

3) Transparency Policy

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Issuer: FUSAUSD Financial Ltd.

Principal place of business: Wigmore Street, Marylebone, London W1U 3RY, United Kingdom

3.1 Purpose and scope

1. This Transparency Policy (the “Policy”) sets out the disclosures the Issuer publishes regarding the Token’s Circulating Supply, the Reserves backing the Token, and the Issuer’s mint and redemption activity. This Policy supports informed decisions by Token Holders and counterparties and provides a consistent, auditable reporting baseline.
2. This Policy applies only to Tokens issued under the contract addresses and Supported Networks listed in Appendix A of the Terms of Issuance and Redemption (the “Terms”). Tokens issued by any other contract address, wrapped representation, bridge, exchange IOU, or derivative instrument are outside the scope of this Policy.
3. This Policy is read together with the Terms, the Reserve Policy, the Operational Controls, and the On-Chain Permissions document. If a topic is governed more specifically in another document, that document controls for that topic.
4. This Policy is a disclosure and reporting commitment. It is not investment advice and does not create fiduciary duties. The Issuer may publish additional disclosures beyond this Policy but will not reduce the minimum set without publishing an amended version.
5. If a disclosure required by this Policy would be unlawful or would materially increase security risk (for example, facilitating targeted fraud or theft), the Issuer may delay or narrow that disclosure to the minimum extent necessary and will record the rationale internally.
6. Reporting basis. The Transparency Package is designed to align, where practicable, with the American Institute of Certified Public Accountants Criteria for Stablecoin Reporting (Part I) for presentation and disclosure of outstanding tokens and assets backing them. Where the Issuer commissions a controls report over stablecoin operations, the control objectives are designed to align with the Criteria’s controls framework (Part II), as adopted and applied for the reporting period.

3.2 Definitions

7. “Business Day” means a day on which banks are generally open for business in the United Kingdom, and the Issuer’s primary reserve banks are open for settlement.
8. “Circulating Supply” means the number of FUSAUSD Tokens outstanding on each Supported Network at a stated cut-off time, as reported from on-chain contract state (or equivalent canonical state for the Supported Network).

9. “Total Circulating Supply” means the sum of Circulating Supply across all Supported Networks that are within scope under Section 3.1(2).
10. “Token Liabilities” means the Issuer’s nominal obligation to redeem FUSAUSD Tokens at par in the Reference Currency, calculated as Total Circulating Supply multiplied by one unit of the Reference Currency per Token, plus any redemption amounts initiated by the Issuer and not yet settled as of the cut-off time.
11. “Reserves” has the meaning in the Reserve Policy and means the assets held to back FUSAUSD Token Liabilities, including any approved liquidity buffer.
12. “Reserve Market Value” means the fair value of Reserve assets as of a Report Date, determined using the sources and methods described in Schedule 2.
13. “Report Date” means the date and timestamp of a reporting snapshot. Unless stated otherwise, Report Dates use a cut-off time of 23:59:59 UTC.
14. “Minted” and “Burned” mean, respectively, FUSAUSD Tokens created and FUSAUSD Tokens removed from circulation during a period, as evidenced by on-chain events (or equivalent canonical records), excluding internal transfers between Issuer-controlled addresses.
15. “Assurance Provider” means an independent accounting firm or auditor appointed by the Issuer to provide attestations, examinations, audits, or controls reports as described in Section 3.5.
16. “Material Event” has the meaning in Section 3.6.
17. Capitalized terms not defined in this Policy have the meanings given in the Terms and the Reserve Policy.

