



TRADA TOKEN

Token Offering Whitepaper

tradatoken.io

Marketing material

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DISCLAIMER

This is a product that is not simple and that can be difficult to understand. Prospective investors should read the prospectus available at <https://www.xdcteq.io/downloads#documents> to fully understand the potential risks and rewards of deciding to invest in the securities before making any investment decision. Approval of the prospectus by the Financial Market Authority should not be construed as an endorsement of the securities offered.

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tra-da

't.rɛɪ.da \ noun (Old Saxon) :
path, track, course of action
- introduced by the Hanse
merchants, from Middle Dutch or
Middle Low German. A root of the
Modern English trade.

EXECUTIVE SUMMARY

XDCTEQ - WHERE CRYPTO MEETS THE REAL ECONOMY

In September 2021, Tradeteq and eXchange inFinite [XinFin] announced the issuance of the first trade finance asset-backed non-fungible tokens (NFTs) on the XDC Network. The offering utilized the XDC Network's enterprise-grade blockchain technology to transform a portfolio of trade finance assets into NFTs. By doing so, Tradeteq and XinFin brought together leading industry participants to showcase how NFTs can be utilized to move real-world assets into the decentralized finance (DeFi) space, and back again.

This landmark transaction will now be taken to the next level with the issuance of TRADA Tokens in Liechtenstein. TRADA Tokens are fungible security tokens that, for the first time ever, expand the exciting advantages of trade finance assets to retail investors.

The trade finance market and DeFi both present multi-trillion-dollar opportunities. There is, however, no liquid token that can provide retail investors with access to trade finance. Recent developments in decentralized finance present tremendous new value propositions for asset originators and investors alike. XDCTEQ - a public limited liability company that has been incorporated under the laws of Liechtenstein - takes advantage of these opportunities by building a bridge between DeFi, crypto, tokens, and the "old world" of capital markets.

Introducing token technology and a decentralized protocol to the world of trade finance creates hereto unknown transparency. At the same time, the TRADA Token will bring new liquidity to a diverse pool of businesses and, thereby, provide tangible, sustainable development benefits to communities around the globe. By investing in trade finance through the TRADA Token, investors invest in the real economy: in the evolution of trade, in global connections, and in the creation of lasting jobs and new opportunities.

TRADA Tokens have been developed by a team of capital markets, technology, and blockchain experts. Built on the XDC Network, the TRADA Token provides scalable access to trade finance assets in a secure manner that is decentralized, fast, and cost-effective. Powered by Tradeteq and the XDC Network, TRADA Tokens unlock the value - presently inaccessible to private investors - inherent in trade assets. Finally, since a broad universe of investors will be able to invest in trade finance, there exists an enormous blue-ocean opportunity for XDCTEQ, which is founded on real value innovation.

INTRODUCTION TO TRADE FINANCE

FUNDING GLOBAL COMMERCE

Trade finance is commonly defined as the financing that is required to enable the flow of goods and services around the world. Trade finance has been enabling commerce since the times of the ancient Venetian merchants. There are many forms of trade finance techniques, such as documentary credit, factoring, supply chain finance, and so forth. Exploring all of these in detail would go well beyond the scope of this Whitepaper. We can, however, observe certain commonalities: in nearly all cases, trade finance involves a seller of goods or services, a buyer of these goods or services, and a funder who finances the trade.

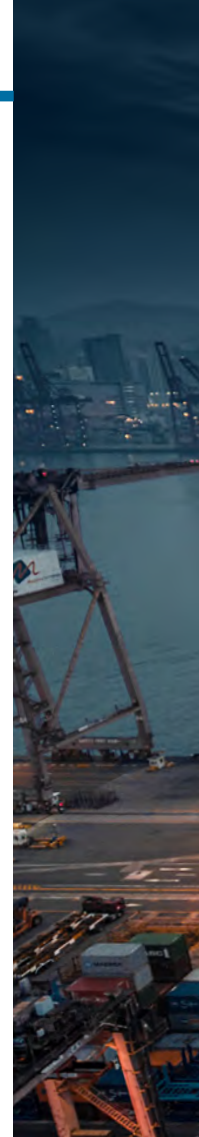
In a typical trade finance transaction, a seller (exporter) in one country wants to sell certain goods to a buyer (importer) who is based in another country. The seller wants to reduce their risk vis-à-vis the buyer by ensuring they are paid before the goods in question are shipped to the buyer. The buyer wants to make sure that the right goods have indeed been shipped prior to making payment.

