

# Digital Ounce (DOZ)

## White Paper

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### **I.01 Date of notification**

This white paper was notified to Finanstilsynet on December 20th, 2024.

### **I.02 Statement in accordance with Article 51(3) of Regulation (EU) 2023/1114**

This Asset-Backed Token ("ABT") white paper ("White Paper") has not been approved by any competent authority in any Member State of the European Union ("EU"). The issuer of the crypto-asset is solely responsible for the content of this White Paper.

### **I.03 Compliance statement in accordance with Article 51(5) of Regulation (EU) 2023/1114**

This White Paper complies with Title IV of Regulation (EU) 2023/1114 and to the best of the knowledge of the management body, the information presented in the White Paper is fair, clear, and not misleading and the White Paper makes no omission likely to affect its import.

### **I.04 I.04 Warning in accordance with Article 51(4), points (a) and (b) of Regulation (EU) 2023/1114**

The asset-backed token Digital Ounce ("DOZ") issued by Paiblock A/S ("Paiblock") is not covered by the investor compensation schemes under Directive 97/9/EC. DOZ is not covered by the deposit guarantee schemes under Directive 2014/49/EU.

Nothing in this White Paper constitutes an offer of DOZ in the United States or any other jurisdiction in which it is or may be unlawful to do so.

## **SUMMARY**

### **I.05 Warning in accordance with Article 51(6), second subparagraph of Regulation (EU) 2023/1114s**

This summary should be read as an introduction to the White Paper. The prospective holder should base any decision to purchase DOZ on the content of the White Paper as a whole and not on this summary alone.

The offer to the public of DOZ does not constitute an offer or solicitation to purchase financial instruments and any such offer or solicitation can be made only by means of a prospectus or other offer documents pursuant to the applicable national law.

This White Paper does not constitute a prospectus as referred to in Regulation (EU) 2017/1129 of the European Parliament and of the Council (36) or any other offer document pursuant to EU or national law.

## **I.06 Characteristics of the crypto-asset**

DOZ is an ABT, available on a public blockchain network. DOZ provides a faster, safer, and more efficient way to send, spend, store and exchange value around the world.

For every DOZ issued by Paiblock and remaining in circulation in the European Economic Area ("EEA"), Paiblock will hold one ounce of gold on behalf of holders in order to facilitate the frictionless movement of the asset-backed tokens utilizing blockchain technology. As a fully reserved asset-backed token, DOZ is backed by an equivalent amount of ounce-denominated assets held by Paiblock and redeemable 1:1 for the ounce of gold.

## **I.07 Right of redemption**

Holders of DOZ that are residents of the EEA have a right of redemption at any time and at par value. Conditions and processes for redemption of DOZ are detailed in our Redemption Policy available on Paiblock's website (the "Website").

For holders of DOZ located outside of the EEA, please refer to the specific DOZ Terms of Paiblock.

DOZ is only available for issuance through the Coinstable platform and its access is limited to institutions located in supported jurisdictions. For a complete list of currently supported jurisdictions, please consult our Website.

## **I.08 Key information about the offer and/ or admission to trading**

DOZ is only available for issuance through the Paiblock Coinstable service and its access is limited to institutions located in supported jurisdictions. For a complete list of currently supported jurisdictions, please consult our Website. Paiblock intends to seek its admission to trading on all MiCA-compliant trading platforms.

# **PART F - INFORMATION ON THE RISKS**

## **F.1 Issuer-Related Risks**

As part of the DOZ issuing process, Paiblock is exposed to several risks:

### **Bankruptcy Risks**

This is the risk of Paiblock going bankrupt, which could result from the insolvency of Paiblock as part of its activities, the failure of a bank, or other systemic financial risks that could impact the operations and financial solvency of Paiblock.

### **Third-Party Risks**

This is the risk Paiblock faces in its business relationships with one or more third parties. The ability of Paiblock to properly carry out its activities relies on the functioning of services provided by several third parties, such as banks providing safeguarding and settlement accounts, and gold storage companies providing safekeeping of gold. The inability by these third party service providers to carry out their activity could affect Paiblock's ability to properly issue, manage, and redeem DOZ. Third parties can elect to support DOZ on their platforms without any authorization or approval by Paiblock or anyone else. As a result, DOZ support on any third-party platform does not imply any endorsement by Paiblock that such third-party services are valid, legal, stable or otherwise appropriate. Paiblock is not responsible for any losses or other issues you might encounter using DOZ on non-Paiblock platforms.

### **Market Risks**

This is the risk that DOZ Reserves may include assets that are not guaranteed to be readily saleable (such as certain short-term financial securities). In that case, if there is an exceptionally high demand for redemption of DOZ, Paiblock may not be able to fulfill all the redemption requests within the timeframe provided by the Redemption Policy.

### **Risk of Loss**

This is the risk of loss caused by fraud, theft, misuse, negligence, or improper administration of DOZ or DOZ Reserves.

### **Anti-Money Laundering/Counter-Terrorism Financing Risks.**

This is the risk that crypto-asset wallets holding DOZ or transactions in DOZ may be used for money laundering or terrorist financing purposes or identified to a person known to have committed such offenses.

### **Personal Data Risks**

This is the risk that the personal data of Paiblock customers may be leaked or stolen due to a security breach.

### **Risks Related to Paiblock's Business Activities and Industry**

This is the risk that results from Paiblock operating in a rapidly changing, regulatorily fragmented and highly competitive industry.

