

**USD GOLD (USDG)  
WHITEPAPER**



**By: Legacy 1 Gold LTD  
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## **ABSTRACT**

Our gold backed stablecoin token, USD Gold (USDG)<sup>1</sup>, was created to provide financial institutions (public and private), merchants, and individuals a means to harness the enormous benefits of a digitalized currency backed by real assets, gold. We believe our truly gold backing provides multiple incomparable benefits vs other coins/tokens backed by nothing (most cryptocurrencies) or fiat instruments (most stablecoins). Our project goal is to have USDG become the world's gold standard in transactions in the spirit of the Bretton Woods Agreement.<sup>2</sup>

USDG is gold-backed by an industry leading fifty-one percent (51%) Fine Gold. The remaining 49% is backed by the EIG Bank Coin (EIGBC)<sup>5</sup>, a stablecoin backed by 100% verifiable gold assets. The USDG Project is owned by Legacy 1 Gold LTD, incorporated in the United Kingdom (UK).

The USDG stablecoin token is pegged 100 to 1 ratio to the USD Dollar, thus a par value of One Hundred US Dollars (\$100 USD). Each token will be bought & sold to the hundred thousandths place (5 decimals). This peg of \$100 USD will not change regardless of the price of gold. The Proof of Reserves will be established by the price of gold at the time the USDG token enters circulation. USDG are not directly tradable or exchanged for actual gold held by its owner, Legacy 1 Gold LTD. There are no immediate plans to offer any interest-bearing benefits to hold/hold the tokens.

USDG Total Supply is set at 5,000,000,000 (5 billion) tokens, 100% are authorized and minted. The potential market cap is \$500 billion USD. 80% of the USDG Total Supply has been earmarked for the public with sales earnings going into the USDG Treasury account. The remaining 20% will be for worldwide expansion and project finance. Tokens will be issued from the treasury based on market conditions and made public via the website [www.USDGtoken.com](http://www.USDGtoken.com). We do not plan to "burn" any tokens in circulation or held in the USDG treasury.

## Table of Contents

ABSTRACT

INTRODUCTION

THE USD GOLD OWNERS

EIG Global Trust

EIG Global Resources

PROOF OF GOLD RESERVES

REDUCED RISK MANAGEMENT

TECHNOLOGY STACK

The BSC Blockchain

Evolution of BSC into BNB Chain

BSC Smart Chain Protocol

Advantages of BSC

TARGET MARKET

For Governments

For Commercial Banks

For Companies

For Individuals

APPENDIX

A: Turnkey Digital Solution by EIG Global Trust

B. High Level Summary Digital Leverage by EIG Global Trust

C: Glossary of Terms

D. References

## **INTRODUCTION**

Stablecoins are a type of cryptocurrency that are primarily pegged to an asset primarily fiat currency like US Dollars (USD) at usually a ratio of 1 to 1.

Stablecoins are assumed to be “stable” because they are backed by their Proof of Reserves (usually fiat currencies or financial instruments based on fiat currencies).

Fiat money is a government-issued currency that is not backed by a physical commodity, such as gold or silver, but rather by the government that issued it. The value of fiat money is derived from the relationship between supply and demand and the stability of the issuing government. The term "fiat" is a Latin word that is often translated as "it shall be" or "let it be done." Fiat currencies only have value because the government maintains that value; cannot be redeemed; and there is no utility to fiat money in itself.<sup>6</sup> Thus, fiat currencies can increase or decrease in relative value based on that country or block of countries monetary policy, economy, and amount held in financial reserves (usually gold).

Before fiat currency came about in the 1970s, governments would mint coins out of a valuable physical commodity, such as gold or silver, or print paper money that could be redeemed for a set amount of a physical commodity. Bretton Woods created a collective international currency exchange regime that lasted from the mid-1940s to the early 1970s and today a lasting influence on international currency exchange and trade through its development of the IMF and World Bank. The Bretton Woods System required a currency peg to the U.S. dollar, which in turn was pegged to the price of gold.<sup>2</sup>

Stablecoins have gained popularity with a total market cap above \$150 billion. Leaders are currently Tether (USDT) and Circle (USDC) with market caps of \$107 billion and \$32 billion, respectively. The term “backed” equates to assets held in the owners’ custody or Proof of Reserves that support or stabilizes the cryptocurrency. What is often found is 90% or more held in reserves are fiat-based bank instruments or unsecured debt with restrictions. Backing by actual cash and precious metals is comparably low and the reserves also usually contain highly volatile non-stable cryptocurrencies.

