Real Yield Token (RYT) Whitepaper

Abstract

Real Yield Token (RYT) is a next-generation tokenized asset fully backed 1:1 by units of a regulated USD Money Market Fund [1]. Issued by Solowin Digital Horizon SP – a segregated portfolio of Solomon Global Select Fund SPC in Cayman – each RYT token represents a share in the underlying ChinaAMC Select USD Money Market Fund held in custody at Standard Chartered Bank. RYT enables investors to earn **real yield** (money market interest) with blockchain-based immediacy and transparency, without compromising on legal compliance. The token features **T+0 atomic** subscription and redemption, meaning users can mint or redeem tokens instantly on-chain 24/7, while the actual fund settlement occurs on standard T+1/T+2 cycles in the background. RYT is offered only to KYC-verified, accredited investors under a strict regulatory framework, and is structured to behave as a stable, non-rebasing token with a net asset value (NAV) that reflects the stable underlying assets. This document provides a comprehensive overview of RYT for both the public (DAOs, investors) and legal advisors – covering the product structure, subscription/redemption mechanics, technical architecture, custody model, and the legal/regulatory considerations that make RYT a compliant, **non-security** token. Key disclaimers and risk disclosures are included, emphasizing that RYT is not available to U.S. or Mainland China persons and that investors must abide by applicable laws in their jurisdictions.

Product Overview

RYT is a **tokenized USD Money Market Fund share** designed to bridge traditional finance yields with the accessibility of decentralized finance (DeFi). In essence, RYT tokenizes shares of the Solowin Digital Horizon Segregated Portfolio, which invests exclusively in the ChinaAMC Select USD Money Market Fund (a diversified portfolio of high-quality USD-denominated money market instruments). Each RYT token corresponds to one fund share and is **fully backed 1:1** by the underlying assets held by the custodian bank. The token is **non-rebasing**, meaning the quantity of tokens in investor wallets stays constant – instead, the token's value (NAV per token) increases as the fund accrues yield. Investors receive yield **directly via NAV appreciation** of RYT in their wallets, based on the fund's daily performance [2]. There are no separate interest distributions; any income from the fund is reflected in the token's price.

Why RYT? RYT offers a compliant and efficient way for crypto market participants to access stable USD yield:

- **Real Yield & Stability:** The underlying USD money market fund generates a competitive yield (reflecting short-term interest rates) while aiming to maintain a stable NAV (typically around $1). This means RYT holders earn real interest without exposure to the volatility of typical DeFi yield farming. There are no speculative or variable returns beyond the fund's yield – RYT is not designed to appreciate beyond its NAV growth from interest, differentiating it from volatile crypto assets.

- **24/7 Liquidity:** RYT provides **daily liquidity** with an instant settlement mechanism. Investors can subscribe or redeem tokens at any time, even outside traditional banking hours, via on-chain transactions [3]. This addresses a key limitation of traditional funds (which might process orders only once a day) by introducing an on-chain liquidity facility that bridges to the off-chain fund.

- **Security & Transparency:** The token is **fully backed by regulated assets** – the ChinaAMC USD Money Market Fund – with custody provided by Standard Chartered Bank, an established global custodian [4]. This institutional-grade custody ensures that every RYT token in circulation is matched by an equivalent fund share held in trust. Additionally, all RYT transactions require robust KYC (Know-Your-Customer), AML, and KYW (Know-Your-Wallet) checks, preventing illicit use and ensuring compliance [5]. Investors can monitor the fund NAV and token supply transparently via the RYT web dashboard and blockchain explorers.

- **DeFi Composability:** As an ERC-20 compatible token (on Ethereum and other supported chains), RYT can integrate with DeFi protocols, enabling use cases like collateralization, liquidity provision, or trading, all while representing a real-world asset. The token is structured as a private fund share under Cayman Islands law (exempted company, segregated portfolio), providing a regulatory wrapper around a traditionally illiquid asset and making it **accessible on-chain**[6]. This composability means DAOs and crypto investors can hold RYT in wallets or smart contracts just like any other token, unlocking stable yield for treasury management or DeFi strategies.

In summary, RYT combines the **stability and yield** of a USD money market fund with the **speed and openness** of crypto networks. It is **trusted by investors, treasuries, and protocols** as a compliant yield-bearing instrument, built by a team of TradFi and crypto experts to meet institutional standards [7].

Token Structure and Governance

Legal Structure: RYT is structured as a **tokenized share class** of a segregated portfolio within a Cayman Islands fund. Specifically, the Solowin Digital Horizon SP (Segregated Portfolio) is a segregated portfolio of Solomon Global Select Fund SPC, an exempted limited liability company registered in Cayman [8] [9]. The RYT tokens correspond to the Class A Participating Shares of this segregated portfolio. Importantly, these shares (and the tokens representing them) are offered via a **private placement** – not a public offering – and only to eligible, non-U.S. investors (see "Eligible Investors" below). The fund structure has a Board of Directors and an Investment Manager (Solomon Global Asset Management Limited) overseeing the portfolio's operations [10]. An independent fund administrator (Ogier Global) is appointed to calculate NAV and maintain fund records, while Standard Chartered Bank serves as custodian and transfer agent (details in the next section). This traditional fund governance ensures that RYT is managed with fiduciary oversight and in accordance with Cayman fund regulations.

Participating Shares and RYT Tokens: Each RYT token represents one Participating Share in the Solowin Digital Horizon SP's Class A. These shares have a base currency of USD and a stable NAV target (initially set at USD 1.00 per share). The fund aims to maintain a stable NAV by investing in low-volatility, high-quality short-term instruments consistent with money market fund standards. **No dividends** are anticipated – all income is retained in the fund to increment the NAV [11]. Consequently, RYT token holders realize yield via gradual NAV increases (the token's redemption value rises), rather than through token quantity changes or periodic payouts. Because the token's economics mirror the fund shares, there is **no performance fee, no variable yield-sharing, and no speculative upside** beyond the prevailing money market yield [12] [13]. This

design underscores that RYT is not a "profit-seeking" token but a **tokenized claim on a stable pool of assets**.

Eligible Investors & Transfer Restrictions: RYT is **exclusively available to Eligible Investors**, which generally includes accredited and institutional investors who complete the required onboarding (KYC/AML) for the Solowin Digital Horizon SP [14]. The tokens are **initially non-transferable on the primary market** – they cannot be freely transferred between wallets or resold outside of redemption, as of the launch date [15]. This restriction is deliberately in place to prevent any secondary trading that could violate securities laws or allow unvetted investors. In practice, RYT tokens are issued only directly by the issuer (via the on-chain subscription process) and redeemed only by the issuer; peer-to-peer transfers are disabled at the smart contract level (only whitelisted treasury addresses and investor addresses can interact in primary issuance/redemption). This ensures compliance with the private offering memorandum and securities regulations.

Note: While the **primary issuance is permissioned**, the project anticipates that RYT could achieve **permissionless secondary market** utility within a compliant framework. In other words, after the tokens are issued to whitelisted investors, those investors may utilize RYT in DeFi (e.g., as collateral or liquidity) and potentially trade with other compliant participants. However, any such secondary use is outside the primary platform and subject to each holder's responsibility to comply with applicable laws and the fund's terms. As of this writing, **token transfers between wallets are restricted** to maintain compliance [5]. This legal structure – full 1:1 backing, restricted primary transferability, and no variable returns – is aimed at ensuring RYT **does not constitute a security** under many jurisdictions' definitions, but rather functions akin to a stablecoin or mutual fund share (exempt offering) where the value is derived solely from a fully reserved underlying asset.

Governance and Rights: RYT holders are effectively shareholders of the Segregated Portfolio (via the token). However, unlike typical governance tokens, RYT does not confer on-chain voting rights in a protocol. Governance of the underlying fund is carried out in the traditional manner: the Board of Directors of the fund has the authority to make decisions in the interest of shareholders, and the Investment Manager executes the fund's investment strategy (in this case, selecting the ChinaAMC USD MMF as the asset). Investors do not play an active role in day-to-day management, but they have standard fund shareholder rights, such as the ability to redeem shares and to receive reports. The fund will provide audited annual reports and daily NAV reporting to token holders (published on the RYT website)[16]. Major decisions (like any changes to fees or gating of redemptions) would be communicated and handled per the terms in the offering documents and Cayman law.

It's important to note that RYT token holders **do not have governance rights over unrelated DeFi protocols** or any business – their rights are specific to the fund's shares. This delineation further supports the notion that RYT is an **investment product (fund share)** rather than an equity stake in an operating company or a governance token in a platform.