### **Legal and Regulatory Risk**

Paiblock is subject to numerous laws and regulations, and may fail to comply with such laws and regulatory requirements of the jurisdictions that we operate in, we could be subjected to investigations, enforcement actions, and penalties. Paiblock could also be subject to private litigation.

### **Internal Control Risk.**

Any failure to develop or maintain effective internal controls or any difficulties encountered in the implementation of such controls or their improvement could harm Paiblock's business, causing Paiblock to have to report such failures and lead to a loss of trust in the business.

### **Environmental, Social, and Governance Risks**

Paiblock issues DOZ on DOZ Blockchain using Proof of Work ( PoW) consensus algorithms. This consensus algorithm, has certain environmental impacts.

DOZ is issued using a lesser energy-intensive and modified proof-of-work consensus mechanism, the environmental impacts of which are very limited compared to unmodified Proof-of-Work.

### **F.2 Token-Related Risks**

The DOZ token also exposes its holder to several risks:

#### **Financial Stability Risks**

Since DOZ is integrated in other significant market infrastructures (e.g. crypto-asset trading platforms), a problem affecting DOZ could have indirect consequences on these infrastructures and cause temporary instability.

#### **Secondary Market Price Dislocation Risk**

This is the risk that the market value of DOZ on the secondary market is not stable compared to the ounce of gold. This price dislocation could be caused by various factors, such as the under-collateralization risk and the liquidity risk (see below).

#### **Risk of Under-Collateralisation**

This is the risk that, due to fraud or mismanagement (by either Paiblock or a third-party provider), the reserve of assets that guarantees the redeemability of DOZ becomes lower than the outstanding quantity of DOZ. That risk would likely cause a price dislocation of the market value of DOZ (see above) and affect the ability of Paiblock A/S to redeem holders at par or in a timely manner.

#### **Liquidity Risk**

This is the risk that the DOZ Reserves may include assets that are not readily liquidated (such as certain short-term financial securities). In that case, if there is an exceptionally high demand for redemption of DOZ, Paiblock may not be able to fulfill all the redemption requests within the timeframe provided by the Redemption Policy. Such risk could also cause a secondary market price risk (see above).



## **Scam Risks**

This is the risk of loss resulting from a scam or fraud suffered by DOZ holders from other malicious actors. These scams include – but are not limited to – phishing on social networks or by email, fake giveaways, identity theft of Paiblock or its executive members, creation of fake DOZ tokens, offering fake DOZ airdrops, among other things.

## **Taxation Risks**

The taxation regime that applies to DOZ purchases and sales by either individual holders or legal entities will depend on each holder's jurisdiction. Paiblock cannot guarantee that conversions of fiat currency against DOZ, or conversions of other crypto-assets against DOZ, will not incur tax consequences. In addition, holders of DOZ should be warned that, based on the current provisions of MiCA, DOZ could qualify both as a crypto-asset. Which legal classification prevails might vary amongst national competent authorities and will likely impact the tax treatment of DOZ transactions within the EEA.

## **Legal and Regulatory Risk**

This risk stems from the fact that asset-backed tokens and crypto-asset services are unregulated in certain jurisdictions outside of the EU. There is also a lack of regulatory harmonization and cohesion globally which could lead to diverging regulatory frameworks globally and/or an evolution of EU asset-backed token and crypto-asset rules in the future.

## **F.3 Technology-Related Risks**

Purchasing and using DOZ may also expose the holder to technological risks.

## **Blockchain Risks**

The blockchain network on which DOZ is issued may be subject to technical vulnerabilities and be exposed to attacks that could lead to a general network disruption, such as unexpected pauses in transactions, inability to proceed with transfers of DOZ, major losses for network participants, or unexpected liquidity movements.

## **Settlement Finality or Irrevocability of Blockchain Transactions**

Depending on the tools and services providers used to initiate it, DOZ transactions may be irreversible. Once you send DOZ to a blockchain address, you accept the risk that you may lose access to, and any claim on, that DOZ indefinitely or permanently. For example: (i) a blockchain address may have been entered incorrectly and the true owner of the address may never be discovered, (ii) you may not have (or may subsequently lose) the private key associated with such address, (iii) a blockchain address may belong to an entity that will not return the DOZ, or

(iv) a blockchain address may belong to an entity that may return the DOZ, but first requires action on your part, such as verification of your identity.

**Personal Data Risks.** Pursuant to the General Data Protection Regulation ("GDPR"), Paiblock is required to take all necessary precautions: (i) with regard to the nature of the data collected and the risks presented by the processing of such data, (ii) to preserve the security of DOZ holders' personal data and, (iii) in particular, to prevent such data from being distorted, damaged, or accessed by unauthorised third parties.

### **Unanticipated Risks**

Asset-backed tokens such as DOZ are a relatively new and untested technology. In addition to the risks included in this section, there might be other risks that cannot be foreseen. Additional risks may also materialize as unanticipated variations or combinations of the risks discussed within this section.

