

Abstract

Twin Stablecoins are a unified family of fully backed digital representations of Latin America's local currencies. Each token corresponds to one unit of the local currency it represents and is intended to be used as a medium of exchange, not as an investment instrument.

Each currency is supported by reserves held under a standardized reserve and compliance framework, enabling exchanges, fintech platforms, and other institutional customers to integrate stable local digital money across the region with minimal operational friction.

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1. Introduction

Twin issues a multi-currency ecosystem of fully backed digital assets designed to bring stability, efficiency, and financial inclusion to emerging markets. While global stablecoins have largely focused on digital representations of the US dollar, Twin introduces an integrated framework for digital local currency across Latin America. This architecture is designed to replicate the usability and programmability of stablecoins while maintaining a direct connection with sovereign financial markets and the real world assets that back them.

By combining reserves held through regulated or qualified third parties, short-term sovereign securities, and onchain settlement, Twin enables digital money that is transparent, redeemable, and interoperable with both traditional institutions and blockchain ecosystems. All currencies in the Twin suite operate under the same structural principles, allowing Customers to expand across multiple markets with minimal incremental effort. The aim is to provide a unified monetary layer for the region that supports payments, transfers and institutional settlement, and is technically compatible with DeFi protocols on EVM-compatible networks.

This document describes the economic model, reserve structure, operational processes, governance, smart contract architecture, risk framework, and reporting standards to operate Twin Stablecoins. This document is for information purposes only. The issuance and redemption of Twin Stablecoins are governed exclusively by the Twin Stablecoins Token Terms and Terms of Service (the "**Terms**"), which prevail over this document in case of any inconsistency.

2. Product Overview

Twin Stablecoins are ERC-20 digital representations of local currencies across Latin America. Each token corresponds to one unit of the currency it represents and is fully

backed by reserves held through third-party banks, custodians and other service providers. These reserves consist of bank deposits, short-term sovereign securities, money market funds, local-currency stablecoins, tokenized government securities and other low-risk liquid assets denominated in the same currency as the token. Where suitable local currency assets are temporarily unavailable, a portion of the reserves may be held in high-quality USD-denominated stablecoins or equivalent highly liquid assets, as a measure to preserve full backing.

The Twin ecosystem covers multiple Latin American currencies under a unified framework, including ARGt (Argentine peso), BRAt (Brazilian real), COLt (Colombian peso), PERt (Peruvian sol), MEXt (Mexican peso), and others. Each currency adheres to the same governance, reserve model, and reporting standards, enabling a scalable multi-currency system that Customers can expand across markets using the same operational model. Twin Stablecoins are deployed on Arbitrum, Base, Polygon and such other networks as Twin may publish from time to time on the webpage or on its platform ("**Site**").

Twin Stablecoins may be used by holders and integrators for payments, transfers, institutional operations, operational liquidity management, and onchain financial applications. Twin acts solely as issuer of Twin Stablecoins and does not itself provide any payment, transfer, exchange or custody service.

3. Economic and Backing Model

Twin Stablecoins are fully backed by reserves administered by Twin Finance S.A.S. and held through third-party banks, custodians, fund managers, payment service providers and other service providers that are duly regulated for such role or, where no such regulation applies, have the technical and operational capacity required for it. Reserve assets consist of a mix of cash, short-term sovereign securities, and low-risk liquid assets, primarily denominated in the same currency as the token and selected to ensure

liquidity, low volatility, and reliable settlement. Where regulatory, operational, or market conditions temporarily limit the availability of suitable local currency instruments, a portion of reserves may be held in high-quality stablecoins, whether USD-denominated or denominated in the relevant local currency, as well as other Fiat or liquid digital assets that meet the criteria described in this section. This approach preserves liquidity and solvency while maintaining full backing of the circulating supply. Twin may hold and invest the reserves, at its discretion, in accounts, assets or instruments consistent with the criteria described in this section, provided that the value of the reserves meets or exceeds the circulating supply of each Twin Stablecoin. Any income generated by reserve assets belongs exclusively to Twin, and holders of Twin Stablecoins are not entitled to any interest, yield or other return.