3.3 Minimum disclosure set

18. The Issuer publishes a recurring “Transparency Package” consisting of (i) supply and activity disclosures, (ii) reserve disclosures, (iii) a reconciliation statement, and (iv) independent assurance materials. Each package states its Report Date(s), cut-off times, and any changes in calculation methodology since the prior package.
19. **Supply and activity.** For each package, the Issuer publishes:
 - a. Circulating Supply per Supported Network and Total Circulating Supply;
 - b. Minted and Burned volumes for the reporting period, and the net change in Total Circulating Supply;
 - c. the list of in-scope contract addresses and any changes since the prior package; and
 - d. where applicable, the quantity of Tokens temporarily restricted by admin controls (for example, frozen, paused, or blacklisted), stated separately from Circulating Supply.
20. **Reserve composition.** For each Report Date, the Issuer publishes reserve breakdown by asset class. At a minimum, the Issuer separates:
 - a. cash and cash equivalents held at banks;
 - b. short-dated government instruments;
 - c. government-only money market funds (if used); and

d. government-collateralized repurchase agreements (if used).

The Issuer may add additional categories, but does not combine categories in a way that obscures credit, liquidity, or duration characteristics.

21. **Maturity and duration.** For interest-bearing Reserve assets, the Issuer publishes:
 - a. maturity buckets: same-day (cash), 1–7 days, 8–30 days, 31–90 days, and over 90 days (if any, and only if permitted by the Reserve Policy);
 - b. weighted-average maturity (WAM) and weighted-average life (WAL); and
 - c. a short explanation of how effective maturity is treated for repos and fund holdings (for example, whether repos are treated as overnight and whether fund holdings are treated using the fund's effective maturity profile).Calculation methods are summarized in Schedule 2.
22. **Liquidity profile.** The Issuer publishes a liquidity tier view aligned to the Reserve Policy tiers, showing the portion of Reserve Market Value expected to be convertible to cash in:
 - a. same-day;
 - b. within 7 calendar days; and
 - c. within 30 calendar days.The Issuer states material settlement assumptions (for example, typical cut-offs and T+0/T+1/T+2 settlement) and states whether any assets would be expected to realize value only under normal market functioning.
23. **Credit and counterparty concentration.** The Issuer publishes concentration metrics intended to surface single-point exposures, including:
 - a. the percentage of Reserve Market Value held at the largest depository institution;
 - b. the percentage held with the largest custodian;
 - c. the largest single counterparty exposure for repurchase agreements (if applicable); and
 - d. where a money market fund is used, the percentage of Reserve Market Value held in the largest fund.If naming a counterparty would materially increase security risk, the Issuer may disclose exposures by category while providing full detail to auditors and regulators.
24. **Backing and reconciliation.** The Issuer publishes a reconciliation statement for each Report Date stating whether Reserve Market Value is equal to or greater than Token Liabilities and itemizing material reconciling items. Reconciling items may include settlement timing differences, accrued income not yet settled, and redemption payments initiated and not yet settled.
25. **Surplus/deficit presentation.** The Issuer states the surplus (or deficit) amount as Reserve Market Value – Token Liabilities and states whether any surplus is an explicit liquidity buffer permitted under the Reserve Policy.
26. **Treasury holdings and liability treatment.** The Issuer publishes the quantity of Tokens held at Issuer-controlled addresses designated as Treasury and states whether those Tokens are included in Token Liabilities, together with the governing provision in the Terms.
27. **Fees.** The Issuer publishes a summary of minting and redemption fees charged by the Issuer (including any minimum fees, tiering, or special pricing for authorized participants) and any changes to fee schedules, with a cross-reference to the current fee schedule in Appendix B of the Terms.
28. **Operational posture.** The Issuer publishes a concise operational note for the reporting period stating:

- a. whether minting and redemption operated normally during the period;
 - b. whether any temporary restrictions were applied under the On-Chain Permissions document; and
 - c. whether any Material Events occurred (with links to incident notices/reports).
29. **Policy and custody changes.** The Issuer publishes a summary of material changes during the reporting period to:
- a. Reserve Policy limits or Eligible Asset definitions;
 - b. custody arrangements for Reserve assets;
 - c. redemption service levels or cut-off times; and
 - d. Token contract administration controls.
30. **Data dictionary.** The Issuer maintains a public data dictionary describing each disclosed metric, its definition, and its unit of measure. If a metric definition changes, the Issuer discloses the change, the effective date, and the impacted time series.
31. **Disclosure hygiene.** The Issuer does not publish personal data of Token Holders. Disclosures are aggregated and drafted to avoid identifying individual Token Holder activity.
32. The Issuer maintains internal workpapers and ledgers sufficient to reproduce published figures and to support independent assurance. Those internal materials are not part of the public package.

