

# Relevant Information Document

**Date:** January 27, 2025

## Disclaimer

This document comprises a Relevant Information Document (the “**RID**”) relating to Tether fiat-denominated tokens (“**Tether Tokens**”) issued by Tether International Sociedad Anonima De Capital Variable (“**Tether International**” or “**Tether International, S.A. de C.V.**”) a company incorporated and in effect under the Laws of El Salvador, whose registered address is Edificio Torre Futura, Oficina 6, Nivel 11, entre 87 y 89 avenida norte, Colonia Escalón, San Salvador, El Salvador (together, “**Tether**”, “**we**”, “**us**” and “**our**”) and has been prepared in accordance with Article 22 of the Law for the Issuance of Digital Assets (the “**Law**”). The RID has been submitted to the El Salvador National Commission of Digital Assets (the “**CNAD**”) pursuant to Tether's application to be registered as a stablecoin<sup>1</sup> issuer; Tether has successfully obtained authorization as a stablecoin issuer under Article 5 of the Regulations for the Issuance of Public Offerings of Stable Coins (the “**Regulations**”). However, while Tether Tokens subject to this offering are registered in the Public Registry of the CNAD, their registration does not imply certification regarding the quality of the token or the solvency of Tether. It is incumbent upon prospective customers to thoroughly review all information about Tether Tokens and the associated risks contained herein.

Prospective purchasers of Tether Tokens must also consult the terms of services available at <https://tether.to/en/legal/> (the “**Terms**”).

**In the event of any inconsistency between this RID and the Terms, the Terms shall prevail.**

The RID relates only to the facts as of the date set out above. Except as required by the CNAD, Tether undertakes no obligation to update or revise publicly any statements herein, whether as a result of new information, developments, future events or otherwise.

Apart from the responsibilities and liabilities, if any, which may be imposed on Tether by the CNAD, the regulatory regime established thereunder or under the regulatory regime of any other applicable jurisdiction where exclusion of liability under the relevant regulatory

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<sup>1</sup> For the purpose of this RID, stablecoin shall have the meaning given to it under Article 5(e) of the Law, which states: *'Stablecoin is a type of digital asset designed to minimize price volatility and that references, represents, or is backed by an asset or basket of assets'*.

regime would be illegal, void or unenforceable, neither Tether, nor any of its Affiliates<sup>2</sup>, nor their or any of their respective Affiliates' shareholders, directors, officers, employees, contractors, agents, partners, advisors, attorneys and representatives ("**Associates**") accept any responsibility whatsoever for the contents of this RID including its accuracy, completeness, verification, and sufficiency or for any other statement made or purported to be made by them, or on their behalf, in connection with the Tether Gold tokens. Except to the extent that Tether is responsible for the content of this RID as set out in the Regulation for the Registry of Issuers and Issuances promulgated by CNAD, Tether and its Associates waive and disclaim, to the fullest extent permitted by applicable law, all and any liability whether arising in tort, contract, or otherwise which they might otherwise be found to have in respect of this RID or any such statement. Except to the extent that Tether is responsible for the content of this RID as set out in the Regulation for the Registry of Issuers and Issuances promulgated by CNAD, no representation or warranty, express or implied, is made by Tether or any of its Associates regarding the content of this RID nor may any of its content be relied upon as a promise or representation, whether or not to the past or future.

The distribution of this RID in certain jurisdictions may be restricted by law and therefore persons into whose possession this RID comes should inform themselves about and observe any such restrictions in relation to the Tether Tokens or this RID, including those in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the laws of any such jurisdiction. Except in El Salvador, no action has been taken or will be taken in any jurisdiction that would permit possession or distribution of this RID in any country or jurisdiction where action for that purpose is required. Accordingly, this RID may not be distributed or published in any jurisdiction where to do so would breach any laws related to digital assets, securities laws or regulations of any such jurisdiction or give rise to an obligation to obtain any consent, approval or permission, or to make any application, filing or registration. Failure to comply with these restrictions may constitute a violation of the laws related to digital assets, securities laws or regulations of such jurisdictions. This RID may not be used for the purpose of, and does not constitute, an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful or not authorized or would impose any unfulfilled registration, qualification, publication or approval requirements on Tether or its Associates or to any person to whom it is unlawful to make such offer or solicitation.

Tether is under no obligation to assess the suitability of the Tether Tokens for purchasers and any comment or statement which may be made by Tether or any of its Associates as to the suitability of Tether Tokens should under no circumstances be considered as investment

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<sup>2</sup> For the purpose of this RID, Affiliates means, in relation to a person, a direct or indirect subsidiary of that person, a holding company of that person, and any other subsidiary of that holding company.

or legal advice and should not be received or relied upon as such. Purchasers of Tether Tokens should make their own assessment of the suitability of Tether Tokens to their needs. The contents of this RID must not be construed as legal, business or tax advice. Each prospective purchaser should consult their own lawyer, independent financial adviser or tax adviser for legal, financial or tax advice in relation to any dealing or proposed dealing in Tether Tokens. Purchasers must inform themselves as to: (i) the legal requirements within their own countries for the purchase, holding, transfer, redemption or other disposal of Tether Tokens; (ii) any foreign exchange or other regulatory restrictions applicable to the purchase, holding, transfer or other disposal of Tether Tokens which they might encounter; and (iii) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Tether Tokens. Purchasers must rely on their own representatives, including their own legal advisers, financial advisers, tax advisers and accountants, as to legal, financial, business, tax, or any other related matters concerning Tether and the Tether Tokens. Neither Tether, its Associates, nor any of their respective representatives is making any representation to any purchaser of Tether Tokens regarding the legality of the purchase, holding, transfer, redemption or other disposal of Tether Tokens by such purchaser under the laws applicable to such purchaser.