For example, Tether hired accounting firm BDO to perform a Reasonable Assurance Engagement of reserves in January 2024 showed less than 1% cash, 4% precious metals, and 3% Bitcoin.<sup>7</sup> The remaining 90%+ was backed by various bank and government instruments tied to interest bearing notes.

USDC (Circle) provides monthly attestation reserve reports reviewed by Deloitte & Touche LLP, the audited report shows 36% of assets held in treasuries, 56% in repurchase agreements, and 9% in cash.<sup>8</sup>

The above interest related assets can be greatly affected by swings in interest rates. For example, if your backed bank/government instrument pays 2% interest rate but recent changes to the market increase a similar bank/government instrument rate to 5%, then the value of your backed instrument has lost value and must be greatly discounted when sold. Many other stablecoins are thus not stable as these “backed assets” values can fluctuate greatly, increasing the risk of that held stablecoin.

Recently, new “gold backed” stablecoins have been launched to provide an alternative method to purchase gold by for example, pegging 1 token to 1 gram of gold, silver, or other precious metals. The price of the token increases as the precious metal increases. The crypto owners derive their profits through transaction fees and add-on costs like storage or shipping if the buyer wants to take possession of the actual precious metal. While these stablecoins usually claim a 1 to 1 ratio gold to reserves, the Market Cap is relatively low being an alternative way to sell gold at usually higher prices.

We have resolved the above problems of Proof of Reserves by backing all the USDG stablecoins using 100% real assets, fine gold and verified gold assets. If gold prices decrease, we will increase the physical amount in our Treasury. USDG, when first circulated is based on the current price of gold. This provides the preferred hedge against interest bearing assets that our target audience have in their possession. In summary, our USD Gold (USDG)

stablecoin will disrupt the meaning of “backed” by truly having a stablecoin token backed by an actual asset gold and shielded by the world’s inflationary driven economy. Additional benefits are vast and will be detailed in this Whitepaper.

EIG Global Trust went through extensive eight (8) months of regulatory reviews in multiple jurisdictions before the planned launch of USDG in April 2024. Our primary goal is to establish a stable gold backed digital currency that interacts with the worlds existing financial fiat-based assets (i.e. fiat currency, bonds, notes, and other banking instruments) from both governments and commercial institutions. USDG is vehicle to combine the real-world use of fiat assets with a digital currency that offers the cross-border transaction efficiencies and blockchain security, accountability, and audit capabilities.

USDG is an excellent asset to meet capital requirements for collateralization to issue loans to consumers and hedge against inflationary factors mentioned above. Additionally, since our stablecoin can be exchanged for fiat currency like the US Dollar and Euro, we made it a priority to focus its adoption to countries who need to improve their intra-country payments (i.e. payroll for government employees and contractors) and inter-country payments (i.e. cross-border trade).

The USDG also provides an excellent hedge and long-term investment against volatility in currency prices or crypto currencies. Since its gold backed and not fiat-currency backed, investors receive the best of both worlds of the stability of gold as an asset and permanently pegged to \$100 per USDG Token. We believe our USDG Token will be the world’s leader in asset backed currency returning to true intention of the Bretton Woods Agreement

Finally, the term coin and token has been used interchangeably regarding stablecoins. Since USDG will be running on another’s blockchain, technically it is a token on that blockchain. We have chosen the Binance BNB Smart Chain (BSC)<sup>9</sup>, a high-performance blockchain that allows developers to create smart contracts using the same programming language used by Ethereum. We chose the BSC blockchain for cost-effective, high scalability, interoperability, and large use base. We will expand upon BSC blockchain in the technology stack section below.