## **F.4 Mitigation measures**

Regarding the different risks identified in Sections F.1, F.2 and F.3, Paiblock implements appropriate measures to mitigate this risks and protect its customers:

### **1. Mitigation measures concerning issuer-related risks**

#### **1.1. Bankruptcy Risks**

While there is no legal precedent, Paiblock's bankruptcy should have no impact on the rights of DOZ holders. If Paiblock goes bankrupt, the DOZ Reserves are protected by Applicable Law and cannot be used to compensate the Paiblock's other creditors. Bank accounts and gold storage used by Paiblock for the DOZ Reserves are safeguarded from Paiblock creditors as provided by Applicable Law. Any DOZ will be refunded to its holders as part of Paiblock's bankruptcy proceedings, without the holder necessarily having to file a claim for compensation.

#### **1.2. Third-party Risks**

When Paiblock relies on a third party to provide services that are important to DOZ, Paiblock generally enters into an agreement containing specific clauses ensuring that the service provider cannot terminate the business relationship without notice. Some of these agreements (such as the agreements concerning the safeguarding accounts used to invest the DOZ Reserves) are also subject to regulatory obligations. In addition, Paiblock implements internal procedures whose purpose is to limit the disruption in case an important service provider terminates an agreement or becomes unable to provide its services to Paiblock. Finally, third parties with whom

Paiblock contracts are subject to due diligence procedures to ensure their financial viability and to limit any other risks of non-compliance.

### **1.3. Market Risks**

Paiblock's systems and procedures are set up in a way that ensures that DOZ redemptions will occur in the timeframe set out in the Redemption Policy, even if volatility in crypto-asset markets causes a significant increase in redemption requests.

### **1.4. Risks of Loss**

The redemption right of eligible DOZ holders remains even if Paiblock suffers a loss at the level of the safeguarded assets. In compliance with Applicable Law, Paiblock is well-capitalized and funded. In case the loss exceeds Paiblock's ability to redeem the DOZ holders, the Recovery Plan or a Redemption Plan will be triggered.

### **1.5. AML/CFT Risks**

Each DOZ redemption request to Paiblock or one of its distributors requires the holder to comply with the laws and regulations applicable to anti-money laundering and counter-terrorist financing in the EU. Moreover, if Paiblock determines that DOZ transactions linked to public addresses are likely to be associated with criminal offenses, Paiblock A/S may decide to freeze the associated DOZ (temporarily or permanently). Also, if Paiblock receives an injunction from a competent authority to freeze DOZ, Paiblock will comply with such a request.

### **1.6. Personal Data Risks**

Pursuant to GDPR, Paiblock is required to take all necessary precautions with regard to the nature of the data and the risks presented by the processing of such data, to preserve the security of DOZ holders' personal data and, in particular, to prevent it from being distorted, damaged, or accessed by unauthorised third parties.

## **2. Mitigation measures concerning the token-related risks**

### **2.1. Financial Stability Risks**

DOZ has been issued since 2022 and has withstood several major volatility events and liquidity crises. Paiblock's internal procedures ensure that DOZ can reliably be used by market participants and market infrastructures under all market conditions.

### **2.2. Secondary Market Price Dislocation Risk**

Paiblock expects that any disparity between DOZ price and the ounce of gold on secondary markets would be promptly resolved by market participants (i.e. buying DOZ for less than 1 ounce of gold on the

secondary market and redeeming it at par value with Paiblock), as any participant will be entitled to redeem at par with Paiblock. Otherwise, if the price dislocation is caused by an inadequacy of the DOZ Reserves or other liquidity issues, Paiblock will apply the measures set out in its Recovery Plan or Redemption Plan.

### **2.3. Risks of Under-Collateralisation**

If the DOZ Reserves become lower than the outstanding quantity of DOZ in circulation, Paiblock will apply the measures set out in its Recovery Plan or Redemption Plan. These plans include measures that could resolve the under-collateralization through (for example) a strengthening of Paiblock's capital position.

### **2.4. Liquidity Risk**

Paiblock will implement a Redemption Policy designed to ensure the prompt redemption of DOZ and to respond to scenarios of extreme demand for redemption in unfavorable market conditions.

### **2.5. Scam Risks**

Paiblock cannot prevent attempts to defraud or scams in connection with DOZ. The general terms and conditions relating to DOZ issuance specify that Paiblock is not liable for this type of loss. From time to time, Paiblock will inform its clients of such risks through various channels.

### **2.6. Taxation Risks**

The tax consequences of DOZ transactions should be assessed at the level of each DOZ holder. It is the sole responsibility of DOZ holders to address taxation risks in consideration of their personal situation. Paiblock does not provide, nor accepts responsibility for, any legal, tax or accounting advice. If DOZ holders are unsure regarding any of the legal, tax or accounting aspects of their situation regarding DOZ, they should seek independent professional advice.

## **3. Mitigation measures concerning technology-related risks**

### **3.1. Blockchain related Risks**

While risks exist for all blockchain networks, the DOZ Blockchain network is recognised for its high level of security and has generally withstood several major events without an interruption to its normal functioning.

### **3.2. Settlement Finality or Irrevocability of Blockchain Transactions**

Paiblock cannot prevent blockchain transactions from being irreversible and in many cases, will not be able to mitigate this risk, irrevocability being also a major security element of blockchain networks. Paiblock will not be

held liable for this type of loss. From time to time, Paiblock will inform its clients of such risks through various channels of communication.