### **Forward looking statements**

This RID contains forward-looking statements that reflect Tether's current expectations and views of future events. You can identify some of these forward-looking statements by words or phrases such as **“may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “is/are likely to,” “potential,” “continue”** or other similar expressions, but the absence of these words does not mean that a statement is not forward-looking. Tether has based these forward-looking statements largely on its current expectations and projections about future events that Tether believes may affect its financial condition, results of operations, business strategy and financial needs. These forward-looking statements involve various risks and uncertainties and Tether's expectations may later be found to be incorrect. Tether's actual results could be materially different from its expectations. Accordingly, forward-looking statements should not be relied upon as representing Tether's views as of any subsequent date, and Tether does not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made, whether as a result of new information, future events or otherwise, except as may be required under applicable laws. You should read thoroughly this RID and the documents referred to herein with the understanding that actual future results may be materially different from and worse than what we expect. All forward-looking statements are qualified by these cautionary statements. You should not place reliance on these forward-looking statements.

## Third Party and Website Information

Where third party information has been used in this RID, the source of such information has been identified. Neither Tether nor any of its Associates accepts any responsibility for the accuracy or completeness of such third-party information. This RID makes reference to the [tether.to](https://tether.to) website (the “**Tether Website**”). The contents of the Tether Website do not form part of, and are not incorporated by reference into, this RID, unless expressly stated otherwise within this RID.

## Capitalized Terms

Where capitalized terms are used in this RID but are not defined in this RID, such terms shall have the meaning given to them in the Terms as stated on the Tether Website.

## Company Information

Tether International is a Salvadoran company registered in El Salvador Commercial Registry and having its registered office in Edificio Torre Futura, Oficina 6, Nivel 11, entre 87 y 89 avenida norte, Colonia Escalón, San Salvador, El Salvador; is a Stablecoin Issuer authorized by the CNAD and Digital Assets Service Provider (**DASP**) authorized by the CNAD with the Registration Number PSAD – 0028.

Tether International is wholly owned by Tether Holdings Sociedad Anonima De Capital Variable (“**Tether Holdings**” or “**Tether Holdings, S.A. de C.V.**”) and Tether Operations Sociedad Anonima De Capital Variable (“**Tether Operations**” or “**Tether Operations, S.A. de C.V.**”); both incorporated and in effect under the Laws of El Salvador, together with their Affiliates referred to herein as the “**Tether Group**”).

## Summary of the Tether Tokens

Tether is a blockchain-enabled platform launched in 2014 and designed to facilitate the use of Fiat and gold in a digital manner. Tether has made headway by giving customers the ability to transact with traditional currencies and gold across the blockchain, without the inherent volatility and complexity typically associated with a digital currency.

Tether’s Fiat-denominated tokens are digital assets issued on various blockchains. Each Tether Token issued and in circulation is backed by an amount of assets (“**Reserves**”) held

by Tether and its Affiliates. Subject to the Terms, Tether Tokens may be redeemed for the underlying Fiat currency.

Tether International will assume responsibility for issuing and redeeming Tether Tokens, respectively, in place of Tether Limited and Tether International Limited<sup>3</sup>.

Tether International will issue the following Fiat-denominated Tether Tokens:

- **USD** - being Tether Tokens denominated in U.S. dollars
- **CNH** - being Tether Tokens denominated in Chinese offshore yuan; and
- **MXN** - being Tether Tokens denominated in Mexican pesos

Tether International is the customer-facing entity that issues and redeems Fiat-denominated Tether Tokens. Subject to the Terms and onboarding procedures, users who have successfully completed Tether's 'Know-Your-Customer' ("**KYC**") verification process ("**KYC Verified Customers**") can purchase and redeem (the "**Services**") Tether Tokens through the Tether Website at <https://app.tether.to>. KYC Verified Customers purchasing or selling Tether Tokens directly through the Tether Website are doing so in what is referred to as the "**Primary Market**". Our obligations exist only with respect to those users and transactions taking place in the Primary Market.

Tether Tokens may also be purchased from the Secondary Market. The "**Secondary Market**" refers to any transaction in Tether Tokens other than with users and transactions taking place in the Primary Market, described above. Secondary Market transactions are subject to the terms of Secondary Market participants.

Examples of Secondary Markets include exchanges that support Tether Tokens. Users can also transact and store Tether Tokens with any supported blockchain wallet. Tether does not control these wallets, nor does it control the blockchains on which Tether Tokens are transacted.

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<sup>3</sup> Tether International Limited and Tether Limited were the entities providing services to Tether's KYC Verified Customers prior to the date set out above.

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I, the undersigned hereby affirm that to the best of my information, knowledge, and belief, but without personal liability, that the contents of this RID and any attachments provided with this RID are true, correct and not misleading.