Legal and Regulatory Considerations

Regulatory Status: RYT is structured to be a **compliant financial product** rather than an unregulated crypto asset. The Solowin Digital Horizon SP is registered in the Cayman Islands and operates under the regulatory framework applicable to Cayman mutual funds (or private funds, as appropriate). The offering of RYT tokens (the fund's tokenized Class A shares) is conducted as a private offering pursuant to an exempted

fund regime, meaning it is not registered as a public security and is not freely available to the general public. This structure is deliberate to avoid classification as a public security or an unregistered collective investment scheme in various jurisdictions. Because RYT tokens are fully backed and have stable characteristics, the issuer's position is that RYT should not be deemed a "security token" in the sense of speculative crypto tokens. Instead, it is a **digital representation of a fund share**, analogous to how an ETF share or money market fund share functions, but issued on blockchain. There is no expectation of profit beyond the pro-rata share of interest earned by the underlying assets, and there is no active managerial effort on behalf of token holders aimed at increasing token value (other than standard fund management of money market assets). These factors help position RYT outside the realm of investment contracts in jurisdictions like the U.S., though the product is **not offered in the U.S.** to eliminate any ambiguity.

Jurisdictional Restrictions: RYT is NOT available to U.S. persons or persons in restricted jurisdictions (including the People's Republic of China mainland). The offering memorandum explicitly restricts sales to **Eligible Investors** and requires that no Participating Shares (tokens) are issued or transferred to any person in a jurisdiction where such offer would be unlawful [15] . U.S. persons (as defined under Regulation S of the U.S. Securities Act) are excluded to avoid triggering U.S. securities laws. Similarly, investors in Mainland China are not permitted, due to local regulatory restrictions on cryptocurrency and cross-border investment products. The website and offering documents carry disclaimers to this effect. Investors may also be required to represent that they are not from other barred jurisdictions and that they comply with their local securities and tax laws. **Each investor is responsible for ensuring their purchase and holding of RYT is lawful in their jurisdiction.** The issuer and its partners assume no responsibility for an investor's regulatory compliance outside the offering's own restrictions – this is clearly stated in the disclaimers on the RYT platform.

Subscription Agreement and KYC: Prospective investors must undergo a thorough onboarding process before obtaining RYT. This includes completing a **Subscription Agreement** (digitally) wherein the investor affirms they meet eligibility criteria and agrees to the fund's terms. Investors connect their digital wallet to the RYT portal and are directed to a regulated KYC/AML provider to verify identity and perform screening [17] . The onboarding (handled via Solomon JFZ's compliance portal) collects documents and information as required for Anti-Money Laundering and sanction checks. Only upon **KYC/AML approval** and wallet address screening will an investor's wallet be **whitelisted** for interacting with the RYT smart contracts [18] . The fund administrator or distributor reviews the subscription request (which includes the signed subscription agreement and KYC data). Once approved, the investor receives a confirmation (and an onboarding completion email) [19] . This whitelisting mechanism ensures that only verified, accepted investors can mint or redeem RYT; any attempt by an unwhitelisted address will be rejected by the smart contracts.

Non-Transferability (Primary Market): As noted, the token cannot be transferred freely at this time. The rationale is to prevent circumvention of the KYC restrictions and to maintain the private placement status. If a secondary market transfer were allowed without control, there is a risk a token could end up with an unverified person (for example via a DEX trade), which would violate the offering terms. By disallowing direct token transfers between users (the smart contract implements a transfer restriction such that only the official liquidity smart contract (Teller) and whitelisted treasury accounts can transfer tokens), RYT stays within a closed-loop on primary issuance [15] . Investors who wish to liquidate simply use the redemption process back to the issuer (described later) instead of selling to a third party. This design is a key compliance feature. In the future, if regulatory clarity allows certain peer-to-peer transfers (for instance, between two whitelisted professional investors, or trading on a regulated exchange), the transfer restrictions may be

revisited. But any such change would require updating the offering documents and likely implementing on-chain controls (or specific whitelisted exchange contracts) to ensure ongoing compliance.

Cayman Compliance: Being domiciled in the Cayman Islands, the fund complies with Cayman's Mutual Funds Act or Private Funds Act as applicable (since this is a segregated portfolio of an SPC, which may be registered or exempt based on number of investors, etc.). The structure leverages Cayman's regulatory regime which is familiar with both traditional funds and newer digital asset funds. Cayman counsel (Ogier, as per the legal advisor listed [20] [21]) has ensured the fund documents and tokenization approach meet local legal requirements. For example, the fund's constitutional documents have been crafted to accommodate the issuance of **"tokenized shares"** (referred to as Class A Tokens in the supplement) and clarify that holders of such tokens have the same rights as traditional share certificate holders, subject to the transfer restrictions. The supplement to the Private Offering Memorandum explicitly notes that the tokenized Class A Shares cannot be transferred as of now, and directs investors to the standard redemption process for exit [22].

Hong Kong Distribution: Solomon JFZ (Asia) Holdings Limited, a licensed entity under the Hong Kong Securities and Futures Commission (SFC), acts as the fund distributor and interface for investor onboarding. Solomon JFZ holds multiple SFC licenses, including a Type 1 license for dealing in securities (granted Jan 10, 2017), which authorizes it to distribute funds and securities to professional investors in Hong Kong. Using its existing infrastructure and client onboarding platform (often branded as **Solomon VA+** for digital assets), Solowin is able to offer RYT to Hong Kong based institutional clients in full compliance with SFC regulations. In fact, Solowin (HK) is an **established distributor for ChinaAMC** products, meaning it already has agreements and procedures in place to sell the underlying ChinaAMC Select USD MMF to its clients. RYT leverages this by wrapping the fund distribution in a tokenized format. The Hong Kong investors effectively still subscribe to a fund managed by ChinaAMC (via Solowin's segregated portfolio), but do so using USDC and receive tokens, thanks to Solowin's legally approved process. This synergy of proper licensing and blockchain innovation exemplifies how RYT's structure is built "regulation-first."

Other Jurisdictions: Outside of the U.S., China, and Hong Kong, RYT is generally offered to non-residents of prohibited countries, typically targeting financial hubs where professional investors are open to such products (e.g. Singapore, UAE, Europe (under reverse solicitation or appropriate exemptions), etc.). Investors are reminded that they must only acquire RYT in compliance with laws of their country – for instance, an EU investor must consider local private placement rules. The RYT platform does not actively market into jurisdictions where approval has not been sought. The overall approach is **jurisdictional compliance and investor qualification first**, then token distribution second. This is a departure from many crypto projects and is what makes RYT appealing to institutions and their legal counsel.

Disclaimers: All information provided to prospective investors (including this whitepaper, the official website, and app) carries disclaimers to set expectations and limit liabilities. The RYT website clearly states that nothing constitutes investment advice or an offer to unqualified investors, and that past performance (money market yields) is not indicative of future results [24]. The site Terms and Conditions also outline that users must abide by the laws of their jurisdiction and that the platform can deny access to anyone misusing it [25] Standard Chartered's involvement as custodian should not be misconstrued as a guarantee or endorsement of returns; similarly, while RYT's infrastructure is robust, the offering documents clarify that **investors bear the risks** of the underlying fund's performance and the technological systems. The **Notices** in the offering memorandum and on the site explicitly warn that RYT is not available in certain jurisdictions

(as discussed), and that by participating, investors confirm their eligibility and regulatory compliance. In summary, the legal framing of RYT is as a **restricted, fully-backed, stable-value tokenized fund share**, aiming to stay well within regulatory guardrails and offering full transparency to investors and regulators.

Custody and Infrastructure

A cornerstone of RYT's design is its **custody model**, which marries the security of traditional custodians with the flexibility of blockchain. Below we describe the flow of assets and the roles of various parties in maintaining 1:1 backing and secure operations.

Standard Chartered Bank – Custodian, Fund Admin & Transfer Agent: All underlying assets corresponding to RYT tokens are held in custody by **Standard Chartered Bank (Hong Kong) Ltd** ("SCB"). When investors purchase RYT (sending USDC to the issuer), those funds are ultimately converted into USD fiat and used by the Solowin Digital Horizon SP to subscribe to ChinaAMC Select USD Money Market Fund shares. These shares are custodied in an account at SCB designated for the Solowin Digital Horizon SP. SCB acts as the **Custodian** of the money market fund shares, ensuring they are safely held and segregated. Notably, SCB (through its digital asset custody platform, **Libeara**) also has oversight of the **tokenized representation** of those shares. In practice, SCB's role extends to acting as a **Transfer Agent** – coordinating the creation and redemption of tokenized shares so that the on-chain token supply always matches the off-chain fund holdings. According to the project's documentation, Standard Chartered Bank is entrusted with three core roles: **(1) Fund Administrator, (2) Transfer Agent, and (3) Custodian** for both the fund shares and the tokenized assets. All fund administrative tasks such as daily NAV confirmation, share registration, and corporate actions are either handled by SCB or in conjunction with the professional fund administrator (Ogier) under SCB's oversight. **Critically, SCB's custodial control means that RYT is fully collateralized at all times – every token is matched by a fund share held by a reputable global bank.**

MPC Treasury Wallets: On the blockchain side, RYT utilizes **MPC (Multi-Party Computation) wallets** to securely hold both USDC and RYT tokens in the system. An MPC wallet (operated by the primary liquidity provider, described below) serves as the on-chain "treasury" for the Solowin Digital Horizon SP. When RYT tokens were launched, the entire token supply was **pre-minted** and placed into custody – effectively stored in the MPC wallet – under a multi-signature or multi-party governance scheme [26]. This means no new RYT can be minted beyond the pre-minted amount without the proper multi-party approvals aligned with the underlying asset deposits. The MPC setup protects against single-point-of-failure; multiple authorized parties (e.g., the issuer, custodian tech provider, etc.) hold key shares that must cooperate to move funds. This wallet holds the **liquidity reserves**: when an investor initiates a mint or redeem, the tokens or stablecoins flow through this treasury wallet. By keeping assets in an MPC custody rather than a single-key wallet, the project significantly mitigates hacking risk. In fact, the operations playbook identifies that the MPC wallet holds most RYT and USDC at rest, and is a critical point to secure [27]. The mitigation is that even if an attacker compromised one component, they could not unilaterally move funds, and emergency procedures (including the ability to **pause or even force-burn** tokens from the MPC wallet if something goes wrong) are in place [28] [29].