3.4 Frequency, channels, archive, and integrity

33. **Cadence.** The Issuer publishes a Transparency Package at least monthly. The Issuer may publish interim updates (for example, weekly summaries of reserve composition or supply), which supplement but do not replace the monthly package.
34. **Publication window.** Unless a package states otherwise, the Issuer publishes each monthly package within 15 days after month-end. If publication is delayed for operational reasons, the Issuer posts a notice stating the reason and the expected publication date, unless that would materially increase security risk.
35. **Channels.** Each package is published through: (i) the Issuer's website, (ii) a public API endpoint (if offered), and (iii) a signed PDF report. The Issuer may also publish through a public repository.
36. **Machine-readable data and manifest.** Each package includes machine-readable data files (CSV and/or JSON) for supply/activity and reserve disclosures and a manifest listing all files in the package and their hashes.
37. **Versioning and corrections.** Each package has a version identifier and publication timestamp. If the Issuer corrects a material error, the Issuer publishes a new version, preserves the prior version in the archive, and labels the correction, including whether the correction affects the backing conclusion.
38. **Hashes and signatures.** The Issuer computes a cryptographic hash (SHA-256 or equivalent) for each file and publishes the hash list in the manifest. The Issuer digitally signs the manifest and the PDF report using a key controlled by the Issuer. Verification material is published and versioned in Schedule 1.

39. **On-chain anchoring (optional).** If the Issuer anchors package hashes on-chain, the Issuer publishes the anchoring transaction identifier and the contract address used. Anchoring is an integrity aid and does not validate underlying accounting.
40. **Cut-off times and time zones.** Each package states the cut-off times and Report Dates used for all reported figures, including the time zone. If the Issuer changes cut-off times for a future period, the Issuer discloses the change and its effective date in advance where practicable.
41. **Reproducibility.** The Issuer maintains a controlled reporting pipeline with audit logs for data extraction and transformation steps used to generate published outputs. Material pipeline changes are recorded and are available for audit.
42. **Availability.** The Issuer uses reasonable measures to keep the archive available. If the primary website is unavailable, the Issuer uses alternative channels designated in Schedule 1.
43. **Contact.** The Issuer publishes a dedicated contact channel for transparency questions and an escalation path for suspected reporting errors.

3.5 Independent assurance and verification

44. The Issuer engages an Assurance Provider to perform periodic independent work over the Reserves and FUSAUSD Token Liabilities. Each assurance deliverable is labeled to distinguish an audit, examination, review, agreed-upon procedures, or controls report, consistent with the Assurance Provider's report.
45. **Frequency.** The Issuer obtains an independent examination or attestation over management's assertions at least quarterly. Where required by law, regulation, or supervisory expectation, the Issuer obtains such examination at least monthly.
46. **Minimum scope.** The examination/attestation covers management's assertions, as of the tested Report Date(s), that:
 - a. Reserve Market Value is equal to or greater than Token Liabilities; and
 - b. the disclosed reserve composition by asset class is stated fairly, subject to disclosed valuation methods and reconciling items.
47. Where practicable, the testing includes more than one Report Date within the period, including at least one Report Date selected without prior notice to reserve operations personnel.
48. The Issuer obtains an annual financial statement audit of the Issuer (or the relevant issuing entity). An annual audit does not, by itself, establish day-to-day backing and may be subject to scope and materiality thresholds.
49. The Issuer obtains an independent controls report (SOC 1, SOC 2, or equivalent) covering controls relevant to reserve custody and movement, mint/burn authorization and execution, key management for contract administration, and reporting integrity controls, as applicable to the selected report type and boundary.