The goals of the parties in this scenario appear incongruous at first glance. Yet, trade finance can provide a satisfactory answer to both the exporter and the importer. Both goals, that of the exporter and that of the importer, can be achieved through the introduction of a third party - the trade finance provider (funder). If the importer can obtain a payment guarantee or a letter of credit from their bank and provide that to the exporter, both parties can rest assured that neither of them has taken the risk that the other party does not hold up their part of the bargain by acting first.

A letter of credit will typically stipulate that payment will be made by the bank to the exporter without question as soon as certain documents (such as a bill of lading, which confirms shipping of the purchased goods to the buyer) have been presented. The exporter now knows with certainty that once the goods have been shipped payment will be made. The importer can rely on the fact that they do not have to pay the exporter, unless the goods have in fact been safely delivered.

As mentioned, there are various other forms of trade finance, such as the sale of invoices, or accounts receivable, by a producer of goods. The sale of invoices (invoice discounting or factoring) is done with the goal of generating working capital for the producer's business. In this scenario, the producer will sell certain goods to a buyer. The goods are sold with an invoice that, for example, requires payment in full for the goods in 30 days. Instead of waiting the full 30-day period to get paid and receive the cash, the producer can sell (discount) the invoice to a bank or other funding provider such as a factoring company or online invoice discounting platform. The funder pays the producer the invoice amount minus a small percentage and the producer generates liquidity immediately. The buyer will pay the full amount of the invoice to the funder after the expiry of the 30-day payment period.

Looking at these simplified examples of trade finance, it immediately becomes obvious that trade finance affects everyone, daily. Almost all goods that we consume have, in one form or another, come into contact with trade finance. Even the granting of the 30-day payment term in the example above is, in itself, trade finance in its simplest form. By granting a payment term to a buyer, the seller of goods has effectively extended credit to that buyer and, thereby, provided trade finance in a very rudimentary fashion.





RISK MITIGATION

Trade finance plays a vital role in global growth and development by bridging funding gaps that otherwise would be barriers for commerce. While traditional lending is oftentimes unsecured, trade finance is usually backed by real assets, most importantly the goods that are being sold. Additionally, trade finance is in many cases enhanced through risk mitigation techniques such as overcollateralization and trade credit insurance. This is important as it is a safeguard against the introduction of the excessive leverage that can be observed in other asset classes such as mortgages and real estate lending.

To the extent that a bank experienced certain risk concentrations or other limitations vis-à-vis individual obligors or obligor groups, the bank would syndicate the risk to other banks by way of the sale of risk participations or through outright transfers of invoices and other trade finance assets. More recently, banks have begun to sell trade finance risk participations to non-bank investors, such as pension funds, insurance businesses, and family offices. These so-called alternative investors value the diversification that trade finance adds to their portfolios as well as the fact that trade finance can provide highly attractive risk adjusted returns.

TRADE FINANCE MARKET SIZE

The global trade finance market size is projected to reach US\$10 trillion by the year 2027, up from US\$7.6 trillion in the year 2020.¹ Despite its size and the prevalence of trade finance in everyone's daily lives, the amount of investment into trade finance by private investors has been negligible.

GOING BEYOND BANKS

Traditionally, trade finance has very much been the domain of global banks. These banks would expand trade finance to their clients, holding the resulting exposures on their balance sheets until the invoices were paid by the respective obligors.

PRIVATE INVESTMENT ACCESS

Private investors, however, who want to access the exciting world of trade finance, have so far been out of luck. A private investor can invest in almost any asset class that is otherwise available to professional investors: student loans, credit card debt, auto loans, and mortgages form part of many private investor portfolios. And yet, despite its prevalence, significance, and ubiquitous nature, trade finance is not open to private investors. There may be indirect access routes through investment in equities or bonds of companies that are active in international trade, but these are idiosyncratic investments with very specific risk profiles that do not match the generally low-default nature of trade finance.

This is about to change - by issuing the TRADA Tokens, XDCTEQ AG alters the equation, offering the first trade finance backed fungible token.

¹ <https://reports.valuates.com/market-reports/QYRE-Auto-6XB49/global-trade-finance>

MAKING TRADE FINANCE AVAILABLE TO EVERYONE

FIRST THERE WAS AN NFT...

In September 2021, London-based fintech company Tradeteq completed the world's first trade finance-based non-fungible token (NFT) transaction, on the XDC Network. Tradeteq and XinFin, which supports the XDC Network, especially when it comes to its trade finance use cases, have now teamed up to provide their extensive know-how and technology to XDCTEQ with the goal of making trade finance accessible to everyone in a transparent, liquid, decentralized format.