Ocean Securities – Liquidity Provider: To facilitate instant minting and redemption (T+0 settlement for users), the project partners with **Ocean Securities** (a regulated entity within the ecosystem) as the on-chain liquidity provider. Ocean Securities operates the **"Liquidity Teller"** smart contracts and controls the aforementioned MPC treasury wallet for day-to-day liquidity operations [30]. In practical terms, Ocean Securities ensures that when you, as an investor, want to mint RYT at 11pm or redeem at 6am, there are

tokens and stablecoins readily available to swap with you, even though the traditional fund subscription or redemption will only settle the next business day. Ocean Securities bridges that timing gap by fronting the liquidity. It maintains a buffer of RYT tokens (pre-minted and held in the treasury) and a buffer of USDC such that any incoming subscription can immediately get tokens, and any redemption can immediately get USDC. Then, during the next business cycle, Ocean Securities (via the SP) will either invest the new USDC into the fund or redeem the necessary fund shares to replenish USDC, rebalancing the system.

Because Ocean Securities is the entity performing these actions, it effectively acts as the **primary dealer** or market-maker for RYT's primary market. It holds the keys (through MPC) to the smart contract that performs atomic swaps, but its actions are governed by the smart contract logic (so it cannot, for example, mint itself extra tokens or misappropriate funds without consensus and proper process). All of Ocean Securities' operations are subject to oversight and audit. Their role allows the **decoupling of user-facing transactions from fund operational timing**, delivering a seamless experience to investors.

Token and Cash Flow Overview: The following diagram illustrates the custody and flow of funds during **Subscription** (minting of RYT):
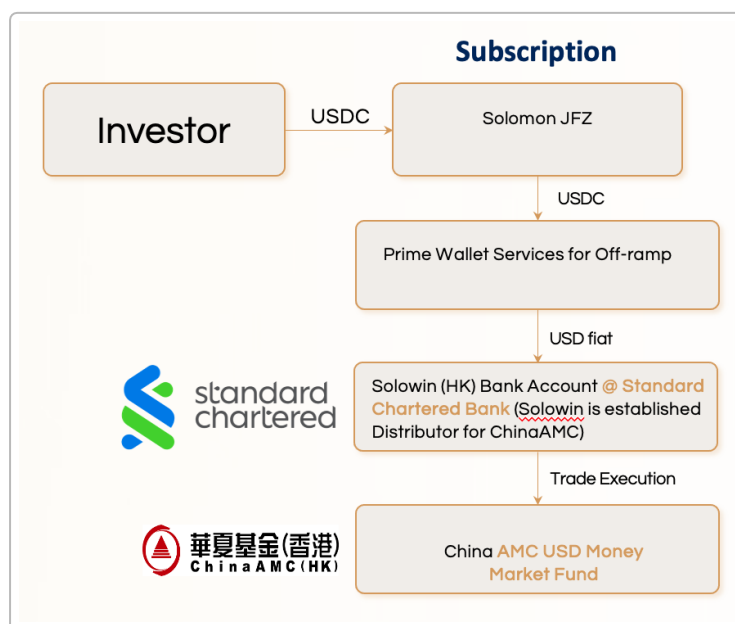
Subscription process: An investor sends USDC on-chain and receives RYT tokens in return. The USDC is off-ramped to fiat and deposited into Solowin's bank account at Standard Chartered. Solowin (via its distributor license) subscribes to the ChinaAMC USD Money Market Fund with the fiat. Fund shares are held in custody at Standard Chartered, and an equivalent amount of RYT tokens are released from the treasury to the investor (atomic swap). All fund administration, transfer agent functions, and custody are handled by Standard Chartered, ensuring 1:1 backing.

During **Redemption**, the flow reverses as shown below:
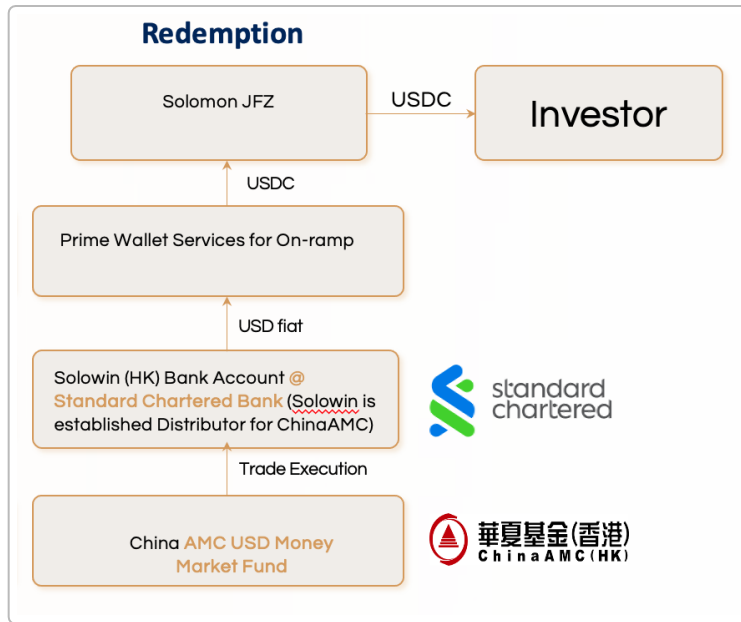
Redemption process: An investor sends RYT tokens back to the issuer (smart contract) and receives USDC to their wallet instantly. Concurrently, an equivalent amount of USD fiat is redeemed from the ChinaAMC fund via Solowin's Standard Chartered bank account and converted to USDC (on-ramped) to refill the treasury. This ensures the token supply and fund holdings remain in sync after the redemption. Standard Chartered handles the fund share redemption and custody updates, while the on-chain Teller contract handles the token burn and USDC payout atomically.

In both processes, **atomic swap** smart contracts (the "Instant Liquidity Teller") ensure that the token and cash exchange is indivisible – an investor will either get both legs (token and USDC) or the transaction fails, eliminating settlement risk [31] [32]. At no point can an investor send USDC and not get RYT, or send RYT and not get USDC, thanks to this design [33]. This atomicity is a major upgrade over traditional fund processes where one might wire money and wait hours or days for confirmation of fund shares.

Solowin Prime Bank Account: The diagrams mention a "Solowin (HK) Bank Account @ Standard Chartered Bank." This is the bank account belonging to Solowin's Hong Kong entity (the licensed distributor) which is used as the cash handling account for subscriptions and redemptions off-chain. It is through this account that USDC coming in is converted to USD (via regulated crypto-to-fiat channels, presumably) and then paid into the ChinaAMC fund, and likewise where redemption proceeds in USD are received and converted back to USDC. The fact that this account is with Standard Chartered as well provides efficiency and oversight. Standard Chartered, acting as custodian, can directly verify the flows between the fund and the Solowin account. Additionally, **Solowin's status as an official distributor for ChinaAMC** is what allows it to execute fund subscriptions/redemptions through this bank account without friction. Essentially, the Solowin bank account is whitelisted at the fund for subscription/redemption purposes. This integration of banking, custody, and blockchain settlement is a key part of RYT's robust infrastructure.

Asset Reconciliation and Clawback: To maintain the 1:1 peg between on-chain tokens and off-chain assets, daily reconciliation is performed. The NAV Oracle (described later) reports how many fund shares are held and what the NAV per share is. The smart contracts can compute how many RYT should be in circulation to match that. In the rare event of any discrepancy (for instance, if due to an operational error

the on-chain token count and off-chain fund share count diverged), both the Libeara platform (Standard Chartered's tokenization system) and the RYT smart contracts have **clawback or adjustment functions** [34] . These functions could be used to correct the token supply (e.g., by burning excess tokens or minting tokens to align with custodial assets) under strict governance procedures. This is a safety mechanism to protect token holders and ensure full collateralization even in edge cases. The presence of a clawback is disclosed on the RYT website for transparency [35] . In normal operations, this function is not used, as the system is designed to keep everything in lockstep.