50. The Issuer publishes the assurance reports in the Transparency Package archive, subject to any redactions strictly required by law or necessary to prevent disclosure of sensitive security information.
51. Alongside each assurance report, the Issuer publishes a scope summary stating the reporting period, the tested Report Date(s), the engagement type, and material limitations.
52. If an assurance report includes an exception, qualification, or material uncertainty, the Issuer discloses the issue in the relevant package and states whether and how it affects redemption operations and the backing conclusion.
53. If the Issuer changes Assurance Providers, the Issuer discloses the change, the effective date, and whether the change was planned or due to termination.

3.6 Material Events and incident disclosures

54. The Issuer publishes incident notices and, where applicable, incident reports and post-mortems for Material Events, in the format described in this Section 3.6 and Schedule 4.
55. A “Material Event” includes any of the following, whether actual or reasonably threatened:
 - a. a suspension, limitation, or material delay of minting or redemption;
 - b. a shortfall, or reasonably suspected shortfall, of Reserves relative to Token Liabilities;
 - c. a material adverse event affecting a reserve bank, custodian, fund, or repo counterparty;
 - d. a security incident involving Token smart contracts, key management, or core mint/burn systems;
 - e. a legal or regulatory action that materially impairs issuance, redemption, or reserve custody; or
 - f. an event that materially increases the likelihood of a run on the FUSAUSD Token.
56. The Issuer treats a “depeg” as material if (i) the Token’s volume-weighted average price across the Issuer’s designated reference venues deviates from par by more than 0.50% for more than 60 consecutive minutes, or (ii) the Issuer reasonably concludes that a smaller deviation reflects an elevated run risk.
57. The Issuer publishes the reference venues and price sources used to assess depeg status and updates those sources only under documented change control.
58. The Issuer publishes an initial incident notice within 24 hours of determining that a Material Event has occurred, unless disclosure within that window would materially increase the risk of theft, fraud, or user harm. If initial notice is delayed, the Issuer states the reason for delay when notice is published.
59. The initial notice states, at a minimum: the nature of the event; whether minting and redemption are operating normally, limited, or suspended; whether reserves are accessible; the expected next update time; and any immediate user actions required.
60. While a Material Event remains unresolved, the Issuer publishes updates at least daily, or more frequently if there are significant developments.
61. Within 10 Business Days after resolution, the Issuer publishes an incident report summarizing facts known at that time, including impact, steps taken, and status of

remediation. Where investigation is ongoing, the Issuer states what remains unknown and when a final report is expected.

62. Within 30 days after resolution (or longer where third-party investigations or legal constraints apply), the Issuer publishes a post-mortem using the template in Schedule 4, including root cause analysis and corrective actions.
63. If a Material Event affects the backing conclusion for any Report Date, the Issuer publishes an updated reconciliation.
64. If the Issuer confirms that a published figure in a Transparency Package is materially incorrect, the Issuer publishes a correction notice within two Business Days of confirmation and publishes a corrected package version promptly.
65. The Issuer maintains an internal incident log, including near misses. The internal log is not public.

3.7 Proof-of-reserves (optional)

66. The Issuer may publish proof-of-reserves or similar cryptographic evidence to supplement, not replace, independent assurance.
67. If provided, proof-of-reserves includes: (i) published on-chain addresses labeled as reserve wallets (where applicable), (ii) a methodology statement describing what assets are captured, and (iii) a reconciliation mapping the on-chain balances (if any) to reserve categories in the Transparency Package.
68. The Issuer does not describe proof-of-reserves as proving solvency or backing unless liabilities are accounted for. Proof-of-reserves methods commonly establish asset presence at a snapshot, not the full liability picture.
69. If the Issuer uses a Merkle tree or similar method to allow holders to verify inclusion of balances in a liabilities snapshot, the Issuer publishes snapshot time, hashing rules, and key limitations.
70. The Issuer may discontinue proof-of-reserves publications if the Issuer concludes, in good faith, that the method creates material security risk or confusion. Any discontinuation is disclosed and archived.

3.8 Governance and amendments

71. The Issuer's board (or a delegated committee) approves this Policy and material amendments. Material amendments include changes to the minimum disclosure set, the publication cadence, assurance commitments, or incident disclosure timelines.
72. Each version of this Policy is archived and published with an effective date and version identifier.
73. If the Issuer makes a material change, the Issuer provides notice through the same channels used for Transparency Packages and states the effective date. Where a change is required by law or supervisory instruction, the Issuer may make the change effective immediately.

