

Questionnaire - Hello Gold

Questionnaire

Note: you can decline to answer certain questions (like marketing / go to market) which may be trade secrets and we will put in "declined to answer due to current trade secret".

a. General

i. **Which blockchain / DLT are you building on top of?**

Ethereum

ii. **How does the stablecoin work?**

Fully backed by allocated investment grade gold

iii. **What is the purpose of your coin? What does it aim to achieve, and which problems does it solve?**

The amount of money in a person's wallet should not be a barrier to his ability to access financial products that the rich enjoy. HelloGold wants to address affordability and accessibility through the democratisation and digitisation of asset-based savings and lending products— starting with gold. HelloGold is a start-up that creates simple and accessible financial products for everyone. Founded in 2015 and launched in Malaysia, HelloGold built the world's first Shariah compliant gold digital application that changes the way you buy and sell gold.

iv. When we say something is stable what do you think it means? And when it comes to monetary policy specifically?

Stable = grows at the rate of local inflation – it keeps value in real terms.

v. What is your revenue model?

There are three sources of revenue:

1. Bid/ask spread;
2. Annualized fee for vaulting, security and insurance of the gold;
3. Annualized for vaulting, security and insurance of the gold

b. Launch & marketing

i. What does the market need to be confident in the stability of your token?

HelloGold partners with well-known corporations who have existing customer bases that fit HelloGold's defined End Consumer Profiles. These corporations will include banks, non-bank financial institutions, online retailers, telecom operators and companies in other sectors that cater to similar end consumer profiles. Our 1st 2 partners are 1) Aeon, the second largest retailer in Asia with approximately 100 million customers in total and 5 million customers in Malaysia, split between the credit service and supermarket loyalty businesses and 2) Axiata, one of Asia's largest mobile operators with interests in Malaysia, Nepal, Indonesia, Sri Lanka, Bangladesh, India and Cambodia. We are currently in active discussions with two other major mobile operators in Asia and in the Middle East.

ii. How are you bootstrapping to that level of confidence?

In addition to the above, we have very transparent processes that provide our customers the ability to check on their gold holdings. We will also build our brand awareness through off-line and on-line marketing campaigns.

iii. What are your go-to-market strategies?

See above.

c. Economics

i. What is your coin stable with respect to?

Fully backed by allocated investment grade gold.

ii. How much volatility can this peg withstand? Unlimited

1. **Is that the same for upwards and downwards pressure? Yes** How wide is the band of behavior it can support? Unlimited

iii. How easy is it to analyze the band of behavior from which it can recover?

N/A

iv. How expensive is it to maintain the peg/stability mechanism?

Nil

1. **How transparently can traders observe the true market conditions?**

Gold is the 3rd most liquid market after US treasuries and JGBs

v. Which monetary theory (theoretical) assumptions do you think are not true and how does your protocol account for that?

Gold historically returns around the rate of local inflation.

vi. Does your stablecoin supply scale in response to demand? If so, how?

Gold is the 3rd most liquid market after US treasuries and JGBs.

vii. Who provides the capital to maintain exchange rate peg? How are they compensated / Why do you think they would continue to lock up capital, given other investment opps?

N/A

viii. An eventuality plan in case of a "black swan" event.^{1,2} The 1% case will happen eventually.

N/a

d. Tech

i. Are any novel consensus mechanisms used, over and above the underlying blockchain?

No

ii. What transaction throughput can the blockchain currently handle and how does it plan to scale? Do its plans coincide with your plans for your estimated demand?

Not designed to be a payments platform. It is a platform to enable customers to save using gold.

iii. What tradeoffs does your protocol make and why did you make those tradeoffs? (supply/demand, temporarily peg breaking) (censorship resistance) (privacy tradeoffs) (accuracy of present market data and ease of manipulation of the data feed protocol uses (responsiveness of market and ease of manipulation)

None

iv. Are there any centralized components of your system? Would any of these be easy for govts to shut down?

The physical gold is centrally stored in Singapore and Dubai. The key risk is government sequestration.

v. Does your protocol require information outside the blockchain such as a feed of price data? If so, how does this oracle work? Who manages it, what are the incentives for managing it, and what happens if the data they provide has a glitch?

Prices are taken from XAU. The international gold price usually refers to the price of gold quoted in US Dollars per troy ounce as traded on the 24-hour global wholesale gold market (XAU/USD). Gold is traded non-stop globally during the entire business week, creating a continuum of international gold price quotes from Sunday evening New York time all the way through to Friday evening New York time. Depending on the context, this international gold price sometimes refers to a spot gold market quote, such as spot gold traded in London, and at other times may refer to the front month of a gold futures contract price as traded on the US Commodity Exchange (COMEX).

vi. Which participants can see which transactions? What is the data and metadata available, and to whom? How does this impact privacy?

XAU is freely available on Bloomberg, Reuters etc.

vii. Are you doing anything with formal verification? Smart contracts used?

N/A

¹ https://en.wikipedia.org/wiki/Black_swan_theory

viii. **What is the rebase period? (Length of time between currency adjustments.)**

We convert to local currency every 5 minutes.

ix. **Can we make this automated?**

1. **Do we use a smart contract, or network rules of the blockchain operators?**

No

e. **Regulation**

i. **What are your perceptions of local and global regulation in supporting stable coin, asset backed token economies?**

In a state of flux.

ii. **What could be done to improve regulation in terms of speed, quality, value for your company?**

We are comfortable with the general direction of regulation.

f. **Testing**

i. **What kind of simulations have you done and what have they helped you learn? (simulating broad array of market conditions)**

1. **Mental models for simulations**
2. **Econometric models**
3. **Agent-based Modelling / Computer simulations**
4. **Other (Please describe)**

None required.