Security Audits and Practices: All smart contracts involved in RYT (the token contract, the Teller contracts for minting/redemption, or any investment contract logic) have undergone professional **security audits** before deployment. The code was audited by reputable blockchain security firms (specific audit reports and contract addresses are available to investors on request [36]). Moreover, ongoing monitoring is in place – for example, the contracts include a **price deviation alert system**: if the NAV oracle feeds a price that changes more than a certain threshold (e.g., 15% beyond normal daily range), the system will automatically flag and can **pause** operations to prevent any erroneous transactions[37]. Multi-sig governance is required for any contract upgrades or parameter changes, adding human oversight on top of code security.

In summary, the custody and infrastructure of RYT are designed such that: **Standard Chartered Bank** safeguards the real assets and record of tokenized shares, **Solowin/Ocean Securities** manages on-chain liquidity with MPC security, and the whole process is tightly controlled and audited. This gives investors and regulators strong confidence that RYT is not just another crypto token, but a well-supervised digital asset with the **safest TradFi standards** behind it.

Subscription Process (Minting RYT)

Once an investor has been onboarded and whitelisted, they can proceed to subscribe to RYT tokens through a simple web3 interface. Below is a step-by-step overview of the **primary subscription process**:

1. **Access the RYT Portal:** The investor navigates to the official RYT web portal (ryt.finance)[38] . This can be done directly or via links on partner sites such as AlloyX. The portal is a web dApp interface for interacting with the RYT smart contracts.

2. **Connect Wallet:** The investor connects a supported Web3 wallet (e.g. Metamask, Ledger, etc.) to the portal .[39]This must be the **same wallet address that was whitelisted** during KYC. (If an investor wants to use a different wallet, they would need to go through screening for that address as well.)

3. **Initiate Subscription (Invest Tab):** On the portal's dashboard, the user selects the **"Invest"** tab or option. They will be prompted to select a stablecoin and enter an amount. Currently, **USDC** is the primary accepted currency for subscription (USDT or others may be enabled in the future, but USDC is the default) [40]. The investor enters the amount of USDC they wish to invest. The interface will display the equivalent RYT tokens to be received, based on the latest NAV price.

4. **Review NAV Price:** The portal shows the **price per RYT token (NAV)** that will be used for the transaction, for transparency. This price is the latest daily NAV fetched from the oracle (for example, it might show "1 RYT = 1.0023 USDC" if the NAV has grown slightly above $1). The investor can thus

see how many RYT they will receive for their USDC deposit. There is no bargaining or order book – minting is done at the fixed NAV price at that time.

5. **Confirm and Execute "Add Funds":** The investor clicks the **"Add Funds"** or **"Mint"** button to proceed [33]. This triggers the Web3 wallet to prompt a transaction. What actually happens under the hood is an interaction with the **RYT Investment/Minting Smart Contract (Teller)**. The investor's USDC will be transferred from their wallet into the smart contract, and in the same transaction, the contract will transfer the corresponding RYT tokens from the treasury to the investor's wallet. This is the **atomic swap**: USDC in, RYT out, in one on-chain operation[41]. If any step fails (e.g., if the NAV price updated just before and the quote is off, or if the investor doesn't have enough USDC balance or gas), the transaction reverts entirely – ensuring no partial completion.

6. **Receipt of RYT Tokens:** Upon success, the investor instantly sees the newly minted RYT tokens in their wallet (the same address). The portal will update balances showing the USDC deducted and RYT added. The investor also typically receives a confirmation on the interface ("Success! You have added funds and received X RYT.") and an email confirmation may be sent for record. On-chain, one can verify that their wallet now holds the ERC-20 tokens.

7. **Email Confirmation & Records:** The platform sends a confirmation email or notification, summarizing the subscription (amount invested, RYT received, transaction ID) [19]. Internally, the fund administrator logs the new subscription, associating the wallet (investor) with the corresponding number of shares in the fund's register.

Behind the scenes, once this on-chain subscription occurs, the Ocean Securities liquidity mechanism will take the USDC received and later convert it to fiat to subscribe to the actual fund shares as described in the Custody section. However, the investor does not need to wait for that – they already have their RYT, and their funds are effectively in the fund instantly via the token.

Subscription Limits and Fees: There are currently **no upfront subscription fees** being charged (the standard subscription fee of up to 0.1% is waived until further notice) [41]. This means investors can mint at NAV with no premium. There may, however, be a small spread in NAV vs. stablecoin parity if the fund NAV has inched above $1. For example, if NAV is 1.0005, minting 1000 USDC would yield ~999.5 RYT (because each RYT is worth slightly more than 1 USDC). This ensures existing holders are not diluted. There is also an **instant liquidity surcharge of 7 basis points (0.07%)** applied within the contract to account for the interest timing difference [42] This 0.07% is effectively the protocol fee for T+0 access – it compensates the system for giving you same-day yield. In practice, this might be embedded in the price or charged as a tiny fee during mint (e.g., you might effectively get 0.9993 RYT per USDC if this fee is applied). The whitepaper comparisons show other similar products charge around 0.07% total for instant liquidity [43] [44] , so RYT's fee is in line with market.

Minimum Investment: The minimum subscription amount is generally low (potentially as low as a few hundred USDC) to allow broad participation by eligible investors, but the platform may set a minimum (for instance, $10,000) for initial investments depending on regulatory suitability. The offering documents do not specify a hard minimum in the supplement excerpt, but as a private offering, typically a minimum is required to ensure only serious/professional money. This detail would be confirmed in the PPM/ Subscription docs provided to investors.

Minting Capacity: As of now, RYT has a daily mint (and redeem) capacity which is displayed on the website in real time [45]. This reflects how much can be instantly minted from the liquidity pool at that moment. Initially, the Instant Liquidity Teller is stocked to support a certain volume (for example, a few million USD per day). **If an investor wishes to subscribe a very large amount that exceeds current on-chain liquidity, they can still do so, but it might be queued or handled with assistance.** The UI and documentation instruct such investors to contact support (cs@solomonwin.com.hk) if their desired subscription exceeds the instant capacity [46] [47]. In practice, Ocean Securities can increase the capacity (by pre-funding more USDC in the contract or increasing the token reserve) if they know a large subscription is incoming, or they might do a manual arrangement for that trade.

Investor Experience: From the investor's perspective, subscribing to RYT feels like using a DeFi dApp with the difference that you must have completed KYC beforehand. Once whitelisted, it's a few clicks: connect wallet, input amount, confirm transaction – and you're done. The process is far simpler and faster than subscribing to a traditional fund (which might involve filling PDF forms, waiting for wire transfers, and T+1 confirmations). This ease of use is a huge advantage for DAO treasuries or crypto-native funds that want to park surplus cash in a yield product – they can programmatically mint RYT as needed, knowing it's all on-chain and instantaneous after the initial onboarding.

Redemption Process (Burning RYT)

Redeeming RYT tokens for the underlying USD is just as straightforward and is designed to be instant (T+0) for the user, subject to certain limits. The steps for **redemption** are:

1. **Access the RYT Portal:** The investor goes to the RYT web portal (ryt.finance) and selects the **"Redeem"** option (often it's a tab next to Invest) [48]. This brings up the redemption interface.

2. **Connect Whitelisted Wallet:** The investor connects the same wallet holding their RYT tokens. The dApp will automatically read the wallet's RYT balance and display it.

3. **Initiate Redemption (Redeem Tab):** On the Redeem tab, the user selects the output currency. Currently, USDC is the default stablecoin for redemption (since that's the on-chain currency used) [49]. The user enters the amount of RYT they wish to redeem. They can choose a full redemption (up to their entire balance) or a partial amount. The interface will show the amount of USDC that will be received and the applicable price (NAV) per RYT.

4. **Review NAV and Confirm:** The redemption price shown is again based on the latest NAV. It is effectively the inverse of the mint: if NAV per share is slightly above 1, redeeming 1 RYT yields slightly more than 1 USDC. The interface might show, for example, "1 RYT → 1.0023 USDC" if the NAV is 1.0023. This ensures the investor gets the full current value of the underlying assets. There are typically no redemption fees at present (0.1% standard fee waived)[50], so the price you see is the net you get, aside from the small 7 bps instant liquidity fee which is symmetric on redemption. The investor confirms they want to proceed.