## **PART A - INFORMATION ABOUT THE ISSUER OF THE ASSET-BACKED TOKENS**

### **A.1 Statutory Name**

Paiblock A/S

### **A.2 Trading Name**

Paiblock

### **A.3 Legal form**

Danish A/S

### **A.4 Registered address**

Engager 2 - 4, 2605, Brøndby

### **A.5 Head office**

Engager 2 - 4, 2605, Brøndby

### **A.6 Registration Date**

09 August 2011

### **A.7 Legal entity identifier**

32 30 45 32

### **A.8 Contact telephone number**

+45 7734 0065

### **A.9 E-mail address**

doz-support@paiblock.io

### **A.10 Response Time (Days)**

7 days

### **A.11 Business Activity**

Paiblock is a Digital Asset Services Provider registered with Finanstilsynet under number FTID 17504, authorised to provide the following services:

- Custodian wallet provider starting from January 6, 2020
- Providers engaged in exchange services between virtual currencies and fiat currencies starting from January 6, 2020
- Issuers of a virtual currency starting from February 21, 2022

- Providers engaged in exchange services between one or more types of virtual currency starting from February 21, 2022
- Providers engaged in transfer of virtual currency starting from February 21, 2022

#### **A.11 Conflicts of Interest Disclosure**

No conflict of interests have been identified as of today in relation to the issuance of DOZ.

#### **A.12 Activities related to other crypto-assets**

None

#### **A.13 Connection between the issuer and the entity running the DLT**

Paiblock is the issuer DOZ and operator of the Digital Ounce Blockchain.

#### **A.14 Description of the connection between the issuer and the entity running the DLT**

Paiblock is the issuer of DOZ and operator of the Digital Ounce Blockchain.

#### **A.15 Newly Established**

No

#### **A.16 Financial condition for the past three years**

Paiblock was established in August 2011

#### **A.17 Financial condition since registration**

Paiblock started its activities of issuance of DOZ on November 11, 2022.

The share capital of the Paiblock A/S is 89,743 EUR.

For the past 13 years, Paiblock has been operating as a going concern.

#### **A.18 Exemption from authorisation**

No

#### **A.19 Asset-backed token Authorisation**

Paiblock a registered Digital Assets Services Provider in Denmark under FTID 17504.

#### **A.20 Authorisation Authority**

‘Danish Financial Supervisory Authority known as Finanstilsynet (FSA)

#### **A.21 Persons other than the issuer offering to the public or seeking admission to trading of the asset-backed token according to Article 51(1), second subparagraph, of Regulation (EU) 2023/1114**

Not applicable.

**A.22 Reason for offering to the public or seeking admission to trading of the asset-backed token by persons referred to in Article 51(1), second subparagraph, of Regulation (EU) 2023/1114**

Not applicable.

**PART B - INFORMATION ABOUT THE ASSET-BACKED TOKEN**

**B.1 Name**

Digital Ounce

**B.2 Abbreviation and graphical representation**

**B.2.1 Abbreviation**

DOZ

**B.2.2 Graphical representation**



**B.3 Details of all natural or legal persons involved in design and development**

**Legal**

Paiblock A/S tech team (outsourced, in-house and remote)

**Tech**

Paiblock A/S tech team (outsourced, in-house and remote)

**Sustainability**

Paiblock A/S project management team (outsourced, in-house and remote)

**CASPs**

Not applicable

**A DESCRIPTION OF THE CHARACTERISTICS OF THE ASSET-BACKED TOKEN, INCLUDING THE DATA NECESSARY FOR CLASSIFICATION OF THE CRYPTO-ASSET WHITE PAPER IN THE REGISTER REFERRED TO IN ARTICLE 109, AS SPECIFIED IN ACCORDANCE WITH PARAGRAPH 8 OF THAT ARTICLE**

**B.4 Type of white paper**

**Format**

Asset-Backed Token White Paper based on the RTS project published by ESMA on July 3rd, 2024.

## **B.5 The type of submission**

Electronic

## **B.6 Crypto-Asset Characteristics**

DOZ is defined as an asset-backed token pursuant to Article 3.1(7) of MiCA.

As of the date of this White Paper, DOZ does not constitute a “significant asset-backed token” as defined by Article 56 of MiCA.

DOZ is a digital token pegged to the the ounce of gold and was first issued by Paiblock in November 2022. From 1 July 2024, Paiblock ceased issuing DOZ in order to focus on MiCA compliance. Paiblock will resume issuance of DOZ on January 1, 2025.

DOZ will be fully backed by an equivalent amount of ounce-denominated assets held by Paiblock in certified storage, on behalf of, and for the benefit of, DOZ holders (the "Segregated Storage"). This means that for every DOZ issued by Paiblock and remaining in circulation, Paiblock will hold on behalf of holders one ounce of gold-denominated assets in its Segregated Storage (the "DOZ Reserves").

**The DOZ Reserves are independently reviewed by leading accounting firms, providing quarterly confirmation that they match or exceed the DOZ in circulation. DOZ is not designed to create returns for holders, increase in value, or otherwise accrue financial benefit to DOZ holders.**

## **B.7 Website of the issuer**

<https://www.ounce.digital>

## **B.8 Starting date of offer to the public or admission to trading**

January 1, 2025

## **B.9 Publication date**

July 31, 2024 and amended on December 20, 2024.

## **B.10 Any other services provided by the issuer**

Paiblock is a registered Digital Assets Services Provider in Denmark under FTID 17504. It provides Digital assets custody and trading of digital assets against other digital assets.

## **B.11 Identifier of operator of the trading platform**

Not Applicable.