The September '21 NFT transaction constituted a major milestone for several reasons. Not only was that issuance, which resulted in the offer of tokenized trade finance products, the first complete end-to-end transaction of its kind, it also followed a unique set of regulatory guidelines and trade finance standards. The trade finance NFT utilized the XDC Network's enterprise-grade blockchain technology to

tokenize trade finance assets, which were structured and repackaged Tradeteq. The NFT offering was focused on institutional investors, setting the standard for all future NFT trade finance investment transactions. By involving both traditional off-chain custodians as well as digital asset custodians, the transaction ensured seamless and secure migration of off-chain products to on-chain tokens.

At the time of the transaction, all parties were fully aware that DeFi represents the future of finance. To succeed, however, DeFi requires industry-wide participation in the development of robust enterprise-grade infrastructure. The NFT issuance showcased a highly efficient way to enhance, speed up, and make more robust the distribution of trade finance assets to a broad range of investors. Transparency, accountability, and liquidity were key features of this trade finance NFT issuance.

ROBUST LEGAL FRAMEWORK

The September '21 trade finance NFT issuance was still targeted towards institutional investors. XDCTEQ, together with Tradeteq and the XDC Network, now offers the first issuance of trade finance security tokens to private investors. XDCTEQ makes use of the Liechtenstein blockchain act, the "Tokens and Trusted Technology Service Providers Law."

Liechtenstein benefits from a S&P AAA country rating and is a member of the European Free Trade Association and the Council of Europe. The country is known for its robust legal framework and effective and strict measures to combat money laundering as well as its rigorous KYC requirements. The Liechtenstein blockchain law is built on this tradition. The law came into force on the 1st of

January 2020. With the introduction of the blockchain law, Liechtenstein was one of the first countries to introduce comprehensive regulation covering blockchain technology, crypto currencies, utility tokens, payment tokens, stablecoins, and digital securities.

The Liechtenstein blockchain law regulates the most important aspects of blockchain technology that concern investors and other market participants. The law comprises robust protections for investors and lays down a framework of supervision for service providers and crypto companies. Liechtenstein's experienced financial supervisory authority, the Financial Market Authority [FMA], provides supervision over blockchain companies and service providers.

As required by Liechtenstein law, XDCTEQ's securities prospectus for the public offering of TRADA Tokens will be approved by the FMA prior to its publication.² This provides investors with confidence when buying into the offering. Furthermore, it ensures investor protection by enhancing transparency and providing clear guidelines for the sale of TRADA Tokens.

Building on the robust Liechtenstein legal infrastructure and the combined experience of Tradeteq and XinFin, XDCTEQ can offer digital tokens that give private investors exposure to a diversified pool of underlying trade finance assets in a novel format.

² The approval of the prospectus by the FMA is not to be construed as an endorsement of any security offered by XDCTEQ.





NFT

BENEFITS OF SECURITY TOKENS

The traditional financial industry is marred by inefficiencies. Many of the traditional processes and procedures are highly dependent on human intervention, they are time-consuming and error prone. Large institutional investors have access to Central Security Depositories (CSDs) and can, therefore, mitigate (but not exclude) execution risk through Delivery Versus Payment (DVP) settlement of transactions. The introduction of blockchain technology is a paradigm shift. Tokens enable secure trading of repackaged assets at a fraction of current costs.

The benefits of taking semi-automated and manual traditional processes out of the equation and moving to a blockchain-based settlement and transfer process can be summarized as follows:

- Atomic Delivery Versus Payment settlement becomes available to all market participants
- AML and KYC processes can be automated
- Paperwork is no longer required
- Reduction in human intervention not only leads to reduction in errors but also to a reduction in friction costs
- Issuance related fees can be reduced
- Data flows are streamlined and secured by the blockchain
- Smart contracts can automate many traditional service provider functions
- By writing information to the blockchain and verifying and tracking data, the information becomes immutable and tamper-resistant; information can be exchanged efficiently and without delay
- The blockchain allows the simplification of accounting and auditing processes
- Interest payments can be automated and can be combined with and based on more accurate and timelier (Net Asset Value) NAV and fair-value assessments
- Token holder (proxy) voting can be simplified





REPACKAGING V2.0

Repackaging trade finance assets into traditional notes, issued out of an SPV, opened up the market to a new class of alternative investors. Moving away from a pure bank-to-bank based business, repackaging of trade finance proved to be an efficient way to reach these investors, increase the quality of available information, and reduce friction cost.

Issuing security tokens further increases these benefits and takes them to the next level. Security tokens dramatically increase liquidity and open the market to a much broader range of investors. Security tokens offered by a Liechtenstein based company such as XDCTEQ are a financial instrument.