5. **Execute Redemption Transaction:** The investor clicks **"Redeem"** in the dApp [51]. This triggers a transaction in their Web3 wallet. The smart contract call will transfer the specified amount of RYT from the investor's wallet **to the redemption contract** (or burn address), and simultaneously

transfer the corresponding USDC from the contract's treasury back to the investor's wallet. Thanks to the atomic swap design, this happens in one on-chain transaction: the investor sends RYT and receives USDC in the same transaction[32]. If for any reason the contract cannot dispense the full USDC (e.g., if liquidity is insufficient at that exact moment or if NAV moved during execution beyond tolerance), the transaction will fail and revert – so the user will either get all their USDC and lose the RYT, or the status quo remains with no partial execution.

6. **Receipt of USDC:** Upon success, the investor's wallet balance of RYT is debited (those tokens are effectively burned or held by the treasury) and USDC is credited to their wallet. The change is instant – the USDC will show up in their wallet immediately after the transaction confirms. The portal interface will show a success message (e.g., "Redeemed X RYT for Y USDC") and update the displayed balances.

7. **Confirmation and Off-Chain Process:** The investor may get a confirmation email summarizing the redemption. Internally, the fund administrator marks the corresponding fund shares for redemption in the off-chain records. Ocean Securities will later use this information to redeem the actual fund shares via Standard Chartered and convert the proceeds to USDC to refill the pool, as described earlier.

Redemption Limits: To protect the fund's liquidity, there is a **daily redemption cap** in place. Initially, the system has set a maximum daily instant redemption volume of **$2,000,000 USDC** (this figure may adjust over time based on AUM and liquidity) [52]. This cap applies to the on-chain Instant Teller contract's balance. In essence, the smart contract won't allow redemptions beyond what it has available in its USDC reserve (plus any set limit). If an investor tries to redeem an amount that exceeds the current liquidity pool, the transaction would not go through. In such a scenario, the user is advised to either redeem a smaller amount or contact the team for arranging a manual redemption for the remainder [46] [53]. The system is actively managed so that normal daily volumes are accommodated – the Ocean Securities team will **rebalance the liquidity pool** frequently to maintain a healthy level of USDC for payouts[54]. If exceptionally large redemption requests come in (for example, an institution wanting to redeem tens of millions in one day), the fund documentation allows the management to **defer redemptions** exceeding a certain threshold to the next dealing day [55]. In such a case, any unfulfilled redemption will be prioritized first for the next day's processing at that day's NAV, in a fair and transparent manner [55]. This is akin to a "gate" mechanism common in funds, but the thresholds are high enough to only come into play in extraordinary situations or if the fund's liquidity is strained.

It's worth noting that because RYT deals with highly liquid money market instruments, and because Standard Chartered can provide liquidity, such redemption deferrals are **not expected under normal market conditions**. Additionally, the team offers a **"Liquidity Facility"** for certain clients, as mentioned on the site [56]. This facility presumably allows a client (likely an institutional one) to arrange with the issuer to have guaranteed instant liquidity for large positions (possibly up to 100% of their holdings) even beyond the normal cap, in exchange for some arrangement or fee. This kind of facility ensures that even if one entity holds a very large amount of RYT, they could negotiate assured liquidity so as not to be stuck with tokens they can't redeem immediately. For most investors, however, the standard daily limit and processes suffice.

Settlement Timeline: From the investor's perspective, redemption is real-time (minutes or seconds to get USDC). However, to detail the complete settlement: the investor's shares are considered redeemed in the fund at the next official Redemption Day (each Business Day is a Redemption Day) at that day's NAV (which

is essentially the price they got). The fund will then pay out the proceeds to Solowin's account and those funds will replenish the pool. The **finalization of redemption proceeds** in fiat typically happens T+2 (trade date plus two business days) per the fund's terms[57]. But because of the pre-funding mechanism, the investor does not have to wait T+2; they already got USDC. Essentially, Ocean Securities is advancing the cash and taking on the short wait for T+2 settlement from the fund. No interest is paid on these two days by the fund (the investor stopped accruing yield once they redeemed)[58], but the investor has their money to deploy immediately elsewhere if they wish, which is a clear benefit.

No Partial Fills or Third-Party Payments: The platform will only send USDC to the **same wallet that sent the RYT** (which is by design, as it's atomic). This means redemption proceeds cannot be redirected to a different wallet or a bank account – the flow is strictly on-chain back to the source. The fund's terms also highlight that **no redemption proceeds will be paid to a third party** account[8]. This is an AML safeguard to ensure the person who invested is the one receiving the money back, preventing potential fraud or money laundering via third-party payments.

Fees: Currently, there are **no redemption fees** being charged (0.1% max fee waived)[9], so investors receive the full NAV value. The only fee implicitly affecting redemption is the same 7 bps instant liquidity charge (if not already taken at mint, it may be effectively factored in redemption). There are also gas fees on the Ethereum network to execute the transaction, which the user pays like any token transfer. There is no fee charged by the fund for early exit or anything; no lock-up period applies (0 days lock-up as per terms) [59]. This makes RYT a very flexible holding – investors can come and go as needed without penalty.

NAV and Price Assurance: Because redemptions happen at the published NAV, investors can be confident they are getting fair value for their tokens. The NAV per token is updated daily at a set time (6 AM UTC)[60], and that price is used for all transactions until the next update. If market interest rates move intraday, it doesn't change the NAV until next calculation – but money market fund NAVs usually move slowly and predictably. For example, if yields are ~5% APY, the NAV increases by ~0.014% per day. Thus intraday drift is negligible. Nonetheless, the platform displays the current price and presumably if someone mints or redeems after the daily cutoff but before NAV update, the system handles it appropriately (most likely, they fix one NAV price per day for consistency).

User Example: Suppose an investor holds 10,000 RYT and decides to redeem them all. They go to the portal, hit redeem, and might see that the NAV is $1.0010, so they will get 10,010 USDC. They confirm and within a minute receive ~10,010 USDC (minus maybe ~$7 if the 7bps fee applies, so ~10,003 USDC net). The 10,000 RYT are removed from their wallet. Later that day, the overall token supply in the contract is updated (10k tokens burned) and correspondingly, the fund will be instructed to redeem 10k shares for $10,010. Those dollars will come out of the fund's custody and likely the next day the treasury gets them and can convert to USDC. This entire chain is seamless to the end user.

Support and Failsafes: If something goes wrong during redemption (e.g., user's transaction runs out of gas, or they accidentally attempt from a non-whitelisted address), the tokens remain with the user and no USDC is deducted – they can simply try again correctly. If a user is partially through the KYC but not complete, the contract would block them from redeeming (though that scenario is rare because KYC is needed to even hold RYT in the first place). There is also likely a **pause function** that can be invoked by admin in case of emergency (for instance, if the underlying fund suspends redemptions or if a major technical issue is detected) [37] [61]. In such an event, the platform could temporarily disable new

redemptions until things are resolved, to protect all investors. This is a standard feature in well-designed financial smart contracts, used only as a last resort.

Overall, the redemption process of RYT emphasizes **speed, fairness, and reliability**, giving investors confidence that they can convert their tokens back to cash whenever needed, within the parameters of the fund's liquidity.

Technical Flow and Architecture

Under the hood, RYT operates via a set of smart contracts and oracle services that maintain the linkage between the on-chain token and the off-chain fund. This section provides an architectural overview of how the system works, referencing elements from the RYT Ops Playbook and technical design:

Smart Contracts Overview: RYT's smart contract architecture can be broken into a few key components:

- **RYT Token Contract:** This is the ERC-20 contract that governs the RYT token itself. It keeps track of balances and has customized transfer logic to enforce non-transferability (likely by overriding the `transfer` and `transferFrom` functions to only allow certain addresses or only allow transfers when called via the Teller contract). The total supply of this token was pre-minted to match the initial fund investment amount. This contract may also include roles for administrators (to allow things like pausing or clawback if needed) and likely integrates with allowlists to check if sender/receiver addresses are eligible. The token is **non-rebasing**, meaning the supply does not change to reflect yield; instead, the value per token changes.

- **Investment & Redemption (Teller) Contract:** Often referred to as the **"Liquidity Teller"** or **"RYT Instant Investment/Redemption Contract"**, this is the smart contract that facilitates the atomic swap during mint and redeem. It is essentially a decentralized "teller window" for the fund. When a user mints RYT, they are interacting with this contract: it receives the USDC (`ERC20.transferFrom` from the user to itself) and then sends out RYT (`RYT.transfer` from treasury to user). Conversely, on redemption, it receives RYT (burning or holding it) and sends out USDC from its reserves to the user. This contract is likely where the NAV price is fetched and applied – it probably pulls the latest price from the NAV Oracle (or from a stored variable updated by an oracle agent) to calculate how many tokens to swap. It also might apply the 7bps fee logic here. The Teller contract has access to the **treasury pool** of pre-minted RYT and USDC liquidity. It is programmed with limits (like the daily cap) so it won't redeem more than it has or mint more RYT than available. According to the Ops Playbook, this contract monitors the **"fund share token – RYT quantity delta"** to ensure no over-issuance [62] [63]. Essentially, it keeps track that the number of RYT in circulation equals number of fund tokens held, and prevents minting beyond that (the "reserve controller" function).