## **B.12 Language or languages of the white paper**

English

## **B.13 Digital Token Identifier Code used to uniquely identify the crypto-asset or each of the several crypto assets to which the white paper relates, where available**

Not available.

## **B.14 Personal data flag**

Yes

## **B.15 LEI eligibility**

Eligible

## **B.16 Home Member State**

Denmark

## **B.17 Host Member States**

Paiblock license to issue, distribute and redeem asset-backed token is to be passported in the following countries:

Austria	Greece	Malta
Belgium	Croatia	Netherlands
Bulgaria	Hungary	Norway
Cyprus	Ireland	Poland
Czech	Iceland	Portugal
Germany	Italy	Romania
Denmark	Liechtenstein	Sweden
Estonia	Lithuania	Slovenia
Spain	Luxembourg	Slovakia
Finland	Latvia	

## **PART C - INFORMATION ABOUT THE OFFER TO THE PUBLIC OF THE ASSET-BACKED TOKEN OR ITS ADMISSION TO TRADING**

### **C.1 Public Offering or Trading**

OTC

### **C.2 Number of units**

The supply of DOZ is limited to 75 billions that can be offered to the public or admitted to trading.

As of December 20, 2024, DOZ has an outstanding supply of 75 billions DOZ, all issued by Paiblock.

The outstanding supply, as well as the corresponding MiCA-compliant DOZ Reserves, will reflect the number of asset-backed tokens issued by Paiblock minus the number of tokens redeemed via Paiblock. For more information regarding DOZ circulating supply, balances, and periodic issuance and redemption, please refer to DOZ website.

### **C.3 Trading Platforms name**

DOZ is currently supported by Coinstable, which is operated by Paiblock and will continue to seek admission to trading for DOZ across future MiCA-compliant trading platforms.

### **C.4 Trading Platforms Market Identifier Code (MIC)**

Not Applicable.

### **C.5 Applicable law**

The offer to the public of DOZ in the EEA shall be governed by and interpreted in accordance with the laws of Denmark (the "Applicable Laws").

### **C.6 Competent court**

Any dispute with the offer to the public of DOZ in the EEA shall be brought exclusively in the courts of Glostrup, Denmark except where prohibited by Applicable Laws.

## **PART D - INFORMATION ON THE RIGHTS AND OBLIGATIONS ATTACHED TO ASSET-BACKTOKENS**

### **D.1 Holder's rights and Obligations**

DOZ issued by Paiblock is an ABT subject to MiCA regulation and Applicable Laws. Under these regulations, ABT means a type of crypto-asset that purports to maintain a stable value by referencing the value of real life asset.

Holding DOZ tokens does not provide rights to DOZ holders other than those rights provided within this White Paper, as well as under MiCA regulation and Applicable Laws.

DOZ holders understand that sending DOZ to another address automatically transfers and assigns to the owner of that address, and any subsequent DOZ holder, the right to redeem DOZ for EUR funds so long as the DOZ holder is eligible to.

DOZ transactions are not reversible. Once DOZ holders send DOZ to an address, DOZ holders accept the risk that they may lose access to, and any claim on, that DOZ indefinitely or permanently. For example, (i) an address may have been entered incorrectly and the true owner of the

address may never be discovered, (ii) DOZ holders may not have (or subsequently lose) the private key associated with such address, (iii) an address may belong to an entity that will not return the DOZ, or (iv) an address belongs to an entity that may return the DOZ but first requires action on their part, such as verification of DOZ holders' identity. For the avoidance of doubt, Paiblock is not obligated to track, verify or determine the provenance of DOZ balances for DOZ holders, including any form of security interests claimed thereon unless otherwise stated in the Applicable Laws.

Holders of DOZ have a legal claim against Paiblock as the EU issuer of DOZ. These holders are entitled to request redemption of their DOZ from Paiblock. Such redemption will be made at any time and at par value. While Paiblock may hold the DOZ Reserves in interest-bearing accounts or other yield-generating instruments, DOZ holders acknowledge that they are not entitled to any interest or other returns earned on such funds. DOZ does not itself generate any interest or return for DOZ holders and only represents your right to redeem DOZ for an equivalent amount of EURO as provided in the present White Paper.

As required by its license, Paiblock will validate and process redemptions for EEA-based holders of DOZ that successfully pass prior Anti-Money Laundering ("AML") checks, which include:

- Collection of relevant Know Your Customer documents;
- Verification of identity and screening versus international sanctions lists;
- Verification of bank details; and
- Paiblock's Compliance department validation.

More information on the redemption of DOZ is provided in the Paiblock Redemption Policy available on the Website.

The holding of DOZ will not result in: (i) the creation or imposition of any lien upon any property, asset, or revenue of Paiblock; or (ii) the creation of any shareholding or ownership interest in Paiblock, Paiblock, or any of their respective affiliates.

By holding, using, or accessing DOZ, DOZ holders further represent and warrant that:

- they are holding and using DOZ in compliance with this White Paper and Applicable Laws;

- they are at least 18 years old, are not a Restricted Person (as defined in the Redemption Policy), and are not holding DOZ on behalf of a Restricted Person; and

- they will not be using DOZ for any illegal activity including, but not limited to, illegal gambling, money laundering, fraud, blackmail, extortion, ransoming data, terrorism financing, other violent activities or any

prohibited market practices. For more details, please consult Paiblock's Acceptable Use Policy.