## **THE USD GOLD (USDG) PROJECT OWNERS**

The USDG project is owned by Legacy 1 Gold LTD, a private company jointly owned by EIG Global Trust and EIG Global Resources.

**Legacy 1 Gold LTD** is incorporated in England & Wales, registration number 15631712, see filing [UK Registration](#). The project owners charter demands a responsible corporate governance and operations including strong know your customer (KYC), anti-money laundering, and counter terrorist financing processes. Legacy 1 Gold LTD is compliant or in the process with all regulatory bodies including but not limited to the UK Financial Conduct Authority (FCA).

**EIG Global Trust** is a full service digital financial firm registered in Delaware, USA and the United Kingdom that provides asset management, project finance, investment banking, and advisory services driving digital transformation with emphasis on proactive fraud prevention and auditing.

We were conceived to manage partnerships with the world's financial communities and develop digital economies in a responsible fashion. EIG Global Trust is leading the stable digital currency transition from the central banking establishment and their client countries commercial financial apparatus, into the digital venture and investment capital operations with a true cross border digital currency solution with heavy emphasis on project financing, mergers and acquisitions, gross domestic product enhancement, and liquidity into the marketplace.

EIG Global Trust has an internal \$1 million USD denominated fully backed stable Bank Coin (*EIGBC*). The *EIGBC* has an available treasury of \$90 Trillion USD equivalent in fully minted 100% asset backed stable digital token currency. See Appendix A for more about EIG Global Trust and the *EIGBC* bank coin.

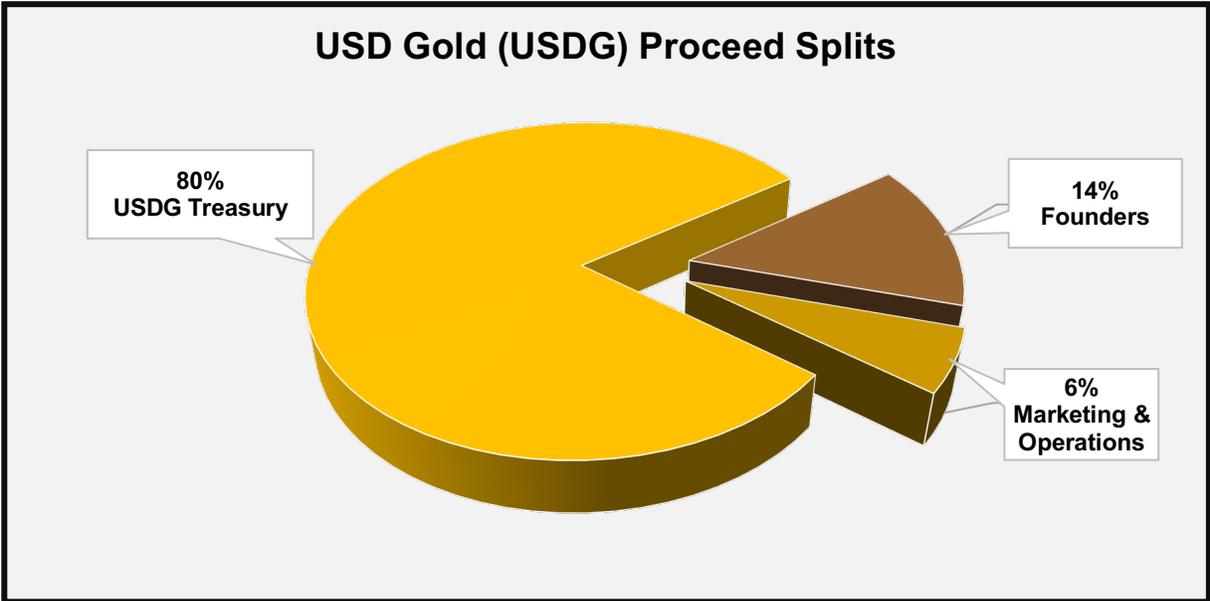
**EIG Global Resources** is Mining for a Better Future. Their mission is to provide resource rich communities a one-stop solution to locate, extract, process, and sell valuable minerals in an eco-friendly and community first approach. The company is registered in Kenya as EIG Resources Ltd and specializes in exploration of precious and rare metal mines by optical geophysical survey and proprietary Nano-electromagnetic technology to determine the location and content of the ores up to 5000 feet below ground surface. Artisanal mining is our primary focus by minimizing the environmental impact while maximizing our positive contributions to society. EIG Global Resources offer a full range of mining services including modern optical 4D exploration, proprietary technology in the determination of content, refining, casting, and stamping. Our customized solutions are tailored to meet the unique needs of each client and project. We specialize in proprietary Artisanal Mining equipment geared towards improvement of Artisanal mining worldwide