ACCESS FOR EVERYONE

Traditional bond investments are limited to investors who have access to the requisite infrastructure and access to service providers that enable buying, holding, selling, and redeeming those bonds. Settlement banks, custody accounts, and so forth are necessarily a part of this. The traditional financial system is still very much exclusive and only open to those who can cross the hurdles to entry.

In contrast, security tokens are much more accessible. The barriers to entry are low and tokens can be brought to everyone, no matter where they are located. The only requirements for access are a working internet connection and a crypto wallet. This opens the exclusive club of finance to the outside world, democratizing and broadening investor access to capital markets.

FRACTIONAL STAKES

Another important factor in that respect is the fractionalization of assets made possible by blockchain technology, which will also contribute to attracting a larger investor base to the market. Since security tokens can provide access to assets on a fractional basis regardless of the actual size of the underlying asset, investors can effectively own a smaller, more affordable part of a larger underlying asset.

While previously many investments were the exclusive domain of investors with access to large pools of capital and the ability to commit it long-term, DeFi protocols and security tokens democratize the investment market. Fractionalization and reduction of the minimum ownership requirements will inevitably lead to exponential market growth.

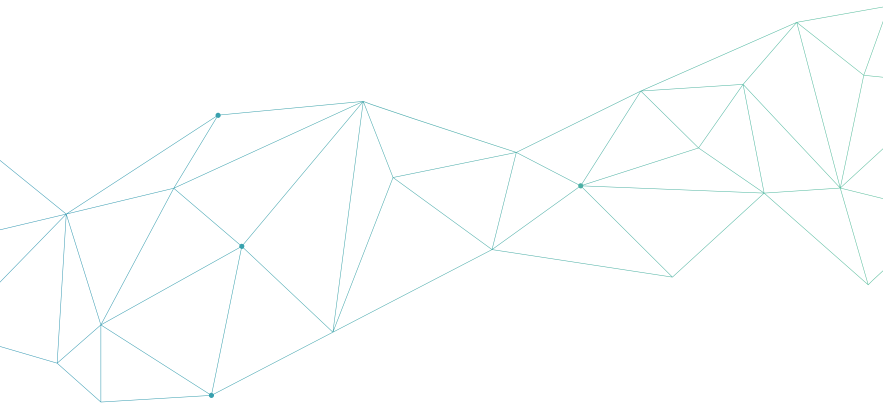
MORE LIQUIDITY

By giving investors the ability to purchase smaller stakes, even assets that are today still considered illiquid, such as trade finance, will become liquid investments. That is because these small stakes can now be sold and purchased with ease. And since no investor is dependent on a central trading infrastructure that is controlled by just one party, trading of security tokens does not stop when the traditional securities markets close. Investors have access to the security token market on a 24/7/365 basis. This always-on nature of DeFi and security tokens is yet another advantage.

WHY INVEST IN TRADA TOKENS?



Trade finance is being recognized as a compelling private debt opportunity for institutional investors. By offering funding to real-world businesses and supporting the manufacture and shipping of goods, investors can get access to the real economy. This funding is, usually, collateralized by the goods that are being financed by it or credit insured. No wonder, then, that institutional investors increasingly see trade finance and its stable uncorrelated returns as a valuable short-duration diversifier within their secured finance portfolios and as an attractive absolute return strategy.



WHAT INSTITUTIONAL INVESTORS ALREADY KNOW...

Trade Finance typically has the following characteristics:

- Low correlation to traditional assets such as bonds and equities
- Good portfolio diversifier
- Generally stable returns
- Typically secured by real-world assets such as goods in shipment
- Overcollateralized or credit insured

...IS NOW ALSO AVAILABLE TO RETAIL INVESTORS

XDCTEQ now brings trade finance to the retail market through the combination of Tradeteq's and XinFin's expertise, know-how, and technology. XDCTEQ's offering allows individual investors to diversify their portfolio by investing in trade assets that are not otherwise available to them through the traditional capital markets. By investing in TRADA Tokens, investors do not acquire the underlying trade assets, such as invoices, directly. Rather, the value of the tokens reflects the value of the underlying trade assets.

TRADA Tokens digitize and fractionalize larger invoices and invoice portfolios and make them investable, according to the minimum size required by the issuance prospectus. Investors, thereby, have access to small tradable portions of these assets.

Apart from the newfound access to trade finance, XDCTEQ's approach and use of technology is important in meeting investor goals and limiting the investment risks and costs that need to be borne by each investor, while simultaneously encouraging greater investor participation. And, because the ownership of TRADA Tokens is recorded and maintained on the XDC Network in a permanent, secure, and transparent manner, the investment becomes much more robust, with increased transparency, accountability, and security. At the same time, Tradeteq's automation technology reduces the need for intermediaries, dramatically lowering transaction costs and minimizing errors.