- **NAV Oracle / Price Feed:** The NAV Oracle is a mechanism to update the smart contracts with the latest NAV per share of the underlying fund. Each day, after the fund administrator (SCB/Ogier) computes the NAV (e.g., at end of day), this value is fed on-chain. It could be done via an **off-chain oracle service** or simply by a trusted wallet calling an update function on the contract. The playbook notes that the NAV is updated daily by an admin on the SCB side, and the RYT contracts read this live NAV for pricing [64]. Likely, there is an Oracle contract that stores the current NAV (scaled to some integer, like a price of 1.0023 might be stored as 10023 with 4 decimal precision). The Teller contract

queries this oracle whenever a mint or redeem happens to get the price. Security is crucial here: the oracle update is permissioned to only the admin (or a delegated oracle service like Chainlink if used). To mitigate risks of a bad NAV input (which could cause mispricing), the system has a **price alert** – if the new NAV deviates wildly (beyond 15% daily, as noted) it triggers an alarm or automatic pause [37] . This prevents, say, an erroneous extra zero turning $1.00 into $10.00 from being exploited.

- **Off-Chain Listener & Fund Integration:** The system includes an **off-chain component** often referred to as the "listener" or orchestrator. The playbook describes an off-chain listener that initiates a **"dummy investment" transaction to map 1:1 fund tokens and RYT quantity** [65] . What this means is: when an on-chain mint happens, the off-chain service listens for that event and then triggers the process to actually invest that amount in the fund off-chain. Conversely, for redemptions, it triggers the fund redemption process. This off-chain service has no ability to mint tokens itself (not a minter), but it can call functions on the smart contracts to, for example, move assets from the MPC wallet to the investment contract or vice versa [66] It acts as a **bridge between the blockchain and the traditional systems**. Security-wise, if the listener were compromised, it could perhaps disrupt operations but not directly steal assets (since it doesn't hold keys to mint or transfer user funds unilaterally). The design isolates critical actions to the contracts and MPC, with the listener just automating calls when certain conditions are met.

- **MPC Vaults (On-chain Treasury):** As mentioned earlier, the on-chain reserves (pre-minted RYT and USDC) are held in an MPC-controlled address. The Teller contract likely has authority to move funds from this address only under specific rules (e.g., when a valid user calls mint or redeem). It's possible that the MPC wallet is actually the holder of the initial RYT supply and it "approves" the Teller contract to distribute tokens up to some amount. Similarly for USDC, the MPC wallet might supply the liquidity. This setup would mean that any movement of large funds (like rebalancing between MPC wallet and Teller contract) requires multi-party approval (for example, moving extra USDC into the Teller contract to increase daily liquidity might require signing by multiple Ops team members). Step 5 in the risk identification suggests a **manual approval by an administrator for rebalancing transactions between MPC and investment contract pools** [67] [68] . This indicates human-in-the-loop for large transfers, which is a prudent safeguard.

- **Cross-Chain Bridge (Planned):** RYT is initially launched on Ethereum (mainnet) for its primary operations. However, there is intent to enable **cross-chain minting** on networks like Arbitrum, Polygon, Solana, etc. [69] [70] . Cross-chain minting would allow users on those chains to acquire RYT without bridging assets manually. The approach likely will involve a canonical mainnet RYT (Ethereum) and mirrored tokens (or a lock-and-mint mechanism) on other chains. A user on Polygon, for example, could send USDC on Polygon to a Polygon Teller contract, which would then communicate with the mainnet to reference the latest NAV and perhaps lock or account for issuance accordingly. The documentation specifies that any cross-chain mint must reference the **latest mainnet NAV** to ensure price parity[69] . This likely means the mainnet oracle price is the source of truth, and cross-chain systems either relay that price or have a syncing oracle. They might use something like Chainlink or a custom bridge to propagate price and possibly to handle burning/minting across chains. For now, the multi-chain is in planning, so the technical flow described is mainly Ethereum-centric.

Transaction Flow Summary: To illustrate a full cycle with the above components, consider a user minting RYT:

- The user calls `TellerContract.mint(amountUSDC)` via the frontend.
- TellerContract checks the user's address against whitelist (likely using a mapping of allowed addresses set by KYC process).
- TellerContract queries Oracle for current `navPrice`.
- TellerContract calculates `tokensToGive = amountUSDC / navPrice` (accounting for fees).
- TellerContract ensures `tokensToGive` is <= available RYT in treasury and that `amountUSDC` is <= available USDC capacity.
- TellerContract transfers `amountUSDC` from user to itself (using `USDC.transferFrom(user, address(this), amountUSDC)`).
- TellerContract transfers `tokensToGive` RYT from treasury to user (possibly the treasury (MPC) had pre-approved Teller or Teller has an internal balance).
- Emit events for Mint (with amounts).
- Off-chain listener sees Mint event, records that user X bought Y tokens for Z USDC.
- Later, off-chain process aggregates mints and instructs: move Z USDC (minus fees) from crypto exchange to SCB bank, subscribe Z USD to fund, get confirmation of new shares.
- Oracle admin updates NAV next day, including the increased fund assets.

For a redemption:

- User calls `TellerContract.redeem(amountRYT)`.
- TellerContract checks whitelist and that it has enough USDC liquidity for the redemption.
- TellerContract queries `navPrice`.
- Calculates `usdToPay = amountRYT * navPrice` (minus any fees).
- TellerContract transfers `amountRYT` from user to itself (or directly burns it).
- TellerContract transfers `usdToPay` in USDC from its reserves to user.
- Emit Redemption event.
- Off-chain listener catches event, marks that fund shares corresponding to amountRYT should be redeemed.
- Off-chain triggers: redeem those shares via SCB, receive USD in bank, convert to USDC, top up on-chain reserve.
- Oracle updates NAV reflecting the decrease after redemption if material.

The system architecture as described in internal documents highlights **risk management at each step**. For example, to mitigate hacking risk on the reserve controller (which ensures no oversupply), the design notes that even in worst case of a hack, any oversupplied RYT would still be in the MPC wallet under multi-sig control and could be burned [28] Likewise, any transaction that breaks predefined logic will trigger a pause (meaning if any invariant in the contracts or off-chain integration is violated, the system halts rather than continue in an inconsistent state) [71] [61] .

Technology Partners: The RYT architecture is built with contributions from partners like **AlloyX** (blockchain technology provider) [72]. AlloyX likely helped develop or audit the smart contracts and possibly provides the front-end interface and integration with MPC custody (AlloyX being a crypto tech firm). Meanwhile, **Libeara** (incubated by Standard Chartered's SC Ventures) provides the tokenization platform that interfaces with the custodian bank's systems [73] [74] . Libeara's platform likely ensures that for every fund share bought, a

token can be accounted for, and it might host the clawback mechanism or maintain a permissioned ledger parallel to Ethereum for SCB's reconciliation. These integrations show that RYT is at the cutting edge of combining banking infrastructure with blockchain.

Auditability and Transparency: Every mint and burn event is recorded on the Ethereum blockchain, which investors or auditors can verify. Moreover, the fund's NAV and holdings can be audited in the traditional way (the fund will have audited financials). Because Standard Chartered and the Administrator maintain records of the number of shares issued for the SP, one can match that against the on-chain token supply at any time. The project intends to display real-time metrics (like current NAV, total RYT supply, total fund assets, remaining mint/redeem capacity) on the dashboard for full transparency [45]. The smart contracts' code (once final) may be made public or even open-source for community review.

Resilience and Redundancy: By having an off-chain component in tandem with on-chain contracts, RYT achieves a level of resilience: if, for instance, the off-chain systems (like the web portal or listener) go down temporarily, on-chain redemption might still function as long as the user can call the contract (though in practice, the average user uses the portal). And if the on-chain environment faces issues (like extreme network congestion), the fund can still be managed off-chain (the assets are still safe with the custodian even if token operations pause). This two-layer design (off-chain fund + on-chain token) ensures that a failure in one domain doesn't lead to total loss – at worst, it could cause a delay, but not loss of asset value.

In summary, the technical flow of RYT is a tightly orchestrated dance between smart contracts, bank systems, and oracle updates, all governed by a philosophy of **maintaining a 1:1 peg** and **minimizing risk**. The architecture referenced in the Ops Playbook reveals careful consideration of every potential risk: from price errors to hacking to manual errors, with mitigations like alerts, caps, multi-sig, and pause controls [34] [71] . For the end-user or even a legal reviewer, the takeaway is that RYT's backend is robust and has multiple safeguards to protect investor funds and maintain alignment with the real-world fund.