The same reserve criteria apply uniformly across all currencies. Eligible instruments must exhibit high credit quality, short maturity, reliable settlements, and regulatory clarity. Instruments with significant term risk or valuation uncertainty might be excluded or appropriately weighted. Although specific market instruments vary by jurisdiction, the guiding risk philosophy is similar across all Twin currencies.

Twin reviews reserve assets periodically to ensure they meet the criteria described in this section. Periodic third-party qualified certifications verify that reserves meet or exceed circulating supply and that all assets exist, are valued accurately, and adhere to custody requirements.

4. Mint and Redemption Process

Twin manages minting and redemption through a standardized lifecycle enhancing reliable liquidity and accurate reconciliation. Direct access to issuance and redemption is available exclusively to institutional legal entities that meet the eligibility requirements set out in the Terms, have successfully completed Twin's onboarding and due diligence process (KYB) and have accepted the Terms ("**Customers**").

Issuance and redemption requests may be submitted through the Site or through such other channels as Twin may make available from time to time, and are processed on business days, subject to the cut-off times, minimum amounts and other requirements set out in the Terms. All issuances and redemptions are carried out by Twin in Montevideo, Oriental Republic of Uruguay. Orders not confirmed, or not funded, within the periods indicated by Twin lapse.

Minting

To obtain the issuance of Twin Stablecoins, Customers deliver to Twin, from a bank account or wallet previously approved by Twin, Fiat or digital assets accepted by Twin, such as USDT or USDC, through any means accepted by Twin. Once Twin receives and confirms the funds, they become the property of Twin and, upon the minting of the corresponding Twin Stablecoins to the Customer's approved wallet, form part of the reserves. Where the issuance is paid in an asset other than the reference currency, the conversion rate applied by Twin is communicated before the Customer confirms the request and is applied solely to determine the number of Twin Stablecoins to be issued.

Redemption

To redeem, Customers transfer Twin Stablecoins from an approved wallet to the address designated by Twin. Twin Stablecoins so received cease to be outstanding, and are excluded from the circulating supply, upon their receipt by Twin, and are subsequently burned. Twin pays the redemption amount, at par and net of applicable fees, in digital assets accepted by Twin or, where Twin makes Fiat settlement available, in Fiat, to the Customer's approved account or wallet, as promptly as practicable and, in any event, within the time frames set out in the Terms. Where the redemption amount is paid in an asset other than the reference currency, the conversion rate applied by Twin is communicated before the Customer confirms the redemption request and is applied solely to determine the amount payable.

This structure accommodates institutional-grade settlement flows while maintaining liquidity and operational efficiency. **Twin acts solely as issuer: any conversion rate applied in an issuance or redemption is applied only within, and for the purposes of, that issuance or redemption, and Twin does not provide any exchange, brokerage, custody or transfer service.**

5. Smart Contract Architecture

Twin Stablecoins follow an ERC-20 architecture with restricted mint and burn permissions, clearly defined administrative roles, and a modular design. The core contract remains intentionally simple, ensuring compatibility with custodians, exchanges, wallets, and DeFi protocols while minimizing the risk surface.

Twin Stablecoins are deployed across multiple EVM-compatible environments. As deployments evolve and new networks are added, Twin maintains an authoritative and continuously updated registry of contract addresses in its official documentation portal. This registry includes token contracts, administrative addresses, and verification artifacts.

The contract architecture is based on audited patterns designed to minimize security risks. Upgradeability is limited to security, compliance and functionality improvements, as set out in the Terms, and follows a governed process, with public notification where practicable.

Administrative controls: the smart contracts include administrative functions that allow Twin, among other things, to freeze or block addresses, to pause transfers of Twin Stablecoins on one or more networks, and to burn Twin Stablecoins held at any address, in each case in the circumstances set out in the Terms, including to comply with applicable law, sanctions or a court or regulatory order. While a pause is in effect, the affected Twin Stablecoins cannot be transferred.

