Measures for Further Development of Financial Technology Sector in Uzbekistan dated 27.11.2025 No. PP-359
- Resolution of the National Agency for Project Management under the President of the Republic of Uzbekistan and the Department for Combating Economic Crimes under the Prosecutor General's Office of the Republic of Uzbekistan On Approval of Internal Control Rules For Countering Legalization Proceeds from Criminal Activities, Financing of Terrorism and Financing Proliferation of Weapons of Mass Destruction for Persons Engaged in Activities in the Field of Turnover of Crypto Assets (registered by the Ministry Justice of the Republic of Uzbekistan on 09.06.2021, registration number 3309);
- Resolution of the National Agency for Advanced Projects of the Republic of Uzbekistan, the Ministry of Finance of the Republic of Uzbekistan and the State Tax Committee of the Republic of Uzbekistan On Approval of Regulation on Establishment of Fees for Activities in the Field of Turnover of Crypto Assets, Procedure for Their Payment and Distribution (Registered by the Ministry of Justice of the Republic of Uzbekistan on September 28, 2022, Reg. No. 3388)
- Resolution of the Ministry of Internal Affairs of the Republic of Uzbekistan, the National Agency for Advanced Projects of the Republic of Uzbekistan and the Prosecutor General's Office of the Republic of Uzbekistan On Approval of Instructions on the Procedure for Seizure, Storage and Transfer of Crypto Assets Identified during Pre-Investigation Inspection and

Investigation of Crimes (Registered by the Ministry of Justice of the Republic of Uzbekistan on December 25, 2024, Reg. No. 3591);

- Resolution of the Board of the Central Bank of the Republic of Uzbekistan On Approval of the Regulations on the Procedure for Commercial Banks to Carry Out Operations with Precious Metals (Registered by the Ministry of Justice of the Republic of Uzbekistan on November 3, 2025, Reg. No. 3698).
- Order of the Director of the National Agency for Advanced Projects of the Republic of Uzbekistan On Approval of the Regulations on the Procedure for Licensing the Activities of Service Providers in the Field of Crypto Asset Turnover (Registered by the Ministry of Justice of the Republic of Uzbekistan on August 15, 2022, Reg. No. 3380);
- Order of the Director of the National Agency for Advanced Projects of the Republic of Uzbekistan On Approval of the Rules for Trading Crypto Assets; (Registered by the Ministry of Justice of the Republic of Uzbekistan on August 15, 2022, Reg. No. 3379);
- Order of the Director of the National Agency for Advanced Projects of the Republic of Uzbekistan On Approval of the Regulations on the Procedure for Registration of Participants in a Special Regulatory Regime in the Sphere of Turnover of Crypto Assets (Special Regime of Regulatory Sandbox) (registered on 30.12.2022, Reg. No. 3409);
- Order of the Director of the National Agency for Advanced Projects of the Republic of Uzbekistan On Approval of the Regulations on the Procedure for Issuing, Registering, and Circulating Crypto Assets by Residents of the Republic of Uzbekistan (Registered by the Ministry of Justice of the Republic of Uzbekistan on November 28, 2022, Reg. No. 3397);
- Order of the Director of the National Agency for Advanced Projects of the Republic of Uzbekistan On Determining the Amount of the State Fee for Issuing Licenses for the Activities of Service Providers in the Field of Turnover of Crypto Assets (Registered by the Ministry of Justice of the Republic of Uzbekistan dated December 17, 2024, Reg. No. 3584)

### **Regulatory restrictions:**

The activities of service providers in the field of crypto asset turnover require obtaining appropriate licenses, except for sandbox projects. The provision of services for the purchase, sale and exchange of crypto assets without a corresponding license is prohibited.

### **3.2 Anti-Money Laundering (AML) and User Identification (KYC)**

When performing transactions through licensed service providers, users undergo an identification procedure (KYC) in accordance with the laws of the Republic of Uzbekistan.

Transactions may be subject to monitoring for suspicious activity in accordance with the laws on combating money laundering and terrorist financing.