Risk Disclosures

While RYT is designed to be a low-volatility, fully backed token, it is not free of risk. Investors should carefully consider the following risk factors and disclosures (many of which are also outlined in the fund's offering memorandum):

- **Underlying Asset Risk:** RYT's value is entirely dependent on the performance of the underlying ChinaAMC Select USD Money Market Fund. Although this fund invests in highly safe instruments (such as government treasuries, bank deposits, and high-grade commercial paper), it is not risk-free. In extreme market conditions, the fund could suffer losses or "break the buck" (NAV falling below $1). For example, if an issuer of a debt instrument in the fund defaults or if interest rates move sharply causing mark-to-market losses, the fund's NAV could drop [75] [76] . While money market funds aim to preserve capital, historical precedents (though rare) show they can incur losses. RYT holders are exposed to any such losses since RYT reflects fund NAV. There is no external guarantee or insurance on the fund's value (not FDIC insured, not bank guaranteed). Investors could lose principal if the fund's assets were impaired.

- **Liquidity and Redemption Risk:** The ability to redeem RYT instantly is facilitated by a liquidity pool. Under normal conditions, this works seamlessly. However, in a scenario of extremely high redemption volumes in a short time, the available on-chain liquidity might be exhausted. In such

cases, as described, redemptions could be **deferred or limited**[77] [55] . Additionally, the fund's directors have the authority to suspend redemptions in extraordinary circumstances (for instance, if underlying markets are closed or illiquid, or if required by law). This means that in a severe crisis, an investor's ability to cash out of RYT could be temporarily suspended until conditions normalize. This risk is somewhat mitigated by the fund's high liquidity profile and the presence of the liquidity provider, but it cannot be entirely eliminated. The **Liquidity Facility** arrangements also indicate that not all investors may have equal liquidity at all times – some institutional clients might secure 100% liquidity rights with fees, whereas others rely on the general pool.

- **Counterparty Risk – Custodian and Issuer:** All underlying assets are held at Standard Chartered Bank. If Standard Chartered were to face an extreme event (such as insolvency or operational failure, however unlikely for a bank of its stature), access to the assets could be impacted. The assets should be segregated as client assets, which offers protection, but there is dependency on the custodian's integrity and operational continuity. Similarly, the structure relies on Solowin (and related entities like Ocean Securities, Solomon JFZ) to perform certain roles. Insolvency or malfeasance on the part of the issuer or its partners could lead to legal complexities or delays in redemption. However, note that the fund's assets are legally owned by the segregated portfolio for the benefit of investors, which should be shielded from the creditors of other entities. Counterparty risk is further mitigated by regulation and oversight (Standard Chartered is regulated, Solowin's entities are licensed and subject to audits, etc.).

- **Regulatory Risk:** The regulatory environment for tokenized securities and stablecoins is evolving. While the project has taken a compliance-first approach, there is a risk that regulators in certain jurisdictions could take action that affects RYT. For example, a regulator might deem the token to be a security in their jurisdiction despite the structure, potentially restricting its sale or causing additional compliance burden. Changes in laws (Cayman, Hong Kong, U.S., or others) could require the project to halt new issuance or change features. Notably, if a government were to ban or heavily restrict stablecoin or tokenized fund usage, RYT holders in that jurisdiction might be forced to redeem. There's also regulatory risk on the underlying fund side – changes in money market fund regulations (like liquidity requirements or valuation rules) could impact operations. The project must also comply with sanctions and AML laws; if a holder becomes a sanctioned person, the issuer may be required to freeze or redeem their tokens compulsorily[78] .

- **Smart Contract and Technology Risk:** Even though audits have been done, **smart contracts** are software and could have undiscovered bugs or vulnerabilities. A flaw in the contract could, in worst case, be exploited to steal funds or mint tokens illegitimately. The system has been built to minimize this (with pause functions, etc.), but the possibility cannot be zero. Additionally, the reliance on Ethereum (and potentially other blockchains) means that network congestion or outages could delay transactions. Extreme gas price spikes could make minting/redeeming temporarily expensive or slow. There's also the risk of MPC wallet compromise – while MPC is very secure, funds could be at risk. The operational security around keys, multisig approvals, and oracle inputs is paramount. The project uses trusted partners and likely hardware security modules, but users should be aware this is an aspect of risk.

- **Market Acceptance and Secondary Liquidity Risk:** RYT is a novel product. Its value proposition assumes there will be demand and usage among crypto investors and DeFi protocols. If market

adoption is low, RYT's secondary liquidity (on exchanges or DeFi) might be limited. While primary redemption is always available (subject to limits), low circulation could mean one cannot easily trade RYT on the open market or use it widely as collateral because partners may be cautious. There is a risk that, for example, a DAO might invest in RYT but later find that few others trade it, so if the DAO wants to sell quickly without using the primary redemption (maybe to arbitrage something), they might not find buyers. This is more of a market risk (liquidity risk) for those who want instant peer-to-peer liquidity. However, given the nature of the asset, most are expected to redeem via the issuer.

- **Interest Rate and Yield Risk:** RYT's yield will fluctuate with prevailing USD interest rates. If interest rates decline, the 7-day yield of the underlying fund will drop (as the fund reinvests maturing assets at lower rates). RYT holders will then see slower NAV growth. Conversely, if rates rise, yield increases (but there could be a short-term dip in NAV if the fund's mark-to-market is affected). Importantly, **inflation risk**: if USD inflation is high, the real yield might be lower or negative in purchasing power terms. While not a direct financial risk to nominal value, investors should understand the yield is not guaranteed and is subject to monetary policy and market conditions.

- **Operational Risk:** There are many operational steps (oracle updates, off-chain conversions, banking transactions) that occur. Failures or delays in any of these could lead to inconvenience or minor losses. For instance, if a banking conversion is delayed, the liquidity pool might run low until resolved. If the oracle update is delayed beyond the usual time, the system might have to temporarily halt new transactions until price is updated. Human error, while mitigated by automation, is still possible in off-chain processes. The fund administrator could make a mistake in NAV calculation (unlikely with a reputable admin, but a risk nonetheless).

- **Legal Ownership and Enforcement Risk:** Holding RYT tokens gives you beneficial ownership of fund shares, but that relationship is governed by legal agreements. There is a trust that the issuer will honor redemptions and that the legal system recognizes token holders as shareholders. The offering documents specify that token holders are treated as participating shareholders in the fund. In a scenario where a token holder needed to enforce their rights (say, if the issuer failed to redeem without cause), the holder would rely on legal remedies potentially in Cayman or Hong Kong. That process could be cumbersome if, for example, the holder's identity needs proving due to pseudonymous wallets. The project likely has a mechanism linking wallets to legal identities via the subscription agreement, which mitigates this. Still, the **enforcement of rights** for tokenized shares is relatively untested. Investors must rely on the issuer's reputation and the legal structures in place.

- **Compulsory Redemption Risk:** The fund reserves the right to **compulsorily redeem** investors in certain cases [78]. For example, if an investor is found to be ineligible or their holding could cause regulatory issues (like someone became a U.S. person or is involved in unlawful activities), the fund can force redemption of their RYT at the prevailing NAV and return the money to them. This is a risk in that you could be redeemed out without initiating it yourself (though you'd get your cash, it means you lose the investment exposure). This is a standard clause to maintain compliance, but worth noting.

- **Geopolitical and Jurisdictional Risk:** Because the underlying assets could include bank deposits or securities across jurisdictions, any geopolitical event that affects the global money markets could indirectly affect RYT. Also, the structure spans Cayman (legal domicile), Hong Kong (operations and banking), and potentially Mainland China indirectly (ChinaAMC is ultimately a Chinese institution, though the fund is likely an offshore Hong Kong-domiciled fund). Changes in capital controls, banking regulations, or diplomatic relations could pose unforeseen challenges. For instance, if Hong Kong imposed new rules on crypto-related remittances, it might slow the on/off ramping of USDC. Or if Cayman changed its stance on segregated portfolios, there could be compliance adjustments. These are speculative, low-probability risks but underscore the multi-jurisdiction nature of RYT.

- **Tax Risk:** The whitepaper doesn't delve into tax, but investors should consider tax implications. Depending on jurisdiction, holding RYT could be seen as holding an offshore fund interest, which might have specific tax treatments (like PFIC status in the U.S. if a U.S. person somehow held it, etc.). While not a "risk" per se of loss, unexpected tax liabilities are a form of risk for net returns. The product is aimed at non-U.S. persons, many of whom may still have to consider capital gains or income tax on the yields.

In conclusion, **RYT does not eliminate the fundamental risks of investing in a money market fund; it repackages that investment in a technologically advanced form.** The key comfort is that many of these risks (credit risk, liquidity risk) are relatively low in a high-quality money market fund context, and additional crypto-specific risks (like hacks) have been actively mitigated through design. The project provides extensive transparency and has alignment (Solowin and partners likely invest significant capital and reputation in this as well). However, investors must perform their own due diligence and risk assessment. This whitepaper and the RYT platform's materials provide information, but ultimately each investor should consider whether RYT fits their risk profile and investment needs.