The primary goal of the owners is help convert from fiat to digital currency and bring socio-economic benefits to the world at the grass roots level by supplying a digital alternative to cash. This enables easier access to financial services and improving efficiency. Digital banking provides much needed access and ease of use particularly in developing nations where traditional banking and hard currency are limited in rural areas.

### **PRE-SALES, INITIAL COIN OFFERING, AND PROCEED SPLITS**

The Stage 1 discounted USDG token Initial Coin Offering (ICO) will be offered to select industry associates, friends, and family. This pre-sale event may take place privately via a dedicated website and/or on certain public exchanges. Further details can be found on the Project Owners website [www.usdgtoken.com](http://www.usdgtoken.com). The ICO will have a fixed token maximum (hard cap) but no minimum required soft cap for the Project to proceed. Required lock-out periods for the Project Founders and ICO buyers will be responsible and supply/demand driven.

The proceeds generated from presales, ICOs, and exchanges will be split 3 ways, 80% USDG Treasury, 14% Founders, 6% Company Marketing and Operations as illustrated in the chart below:



**PROOF OF GOLD RESERVES**

Each USDG token will be pegged to \$100 US Dollars. When the USDG token is first acquired (circulated) from the Owners (Legacy 1 Gold LTD) treasury, the price and amount of gold required to be held and custody will be established. For gold pricing purposes, we will use the London Bullion Market Association (LBMA) gold price fix per troy ounce in terms of US Dollars.<sup>10</sup> The London Bullion Market Association (LBMA) fixes the price of gold per troy ounce in US dollars twice a day via an auction, at 10:30am and 3pm London time. We will use the 3pm London second fixing time to peg that day's price.

Once the price is established, we will then determine the amount gold required to be held in custody to meet the 51% gold backing. Then using EIG Global Resources advanced gold bar laser etching (QR code) technology, we can assure the amount is linked to actual fine gold held in custody.

For example, assume 10,000 USDG tokens were first circulated from the USD Gold treasury on July 1 when the price of gold based on LBMA = \$2,000 per troy ounce. Since each token is priced at \$100 USD, then that day's total value = \$1,000,000 USD (10,000 USDG tokens x \$100 USD). So, 51% would equal \$510,000 ( $\$1,000,000 * 51\%$ ) worth of fine gold required to back that day's newly acquired tokens. At \$2,000 per troy ounce, we would place 255 troy ounces ( $\$510,000 / \$2,000$ ) in the USDG custodian ledger and link those 255 troy ounces to that day using the QR code etching technology mentioned above.

USD Gold's owners, EIG Global Trust and EIG Global Resources, are the custodians of the gold. Transparency regarding the proof of purity and amount of the gold used as USDG reserves for backing purposes will be provided to the public during quarterly audits by international recognized auditors and published on the USDG website, [www.USDGtoken.com](http://www.USDGtoken.com).

The remaining 49% of USDG is backed by EIG Global Trust, EIG Bank Coin (EIGBC). This internal blockchain stablecoin has a high \$1 million US Dollar (USD) peg value per coin to support central bank initiatives, large financial transactions, and infrastructure project funding. The ledger based digital currency allows detailed tracking and accountability throughout the entire lifecycle.

## **REDUCED RISK MANAGEMENT**

We acknowledge the growing hesitancy with investing in cryptocurrencies due to controllable (mismanagement or human error) and intentional maleficence from fraud and external hacks. We are fully transparent in both who we are, our regulatory backing, and our intentions. We have also launched on public recognized blockchain technology Binance Smart Chain (BSC) to alleviate the concern and risk of in-house build blockchains or outdated blockchains that require updates.