**For and on behalf of Tether International, S.A. de C.V.**

Paolo Ardoino  
Chief Executive Officer  
January 27, 2025

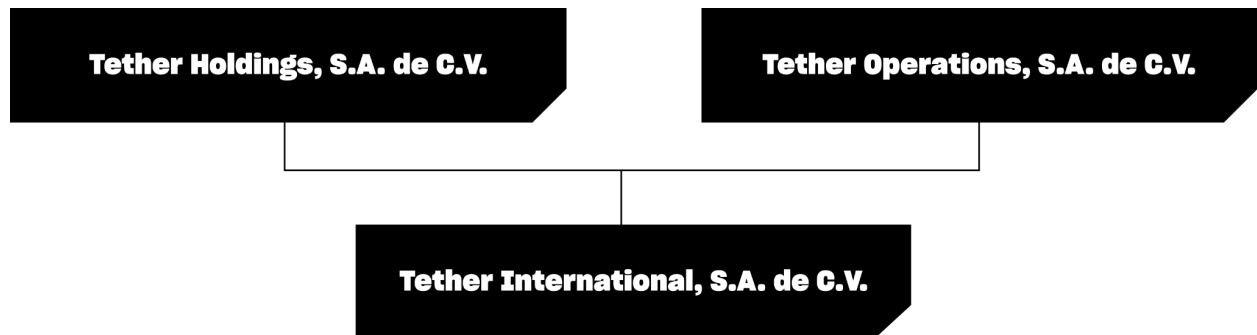
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## 1. Company Information

### 1.1. Organizational Structure & Management

Tether International is wholly owned by Tether Holdings, S.A. de C.V. and Tether Operations, S.A. de C.V., both incorporated and in effect under the Laws of El Salvador.



Recognizing the importance of corporate governance, we endeavor to pursue corporate governance practices that support transparency, accountability, and ethical conduct. Our governance framework includes well-defined reporting lines that facilitate clear communication and decision-making.

Tether has furnished all pertinent information and documentation related to its directors and senior officers to the CNAD as part of its applications for Stablecoin Issuer and Digital Assets Service Provider licenses.

### 1.2. Key Management & Hiring Policy

The Tether Group is led and managed by a senior management team with extensive experience in financial services, technology, and compliance. The following link sets forth details of Tether's key management personnel: <https://tether.to/en/about-us>.

Personnel and contractors with specific roles and skills are engaged by the various entities within the Tether Group depending on operational needs. Relevant personnel relationships are managed in compliance with the Laws and Regulations in force in El Salvador, so as to secure the selection and retention of the best personnel for each role, and to provide the greatest support to the business.

### **1.3. Attestation**

As part of Tether’s continued commitment to transparency and to comply with our regulatory obligations in El Salvador, we publish reports on our Reserves quarterly, available on the Tether’s Transparency page <https://tether.to/en/transparency/> (the “**Transparency Page**”). In addition, Independent Auditors’ Reports on those Reserve reports are prepared by an independent third party accounting firm, as of the end of each quarter. The reports on our Reserves provide information about the Reserves including a breakdown of the assets included in the Reserves and a comparison of the value of the Reserves to the amount required to redeem each of the issued Tether Tokens.

Reserves reports are not financial statements but selected financial information extracted from accounting records. Information presented is of those entities stated in the relevant report, and includes assets and liabilities of entities that do not issue or redeem Tether Tokens. The reports include estimates and assumptions further described in the Reserves reports. Reported information may be affected if assumptions change or if actual circumstances differ from those in the estimates and assumptions

### **1.4. Contact Details**

For any inquiries, please reach out to us on [support@tether.to](mailto:support@tether.to) or through our contact page at <https://cs.tether.to>. This page is designed to ensure seamless interactions with Tether. It features an intuitive interface that allows users to submit their inquiries and complaints efficiently. To enhance the precision and efficiency of our response, we organize the submission process by categories. This categorization ensures that each inquiry or complaint is directed to the appropriate department, enabling us to address such communications with precision and care. We aim to provide an accessible, user-friendly platform to ensure your concerns and questions are acknowledged and resolved promptly.

## **2. Description of the characteristics of the Tether Tokens**

### **2.1. Overview of the Tether Tokens**

Tether Tokens are digital assets issued on various blockchains. Each Tether Token issued and in circulation is backed by Reserves held by Tether and its Affiliates. Subject to the Terms, Tether Tokens may be redeemed for the underlying Fiat currency.

Tether International will assume responsibility for issuing and redeeming Tether Tokens.

Tether International will issue the Fiat-denominated following Tether Tokens:

- **USD** - being Tether Tokens denominated in U.S. dollars
- **CNH** - being Tether Tokens denominated in Chinese offshore yuan; and
- **MXN** - being Tether Tokens denominated in Mexican pesos

Tether International is the customer-facing entity that issues and redeems Fiat-denominated Tether Tokens. Subject to the Terms and onboarding procedures, KYC Verified Customers can purchase and redeem Tether Tokens through the Tether Website. KYC Verified Customers purchasing or selling Tether Tokens directly through the Tether Website are doing so in what is referred to as the Primary Market. Our obligations exist only with respect to those users and transactions taking place in the Primary Market.

Tether Tokens may also be purchased from the Secondary Market. Secondary Market transactions are subject to the terms of Secondary Market participants.

Examples of Secondary Markets include exchanges that support Tether Tokens. Users can also transact and store Tether Tokens with any supported blockchain wallet. Tether does not control these wallets, nor does it control the blockchains on which the Tether Tokens are transacted.