WHO'S INVOLVED IN THE ISSUANCE OF THE TRADA TOKEN?



XDCTEQ AG

XDCTEQ AG is a public limited company that has been incorporated under the laws of Liechtenstein. XDCTEQ has been specifically set up for the purposes of making investments in trade finance available to everyone and for bringing liquidity and growth to businesses around the globe.

TRADETEQ

Tradeteq is a London-based fintech company that provides banks and investors with technology to negotiate, analyze, and manage illiquid credit investments.

With an initial focus on trade finance, Tradeteq's technology simplifies and streamlines the distribution of trade finance assets to the capital markets. Teaming up with the XDC Network, Tradeteq created the first ever trade finance asset-backed NFT. Tradeteq is the official technology provider to the Trade Finance Distribution Initiative (TFDI), a consortium of more than 50 major financial players that focuses on making trade finance a widely distributed asset class.³

THE XDC NETWORK

A highly optimized, EVM-compatible and enterprise-grade Layer 1 protocol, the XDC Network reaches consensus through a delegated proof-of-stake (XDPoS) mechanism, which allows for two-second transaction time, near zero gas fees, and over 2,000 transactions per second (TPS). Secure, scalable, and highly efficient, the XDC Network was built from the ground up for the purpose of bridging the gap between centralized and decentralized finance.

³ For details please refer to the list of TFDI members in the Annex to this Whitepaper.

HOW DOES THE INVESTMENT WORK?

A STREAMLINED PROCESS

Investing in TRADA Tokens is easy and straightforward. Once an investor has decided to invest, they can download the investment agreement for the purchase of TRADA Tokens directly from the XDCTEQ website either at www.xdcteq.io or at www.tradatoken.io.

The investment agreement is a straightforward legal agreement and by executing this document the investor commits to purchase as many tokens as they elect.

INVEST IN 3 EASY STEPS:

1

KYC AND AML

The first step towards an XDCTEQ token investment is the passing of KYC and AML checks by the investor. The identity of the investor must be confirmed, and the origin of funds must be verified. KYC and AML procedures are automated, and the investor will be requested to provide necessary information through an intuitive web interface.

2

TRANSFER OF FUNDS

Once the investor has signed the investment agreement, they must transfer the subscription amount to XDCTEQ's bank account in Liechtenstein. This can be done either in Euros or US dollars. Investors also can pay for TRADA Tokens in stablecoins USDT and USDC. If an investor wants to invest via cryptocurrency, XDCTEQ will specify the respective wallet address for the transfer of crypto. In either case, the issuer will inform the investor once funds have been received.

3

SETTLEMENT

Once KYC and AML checks have been completed and subscription monies have been received by XDCTEQ, the TRADA Tokens will be transferred to the investor.

Because the TRADA Token is a digital security, the TRADA Token will be delivered to the investor's digital wallet. XDCTEQ works with major wallet providers such as Trustology. These wallet providers can manage the digital wallet for the investor and securely store TRADA Tokens. The tokens will remain inside the wallet until the investor wishes to sell them through a secondary market or until they want to redeem them at maturity.



FULL POST -INVESTMENT TRANSPARENCY

NAV CALCULATION, AUDITING, AND MONITORING

The NAV calculations for the TRADA Token are being provided by Tradeteq, utilizing Tradeteq's multi-award-winning reporting and analysis platform. Tradeteq's platform provides investors with detailed reporting in a transparent and easily comprehensible format. In addition, the accounts of XDCTEQ AG are audited in accordance with legal requirements on a regular basis for additional transparency and compliance.

INTEREST PAYMENTS AND REDEMPTION

Payment of interest on TRADA Tokens will be made to the respective wallet that holds the token. Interest is based on token NAV. To the extent that tokens are listed at a public exchange, NAV information and token prices can be obtained from the exchange. The information will also be available on the XDCTEQ website.

TRADA Tokens offer flexible redemption options as specifically set out in the TRADA Token terms and conditions. Redemption will be made in US dollars, Euro, or in crypto, as the case may be. Redemption will be made at the NAV of the tokens at the time of redemption.

TRADING

It is the intention of XDCTEQ to list the tokens at one or more specialized crypto exchanges. These may be announced in the future. Prior to a listing, TRADA Tokens can be traded freely either over the counter (OTC) or via crypto exchanges once the tokens have been listed. This will also give token holders the ability to purchase additional tokens in the market.



WHAT'S NEXT?