While we can secure the technology and gold reserves, each investor must remain diligent to avoid their own wallet and exchange account intrusions. But we feel

extremely confident with our regulatory approvals and our central bank, government, and commercial banking partnerships that USDG is the preferred method to invest in cryptocurrency for the purposes of long-term inflationary protection investments while avoiding the extreme volatility of non-backed cryptocurrencies like Bitcoin or memes. We strongly believe that the world will come to its senses and realize Bitcoin is simply made up and based and backed by zero assets and to mention an enormous energy hog, inefficient, and impactable in real-time transactions. In fact, the recent ETF launches used Bitcoin by default as it's the only cryptocurrency the general public is aware of. We plan to change that narrative by focusing on the long-term future of the digital world based on a truly asset backed currency that is tangible, verifiable, and proven valuable over 1,000s of years.

## **TECHNOLOGY STACK**

**The BSC Blockchain.**<sup>11</sup> USDG uses Binance Smart Chain (BSC), a layer-1 blockchain built to support smart contracts, running alongside the Binance Chain, which was designed to support high transaction volumes. Binance Smart Chain implements the Ethereum Virtual Machine (EVM) to enable smart contracts, allowing developers to create or migrate Ethereum-based decentralized applications (dApps). BSC was designed based on Geth, an Ethereum execution client that handles transactions, deploys and executes smart contracts, and contains the EVM.

**Evolution of BSC into BNB Chain.** The Binance blockchain, built by the world's largest cryptocurrency exchange, has evolved since its launch in 2017. As decentralized finance (DeFi) applications enabled by smart contracts took off in 2020, Binance launched a parallel Binance Smart Chain to run alongside the Binance Chain and compete with the Ethereum blockchain.

BSC quickly gained popularity among developers and users in early 2021 as network congestion and high gas fees on the Ethereum blockchain increased the cost of transactions while slowing processing times.

In 2022, BSC merged with the Binance Chain in a new dual-chain structure. The original Binance Chain has been renamed the BNB Beacon Chain and merged with BSC, meaning that Binance Smart Chain is now the BNB Smart Chain. Together, the two chains comprise the BNB Chain.

**BNB Smart Chain Protocol.** BNB Smart Chain brings programmability and interoperability to the BNB Beacon Chain using a combined delegated proof of stake (DPoS) and Proof-of-Authority (PoA) consensus mechanism known as Proof-of-Staked-Authority (PoSA).

PoSA uses a system of validators elected based on the number of tokens they stake. They take turns verifying transactions and adding them to the chain in new blocks. Backup validators called “candidates” provide security, as in the event of a malicious attack that brings the validators offline, the candidates can report to the Beacon Chain, resume processing on BSC, and propose the re-election of active validators.

**Advantages of BSC include:**

- **Short blocking time:** BSC aims to achieve a short blocking time of three seconds on its live blockchain (main net). This means that transactions can be processed quickly, enabling faster confirmation and reducing potential delays.
- **Fast confirmation of transaction finality:** BSC emphasizes fast confirmation of transaction finality. This ensures that once a transaction is included in a block, it is considered finalized and cannot be reversed or altered. This feature enhances the security and reliability of transactions on the BSC.
- **EVM compatibility:** BSC is fully compatible with EVM. This compatibility allows developers to seamlessly port their existing Ethereum-based applications and smart contracts to the Binance Smart Chain ecosystem. It also provides users with a familiar environment and access to a wide range of dApps.

## **TARGET MARKET:**

**Cryptocurrency Exchanges.** USDG tokens can readily accessible for purchase, exchange for other cryptocurrencies, and settled in fiat currencies. We plan to list USDG on all BSC supported exchanges.

**Governments.** Legacy 1 Gold LTD owners have developed deep ties to several country governments and their central banks. We believe USDG can support their needs to convert their local economies from fiat to digital currency. One example could be paying government contractors in USDG or government employees in USDG.

**Commercial Banks.** a truly backed stablecoin to support and modernize traditional banking needs including cross-border payments, using USDG as an inflationary hedge, asset management portfolio, and trading practices.