## 2.2. Main Application

In this section, we summarize and discuss the main applications of Tether Tokens across the blockchain ecosystem and for other consumers globally. We break up the beneficiaries into three user groups: (i) exchanges, (ii) individuals, and (iii) merchants.

We believe that the main benefits of Tether Tokens, applicable to all groups are as follows:

- properties of different blockchains are bestowed upon other asset classes, such as lower costs, faster settlement, and decreased barrier to entry relative to traditional cross-border transactions.
- less volatile, familiar unit of account compared to other digital assets.
- multiple blockchains are supported.
- high liquidity.
- can be denominated in different currencies.

### For Exchanges

For exchange operators, accepting Fiat deposits and withdrawals using legacy financial systems can be complicated, risky, slow, and expensive. Some issues may include:

- identifying the right payment providers for the exchange.
- irreversible transaction and minimal fraud protection.
- liaising with banks to coordinate compliance, and security, and build trust.
- prohibitive costs for small value transfers.
- long delays for international wire transfers to clear.
- poor and unfavorable currency conversion fees.
- barriers to onboarding.

By accepting Tether Tokens, we believe an exchange can reduce the above complications and gain additional benefits, such as:

- accepting digital assets as a deposit/withdrawal/storage method rather than using a legacy bank or payment provider.
- allowing users to move funds in and out of an exchange more freely, quickly, and cheaply.
- easily adding other Tether Tokens pegged to other Fiat currencies as trading pairs to the platform.
- securing customer assets through familiar digital asset processes, including multisignature security, cold and hot wallets, HD wallets, etc.
- conducting audits more easily in a purely digital asset environment.
- helping their customers move funds between digital asset markets and the traditional financial system.

## **For Individuals**

There are many types of individual digital asset users in the world today, including traders looking to earn profits daily; long-term holders looking to store their digital assets securely; those looking to remit payments globally more more freely, quickly, and cheaply; those in developing countries looking for access to financial services for the first time or looking for a store of value in environments where the local currency is devaluing or is unstable; developers looking to create new technologies; and those who have found many uses for the different digital assets in the market. For each of these individuals, we believe Tether Tokens are useful in many ways, including:

- transacting in Fiat-denominated value without any middlemen/intermediaries.

- allowing for cold storage of Fiat-denominated value by securing one's own private keys.
- mitigating the risk of storing Fiat on exchanges.
- allowing for the movement of digital assets/Fiat in and out of exchanges easily.
- easily enhancing applications that work with digital assets to also support Tether Tokens.
- allowing for the movement of funds between digital asset markets and the traditional financial system.
- providing liquidity to enter into or out of digital asset trades without facing unpredictable volatility.
- acquiring stable Fiat-denominated value in jurisdictions where such liquidity is low.

## **For Merchants**

The lack of global, inexpensive, ubiquitous payment solutions continues to restrict merchants around the world. The following are ways in which we believe Tether Tokens may assist merchants:

- allowing merchants to price goods in Fiat value rather than digital assets (no moving conversion rates/purchase windows).
- avoiding conversion from digital assets to Fiat and associated fees.
- prevent chargebacks and reduce fees.
- provide novel services because of Fiat-like digital asset features.
- offer decentralization, transparency, and the ability to remove intermediaries.

## **2.3. Number of Stablecoins issued**

Tether Tokens are available on various blockchains, all as determined by Tether. The blockchain on which Tether Tokens are available are identified on Tether's Transparency Page. The number of Tether Tokens in circulation changes based on purchases and redemptions of Tether Tokens in the Primary Market. Tether typically publishes daily updates regarding the number of Tether Tokens in circulation on Tether's Transparency Page. The information provided is based on the information available to Tether, which may be delayed. Accordingly, the information available on Tether's Transparency Page may not reflect the Tether Tokens in circulation at the time the information is reviewed.

This issuance does not have any maximum or a minimum number of tokens required to launch the Services in El Salvador.

## 2.4. Customer Types

As of January 22nd, 2025 Tether had 882 customers (“**Existing Customers**”) who are expected to become Tether International’s KYC Verified Customers. Subject to the Terms and onboarding procedures, only KYC Verified Customers can purchase Tether Tokens through the Tether Website. The current minimum purchase amount of Tether Tokens through the Tether Website is US\$100,000, or its equivalent in any other accepted currency. Purchases of Tether Tokens through the Tether Website are currently subject to a fee of the greater of 0.1% or \$1,000 for redemption and 0.1% for acquisitions. Fees are subject to change at the discretion of Tether.

To be eligible to purchase Tether Tokens from Tether, a prospective customer must agree to the Terms, complete the account verification process through the Tether Website and submit documents requested by Tether to complete its anti-money laundering, counter-terrorist financing, counter-proliferation, sanction measures, and other checks. Tether maintains the sole discretion to approve or reject requests to become a KYC Verified Customer.

A verification fee of USDT150 (payable in USDT tokens) applies for any applications to be a KYC Verified Customer; except that Existing Customers will not be required to pay the verification fee. The fee helps offset a portion of the incurred costs from the execution of the verification process. The fee is non-refundable; however, upon successful verification, it will be credited back to the KYC Verified Customer for use on redemptions. This amount is intended to ensure that only those serious about establishing an account apply.