XDCTEQ's work will not end with the issuance of TRADA Tokens. Taking a birds-eye view of the crypto market, it soon becomes apparent that the extreme volatility of the market deters potential investors and disconcerts actual ones. Cryptocurrencies are, by now, famous, or rather infamous, for their price swings. Bitcoin, for example, reached an all-time high of almost US\$70,000 in November 2021, only to fall below US\$35,000 two months later. Few investors can absorb so much volatility in their portfolios.

TRADA Tokens, in contrast, are backed by real-world trade finance assets, uncorrelated to traditional assets such as bonds and equities. They are, therefore, expected to be far less susceptible to volatility. Volatility cannot be completely ruled out, however, even in TRADA Tokens. To further shield investors from these adverse events, without sacrificing its commitment to DeFi, XDCTEQ intends to explore the development of a real-world asset-backed crypto asset, e.g., in the form of a stablecoin supported by TRADA Tokens.

Stablecoins are crypto assets that are pegged to a fiat currency or to exchange traded commodities, such as precious metals. The backing that these reserve assets provide does, at least in theory,⁴ guarantee price-stability of the stablecoin. The market for stablecoins has grown significantly in a very short period of time, as they ostensibly combine the instant processing, security, and privacy of crypto currencies with the low volatility of fiat currencies. Stablecoins are hugely popular, with the aggregate market capitalization of stablecoins recently passing US\$175 billion.

None of the currently available stablecoins is, however, linked to real-world underlying assets, such as receivables, payables, or invoices. These assets will be recorded and tracked, unlocking the full potential of blockchain's transparency and immutability. These features compare extremely favourably to the lack of transparency that affects many of the "traditional" stablecoins that proclaim to be backed by cash, cash-equivalent, or other forms of deposits, without really providing any details on that most important aspect.⁵

In any event, none of the stablecoins available in the market to date has a direct link to the "real" economy: These stablecoins are linked to the capital markets in one way or another but not to the actual drivers of global commerce – local businesses (which are mostly SMEs, representing more than 90% of businesses and 50% of employment worldwide), local jobs, and local communities.⁶

It can, therefore, be argued that the value represented by real-world asset-backed stablecoins is more fundamental than the value represented by a fiat backing: The value of fiat currency is an epiphenomenon, which is highly dependent on the real-world goods and services it can buy. Additionally, inflation negatively affects the "store of value" function of fiat money, increasing the pressure to provide additional reserves to maintain the fiat peg.

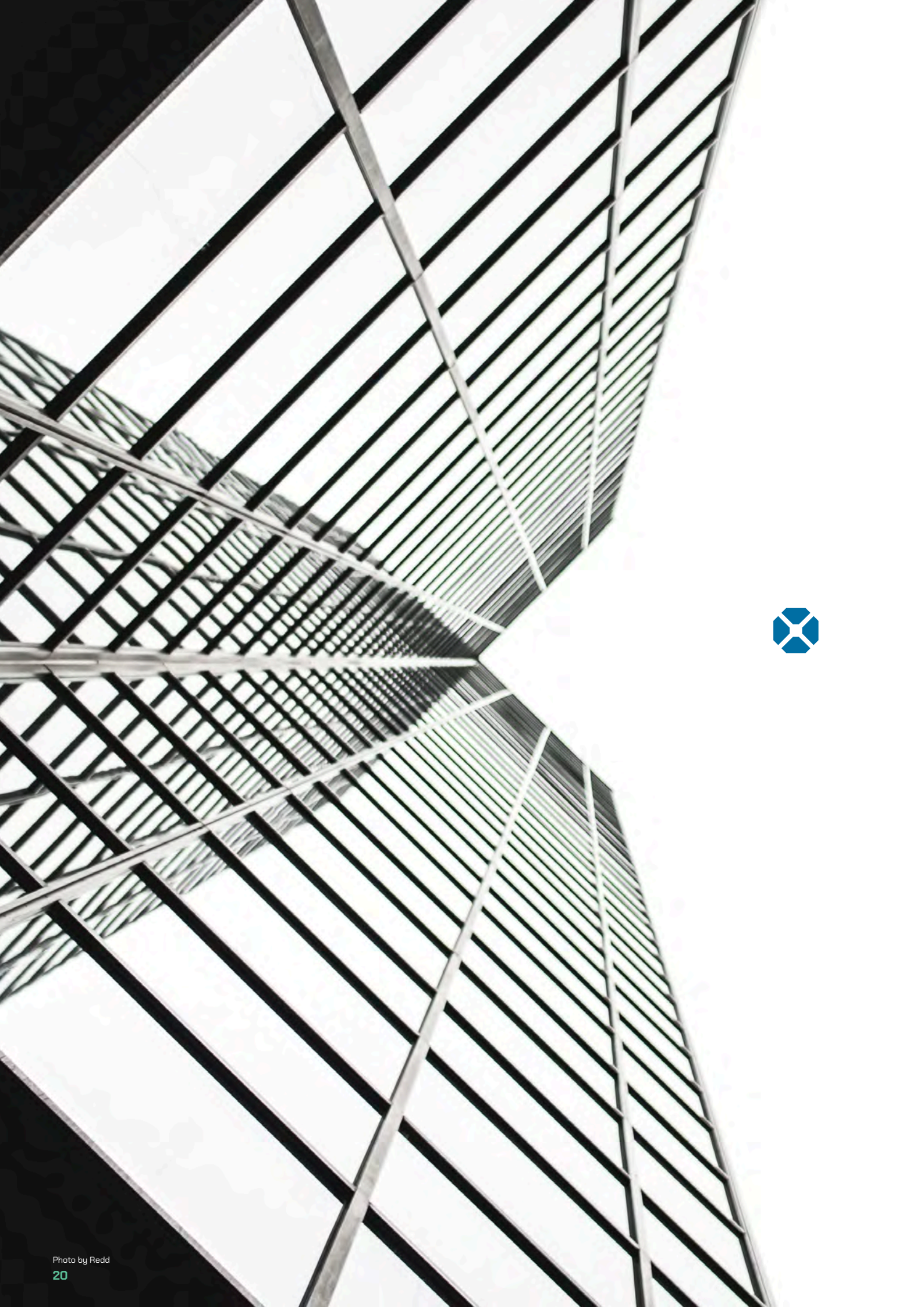
Consequently, real-asset-backed TRADA Tokens would be an ideal support asset for a next-generation stablecoin, in which the blockchain coalesces with the real-world. Expanding the current token issuance to support a more broadly-based stablecoin offering that is backed by high quality invoices and other trade assets is, therefore, soon to follow.