No e-money or deposits: As pure ERC-20 stablecoins, Twin Stablecoins are not intended to constitute deposits or electronic money. Customers have a contractual right to redeem Twin Stablecoins under the Terms, and holders have no ownership interest in the reserve assets. Other holders may transfer Twin Stablecoins on secondary markets, which Twin does not operate or control.

6. Governance, Legal and Compliance

Twin Finance S.A.S., a company incorporated in the Oriental Republic of Uruguay, is the issuer of all Twin Stablecoins. It administers the reserves, which are held through third parties, performs mint and burn operations, and carries out reconciliation across chains and reserve accounts. Twin's affiliates may hold, acquire, distribute or provide liquidity in Twin Stablecoins, on their own account or for third parties, which may give rise to conflicts of interest.

Regulatory Positioning

Twin Stablecoins are digital tokens referencing a unit of a fiat currency, intended to be used as a medium of exchange. They are not investment instruments, do not confer ownership interests in the issuer, do not grant governance rights, and do not promise any return to their holders. Twin Stablecoins are not securities, deposits, electronic money or legal tender, and are not issued, backed or guaranteed by any government or central bank. No governmental, regulatory or other authority has approved, endorsed or guaranteed the Twin Stablecoins or the reserves.

Twin actively monitors the evolution of international stablecoin regulation to proactively adapt its compliance structure as frameworks develop.

KYC, AML and Compliance Controls

Twin is committed to providing safe, compliant and reputable services, and to identify, detect, prevent and report money laundering, terrorist financing, and other improper activities. Twin has voluntarily adopted the recommendations issued by the Financial Action Task Force (FATF) applicable to financial activities involving virtual assets. In line with international standards and industry best practices, Twin applies these recommendations as guiding principles for its anti-money laundering and counter-terrorist financing (AML/CFT) program.

Twin requires consistent due diligence process and ongoing monitoring for all Customers, transaction monitoring and sanctions screening against applicable lists, suspicious activity reporting procedures, and periodic Customer risk profile reviews.

Twin monitors, directly or through third-party providers, Customers' activity and transactions in Twin Stablecoins to verify compliance with the Terms and with Twin's operational guidelines, and may freeze, suspend or terminate access where required by applicable law or its compliance policies.

Customers must comply with the Terms and with Twin's onboarding and operational guidelines. **Each Customer is solely responsible for reviewing its own regulatory status and the laws applicable to it in each jurisdiction where it operates, including whether any licence, registration or authorization is required for its activities, and for the compliance of its own services and end users**. Twin's onboarding review does not constitute an assessment of, or advice on, any Customer's regulatory status.

7. Real World Utility and Integrations

Twin Stablecoins serve as programmable digital representations of local currency, that holders and integrators may use for a broad range of activities across both traditional and onchain ecosystems. Twin does not provide any of the services described below,

which are offered, where applicable, by Customers and other third parties under their own responsibility.

- **Payments and transfers:** holders may transfer Twin Stablecoins onchain, subject to network availability and fees, including for cross-border transfers and merchant settlements in local currency.
- **Institutional and corporate:** regulated exchanges, fintechs and other institutions may use Twin Stablecoins in their own on/off-ramp, liquidity, payroll, supplier payment and settlement services.
- **DeFi and dApp integration:** Twin Stablecoins are technically compatible with DeFi protocols on compatible networks. Twin does not operate or control any DeFi protocol.

Because Twin Stablecoins share a unified structure, integrators expand across new countries using the same operational model.

8. Native Bridge and Interoperability Framework

Twin is developing a native cross-chain interoperability framework designed to function similarly to canonical messaging-based stablecoin bridges (such as CCTP and others). The objective is to allow Twin Stablecoins to move across chains while preserving supply integrity, ensuring that tokens burned on one chain correspond exactly to tokens minted on another, and maintaining a verifiable link to underlying reserves.