Risk Mitigation Summary: To reassure, let's recap some mitigations: - Full backing by cash equivalents reduces market risk. - Daily NAV and limit controls prevent uncontrolled situations. - Top-tier custodian and licenses reduce counterparty/regulatory risk. - Audited contracts and MPC custody reduce technical risk. - Ability to pause or clawback provides an emergency brake to protect value if something abnormal is detected.

Nonetheless, **investing in RYT should be undertaken with an understanding of the above risks.** By participating, investors acknowledge these risks and the fact that there are no guarantees of profit or avoidance of loss, just as with any other financial product [24].

Legal and Regulatory Disclaimers

The following disclaimers are provided to ensure clarity and compliance with applicable laws and are consistent with those presented on the RYT official website and offering documents:

- **Not an Offer to Unqualified Persons:** This whitepaper is for informational purposes and **does not constitute an offer or solicitation to buy or sell any security, token, or financial instrument** in any jurisdiction where such offer is not authorized [24]. RYT tokens are offered only to Eligible Investors under pre-approved conditions. Any potential offer would only be made via definitive legal agreements (Subscription Agreement and Offering Memorandum) and not via this document.

- **Not Available to U.S. or Restricted Investors:** RYT is **not available to U.S. Persons** (as defined in Regulation S of the U.S. Securities Act) or to persons in the United States. It is also **not available to residents of Mainland China** or any other jurisdiction where tokenized fund offerings are prohibited. The issuer reserves the right to reject or reverse any participation that appears to involve a restricted person. By acquiring RYT, investors represent that they are not a person to whom the offering is unlawful.

- **Investors' Responsibility:** Investors are solely responsible for compliance with the laws of their country of residence or citizenship. The issuer and its affiliates assume no responsibility for ensuring that an investment in RYT is suitable or compliant for a particular investor. Prospective investors should consult their own legal, tax, and financial advisors regarding the appropriateness of an investment in RYT, the applicable regulatory requirements, and any reporting obligations.

- **Private Placement – No Registration:** RYT tokens have not been registered with or approved by any regulatory authority. They are offered under exemptions from registration (such as private offering exemptions). As such, **tokens may be subject to transfer restrictions** and lack the regulatory oversight that comes with a public offering. However, the fund is structured to comply with Cayman Islands fund laws and applicable regulations in offering jurisdictions.

- **No Guarantee of Investment Performance:** Investment in RYT (and thus the underlying money market fund) is not guaranteed by any bank, government, or third party. **Past performance** of money market yields or stablecoins is not indicative of future results [79]. While the fund aims to preserve capital and provide yield, there is no guarantee that it will meet these objectives. There is a risk of loss of principal. The RYT token's stable value depends on the stable NAV of the underlying fund; extreme market conditions could affect that stability.

- **No Equity or Governance Rights in Sponsor:** RYT holders are not buying equity in Solowin or any operating company. They have no voting rights in Solowin Holdings or its subsidiaries. The token strictly represents a share of the fund's assets. It should not be mistaken for an equity token or a governance token of a DeFi platform.

- **Technology Disclaimer:** The RYT platform, including the website, smart contracts, and any software, is provided on an "**as is**" and "**as available**" basis without warranties of any kind [80]. While security measures (audits, etc.) are in place, no system is infallible. The issuer and developers do not warrant that the system will be uninterrupted, error-free, or immune to cyber-attacks. Use of the platform involves inherent technological risks (as outlined in Risk Disclosures).

- **Limitation of Liability:** To the maximum extent permitted by law, Solowin Digital Horizon SP, its service providers, and affiliates shall not be liable for any indirect, incidental, special, or consequential damages arising out of or in connection with the RYT offering and platform usage [81]. Direct liability, if any, would in most cases be limited to the amount of the investment (for instance, the fund assets). The offering documents provide detailed limitation of liability clauses which investors should review.

- **Regulatory Oversight and Change:** The regulatory environment for digital assets is evolving. Any descriptions in this document are based on current law and interpretations. These may change. The issuer reserves the right to modify the product or its terms to comply with new laws or regulatory

guidance. Such modifications could include, but are not limited to, restricting additional jurisdictions, altering transferability, implementing additional KYC measures, or others. Investors will be notified via official channels of any material changes to terms or operations.

- **Forward-Looking Statements:** Some statements in this document may be forward-looking (e.g., plans for cross-chain support, future growth). These are not guarantees of future performance and involve risks and uncertainties. Actual results may differ materially. The issuer undertakes no obligation to update forward-looking statements if circumstances change.

- **Confidentiality and Distribution:** This whitepaper may be made public for informational purposes, but the official Offering Memorandum and Supplement are distributed on a confidential basis to eligible investors. Recipients of those documents must not reproduce or distribute them to unauthorized persons. Likewise, if you are reading this as a potential investor, do not consider it as sufficient information to make an investment decision; always refer to the official legal documents and consult advisors.

- **Product Availability:** The RYT product is currently offered through Solowin's licensed entities and via the ryt.finance portal. Any secondary listings or availability on exchanges, if they occur, are not initiated by the issuer (unless expressly announced). Be cautious of any unofficial platforms claiming to trade RYT and ensure compliance with transfer restrictions before transacting.

By participating in the RYT offering, investors acknowledge that they have read and understood the risks and terms, and agree to abide by all requirements set forth by the issuer and applicable law. The issuer strives for transparency and investor protection, and encourages feedback or questions – investors can reach out to the team for clarifications on any of the above points.

Conclusion

Real Yield Token (RYT) represents a significant innovation in bridging traditional money market funds with the crypto ecosystem. It delivers the stability and yield of regulated USD assets to the blockchain world, packaged in a compliant and convenient form. By leveraging a strong legal structure, reputable partners (Standard Chartered, ChinaAMC, AlloyX), and robust technology, RYT offers a unique value proposition to DAOs, institutional crypto investors, and traditional investors exploring digital assets. The token's architecture ensures full backing, instant liquidity, and transparency, addressing many concerns associated with stablecoins and yield-bearing tokens in the past.

This whitepaper has outlined how RYT works – from subscription and redemption mechanics to technical flows and legal safeguards. It serves both as a guide for potential investors to understand what they are investing in, and as a reference for legal advisors to verify that the product is built on solid compliance grounds. The RYT team has emphasized **investor protection** (through KYC and custody), **regulatory compliance** (through restricted offering and proper licenses), and **innovation** (through atomic swaps and 24/7 liquidity).

As the product matures, the ecosystem around RYT may expand – we might see RYT integrated into decentralized lending platforms as a form of high-quality collateral, or used by exchanges as a quote asset for trading, or accepted within payment networks seeking a yield-bearing stablecoin alternative. The

Solowin team will govern these integrations carefully, ensuring that any secondary market or DeFi usage does not compromise compliance or the interests of token holders.

Finally, while RYT is a powerful tool, it remains an **investment product** and not a guaranteed instrument. Investors should use RYT as part of a balanced strategy, perhaps as a cash management tool or a low-risk yield allocation. With prudent use, RYT can help investors achieve better returns on idle USD holdings, while enjoying the flexibility of blockchain. The convergence of TradFi and DeFi envisioned by RYT is a model that could pave the way for many more tokenized funds and real-world assets in the years to come.

For more information, official documents, or any inquiries, investors are encouraged to visit the RYT documentation site (doc.ryt.finance) or contact the Solowin Digital Horizon team. The project team remains committed to transparency, compliance, and the success of RYT as a pioneer in tokenized money market funds.

References:

- RYT Website & Documentation – RYT is a compliant tokenized fund share backed by regulated MMF assets and custodied by Standard Chartered [4] [82] .
- RYT Ops Playbook – Internal flow and risk design: Ocean Securities operates the MPC wallet and instant swap contracts for liquidity [30] ; Standard Chartered handles custody, transfer agent, and admin roles; token supply fully pre-minted and backed at bank custody [26] .
- Offering Supplement (Apr 2025) – Only Eligible Investors can hold RYT; tokenized Class A shares cannot be transferred as of issuance[22] ; no dividends are expected (yield retained in NAV)[1] ; outlines fund fees (0.5% management, no performance fee) [83] [84] .
- Subscription/Redemption Process – Investors must pass KYC/AML and sign subscription forms before using the on-chain portal [14] [18] . Minting and burning are atomic and instant via the RYT smart contract teller [33] [32] . Daily liquidity limits (e.g. $2M) apply to instant redemptions [52] , with larger transactions handled by arrangement [46] .
- Standard Chartered & Solowin Roles – Standard Chartered (via Libeara platform) tokenizes fund units and holds both fund shares & corresponding tokens in custody, enabling on-chain 1:1 backing with clawback controls [34] . Solowin's HK entity (Solomon JFZ) is a licensed SFC Type 1 distributor, facilitating compliant distribution of RYT in HK [23] .

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