DOZ holders accept that Paiblock reserves the right to block certain DOZ addresses that it determines, in its sole discretion, may be associated with illegal activity or activity that otherwise violates Paiblock's Terms of Use and/or this White Paper ("Blocked Addresses"). In the event that a DOZ holder sends DOZ to a Blocked Address, or receives DOZ from a Blocked Address, Paiblock may freeze such DOZ. In certain circumstances, Paiblock may deem it necessary to report such suspected illegal activity to relevant law enforcement agencies and holders of DOZ may forfeit any rights associated with their DOZ, including the ability to redeem DOZ for EURO. Paiblock may also be required to freeze DOZ and/or surrender associated EURO held in segregated accounts in the event it receives a legal order from a valid government authority requiring it to do so.

DOZ is also issued and redeemed in accordance with Paiblock's Stablecoin Access Denial Policy. Paiblock reserves the right to block the transfer of DOZ to and from an address on chain as permitted under such policy.

DOZ holders shall hold and use DOZ exclusively for their own account and shall in no case be considered as nominees or agents of Paiblock, unless otherwise expressly agreed in written by Paiblock.

DOZ holders are duly informed that Paiblock's liability (and its affiliates, its respective officers, directors, agents, joint venturers, employees, and suppliers) is limited to what is expressly provided in the Applicable Laws and the present White Paper. In particular but not limited to, DOZ holders are duly informed and acknowledge that Paiblock shall bear no liability with regard to i) their use of DOZ ; (ii) claims or issue concerning the cost of procurement of substitute goods and services resulting from any goods, data, information, or services purchased or obtained or messages received or transactions entered into involving DOZ; or (iii) unauthorized access to or alteration of DOZ holders transmissions or data incurred by the use of DOZ.

In this respect, to the full extent permissible by Applicable Laws, Paiblock disclaims all warranties, express or implied, including, but not limited to, implied warranties of merchantability and fitness for a particular purpose. To the full extent permissible by Applicable Laws, Paiblock shall not be liable for any damages of any kind arising from the use of DOZ, including, but not limited to direct, indirect, incidental, punitive, and consequential damages.

## **D.2 Conditions of modifications of rights and obligations**

The rights and obligations associated with DOZ and applicable to EEA holders are available in the Redemption Policy and Terms of Use available on Paiblock's Website.

Paiblock reserves the right to amend these rights and obligations from time to time, and will inform its customers of such changes through amendments of this White Paper or the Redemption Policy on Paiblock's Website, or through any other channel of communication considered valid, including on Paiblock's Websites.

As provided by Article 51 of MiCA regulation, any significant new factor, any material mistake or any material inaccuracy that would be capable of affecting the assessment of DOZ will be described in a modified version of this White Paper and notified to the competent authorities and published on Paiblock's Website, except when these modifications are related to the implementation by Paiblock of its Recovery Plan or Redemption Plan (please refer to Sections D.4 and D.5 below).

### **D.3 Description of the rights of the holders**

In case of insolvency, Paiblock has implemented high standards for safe and sound financial management of its business. In a situation of financial duress or in periods of economic uncertainty, Paiblock has established contingency plans to prevent any impact on its activities, including the issuance of DOZ, or the rights of DOZ holders.

Where Paiblock is not able to fulfill its obligations or in case of insolvency, the DOZ Reserves are duly protected in compliance with the Applicable Laws. In particular, the funds received in exchange for issuance of DOZ are protected against any recourse by other creditors of Paiblock, including in the event of enforcement proceedings or insolvency proceedings against Paiblock.

If a situation of financial duress or insolvency were to occur, Paiblock will implement its Recovery and/or Redemption Plan to allow DOZ holders to exercise their redemption rights on DOZ as further specified in Sections D.4 and D.5 below.

### **D.4 Rights in implementation of recovery plan**

Paiblock's Recovery Plan will be filed with the FSA within six months of the date of the offer to the public or admission to trading as mentioned in the Article 55 of MiCA. This Section D.4 may be updated following the Recovery Plan notification.

Depending on the specific circumstance(s) under which the Recovery Plan is triggered, Paiblock may have to impose one or more specific restrictions on the redemption of DOZ.

Holders will be duly informed about any such restrictions on Paiblock's Website. Customers will also be informed via their Coinstable or another valid means of communication between Paiblock and the Customer. For instance, Paiblock may temporarily impose:

- liquidity fees on redemptions;

- limits on the amount of DOZ that can be redeemed on any working day – such limit will be set both at aggregate levels (e.g. as a percentage of the entire amount of tokens issued) and at wallet levels; and/or
- suspension of redemptions, as a last resort.

These restrictions will be implemented during periods of market stress and Paiblock will work to restore normal operating conditions – subject to regulatory requirements – in collaboration with the FSA.

#### **D.5 Rights in implementation of redemption plan**

In accordance with Article 55 of MiCA, Paiblock will provide a Redemption Plan to the FSA within six months of the date of making DOZ available in the EEA. The Redemption Plan is an operational plan to support the orderly redemption of DOZ in circulation. This section will be updated following filing of such Redemption Plan.

The Redemption Plan will be triggered upon a decision by the FSA, if Paiblock is unable or likely to be unable to fulfill its obligations, including in the case of insolvency, resolution, or the withdrawal of authorisation of Paiblock as an VASP. The processes set forth in the Redemption Plan will be established with a view of ensuring the equitable treatment of all holders and the protection of the right of redemption attached to DOZ as described above.