This mechanism will rely on validated messaging and controlled minting rights, preventing unauthorized token creation while enabling seamless mobility across chains. The native bridge will allow exchanges, wallets, and DeFi protocols to unify liquidity across networks and support multi-chain settlement without exposing users to the risks associated with third-party asset wrapping or synthetic representations.

The bridge will serve as a foundational component of Twin's technical roadmap, enabling a unified cross-chain monetary layer for all Twin Stablecoins. The native bridge is under development, and its features, timing and availability may change. Wrapped, bridged or other derivative versions of Twin Stablecoins created by third parties are not Twin Stablecoins and cannot be redeemed with Twin.

9. Risk Framework

Twin applies a comprehensive risk management framework that addresses market, liquidity, counterparty, operational, smart contract, and regulatory risks.

Market Risk

Mitigated through the selection of reserve assets, which are chosen to preserve liquidity, minimize maturity risk, and maintain full backing.

Liquidity Risk

Addressed through reserve composition weighted toward short-maturity and readily convertible assets, reliable settlement windows, and the ability to settle redemptions via Fiat or digital assets.

Counterparty Risk

Arises from institutions involved in custody, brokerage, and settlement. It also includes the risk of underperformance, insolvency or failure of the issuers of stablecoins and tokenized assets that form part of the reserves. Twin mitigates this by using intermediaries that are duly regulated or, where no such regulation applies, have the technical and operational capacity required for their role, and by implementing strict operational controls.

Operational Risk

Mitigated through standardized workflows, reconciliation procedures, multi-step authorization for mint and burn operations, internal monitoring, and periodic audits.

Smart Contract Risk

Minimized through the use of audited code patterns, restricted permissions, limited upgradeability, and continuous monitoring. Twin holds the administrative keys of the smart contracts, and any breach in their custody, control or operation could affect the operation of Twin Stablecoins.

Regulatory Risk

Stablecoin regulation is evolving in the Oriental Republic of Uruguay and in other jurisdictions, and new laws or regulatory actions may affect Twin Stablecoins or require changes to Twin's operations. Twin monitors these developments and maintains transparent documentation.

FX and Local Currency Risk

Partially mitigated by design, as reserves are primarily held in assets denominated in the same currency as the token. Where reserves include other foreign currency assets, residual FX exposure is actively monitored. Each Twin Stablecoin references a local currency and its value follows that currency, including any devaluation or inflation. Exchange controls, capital restrictions or other measures adopted by the relevant authorities may affect Twin's ability to hold or convert the reserves, or to settle redemptions, in the reference currency.

Freeze, Pause, Suspension and Redemption Restrictions

Twin may freeze addresses, pause transfers or burn Twin Stablecoins in the cases set out in the Terms, and only Customers have a direct right of redemption against Twin. Holders who are not Customers may only dispose of Twin Stablecoins through third

parties. Twin may also suspend, restrict or defer issuances and redemptions in the circumstances set out in the Terms, including where required by applicable law or where the liquidity or value of the reserves, or Twin's ability to access them, is or may be impaired, and may discontinue a Twin Stablecoin with prior notice, during which Customers may redeem the affected Twin Stablecoins. Twin may also retain Twin Stablecoins and other assets related to certain prohibited uses, in the circumstances set out in the Terms.

10. Reporting and Attestations

Twin maintains a reporting framework aligned with institutional transparency standards. This allows Customers, regulators and other users to review reserve information and operational accuracy.

Twin publishes reserve attestations on the Site on a quarterly basis, confirming the existence, valuation, and composition of backing assets for each stablecoin. These attestations follow standardized methodologies for reserve-backed digital asset reporting. Each report verifies that reserves meet or exceed circulating supply. Reserve information is based on estimates, assumptions and valuations that may change, and is accurate only as of the date indicated.

Independent licensed professionals perform external certifications that validate the reconciliation between mint and burn flows and corresponding asset movements.