With the ongoing convergence of traditional finance markets and DeFi, especially in the rapid growth of digital securities, XDCTEQ will be uniquely positioned to capitalize on both.

⁴ <https://www.coindesk.com/tech/2020/09/11/no-other-option-but-more-collateral-the-short-and-long-term-fixes-for-dais-broken-peg/>

⁵ <https://www.bloomberg.com/news/features/2021-10-07/crypto-mystery-where-s-the-69-billion-backing-the-stablecoin-tether>

⁶ <https://www.worldbank.org/en/topic/smefinance>



CONCLUSION



Trade finance is a highly attractive asset class. The World Trade Organization estimates that 80 to 90%⁷ of the \$17.3 trillion⁸ global trade market relies on trade finance. Investing in trade finance supports the extension of credit to underlying businesses, which in turn stimulates global growth. Because of its attractive features as a short-term fixed income-like product uncorrelated to traditional asset classes, trade finance can be a good addition to the portfolios of institutional investors and private investors alike.

While private investors have never been able to access this exciting asset class, the XDC Network's blockchain technology together with Tradeteq's issuance platform changes this.

The XDCTEQ security token issuance moves trade finance from the realm of institutional and professional investors to the much broader universe of private investors. Not only does this create an unprecedented investment opportunity for private investors, but it also brings transparency and liquidity to the trade finance market.

TRADA Tokens are a natural step in the development of finance's democratization and decentralization, and XDCTEQ - together with its partners Tradeteq and the XDC Network - is setting the market standard in this space.

⁷ https://www.wto.org/english/thewto_e/coher_e/tr_finance_e.htm

⁸ <https://www.statista.com/statistics/264682/worldwide-export-volume-in-the-trade-since-1950/>

GLOSSARY

Accounts receivable

Amounts of money owed to a company by its debtors

AML

Anti-money laundering checks on clients that are undertaken to prevent money laundering activity

Atomic settlement

Atomic transactions ensure that settlement happens only in accordance with the terms and conditions of the smart contract, otherwise voiding the entire transaction. It is also instantaneous. This eliminates counterparty settlement risk

Bill of lading

A document issued by a carrier of goods, such as a shipping company, to acknowledge receipt of cargo for shipment

Blockchain

A shared immutable ledger secured by cryptography that facilitates recording of data and the tracking of assets and transactions

Collateral

Assets pledged or otherwise ringfenced as security for a loan or financing

Cryptocurrency

Cryptographically secured digital representations of value or contractual rights that can be transferred, stored, and traded electronically

Crypto wallet

A device, physical medium, program, or service that enables ownership and storage of NFTs and security tokens