**Prohibited Persons as defined in the Terms are prohibited from purchasing Tether Tokens from Tether, or from otherwise using the Services available through the Tether Website.**

## 2.5. Digital Assets Service Providers & Platforms

Tether International has applied for and successfully obtained the DASP license under Article (7) of the Digital Asset Service Providers Regulations. Consequently, KYC Verified Customers can purchase and redeem Tether Tokens directly through the Tether Website.

Tether Tokens may also be purchased and sold on the Secondary Market, including from exchanges and over-the-counter platforms that support Tether Tokens outside El Salvador. User(s) can also transact and store Tether Tokens with any supported blockchain wallet. Due to the decentralized nature of the blockchains on which Tether Tokens function,

third-party platforms can list Tether Tokens without the need for approval from Tether to do so. While exchanges, wallets, and merchants are encouraged to reach out to Tether about integrating Tether Tokens, it is not possible to keep track of and list all Secondary Market participants.

## **2.6. Purchase & Redemptions**

### **Purchasing Tether Tokens**

Subject to the Terms and onboarding procedures, KYC Verified Customers can purchase Tether Tokens through the Tether Website. The current minimum purchase amount of Tether Tokens through the Tether Website is US\$100,000, or its equivalent in any other accepted currency. Purchases of Tether Tokens through the Tether Website are subject to a 0.1% fee. Fees are subject to change at the discretion of Tether.

To be eligible to purchase Tether Tokens from Tether, a prospective customer must agree to the Terms, complete the account verification process through the Tether Website and submit documents requested by Tether to complete its anti-money laundering, counter terrorist financing, counter proliferation and sanction measures and other checks. Tether maintains the sole discretion to approve or reject requests to become a KYC Verified Customer.

### **Redemptions of Tether Tokens**

Subject to the Terms and onboarding procedures, KYC Verified Customers can redeem Tether Tokens through the Tether Website. The current minimum redemption amount of Tether Tokens through the Tether Website is Tether Tokens with a value of US\$100,000. Redemptions of Tether Tokens are subject to a fee of the greater of US\$1,000 or 0.1% of the Tether Tokens to be redeemed. Fees are subject to change at the discretion of Tether.

The amount paid to a KYC Verified Customer by Tether in respect of any redemption shall be the amount of the face value of the Tether Tokens received for redemption, in the applicable Fiat currency, less fees. Holders of Tether Tokens are not entitled to any increases in value of the Reserves in excess of the face value of the Tether Tokens (less fees).

To be eligible to redeem Tether Tokens from Tether, a prospective customer must agree to the Terms, complete the account verification process through the Tether Website and submit documents requested by Tether to complete its anti-money laundering, counter

terrorist financing, counter proliferation and sanction measures and other checks. Tether maintains the sole discretion to approve or reject requests to become a KYC Verified Customer.

Tether Tokens may also be sold on the Secondary Markets, including at exchanges that support Tether Tokens. The restrictions and verification requirements for these services will be determined by their operators.

## **2.7. Restrictions on Transferability**

Tether is committed to adhering to all applicable government laws and regulations. This includes the regulations and economic sanctions with respect to certain high-risk jurisdictions. As part of this, Tether Tokens cannot be purchased or redeemed by Prohibited Persons. The definition of “**Prohibited Persons**” is available on <https://tether.to/en/legal/>.

Tether retains the discretion to approve or reject any application to become a KYC Verified Customer, and to suspend or terminate access to the Services in accordance with the Terms.

Furthermore, Tether may delay or suspend redemption under various circumstances, in accordance with its Terms, including in the following cases:

- if Tether determines that a KYC Verified Customer has engaged in a Prohibited Use (as defined in the Terms);
- when Tether or its Affiliates are directed to do so by any government (including any court, law enforcement agency, tribunal, or regulatory body);
- if a KYC Verified Customer’s account or wallet is subject to pending litigation, investigation, or government proceedings; or
- when Tether believes that someone is attempting to gain unauthorized access to a KYC Verified Customer’s account or wallet or that the Tether Tokens have been obtained by or used in fraud, theft or other criminal activities.

Additionally, in certain circumstances and at the behest of law enforcement, regulatory or government agencies, Tether may take steps to attempt to freeze the Tether Tokens held in external wallets for which Tether does not hold private keys.

**Further restrictions on the use of, and ability to restrict, Tether Tokens are set out in the Terms, which must be read in full alongside this RID.**



### **Other restrictions on transferability**

Tether Tokens may also be purchased and sold on the Secondary Market from exchanges and other operators and may be held in third-party wallets and other custody solutions. The restrictions and verification requirements are subject to the standards set by such providers, which may include restrictions on transferability that are more onerous than those imposed by Tether.

## **3. Safeguarding Arrangements**

As outlined in sections (6.2. & 6.4.), once a KYC Verified Customer submits a request to acquire Tether Tokens on the Tether Website and sends Fiat funds, Tether transfers the equivalent number of Tether Tokens to that KYC Verified Customer. Tether then holds or invests the funds it received from selling Tether Tokens in a basket of Reserves. The composition of Reserves is subject to change at Tether's sole discretion. More information on the breakdown of the Reserves is available on the Reports & Reserves page available at the Transparency Page. Except as required by the CNAD, Tether does not commit to update the information at any particular interval or time, regardless of any changes in the number of Tether Tokens in circulation or the value or composition of the Reserves.