If the FSA triggers the implementation of the Redemption Plan, any individual claim under Section D.1 above will be suspended. Instead, Paiblock will commence the orderly redemption for all token holders in an equitable manner, subject to the Redemption Plan and in collaboration with the FSA.

As part of this process, a notice will be published informing all DOZ holders about the process and timelines to submit their redemption claim. Specifically, the notice will describe the main steps of the redemption process, including the exact date and time when the redemption plan has been activated, the minimum information necessary to file a redemption claim, where the claim should be filed, and the time frame within which DOZ holders are required to file their claim. The notice will also contain important information regarding redemption conditions and technical support.

Redemption requests submitted via a redemption claim form will be subject to certain eligibility criteria described in the Redemption Policy, and as further specified in the Redemption Plan notice information, including their identity, their token holdings, AML/CFT compliance, their bank account details, and other information required to file their redemption request.

#### **D.6 Complaint Submission Contact**

If you have a complaint, please first contact Paiblock at EEA-Customer-Support@paiblock.io, or visit the Paiblock Support Portal.

## D.7 Complaints Handling Procedures

Holders can file a complaint by leaving a message at the contact number or filing it through the customer support email address or Paiblock Support Portal. Upon receiving a complaint, the Customer Care Team member will log the case and escalate it to a Customer Care Manager. The Customer Care Manager is responsible for reviewing the details of the complaint. If appropriate, all details and data will be compiled and escalated to the Legal team. When such an escalation occurs, the Legal Department is responsible for investigating the case and working towards closure. If escalated to the Legal Department, all communications with the customer will be instructed by the Legal Department.

The Customer Care Department will remain actively involved in any customer complaint or service requirement and serves as a first line of support and an advocate for customers prior to any internal escalation.

	1st level	2nd level escalations	3rd level escalations
Customer Complaints	Customer Care	Customer Care Manager	Legal Department
Complaints For Fraud	Customer Care	Customer Care Manager	Legal Department
Technical Issues	Customer Care	Customer Care Manager	Legal Department
Claim Management	Customer Care	Customer Care Manager	Legal Department

## D.8 Dispute Resolution Mechanism

In case Paiblock answer to their complaint was not satisfactory, DOZ holders and customers can refer their claim to the FSA:

By mail sent to the following address:

**Finanstilsynet**

Strandgade 29

1401 København K

Denmark

## D.9 Token Value Protection Schemes

Yes

## D.10 Token Value Protection Schemes Description

As a MiCA compliant regulated asset-backed token, DOZ will be fully backed by an equivalent amount of ounce-denominated assets held by

Paiblock with gold storage companies in segregated storage, on behalf of, and for the benefit of, DOZ holders.

### **D.11 Compensation Schemes**

No

### **D.12 Compensation Schemes Description**

Not applicable.

### **D.13 Applicable law**

The rights and obligations of EEA residents arising out the use or ownership of DOZ will be governed by the laws of Denmark.

### **D.14 Competent court**

Any dispute concerning the rights and obligations of EEA residents arising out the use or ownership of DOZ shall be brought exclusively to the courts of Glostrup, Denmark, except where provided otherwise by the Applicable Laws.

## **PART E - INFORMATION ON THE UNDERLYING TECHNOLOGY**

### **E.1 Distributed ledger technology**

Distributed Ledger Technology ("DLT") refers to a digital system for recording transactions in which the transactions and their details are recorded in multiple places at the same time. Unlike traditional databases, distributed ledgers have no central data store or administration functionality. Instead, the ledger is decentralized, and consensus on the transactions is achieved through a process that involves multiple nodes, each maintaining its own copy of the ledger. The benefits of DLT include increased transparency, enhanced security, improved traceability, and greater efficiency of transactions.

One of the most well-known forms of DLT is a blockchain, which is a subtype characterized by its use of a chain of blocks to manage the ledger. Each block contains a list of transactions and is cryptographically linked to the previous block, ensuring that the data once recorded, cannot be altered retroactively without altering all subsequent blocks.

Blockchains offer significant benefits for consumer choice and interoperability as well. Consumers have the advantage of accessing the open-source code of these blockchains, allowing them to review, verify, and select the platform that best suits their needs. This transparency empowers users to make more informed decisions. Additionally, the open nature of blockchains promotes interoperability, meaning that any type of



application that follows the same technical standards can integrate with the blockchain without anyone's permission. This flexibility enables a wide range of applications to work seamlessly together, fostering innovation and making it easier for different services to connect and interact within the blockchain ecosystem.

Paiblock issues DOZ on DOZ Blockchain in order to leverage these benefits for the movement of DOZ.

## **E.2 Protocols and technical standards**

Paiblock supports DOZ on its own native blockchain.

Paiblock does not have any ability or obligation to prevent or mitigate attacks or resolve any other issues that might arise with the DOZ Blockchain. Any such attacks or delays on any DOZ Blockchain might materially delay or prevent DOZ holders from sending or receiving DOZ, and Paiblock shall bear no responsibility for any losses that result from such issues.

In certain circumstances, including, but not limited to, a copy or fork of a DOZ Blockchain or the identification of a security issue with the DOZ Blockchain, Paiblock may be forced to suspend all activities relating to DOZ (including tokenizing Gold for DOZ, redeeming DOZ for EURO, or sending and receiving DOZ) for an extended period of time until such downtime is over and DOZ Services can be restored (the "Downtime"). This Downtime will likely occur immediately upon a copy or fork of DOZ Blockchain, potentially with little to no warning, and during this period of Downtime DOZ holders may not be able to conduct various activities involving DOZ.