**Companies.** Public and private companies could also use USDG as an inflationary hedge, cross-border payments, and other traditional methods current fiat-currency provides.

**Individuals.** USDG provides a hedge against volatile fiat and cryptocurrencies.

## **APPENDIX A**

### **Turnkey Digital Solution by EIG Global Trust**

EIG Global Trust is a full-service turnkey digital solution for all countries and commercial banks alike. Some of the benefits include:

- Immediate direct distributed funding with our own internal 100% hard asset backed \$1Million USD par value EIG Bank Coin EIGBC.
- EIG Global Trust is your leader in providing Massive Project Financing globally.
- EIG Global Trust is the world's most stable fully backed digital currency GDP enhancement solution.
- The EIG Global Trust solution is fully sanctioned by the world's banking regulatory authorities.
- Owner of exchange traded gold backed stablecoin USD Gold (USDG) and market driven price floated cryptocurrency Legacy One Gold (L1G).
- EIG Global Resources division pioneered and exclusively controls the technology ensuring direct access to trillions of USD of the world's precious mineral reserves, identifying immediately where and what is exactly contained in any scanned area on earth. 50% percent of those reserves are mined in fully "green" artisanal mining EIG pioneered local operations with simple innovative equipment and techniques.
- EIG Global Trust is the answer:
  - To get countries on the digital economy map worldwide
  - EIG will spawn and issue low denomination backed tokens [(in addition to our own (USDG & L1G<sup>12</sup>)] for both the stablecoin and floating digital exchanges for both market leverage and stability environments. These vehicles support banks, investment players, commercial service/product vendors for all digital liquidity requirements.
  - Our turn-key digital solution brings a complete technical implementation solution to support all banks and comes complete with all supported software, including bespoke translation and

processing services for all legacy systems

- EIG Global Trust can provide and deploy the EIGBC cross border solution to either support your branded CBDC or acts as your primary internal digital collateral currency .It's a 100% fully backed currency that acts as your primary digital stabilizer to meet your nation's responsible economic growth profile.

## **APPENDIX B**

### **High Level Summary Digital Leverage by EIG Global Trust**

Introduction to Digital Leverage. The transition to leverage of tokenized digital currency. Published EIG Global Trust models demonstrate the initial posting (pegging) of management and deployment of the \$1 Million USD 100% hard assetbacked EIG Bank Coin (“EIGBC”) as a reference stable coin digital currency to stabilize the adoption of digital currency. This meets the massive project funding and national digital currency adoption objectives of client countries, both through their Central Banks and of course through direct pass-through allocations to commercial banks starting at \$1,000,000,000 USD (\$1 billion), to a level of severalbillion USD of EIGBC, as logical asset funding requirements portfolio profile for thelarger regional commercial banking institutions. Given the EIGBC is fully asset backed, it is a natural financial vehicle for the future of all banking and finance – Digital Leverage.

The EIGBC Digital Leverage is a useful value hedge for our banking clients’ wishing to park their large crypto and fiat asset holdings in a stable wallet, as theyfund their investment projects and manage their internal treasury liabilities and assets (customer deposits, and other liquidity generated returns from loan revenue). The EIGBC can underwrite contracts guaranteeing a specific interest return if required on their crypto or fiat investment.

EIG Global Trust (a Delaware Statutory Trust) (“EIG”) and its subsidiary operations such as EIG Global Trust Ltd (UK), and EIG Global Resources LTD, and Legacy One Gold LTD, is at its core, an asset management organization supporting the humanitarian aspirations of funding of projects and deploying a “Digital Leverage Market Desk” with client countries commercial banks, and now with recent regulatory approvals, client central banks. The EIG model provides a suitable solution in a realistic closely held regulated environment.