The purpose of those Reserves is to ensure that Tether Tokens are backed to meet customers' redemption requests. Tether primarily holds the Reserves with various third parties including banks and licensed financial institutions. Furthermore, Tether typically provides daily updates as to the number of Tether Tokens in circulation and publishes quarterly reports providing information on its Reserves that are held to back Tether Tokens in circulation. The information provided is based on the information available to Tether, which may be delayed. Accordingly, the information available on the Transparency Page may not reflect the Tether Tokens in circulation at the time the information is reviewed.

Post sale, Tether's only obligation to its KYC Verified Customers is to redeem Tether Tokens through the Tether Website subject to the Terms.

## **4. Risk Disclosure**

No person should use the Services or purchase or hold Tether Tokens unless they understand the Tether Token and its risks. The risks associated with the Tether Tokens are subject to change and KYC Verified Customers and prospective customers must carefully review and understand the risks associated with Tether Tokens as described on the Risk Disclosure on the Tether Website before using the Services.

This Risk Disclosure Statement discusses some of the principal risks of Tether Tokens, but it does not and cannot describe every risk or consideration associated with Tether Tokens and the Services.

Please review the Risk Disclosure on  
<https://tether.to/en/legal/?tab=risk-disclosure-statement>

## **5. Compliance & Risk Management**

### **Risk Management**

Recognizing the importance of having adequate risk management policies and procedures to ensure the integrity and continuity of Tether Tokens, Tether has implemented an Enterprise Risk Management (**ERM**) system aimed at identifying and addressing potential risks to our operations. Through this framework, we systematically assess vulnerabilities and implement appropriate policies and procedures to mitigate these risks.

### **Reserve Management**

Tether has implemented reserve management and liquidity arrangements to effectively manage financial risks within Tether and mitigate fluctuations, market volatility, and unexpected financial demands. These measures include allocation of investments, and monitoring of potential liquidity needs.

### **Conflicts of Interest**

Tether personnel are informed of their duties to identify, manage, and, where possible, avoid conflicts of interest as stated in our conflicts of interest policy and supporting documents.

Tether may also explore further measures to mitigate the risks associated with a conflict of interest, such as temporary or permanent withdrawal of oversight of a given matter or activity from the personnel concerned, discontinuing its involvement in the transaction or event, or disclosing the nature of such conflict to the affected customer or party. Except as required by the CNAD, disclosure of conflicts of interest is subject to Tether's conflicts of interest policy and procedures.

## Cybersecurity

Tether has successfully completed a SOC 2 Type 1 audit, a comprehensive assessment evaluating our systems and controls pertaining to security, availability, confidentiality, and processing integrity. This audit provides a thorough examination of Tether's cybersecurity measures, guaranteeing adherence to stringent industry standards and best practices. For more information, please refer to [Completion of System Organization Control \(SOC\) 2 Type 1 Audit](#).

Furthermore, Tether aims to complete a SOC 2 Type 2 Report, which will evaluate the criteria of Security, Availability, Confidentiality, Privacy, and Processing Integrity and assess the operating effectiveness of Tether's internal controls over a period of 12 months.

## Wallets Used by Tether

The Tether Website does not provide a wallet service, and only KYC Verified Customers may buy or redeem Tether Tokens directly through the Tether Website, using Fiat bank transfers and the customer's own wallet.

Tether utilizes wallets to, among other matters, receive Tether Tokens for redemptions and to transmit Tether Tokens upon purchase. Wallets utilized by Tether consist of online software wallets and offline hardware wallets which have security and safety features provided by the supplier of the relevant hardware wallet and software wallet technologies and systems.

## Smart Contract Audits

We conduct smart contract reviews through constant and ongoing testing. These reviews are conducted at two levels. The first ensures that operating procedures are consistent and accurate, and that any issues identified are addressed in a timely and effective manner. The second level involves testing in a live environment and ensuring that only those with administrative permissions are able to amend or make decisions on privileged functions, such as minting, freezing, unfreezing, revoking, burning, or other functions that form the basis of the smart contract.

## Relationship with Bitfinex

The Bitfinex platform (available at Bitfinex.com) is operated by subsidiaries of iFinex Inc. (iFinex Inc. and its subsidiaries, the “**Bitfinex Group**”). Each of the Tether Group and the

Bitfinex Group share members of management and other personnel, and have a number of common shareholders. The Tether Group receives support services from the Bitfinex Group and the Tether Group utilizes services available on the Bitfinex platform. Tether Tokens trade on the Secondary Market available on the Bitfinex platform, subject to the terms of that platform.

## **Anti-Money Laundering, Countering the Financing of Terrorism, and Counter Proliferation and Sanction measures (“Anti-Financial Crime”)**

Tether’s current Anti-Financial Crime compliance landscape is shaped by standard-setting organizations such as The Financial Action Task Force (“**FATF**”) and enhanced by aspects from The Wolfsberg Group of International Financial Institutions, The Bank Secrecy Act of 1970, the BVI Anti-money Laundering Regulations, Revised Edition 2020, Proliferation Financing (Prohibition) Act, No. 20 of 2021, and Counter Terrorism Act, No. 33 of 2021, and El Salvador Money Laundering Act and Regulation for the prevention, detection and control of money and assets laundering, terrorism financing and mass destruction weapons proliferation financing issued by the Financial Investigation Unit of El Salvador’s General Attorney Office.

