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FINANCE

Transparency & Reserves

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Reserve architecture, custody arrangements, and proof-of-reserves design.

ZIMX FINANCE
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Transparency & Reserves

Trust in financial infrastructure requires proof, not promises. In an industry plagued by opaque reserve practices, unexplained collapses, and institutions that ask users to trust without verification, ZimX takes the opposite approach: reserve balances, issuance, backing ratios, and audit status are designed to be visible and independently verifiable.

This document describes how ZiGX reserves are designed to be structured, held, secured, and independently verified. It explains the custody model, the reserve management approach, the governance controls that prevent misuse, and the public dashboard through which anyone — user, regulator, auditor, or journalist — can verify the backing status of every ZiGX in circulation.

No reserves have been established and no ZiGX tokens have been issued at the date of this document. All descriptions represent design intent.

1. Reserve Backing

Every circulating ZiGX is designed to be backed at least one-to-one by eligible reserve assets, with USDC as the initial and primary reserve asset, held in institutional custody. There is no fractional reserve. There is no under-collateralisation. There is no algorithmic backing mechanism. If there are 500,000 ZiGX in circulation, there are at least 500,000 units of eligible reserve value held in custody. The relationship is absolute and independently verifiable at all times.

The over-collateralisation policy target of 102–105% is designed to provide a stability buffer against temporary fluctuations, settlement timing delays, and operational margin. This buffer means that the system holds slightly more in reserve than is strictly required, providing an additional safety margin for users.

Reserve composition is intended to include high-quality liquid assets: USDC as the primary backing asset, supplemented by short-dated government securities, regulated money market instruments, and cash equivalents, diversified across multiple custody arrangements. This composition is consistent with emerging regulatory standards for reserve-backed payment instruments, including the UK's forthcoming stablecoin regime, the US GENIUS Act, and the EU's Markets in Crypto-Assets Regulation (MiCA).

Minting Controls

ZiGX minting occurs only against verified reserve deposits, with USDC serving as the initial and primary reserve asset. The process is deterministic: USDC is deposited into institutional custody, compliance verification is completed, ZiGX is minted at an exact 1:1 ratio, ZimX Vault is updated in real time, and independent verification becomes available on-chain immediately. Only the ZimX treasury can authorise minting. Multi-signature approval is required — no single individual can mint ZiGX unilaterally. Every minting event generates a complete, immutable audit trail.

Redemption follows the reverse process: ZiGX is submitted for redemption, the corresponding USDC is released from custody, ZiGX is burned, and ZimX Vault updates accordingly. The system is designed to be fully bidirectional — ZiGX is designed to be redeemable for the corresponding underlying reserve value, subject to regulatory requirements, custody arrangements, and operational procedures.

2. Reserve Management

Reserves are held in instruments that generate yield. This is not a speculative activity. It is standard institutional asset management practice, consistent with how every major reserve-backed payment instrument in the world manages its reserves.

Tether holds its reserves primarily in US Treasury bills. Circle holds USDC reserves in short-dated government securities and cash. The UK's forthcoming stablecoin regime, the US GENIUS Act, and the EU's MiCA regulation all contemplate or require reserves to be held in yield-bearing instruments such as government securities and cash equivalents. Holding reserves in non-yielding instruments would be the anomaly, not the norm.

Yield generated from reserve assets accrues to ZimX Finance as operational revenue. It does not accrue to ZiGX holders. ZiGX remains purely a settlement instrument — it does not generate interest, dividends, or returns for the holder. The distinction is important and clearly communicated: the company earns yield on the reserves it manages; the user holds a settlement token designed to be redeemable for its underlying value, subject to regulatory requirements, custody arrangements, and operational procedures.

Reserve yield provides a revenue foundation from the point reserves are established, independent of transaction volume. This creates a sustainable economic base during early-stage growth when transaction fees alone may not cover operational costs. As reserves grow with ecosystem adoption,

Trust in reserve management comes from transparency, not from abstaining from standard practices. Reserve composition, backing ratios, yield metrics, and management activity are all reported through ZimX Vault on a continuously updated basis.