If breaches are detected or at the request of authorized bodies, operations may be restricted within the limits of applicable law.

When withdrawing tokens to non-custodial wallets, the user is solely responsible for compliance with applicable regulations.

In case of breaches or at the request of law enforcement agencies, the Issuer can freeze AUZ tokens on the wallet, saving citizens' funds from theft by intruders and restricting their access to the AUZ ecosystem. This ensures a balance between decentralization, security, and compliance with laws. To prevent illegal financial transactions, users undergo KYC (Know Your Customer) verification. This means that:

Each user receiving services from service providers in the Republic of Uzbekistan related to the AUZ token must be identified.

Transactions are checked for suspicious operations in accordance with international anti-money laundering standards.

Large financial transactions (for example, the exchange of the AUZ token for cash or receiving gold ingots) in the Republic of Uzbekistan may require additional verification in accordance with regulatory requirements.

Requirements regarding countering money laundering and terrorist financing: All participants are required to comply with the established standards for countering money laundering and terrorist financing (Law 660-II, Resolution 3309 as amended).

### **3.3 Control and audit of assets in security**

The AUZ token is fully backed by physical gold deposited with a Custodian in the Republic of Uzbekistan.

Each issued token corresponds to one gram of gold in security. The issue of tokens without first forming an equivalent volume of physical gold is not allowed.

Security availability is monitored:

- at the initial placement of tokens;
- at each additional issue;
- during the redemption procedures.

The crypto depository verifies the availability of assets when considering an application for registration of a crypto asset issue.

Keeping numbered records of the ingots that make up the security of the AUZ tokens ensures identification of each ingot and its compliance with the volume of tokens in circulation.

To maintain user trust and transparency of the model, a security audit is conducted – regular inspections by an external company licensed to conduct an audit.

### **3.4 Role of the crypto depository and local regulations**

Transactions performed with the AUZ token may be governed by local regulations of the crypto depository, which define additional requirements for the placement, advertising and turnover of the token.

**Control over the advertising and marketing of the AUZ token:** token advertising must comply with established standards, contain no promises of profitability and take into account possible risks.

**Listing and trading operations:** the crypto depository can set additional conditions for trading the AUZ token, including requirements for transparency of the issue and compliance with AML/regulatory standards.

**Transaction monitoring:** in order to prevent illegal use and fraudulent schemes, transactions may be subject to additional verification.

**Ability to freeze assets at the request of law enforcement agencies:** the Issuer can block specific wallets if breaches are detected or at the request of the relevant authorities.

## 4. Risks and mitigation measures

Recognizing the need to implement effective risk management mechanisms to ensure the sustainability and continuity of the AUZ token, a risk management system has been implemented aimed at identifying, assessing and minimizing potential threats.

This system regularly evaluates operational, technological, legal and market risks aimed at reducing them. This approach ensures the stability of the AUZ token issuance and circulation model and helps protect the interests of token holders.

By purchasing, storing and disposing of AUZ tokens or using related services, the token holder confirms that he has become familiar with the risks outlined below and is aware of the possible consequences of the relevant operations.

The token holder is not recommended to purchase, store, or dispose of AUZ tokens or use appropriate services if they do not understand the risks involved.

The risks associated with the purchase, storage, and disposal of AUZ tokens, as well as the use of the site's services, include, but are not limited to, the following:

# 1 Risks mitigated by the Issuer

## Financial risks

### 1. Fluctuations in the market value of gold.

The value of AUZ tokens is determined based on the market value of gold. Gold quotes are formed on international commodity markets and may change under the influence of macroeconomic factors, changes in interest rates, inflation expectations, currency fluctuations, as well as geopolitical events.

### 2. Liquidity and listing risk:

The markets for the circulation of AUZ tokens can be characterized by varying degrees of liquidity. Individual trading platforms may provide sufficient volume of transactions, whereas in other markets, liquidity may be limited or absent. Low liquidity can lead to increased volatility in the market price of tokens.

The issuer has the right to issue AUZ tokens in various blockchain networks in accordance with the technical and operational conditions of the project.