74. If a conflict arises between this Policy and an assurance report, the assurance report controls as to the scope examined and the conclusions reached by the Assurance Provider.

Schedule 1 — Package format, archive, and signing

- A. Each Transparency Package bundle includes at least: (i) a PDF report, (ii) supply/activity data, (iii) reserve data, (iv) a manifest, and (v) assurance report(s) applicable to the period.
- B. Each manifest lists: filename, SHA-256 hash, file size, publication timestamp, and a short description.
- C. The Issuer publishes a public verification key used to sign manifests and PDF reports, including key fingerprint and revocation/rotation method. If keys are rotated, the Issuer signs at least one package with both keys during an overlap period.
- D. Alternative publication channels (for use if the primary site is unavailable) include: the FUSAUSD social media accounts, Fusion USA Ltd. Trading window (<https://fusionltd.co.uk>) and dependencies, and on-chain announcement methods described in the On-Chain Permissions document.

Schedule 2 — Calculation methods (expanded)

- A. Circulating Supply is computed from contract state (or equivalent canonical state) at the Report Date for each in-scope contract address, using the contract's total supply function where available and reconciling to emitted events where appropriate.
- B. Minted and Burned volumes are computed from canonical mint and burn records for each in-scope contract over the reporting period, with internal transfers excluded.
- C. Reserve Market Value is computed using: bank statements for cash; market pricing for government instruments; NAV statements for approved funds; and confirmations and collateral valuations for repurchase agreements, as applicable. The Issuer states the primary pricing source(s) used and applies them consistently across periods.
- D. Maturity buckets are based on final maturity dates for government instruments, expected termination dates for repos, and the effective maturity profile of funds as reported by the fund administrator, subject to the Reserve Policy.
- E. WAM is computed as the value-weighted average time to effective maturity across interest-bearing Reserve assets. WAL is computed as the value-weighted average time to final legal maturity (or equivalent life measure) across interest-bearing Reserve assets. If WAL is not meaningful for a category (for example, certain fund holdings), the Issuer explains the proxy used.
- F. The reconciliation is computed as: Reserve Market Value – Token Liabilities = surplus (or deficit), with material reconciling items itemized and described.

Schedule 3 — Assurance deliverables (labels)

A. “Reserve examination/attestation” means independent work over management’s assertions that Reserve Market Value is \geq Token Liabilities and that reserve composition is stated fairly as of tested Report Date(s).

B. “Annual financial audit” means an audit of financial statements under applicable auditing standards, distinct from a reserve examination.

C. “Controls report” means an independent report (SOC 1, SOC 2, or equivalent) over the design and, where applicable, operating effectiveness of controls relevant to reserve operations, mint/burn, key management, and reporting integrity.

Schedule 4 — Post-mortem template (minimum fields)

A. Summary; B. Impact; C. Timeline; D. Root cause; E. Backing analysis; F. Remediation; G. Communications; H. Follow-ups with owners and target dates.

Schedule 5 — Minimum reserve disclosure table fields

A. The reserve disclosure data file includes, at a minimum, one record per asset category and maturity bucket showing: (i) category name; (ii) currency; (iii) market value; (iv) par value (if applicable); (v) maturity bucket; (vi) liquidity tier; and (vii) valuation source type (bank statement, market pricing, fund NAV, or repo confirmation).

B. For government instruments, the Issuer discloses the sovereign issuer (or agency/guarantee category permitted under the Reserve Policy), the maximum maturity in the bucket, and whether instruments are held directly or through an approved fund.

C. For money market funds, the Issuer discloses the fund name, whether it is government-only, and the reporting date of the fund’s NAV statement used.

D. For repurchase agreements, the Issuer discloses whether the repo is tri-party or equivalent, the collateral category (government collateral only), the repo term, and the counterparty exposure reflected in Section 3.3(22), without disclosing sensitive operational identifiers.