Uniquely, EIG has unlimited access to hard assets such as gold, silver, platinum, rare earth minerals, oil and gas reserves through its proprietary and exclusive

ownership/control of the most advanced 3D technology and recently developed 4D satellite/ground sensor system of remote mapping of natural resources on the planet that, not just expects to have viable in-ground assets, but actually knows exactly what the assets are, including the atomic weight makeup of the actual periodic elements intertwined, where they are located to the meter, and how they are distinguished from the common terra under the surface of the earth from ground surface to over fifteen hundred (1500) meters deep. Consequently, EIG Global Trust can conservatively assert that the EIGBC and its “little brothers” the USD Gold (USDG) and Legacy One Gold (L1G) digital tokens, are cryptocurrency backed by gold and other hard metals, have a virtually unlimited supply of backing (trillions of dollars of known in ground reserves), easily exploitable with proprietary fully “green” and United Nations certified humanitarian processes. Additionally, numerous client nations have requested EIG Global Resources LTD to lead those countries’ expansion into artisanal and deep recovery mining projects throughout the world.

The EIG Global Resources turnkey solution enables a return to the letter and spirit of the 1944 Bretton Woods (pegging the world’s exchange to Gold backed reserve currency). The EIGBC is fully pre-mined at 90 million coins, thus at a \$1 million USD/coin valuation, we have ninety trillion (\$90 Trillion USD) available fully backed digital currency to meet the economic growth and currency requirements into the next century.

But most importantly, the EIGBC serves as a “great stabilizer” to distribute digital currency and lead a transition of fiat to digital as the world develops a more perfect and security economic growth environment. We fund, manage, and audit projects with asset backed digital currency. It is our first mission. As the projects gain revenue steam, the EIGBC naturally benefits from these projects’ increase in valuation.

The backed exchange level token family, EIGBC, USDG, and the L1G, act as excellent digital leverage based digital currency tokens to stabilize central bank balance of payments and monetary policy profiles, naturally regulating the boundaries of speculation as safe hedges, and supporting all levels of commerce, financial, or value exchange markets of tokens of any type (whether DeFi or CeFi) in the digital age.

This meets the ongoing requirements of the world's banking (digital leverage to attain responsible fractional lending) and is a tangible vehicle to manage risk in the commercial digital exchange markets ecosystem. EIG Global Trust also recognizes the distinct need for a combination of two digital vehicles to meet the stability and security hedge requirements of both banking institutions, and also meet the natural value hedge properties of open crypto exchanges, ETFs etc. to meet market requirements at all levels of digital commerce.

EIG Global Trust has recognized after extensive consultations with the international banking regulatory authorities that the CeFi banking community has a specific need to stabilize their treasury holdings of bank assets and liabilities (liquidity) with a hedge against shifts in central bank monetary policies (interest rate) that are traditionally designed to slow reduce inflationary pressures. For example, last year in the United States, a number of larger regional banks (e.g. Silicon Valley Bank, either defaulted or collapsed due to depositor "runs" on the banks, as the news spread the banks internal treasury holdings (securities) were not competitive from an interest yield rate when the US Federal Reserve considerably raised interest rates to combat inflation.

Consequently, these banks improperly managed liquidity/interest ratios and mistakenly held large amounts of US Treasury notes that they had purchased at a much lower yield rate. (that traditional acceptance says, theoretically are the best and safest reserves for the bank's treasury accounts), yet these notes had a nominal rate of 2-2.5% yield (and in some cases even lower) causing a domino effect of a fire-sale of hugely discounted notes that eventually could not save these regional banks requiring US Government Insurance (FDIC) bailout of customer accounts up to only \$250,000. The banks themselves were closed and sold at nominal prices.

EIG Global Trust and its associated companies look forward to bridge this inflationary hedging gap through innovative solutions utilizing our gold and precious metal backed stablecoins and gold back free-floating cryptocurrencies.

## **APPENDIX D**

### **Glossary of Terms<sup>12</sup>**

**Asset backed/ pegged cryptocurrency.** Any stablecoin cryptocurrency whose price is pegged to a real-world asset i.e. It's not a "utility backed" cryptocurrency.

**Bitcoin (BTC).** The original, largest and best-known cryptocurrency.

**Blockchain.** The underlying technology is used by nearly all cryptocurrencies. A blockchain is essentially a complete ledger of transactions held simultaneously by multiple nodes on a network.

**Collateralization.** Use of a valuable asset to secure a loan against default and can be seized by the lender to offset any loss.