Tokens circulating on different networks may require the use of special bridge mechanisms to move between networks. The possibility and conditions of such interaction may be limited.

It is not guaranteed that there is an active primary or secondary market that provides the opportunity to purchase or dispose of AUZ tokens at any time.

### 3. Risks associated with gold reserves:

Each AUZ token corresponds to one gram of physical gold, which is part of the formed gold collateral and placed in safe custody with the Custodian.

Despite the use of storage and internal control procedures, gold security may be subject to risks of loss, damage, theft, or access restriction due to extraordinary circumstances, including, but not limited to, natural disasters, man-made incidents, illegal actions by third parties, bankruptcy, terrorist acts, or other force majeure events.

### 4. Risk of bankruptcy of banking organizations.

The funds that make up the security of the tokens are placed and stored in the banking infrastructure. If insolvency, rehabilitation, liquidation or bankruptcy procedures are introduced against the relevant bank, access to such funds may be temporarily restricted or difficult. Despite the measures taken to select reliable financial institutions and diversify risks, the Issuer cannot completely eliminate the risk of financial

insolvency of banking organizations, which may affect the timing of the fulfillment of obligations on tokens.

#### **5. Risk of due dates.**

AUZ tokens are redeemed, among other things, at the expense of physical gold, which is secured. When redeeming AUZ tokens to obtain physical gold in kind, there may be a situation of temporary absence of ingots of the corresponding small denominations (for example, 5 or 10 grams).

### **Mechanisms for mitigating financial risks**

1. The issuer provides a direct link between the value of AUZ tokens and physical gold at the rate of 1 AUZ token = 1 gram of gold, which allows the token to maintain an economic link with the underlying asset. The price of the token is determined based on generally recognized international gold quotations, which ensures transparency of the pricing mechanism and reduces the risk of manipulation of the value of the token.
2. The issuer is taking measures to develop the infrastructure for the circulation of AUZ tokens, including interaction with crypto exchanges and other platforms for the circulation of crypto assets, which expands users' access to the token circulation markets.
3. The gold ingots included in the security of the AUZ tokens are placed in responsible custody with a specialized custodian (bank) that stores precious metals in accordance with established security procedures.
4. The issuer strives to place funds and perform settlement operations through financial institutions that have a high degree of reliability and comply with the requirements of applicable laws.
5. Settlements related to the operations of redeeming AUZ tokens are conducted through the banking infrastructure in accordance with established banking rules and settlement procedures. Banking operations are regulated by the internal regulations of credit institutions and the requirements of banking legislation, which ensures the predictability of settlement dates. The use of a regulated banking infrastructure reduces the risk of delays in fulfilling obligations for operations with tokens.

## **4.2 Technical risks**

### **1. Cyber-attacks and unauthorized access.**

The blockchain infrastructure and related digital systems may be subject to cyber-attacks aimed at obtaining unauthorized access to smart contracts, user wallets, or other elements of the system.

## **2. Errors in software code.**

Vulnerabilities in smart contracts or software components of the system can lead to platform failures or disruption of the logic of operations.

## **3. Network and infrastructure failures.**

High network load, technical malfunctions, or disruptions in the blockchain infrastructure can limit the speed of transaction processing or temporarily affect the availability of individual system elements.

### **Mechanisms for mitigating technical risks**

1. The smart contracts of the AUZ token are tested and independently audited before they are deployed.
2. The architecture of the blockchain infrastructure provides for the use of distributed data storage and processing mechanisms, which increases the system's resilience to technical failures.
3. Modern information security and network monitoring tools are used to prevent unauthorized access and identify potential threats.

Any of these circumstances may affect individual ingots or a part of the security as a whole.

### **4.3. Risks related to force majeure circumstances**

#### **1. Natural or man-made catastrophes.**

Natural disasters, man-made accidents, fires, wars, floods, earthquakes or other emergencies may cause damage or temporary unavailability of the infrastructure used for the operation of the project, including banking infrastructure, communication systems and Internet channels.