## **Customer Onboarding**

Tether requires all prospective customers to successfully complete its customer verification process prior to being permitted to purchase or redeem any Tether Tokens. Customer verification processes are governed by written policies and procedures for verifying customers and conducting risk-based enhanced due diligence processes on customers. Compliance team members are trained on and required to follow those policies and procedures in connection with all customer verifications.

Verification processes use financial industry standard vendors and tools to verify prospective customers’ information and screen their names against sanctions, politically exposed persons, and law enforcement lists. As a part of this process, all prospective customers are screened for adverse media using open source intelligence (“**OSINT**”) by trained analysts.

## **Ongoing Monitoring**

Tether uses Chainalysis’s industry-leading investigation tool Reactor. Reactor is an investigatory tool that assists Tether in linking real-world illicit activity to digital asset addresses and transactions using Chainalysis’ reference data set. Tether currently uses the

Reactor tool to screen counterparty digital asset wallet addresses for risk-scoring purposes, enhanced due diligence measures and for the purpose of investigations.

All KYC Verified Customers undergo automated ongoing name screening and periodic ongoing monitoring using OSINT screening for adverse media.

Tether screens media platforms regularly for articles relating to crime involving digital assets and relevant names are screened against Tether's KYC Verified Customers. Potentially positive hits related to Tether's KYC Verified Customers are escalated for investigation.

## **Suspicious Transactions/Activity and Reporting**

Tether engages an investigations team, many members of which are drawn from international financial institutions whose role is to review unusual or suspicious activity and file Suspicious Transaction and Suspicious Activity Reports (“STR” & “SAR”) with the relevant Financial Intelligence Unit, including in the United States, as applicable. Tether may, in certain circumstances, temporarily restrict access to, and/or terminate customer relationships with KYC Verified Customers in the event that they are believed to be engaged in suspicious activity or to be in breach of any of the Terms.

## **Termination of the Relationships**

In connection with customer investigations conducted by Tether's Compliance Team, Tether will assess if a customer relationship should be terminated or placed on enhanced monitoring.

## **6. Information on the underlying technology and standards applied**

### **6.1. Protocols and platforms**

Tether Tokens exist on multiple blockchains and networks and are treated equally under the Terms. Tether Tokens are currently supported on various blockchains, including Tron, Ethereum, Solana, Avalanche, Ton, all of which are disclosed on Tether's Transparency Page

### **6.2. Tether Technology Stack**

The stack has three layers, each with many features, and can be described as follows:

1. The first layer is the native blockchain. Tether uses each blockchain's native transaction system to support the tokenization system for that blockchain.
2. The second layer is the tokenization system for that blockchain. Each blockchain's tokenization system allows Tether to
  - a. track and report the circulation of Tether Tokens; and
  - b. enable users to transact and store Tether Tokens and other assets/tokens in a
    - i. peer-to-peer, pseudonymous, cryptographically secure environment;
    - ii. supported blockchain wallet/software; and
    - iii. multisignature and offline cold storage supporting system.
3. The third layer is Tether Group, our business entities are respectively responsible for:
  - a. Accepting Fiat deposits and issuing the corresponding Tether Tokens
  - b. Sending Fiat withdrawals and revoking the corresponding Tether Tokens;
  - c. Publicly reporting attestations of Reserves; and
  - d. Operating the Tether Website, an online platform that allows eligible, KYC Verified Customers to acquire and redeem Tether Tokens directly with Tether.

### **6.3. Secondary platforms**

Tether serves its KYC Verified Customers through the Tether Website. The purpose of becoming a KYC Verified Customer is to participate in the issuance and redemption of Tether Tokens directly with Tether through the Tether Website at the pegged 1:1 rate (minus fees), with a minimum transaction value of US\$100,000. This is referred to as the Primary Market, and it consists only of Tether and its KYC Verified Customers. Once these customers have acquired newly issued Tether Tokens (e.g. USD₮), Tether Tokens can then be exchanged in the Secondary Market with a much wider variety of trading pairs.

Tether Tokens may be purchased and sold on the Secondary Market from exchanges and over-the-counter platforms that support Tether Tokens. Users can also transact and store Tether Tokens with any supported blockchain wallet. Due to the decentralized nature of the blockchains on which Tether Tokens function, third-party platforms can list Tether Tokens without the need for approval from Tether to do so. While exchanges, wallets, and merchants are encouraged to reach out to Tether about integrating Tether Tokens, it is not possible to keep track of and list all Secondary Market participants.

### **6.4. Tether Token life cycle**

There are six steps in the lifecycle of a Tether Token that is purchased and redeemed through the Tether website:

- **Step 1** - KYC Verified Customer submits a request to acquire Tether Tokens on the Tether Website and sends Fiat funds.
- **Step 2** - Fiat funds deposited are held or invested into the Reserves.
- **Step 3** - Tether transfers the equivalent number of Tether Tokens to the KYC Verified Customer. Tether Tokens enter circulation (Amount of Fiat currency deposited by user, less fees = amount of Tether Tokens issued to the user)
- **Step 4** - If a KYC Verified Customer wishes to redeem, the user deposits Tether Tokens with Tether through the Tether Website.
- **Step 5** - Tether removes the Tether Tokens from circulation and uses a corresponding portion of the Reserves to facilitate the redemption.
- **Step 6** - Fiat currency is sent to the KYC Verified Customer's bank account (Amount of Fiat currency paid to a user = amount of Tether Tokens redeemed by the user, less fees).