CSD

Central securities depository providing a securities settlement system

Custodian

A financial institution that is responsible for holding, safekeeping, and providing services related to financial assets on behalf of clients

DeFi

An alternative to the traditional financial system; financial instruments and techniques that use open-source technology and smart contracts on a blockchain instead of centralized intermediaries such as CSDs

Documentary credit

Traditional banking products that provide financing for the international sale of goods

DVP

Delivery versus payment in the context of securities settlement

Exporter

A seller of goods on an international basis

Factoring

The sale of accounts receivable from a business to a funder - also see 'invoice discounting'

Fiat currency

Money that is issued by a government and that has been decreed to be legal tender

Fractionalization

Division of ownership of an asset such that multiple holders can receive benefits from it in a proportion to the amount they own

Guarantee

A form of documentary credit that entails a bank's commitment to make payment of an invoice to a seller if the buyer does not honor their contractual obligations

Importer

A buyer of goods on an international basis

Invoice discounting

Supplier centric financing in the form of the purchase of invoices with a haircut or discount to their face value

KYC

Know your customer checks to verify investors, their risk profiles, and financial profile

Letter of credit

A form of documentary credit that entails a commitment by a bank to make a payment of an invoice to a seller once certain criteria are met

NAV

Net asset value - the value of an entity's assets minus the value of liabilities and expenses

NFT

Non-fungible token - a way to convert an off-chain asset into a blockchain-based asset with unique properties; created using smart contracts

Overcollateralization

Collateral with a value exceeding the amount of the financing to which it refers

Private blockchain

A blockchain that limits access to approved users

Proxy voting

Delegated voting i.e. security holders allocating their voting rights to a third party to cast a ballot on their behalf

Public blockchain

A blockchain that is open to all

Security tokens

On-chain assets that represent a stake in off-chain assets and that at the same time constitute securities

Sharding

A database partitioning technique applied in relation to blockchains with the purpose of enhancing scalability and processing more transactions per second

Smart contract

A software-based self-executing contract using blockchain technology

SME

Small and medium sized businesses – representing more than 90% of businesses and more than 50% of jobs worldwide

Stablecoin

A cryptocurrency that derives its value from some underlying asset

Supply chain finance

A buyer-centric form of trade finance using buyer-confirmed invoices to provide suppliers with early payment on their invoices

Trade finance

Financial instruments, products, and techniques that are used by buyers and sellers of goods and services and by financial institutions to facilitate trade and commerce

Trade credit insurance

An insurance policy provided by an insurance company or a government agency providing protection against non-payment of invoices

Volatility

A measure of the rate of fluctuations in the price of a security



ANNEX: **TRADE FINANCE DISTRIBUTION INITIATIVE MEMBERS**



TFDI member name	Member type	TFDI member name	Member type
ABN AMRO	Bank	Kimura Capital	Asset manager
Accelerated Payments Ltd	Non-bank originator	LBBW	Bank
AEGON Asset Management	Asset Managers	Liberty Speciality Markets	Insurer
Africa Finance Corporation (AFC)	Non-bank originator	Lloyds Bank	Bank
AIG	Insurer	London Forfaiting Company	Bank
AKA Bank	Bank	Mayer Brown	Service provider
Allianz Global Investors	Asset manager	National Bank of Bahrain	Bank
ANZ	Bank	Natixis	Bank
Artis Finance	Asset manager	NN Investment Partners	Asset manager
Banco do Brasil	Bank	Pemberton AM	Asset manager
Bank ABC	Bank	Publicis Sapient	Service provider
Channel Capital Advisors	Asset manager	Qatar National Bank	Bank
Commonwealth Bank of Australia	Bank	Rabobank	Bank
Coriolis Technologies	Technology provider	Reed Smith	Service provider
Credit Agricole CIB	Bank	Santander Asset Management	Asset manager
Crown Agents Bank	Bank	Seabridge TFX	Non-bank originator
Deutsche Bank	Bank	SMBC	Bank
Export Credit Guarantee of Egypt	Insurer	Standard Bank	Bank
Financière Suisse SA	Non-bank originators	Standard Chartered Bank	Bank
Fasanara Capital	Asset manager	Stenn Capital	Non-bank originator
Federated Hermes	Asset manager	Sullivan & Worcester	Service provider
HSBC	Bank	Swiss Re	Insurer
ICC	Sponsor	Tessellate	Service provider
ICISA	Sponsor	Texel Group	Brokers
Incomlend	Non-bank originator	Trade Finance Global (TFG)	Non-bank originator
ING	Bank	Tradeteq	Technology provider
Intix	Technology provider	World of Open Account	Sponsor
ITFA	Sponsor	XDC Network	Technology provider



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