#### **2. Changes in the regulatory framework.**

Changes in legislation or regulatory requirements governing the turnover of crypto assets, the activities of operators of crypto platforms, or the use of digital assets by users may affect the terms of issue, circulation, or use of tokens, as well as the Issuer's activities.

#### **3. Unfair actions of third parties.**

Third parties, including market participants and competitors, may take actions aimed at discrediting the project, spreading false information, or attempting to manipulate the market, which may potentially affect the perception of the project by users and market participants.

## **4. Economic model**

The security of the AUZ token is formed at the expense of the raised funds allocated for the purchase of physical gold.

Gold ingots are purchased by the Issuer from the commercial bank of the Republic of Uzbekistan in a prescribed manner and placed in safe custody with the Custodian.

Each purchased ingot is included in the security of the AUZ token, and tokens are issued only after the forming the corresponding volume of physical gold at the rate of 1 token = 1 gram of gold.

As the tokens are sold, the funds received from their placement are used for additional purchase of gold ingots or to fulfill repayment obligations.

The model's income is generated by:

- commissions and trading spreads charged during transactions of purchase and sale of AUZ tokens, including transactions of exchange of AUZ tokens for cash and back;
- commissions for redemption of tokens and receiving physical gold in kind;
- other service charges stipulated by the terms of the issue of AUZ tokens.

## **5. Development plan and roadmap**

The AUZ backed token project aims to create a digital gold circulation tool that combines the reliability of a physical asset with the benefits of blockchain technologies.

The main objectives of the project are:

— creating a transparent and technologically efficient mechanism for the circulation of tokens backed by physical gold;

— creating an infrastructure for using the digital representation of gold in investments and other operations in the digital economy.

Achieving these goals involves the gradual development of the project, including the launch of the token, formation of the circulation infrastructure and subsequent expansion of its use.

### **1. Launch and implementation**

The first stage is intended to form the basic infrastructure of the project and launch the circulation of the AUZ token.

**Main tasks:**

- form the initial volume of gold security;
- issue the first batch of AUZ tokens;
- launch a smart contract and token accounting infrastructure;
- connect gold ingot storage and accounting infrastructure;
- launch token purchase and sale operations.

**2. Infrastructure and liquidity development**

At the second stage, the main goal is to develop the infrastructure for token circulation and create stable liquidity in the market.

**Main tasks:**

- expand the number of crypto asset turnover service providers supporting the AUZ token;
- develop the secondary market infrastructure;
- implement mechanisms to ensure liquidity and support the token's market circulation;
- develop services for storing and using AUZ tokens.

**3. Ecosystem scaling and development**

At the third stage, it is planned to expand the possibilities of using the AUZ token and integrate it into a broader digital financial infrastructure.

**Main tasks:**

- expand the use of the AUZ token;
- develop an interconnection (bridge) for the use of tokens in various blockchain networks;
- develop partner programs and integration with international digital platforms;
- expand gold security volumes as the circulation of tokens increases.

**6. CONCLUSION**

The AUZ token is a backed crypto asset, each unit of which confirms the right to one gram of physical gold held in custody in the Republic of Uzbekistan. The project aims to create a technologically modern and legally transparent gold circulation model using a distributed data ledger infrastructure.

AUZ combines the advantages of traditional gold and digital infrastructure.

Unlike stablecoins backed by fiat currency, AUZ relies on a tangible asset that has historically recognized value and is used as a hedging tool for inflation and currency risks.

The mechanism for issuing and redeeming tokens eliminates excessive issue, since each token is backed by a specific volume of gold. The model provides for control procedures, internal monitoring and external audit of the security.

Thus, AUZ is a tool that combines the physical security of gold and the technological flexibility of a blockchain system, creating a modern model for the circulation of precious metals in digital form.

**Director**

**FINANCE INVEST BROK LLC**

*/signed/*

**A.Yu. Urinbaev**

*Seal:* Republic of Uzbekistan, Tashkent city, FINANCE INVEST BROK Limited Liability Company

March 6, 2026