Twin maintains comprehensive internal reconciliation records documenting issuance, redemption, reserve adjustments, and settlement activities. As the ecosystem grows, reporting will expand to include detailed liquidity metrics, maturity overviews, and standardized risk summaries aligned with global best practices for reserve-backed digital assets.

Disclaimers

Twin Stablecoins are issued by Twin Finance S.A.S., a "*sociedad por acciones simplificada*" incorporated under the laws of the Oriental Republic of Uruguay, with taxpayer registration number (RUT) 220559910018 and registered address at Andes 1365, apartment 310, Montevideo, Oriental Republic of Uruguay. Twin Stablecoins are digital tokens referencing one unit of a fiat currency, fully backed by reserves and intended to be used as a medium of exchange and means of payment. This document does not constitute financial, investment, or legal advice. This document does not constitute an offer to sell, or a solicitation of an offer to buy, Twin Stablecoins, which are not offered by Twin directly to the public in any jurisdiction. Users and integrators must comply with applicable laws in their jurisdictions. The issuance and redemption of Twin Stablecoins are governed exclusively by the Terms, which prevail over this document. Contract addresses are published in Twin's official documentation portal. Twin Stablecoins are technically compatible with decentralized finance (DeFi) protocols, vaults and other third-party applications. Such protocols and applications are operated by third parties under their own terms, and Twin does not operate, control or guarantee them. Any use of Twin Stablecoins in such protocols or applications is at the holder's sole risk, and any return obtained through them is neither paid nor guaranteed by Twin and does not derive from the Twin Stablecoins or the reserves.

Twin Stablecoins are not securities, deposits, electronic money or legal tender, are not insured or guaranteed by any government or central bank, and do not generate any interest, yield or other return for their holders. The value of backing assets may be affected by market conditions. The value of Twin Stablecoins on third-party platforms, such as exchanges or DeFi protocols, may deviate above or below par, and Twin does not guarantee any such value. Only Customers that meet the eligibility requirements and have accepted the Terms have a direct right of redemption against Twin. Twin acts solely as issuer of Twin Stablecoins and does not provide any exchange, custody,

transfer or other virtual asset service. Twin Stablecoins are not available to Prohibited Persons, as defined in the Terms. This document is subject to change without notice as regulatory, operational, and market conditions evolve.

Appendix

Mint and Redemption Mechanics

Minting occurs when Customers transfer Fiat or digital assets accepted by Twin through the Site or other channels made available by Twin. Twin confirms receipt, allocates the funds to the reserves and mints the corresponding amount of tokens. In a redemption, tokens received by Twin cease to be outstanding on receipt, are subsequently burned, and Twin pays the redemption amount. All mint and burn events undergo strict reconciliation procedures.

Smart Contract Notes

Twin Stablecoins follow the ERC-20 standard with restricted minting and burning rights. Upgradeability is limited to security and compliance needs and follows a governed process. The contracts include the freeze, pause and burn functions described in Section 5.

Definitions

Liquidity horizon: the ability to convert assets into cash without material loss.

Nominal value: the principal value of sovereign instruments.

Circulating supply: the total amount of a Twin Stablecoin minted across all blockchains on which it is deployed, excluding (i) tokens held in Twin-controlled wallets (treasury, pre-minted inventory, collateral and operational wallets) that are not owed to any person, and (ii) tokens received by Twin for redemption and pending burn. The circulating supply represents Twin’s outstanding liability to holders and must be fully backed by reserves, together with any redemption amounts pending payment.

Customer: a legal entity that meets the eligibility requirements of the Terms, has accepted them, has successfully completed Twin's onboarding and due diligence process (KYB), and has direct access to issuance and redemption.

Terms: the Twin Stablecoins Token Terms and Terms of Service, as amended from time to time.

Additional Documentation

Technical integration guides, operational flow diagrams, legal summaries, and detailed economic methodologies are provided to Customers during onboarding and updated as the ecosystem evolves.