**Tether may freeze, burn, or block the transfer of Tether Tokens, in accordance with the Terms, which must be read in full alongside this RID.**

## 7. Dispute Resolution

### 7.1. Complaints Handling Procedure

All complaints must be submitted through our customer support page <https://cs.tether.to>. We are committed to handling all complaints in accordance with our complaints handling procedure, which is designed to ensure a thorough review and resolution of all concerns raised. We are committed to addressing complaints with due diligence and in compliance with applicable legal and regulatory requirements.

### 7.2. Mandatory Resolution of Disputes Through Arbitration

Except for excluded claims described in the following paragraph, any dispute, claim or controversy arising out of or relating to this RID or the accuracy, completeness, verification, sufficiency, interpretation or validity thereof, shall be governed by the Laws of the BVI and will be subject to and finally resolved by confidential, binding arbitration on an individual basis and not in a class, representative or consolidated action or proceeding and in accordance with the International Institute for Conflict Prevention and Resolution International Non-Administered Arbitration Rules, as amended from time to time (the “**CPR Rules**”).

Arbitration will be conducted through the use of videoconferencing technology (unless both parties agree that an in-person hearing is appropriate given the nature of the dispute) before a sole arbitrator. The sole arbitrator must be a Legal Practitioner in the BVI with at least fifteen (15) years of experience in commercial disputes, that holds a current practising certificate. If an arbitrator cannot be jointly appointed by the arbitration parties within thirty (30) days of the commencement of the arbitration, an arbitrator meeting the above qualifications will be selected by the International Institute for Conflict Prevent and Resolution. Judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction thereof.

If the arbitral parties do not promptly agree on the seat of arbitration if an in-person hearing is selected, the seat will be Road Town, Tortola, BVI. The language of the arbitral proceedings will be English. No discovery shall be conducted except by agreement of the parties or after approval by the arbitrator, who shall attempt to minimize the burden of discovery. The arbitrator may award any relief that a court of competent jurisdiction could award, including attorneys' fees when authorized by Laws, and the arbitral decision may be enforced in court. For claims less than U.S.\$15,000, Tether will reimburse you for all initiating filing fees in the event that the claim is successful. The prevailing party, as determined by the arbitrator, will be entitled to its costs of the arbitration (including the arbitrator's fees) and its reasonable attorney's fees and costs.

The following claims and causes of action will be excluded from arbitration as described in the paragraph above: causes of action or claims in which either party seeks injunctive or other equitable relief for the alleged unlawful use of its intellectual property, including without limitation copyrights, trademarks, trade names, trade secrets, or patents or its confidential information or private data. Nothing in this section (7.2) will prevent Tether from seeking any other form of injunctive relief in any court of competent jurisdiction, whether or not interim relief has also been sought from the Arbitrator.

The arbitrator will have the power to hear and determine challenges to its jurisdiction, including any objections with respect to the existence, scope, enforceability or validity of the arbitration provisions of this RID. This authority extends to jurisdictional challenges with respect to both the subject matter of the dispute and the parties to the arbitration. For the purposes of challenges to the jurisdiction of the arbitrator, each clause within this section (7.2) will be considered as separable from any contract of which it forms a part. Any challenges to the jurisdiction of the arbitrator, except challenges based on the award itself, will be made not later than the notice of defense or, with respect to a counterclaim, the reply to the counterclaim; provided, however, that if a claim or counterclaim is later added or amended such a challenge may be made not later than the response to such claim or counterclaim as provided under the CPR Rules.



## 8. Tax Regime

As per Article (36) of the Law, Tether falls under the scope of such Law; thus, the Tether Tokens' nominal value and the yields or income from the tokens shall be exempt from all kinds of levies, duties, taxes, rates and contributions, of any kind and nature, present or future, whether ordinary or extraordinary or even special in El Salvador jurisdiction. The capital gain or ordinary income obtained from the purchase and sale or any other means of transfer of the Tether Tokens, including debt forgiveness, shall be also exempt from any kind of taxation in El Salvador.

Holders of Tether Tokens should consult with their own tax advisers with respect to the tax consequences of acquiring, holding or redeeming Tether Tokens under the relevant legislation and regulations.

## 9. Certifier

This RID was certified by TR Capital, S.A. de C.V., a Salvadoran company incorporated on May 13, 2017, and registered in the Companies Registry of the Registry of Commerce under number 21 of Book 3736, with Registration Number 2017088178 and Tax Identification Number 0614-130517-102-0 (the “**Certifier**”).

The Certifier was authorized as a Digital Asset Issuance Certifier by resolution CNAD-044-2023/04, duly registered under entry number CERT-0003.

The Certifier's report has been submitted to the National Commission for Digital Assets in compliance with the provisions of the Regulation of Registration of Issuers and Public and Private Issuances, and it has received a favorable judgment.

## 10. External Counsel

Tether has retained the legal services of Dentons El Salvador to navigate the intricate landscape of local laws and regulations effectively. Dentons is a well-established and registered law firm known for its legal compliance and guidance expertise.