

BPM

Independent Accountants' Report

**GUSD Reserves Report
September 2022**



INDEPENDENT ACCOUNTANTS' REPORT

To the Audit Committee and Management of
Gemini Trust Company, LLC
New York, NY

We have examined the compliance of Gemini Trust Company, LLC (the "Company") with item 3(a) of the New York State Department of Financial Services ("DFS") industry letter dated June 8, 2022, *Guidance on the Issuance of U.S. Dollar-Backed Stablecoins* (the "DFS Letter"), which is described as Management's Assertion in the GUSD Reserves Report as of September 19, 2022 and as of September 30, 2022. Management of the Company is responsible for its assertion about compliance with item 3(a) of the DFS Letter. Our responsibility is to express an opinion on Management's Assertion about the Company's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether Management's Assertion about compliance with the specified requirements is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about whether Management's Assertion is fairly stated in all material respects. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of Management's Assertion, whether due to fraud or error. In making an assessment of the risks of material misstatement, we considered and obtained an understanding of internal control relevant to the preparation of the GUSD Reserves Report and for compliance with the DFS Letter in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, no such opinion is expressed. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Company's compliance with specified requirements. For the purposes of this report, given practical considerations, calculations of the market value of the Reserve and of outstanding units of GUSD were not made as of the "end of day" (as defined in the DFS Letter) on the relevant business day.

In our opinion, Management's Assertion that the Company complied with the requirements of item 3(a) of the DFS Letter as of September 19 and September 30, 2022, is fairly stated, in all material respects.

BPM CPA (NY) LLP

San Francisco, California
October 29, 2022



GUSD RESERVES REPORT

Gemini Trust Company, LLC (the “Company”) has issued Gemini dollars (“GUSD”), a U.S. dollar-backed stablecoin, to its customers. We, as members of management, are responsible for complying with the requirements of the New York State Department of Financial Services (“DFS”) industry letter dated June 8, 2022, *Guidance on the Issuance of U.S. Dollar-Backed Stablecoins* (the “DFS Letter”). We are also responsible for establishing and maintaining effective internal controls over compliance with the requirements of the DFS Letter. We have performed an evaluation that includes all relevant matters of the Company’s compliance with item 1(a), paragraph 2, and item 3(a) of the DFS Letter during the period from September 8, 2022 (effective date) to September 30, 2022.

In accordance with item 3(a) of the DFS Letter, we assert that the Company has complied with the following requirements as of the dates noted below (“Management’s Assertion”):

- The amounts disclosed below for GUSD issued and in circulation and the Reserve as of September 19, 2022 at 12:44 pm Eastern Time and September 30, 2022 at 5:16 pm Eastern Time are accurate;
- The Reserve (as defined below) was, at these times, adequate to fully back all outstanding GUSD issued and in circulation; and
- All DFS-imposed conditions on the Reserve assets (whether set forth in paragraph 2 of the DFS Letter or otherwise specified by DFS) have been met.

The Company is required to comply with the following provisions of the DFS Letter:

- Item 1(a) under the DFS Letter requires that a U.S.dollar-backed stablecoin must be fully backed by asset reserves (the “Reserve”), meaning that the market value of the Reserve is at least equal to the nominal value of all outstanding units of the stablecoin as of the end of each business day. For the purposes of this report, given practical considerations, calculations of the market value of the Reserve and of outstanding units of GUSD were not made as of the “end of day” (as defined in the DFS Letter) on the relevant business day.
- Paragraph 2 of the DFS Letter includes the following provisions:
 - Item 2(a) under the DFS Letter requires that assets in the Reserve must be segregated from the proprietary assets of the issuing entity, and must be held in custody with (i) U.S. state or federally chartered depository institutions with deposits insured by the Federal Deposit Insurance Corporation (“FDIC”) and/or (ii) asset custodians, approved in writing by DFS. The Reserve assets shall be held at these depository institutions and custodians for the benefit of the holders of the stablecoin, with appropriate titling of accounts.
 - Item 2(b) under the DFS Letter describes the types of permissible assets the Reserve may hold, including deposit accounts at state or federally chartered depository institutions, government money-market funds, U.S. Treasury bills with maturities of three months or less, and certain reverse repurchase agreements fully collateralized on an overnight basis. DFS imposes additional restrictions and provisions with regard to these asset types, which are described in Item 2(b).
 - Item 2(c) under the DFS Letter explains the Company is expected to manage the liquidity risk of the Reserve in accordance with the redemption requirements discussed in paragraph 1 of the DFS Letter.



GUSD RESERVES REPORT

- In compliance with item 3(a) of the DFS Letter, we report the amounts for the following dates:

	<u>September 19, 2022</u>	<u>September 30, 2022</u>
Time of day	12:44PM Eastern Time	5:16PM Eastern Time
GUSD issued and in circulation ¹	308,327,766.26	330,894,227.39
Market value of the Reserve ² :		
Deposit accounts at U.S. regulated financial institutions:		
Cash	\$ 298,346,283.03	\$ 324,016,132.75
Reconciling items for timing and settlement ³	<u>(18,516.77)</u>	<u>(9,121,905.36)</u>
Total deposits	\$ 298,327,766.26	\$ 314,894,227.39
Money-market funds	<u>\$ 10,000,000.00</u>	<u>\$ 16,000,000.00</u>
Total Reserve	\$ 308,327,766.26	\$ 330,894,227.39

For each GUSD issued, the Company has received one corresponding U.S. dollar from its customers, which are held across (i) one or more omnibus bank accounts at depository institutions insured by the Federal Deposit Insurance Corporation and/or (ii) one or more money-market funds. The accounts are established and segregated specifically for the U.S. dollars that correspond to the Gemini dollars issued and in circulation.

DocuSigned by:

Noah Perlman

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Noah Perlman
CEO/President
Gemini Trust Company, LLC
October 29, 2022

¹ Per the Etherscan.io website located at: <https://etherscan.io>

² The Gemini dollar Accounts are held and maintained at State Street Bank and Trust Company, Signature Bank, Silvergate Bank, and within money-market funds managed by Goldman Sachs Asset Management and Oppenheimer & Co. Inc. that are invested only in U.S. Treasury Obligations, government securities, repurchase agreements collateralized solely by government securities and/or cash, and cash.

³ Deposit account balances have been adjusted for timing and settlement differences, which include: deposits/withdrawals occurring after the bank statement cut-off time, and money-market funds purchased/sold prior to the indicated dates and settled after those dates.