3. Custody

ZimX Finance does not custody customer assets or reserve funds. This is a deliberate architectural decision. All reserves are designed to be held with third-party institutional custodians, fully segregated from ZimX's operating funds. If ZimX Finance ceased to exist tomorrow, the reserves would still be in custody, held by regulated institutions, accessible through the governance framework.

Core reserves sit with regulated institutional custodians under multi-signature governance. The vast majority of holdings are in cold storage —offline, air-gapped, physically secured. Hot wallets maintain only the operational liquidity needed for active settlement, minimising exposure to real-time threats. Custodians must be regulated in their operating jurisdiction, carry appropriate insurance coverage, and demonstrate institutional-grade security and operational track records.

Custody evaluation is in progress with regulated providers. No arrangements are finalised. Failure to secure appropriate custody prevents ZiGX issuance. This is non-negotiable: without custody, there is no ZiGX.

4. Reserve Governance

Reserve principal is ring-fenced from operational use under multi-signature governance. This means the reserve assets backing ZiGX cannot be used to pay salaries, fund marketing, or cover operational expenses. It sits in custody, backing the settlement instrument, period.

Yield generated from reserve assets is treated separately as operational revenue. This creates a clear separation: principal is protected and backing ZiGX; yield funds operations and growth. The governance framework ensures that these two pools are never commingled.

Multi-signature controls govern all reserve operations. No single person can move reserves, authorise minting, or modify governance parameters unilaterally. Signers are geographically and organisationally distributed. The framework is designed to survive the loss of any single signer without disrupting operations.

5. Treasury Security

All reserve operations require multi-signature approval through hardware wallet signing devices. Signers are geographically distributed across multiple jurisdictions and organisationally separated to prevent collusion or single-point compromise.

Major treasury movements are subject to time-locks with visible countdown timers on ZimX Vault. This means that large reserve movements are announced publicly before they execute, creating a transparency window during which the community, regulators, and auditors can observe and question the operation. This level of public accountability is rare in financial services and deliberate in ZimX's design.

All signing events, approvals, rejections, and treasury operations are logged transparently and permanently. The audit trail is immutable and publicly accessible.

6. ZimX Vault: Proof of Reserves

ZimX Vault is the public dashboard through which the entire reserve position is made visible. It is designed to show:

Continuously updated reserve balances showing exactly how much USDC and other assets are held in custody. Circulating ZiGX supply relative to reserves, providing a real-time backing ratio. Reserve composition breakdown showing the allocation across USDC, government securities, money market instruments, and other qualifying assets. Yield metrics showing the return generated on reserve assets and how it is allocated. ZIMX supply metrics including circulating supply, locked tokens, and vesting schedule progress. Historical trends showing how reserves, supply, and backing ratios have evolved over time. Published audit results with full reports available for download.

On-chain verification is provided through published custody wallet addresses and smart contract-based reserve validation. Third-party verification tools can integrate with published data through open APIs. The principle is clear: if we can't show it, we shouldn't be doing it.

7. Audit Programme

Smart contract audits: the ZIMX token contract has been independently audited by Hacken with zero critical or high-severity findings. The ZiGX token contract audit is scheduled. All findings must be addressed before deployment. Audit reports are publicly disclosed through ZimX Vault.

Once operational, independent reserve audits are planned on a regular basis, covering composition verification, backing ratio attestation, custody confirmation, and full public disclosure. The audit programme is designed to provide independent, third-party confirmation that the reserves backing ZiGX are exactly what ZimX Vault says they are.

Smart contract audits are commissioned and in progress. No reserve audits have been completed as reserves are not yet established.

ZimX Finance is in development and not yet operational. This document is for informational purposes only and does not constitute an offer of securities, investment advice, or a guarantee of any outcome. All forward-looking statements are conditional on regulatory permission, audit completion, and operational readiness.