DOZ holders are informed that Paiblock reserves the right to migrate DOZ to another blockchain or protocol in the future at its reasonable discretion, including for security reasons. DOZ holders will be duly informed via the Website in this respect to allow them to migrate their DOZ to the updated DOZ Blockchains. Paiblock will not be responsible or liable for any damages, losses, costs, fines, penalties or expenses of whatever nature, whether or not reasonably foreseeable by both Paiblock or any other interested parties or stakeholders, which DOZ holders may suffer, sustain or incur, arising out of or relating to their failure to effectuate a migration of their DOZ to another blockchain or protocol identified by Paiblock as DOZ Blockchain.

## **E.3 Technology Used**

Blockchains rely on consensus mechanisms to ensure their decentralized network of nodes can reach agreement around transaction validity and ordering. DOZ blockchains relies on Proof-of-Work consensus, which

requires significant computing effort from a network of devices known as miners.

Paiblock has developed its technical asset-backed token specification for deploying DOZ on a native Bitcoin compatible blockchain.

DOZ Technology Stack has of 3 layers:

1. The DOZ Blockchain containing the transactional ledger
2. The coin management layer that ensures:
  - i) control of supply
  - ii) audit of the circulating supply
  - iii) Transaction enablement for holders
3. The third layer is Paiblock, the business entity primarily responsible for:
  - i) Accepting fiat deposits and issuing the corresponding DOZ
  - ii) Sending fiat withdrawals and revoking the corresponding DOZ and the underlying gold
  - iii) Custody of the gold reserves that back all DOZ in circulation
  - iv) Publicly reporting Proof of Reserves and other audit results
  - v) Initiating and managing integrations with existing blockchain wallets and exchanges
  - vi) Operating DOZ web, desktops and mobile wallets, that allow users to send, receive, store, and convert DOZ conveniently.

#### **E.4 Purchaser's technical requirements**

Paiblock's service that allows its customers to access DOZ directly is currently only available to institutions located in supported jurisdictions subject to Paiblock's Terms of Use.

The purchase of DOZ on the secondary market, for example, with EU-regulated trading platforms, is available to all users of these third party platforms. Most third party trading and exchange services provided by regulated crypto-asset service providers are open to retail customers as well, subject to their own compliance requirements.

#### **E.5 Consensus Mechanism**

Blockchains rely on consensus mechanisms to ensure their decentralized network of nodes can reach agreement around transaction validity and ordering.

The DOZ Blockchain relies on Proof-of-Work consensus, which requires significant computing effort from a network of devices.

#### **E.6 Incentive Mechanisms and Applicable Fees**

Mining is essential for building the DOZ infrastructure. Paiblock relies on independent miners' network for processing transactions on the DOZ Mainnet. As of the date of this White Paper, computing power required to

processes transactions is provided by Paiblock (70%) and independent miners (30%).

The blockchain network has developed its own Incentive Mechanisms and request fees to realise transactions. Currently there is consensus on a transaction fee of 0.0001DOZ per kilobyte. This fee is transferred to device's owner that is helping include the transaction in the next block.

As of today, Paiblock does not enforce additional fees on these mechanisms.

## **E.7 Use of Distributed Ledger Technology**

DLT is operated by the issuer

## **E.8 DLT Functionality Description**

Not applicable.

## **E.9 Audit**

Yes

## **E.10 Audit Outcome**

Paiblock works with industry leading security auditing firms to audit DOZ blockchain blocks and transactions prior to launch or upgrade.

Any identified issues during these audits are reviewed, validated, assessed, and remediated according to their severity prior to launch or upgrade.

As a matter of best practice and policy, Paiblock has opened sourced DOZ Blockchain from inception to allow wider access and exposure to the sourcecode that makes up the DOZ Blockchain. Paiblock also operates a public Vulnerability Disclosure Program and a private Bug Bounty Program that enables vulnerabilities to be disclosed to Paiblock.

All audit results are internally reviewed, validated, assessed, and remediated according to the severity of each finding. Any findings that may lead to loss of funds must be remediated.

## **G – Information on the sustainability indicators in relation to adverse impact on the climate and other environment-related adverse impacts**

### **G.1 Adverse impacts on climate and other environment-related adverse impacts**

DOZ blockchain is leveraging a modified Proof-of-Work Consensus Mechanism, which requires relatively very low computing effort to mine

transactions. Processing transactions can be achieved using an existing server, a stationary or laptop computer with a single CPU and 2GB RAM.

Paiblock, acting as an issuer of ABTs, is providing information on principal adverse impacts on the climate and other environment-related adverse impacts of the consensus mechanism used to validate transactions in DOZ and to maintain the integrity of the distributed ledger of transactions. The information covers the period from 01.01.2023 to 31.12.2023 with estimates used for the period from 01.01.2024 to 31.12.2024.

The validation of transactions in DOZ Blockchain and the maintenance of the integrity of the distributed ledger of transactions has led to a total estimated energy consumption of 7.490 kilowatt-hours (kWh) per calendar year to process 54.793 transactions. The energy consumption per transaction is thus 0,13 kWh, equating to 0.027 kg of CO<sub>2</sub>e per transaction.