**CeFi.** Short for centralized finance. Finance is traditionally centralized because it relies on trusted intermediaries like banks (central, commercial, and online).

**Circle (USDC).** A stablecoin that is pegged 1-to-1 with the U.S. dollar.

**Coin.** A colloquial term for a cryptocurrency.

**Cryptocurrency.** A digital asset that can be used as a store of value or a medium of exchange for goods and services. Transactions are verified and recorded using cryptography by a distributed network of participants, rather than a centralized authority such as a bank or government agency.

**dApp.** Short for decentralized application, a dApp is an app that isn't controlled by a central authority. Twitter is an example of a centralized app, with users relying on it as an intermediary to send and receive messages. A dApp is distributed on a blockchain, allowing users to send and receive data directly without an intermediary.

**DeFi.** Short for decentralized finance. Finance is traditionally centralized because it relies on trusted intermediaries. For example, if you want to send money to a friend or relative, you rely on your bank to send it to the recipient's bank. DeFi, on the other hand, requires no intermediaries. Participants can send and receive assets directly. In theory, this makes transactions faster and cheaper.

**Exchange.** A website or app that allows users to buy and sell crypto assets.

**Ethereum.** The second-biggest cryptocurrency by market capitalization after Bitcoin.

**Fiat currency.** Traditional currencies are backed by the full faith and credit of a nation state. The U.S. dollar, the euro or the British pound are fiat currencies.

**Fiat currency.** Traditional currencies are backed by the full faith and credit of a nation state. The U.S. dollar, the Euro or the British pound are fiat currencies.

**Hodl – "Hold on for Dear Life",** to hold the cryptocurrency for long period of time often earning interest with withdrawal restrictions.

**Initial Coin Offering (ICO).** A fundraising mechanism in the cryptocurrency industry, akin to an Initial Public Offering (IPO) in the traditional financial sector that can gather resources directly from anyone with a crypto wallet.

**Know Your Customer (KYC).** Although not required, many crypto exchanges carry out certain identity checks on their customers under KYC rules.

**Ledger.** A record of transactions maintained by both centralized financial institutions and decentralized finance applications. Data for each transaction entered into a ledger may include times, dates, senders and recipients.

**Market capitalization (cap).** Also written as market cap, this is the total market value of a cryptocurrency. At the time of writing, all cryptocurrencies had a combined market cap of slightly less than \$1 trillion.

**Node.** A computer or device connected to other computers or devices that all hold a copy of a blockchain. Each node supports the broader network by sharing information and validating transactions.

**Proof of Reserves.** The process by which the issuer of any asset backed decentralized digital token, cryptographically/mathematically proves that all tokens that have been issued are fully reserved and backed by the underlying asset.

**Regulated.** A market in which players must follow certain rules of risk fines and/or the loss of their operating license.

**Smart contract.** A program that executes itself on a blockchain when certain conditions are met, without the need for human intervention or an intermediary. Once completed, the contract cannot be changed or undone.

**Stablecoin.** A cryptocurrency that aims to maintain a fixed, unchanging market value that is pegged to another currency, commodity or financial instrument. As of this writing, the biggest stablecoins are Tether and USD Coin.

**Tether (USDT).** A stablecoin that is pegged 1-to-1 with the U.S. dollar.

**Token.** An individual cryptocurrency. Specifically, it's a way to refer to a crypto that runs on a particular blockchain.

**Volatility.** A market condition in which prices frequently and unpredictably rise and fall as in prices or interest rates.

**Total Circulation.** Collective number of coins or tokens in circulation at any point in time.

**Total Supply.** Collective number of all coins or tokens in circulation, owners' treasury, or escrow any point in time.

**Utility backed.** A decentralized digital token whose value is derived from the usefulness of its application rather than just being a value transfer system.

**Whitepaper.** A technical document released alongside new crypto projects that explains how the system works.

**Yield.** A return on investment, expressed as a percentage.

## **APPENDIX E.**

### **References**

- [1] For more information on USD Gold (USDG) and its owner Legacy 1 Gold LTD, see [www.usdgtoken.com](http://www.usdgtoken.com)
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