



Independent Accountants' Report

GUSD Reserves Report
March 2023



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 March 16, 2023 and as of March 31, 2023. 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.

In our opinion, Management's Assertion that the Company complied with the requirements of item 3(a) of the DFS Letter as of March 16, 2023 and March 31, 2023, is fairly stated, in all material respects.

BPM CPA (NY) LLP

San Francisco, California
April 28, 2023



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 March 1, 2023 to March 31, 2023.

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 defined below) as of March 16, 2023 at end of day and March 31, 2023 at end of day are accurate;
- The Reserve 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. Per the DFS Letter, “end of day” is implied to be 5 pm Eastern Time. As a practical matter our reconciliation process begins within 30 minutes of 5 pm Eastern Time and takes a number of minutes to complete the necessary transfers which could mean that the reconciliation process is completed shortly after 5 pm Eastern Time.

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 advance 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 following end of day amounts for the following dates:

	<u>March 16, 2023</u>	<u>March 31, 2023</u>
GUSD issued and in circulation¹	395,510,109.25	392,237,855.58
Market value of the Reserve²:		
U.S. Treasury bills:		
<u>Cusip</u>	<u>Maturity Date</u>	
912796Z77	03/21/2023	\$ 0.00
912796Z85	03/28/2023	0.00
912796Z93	04/04/2023	9,998,700.00
912796CT4	04/11/2023	9,989,800.00
912796CU1	04/18/2023	29,943,000.00
912796V48	04/20/2023	34,923,350.00
912796CV9	04/25/2023	29,917,200.00
912796YV5	04/27/2023	29,907,900.00
912796CW7	05/02/2023	39,852,000.00
912796YW3	05/04/2023	29,880,600.00
912797FD4	05/09/2023	19,910,400.00
912796ZE2	05/11/2023	9,950,900.00
912796W47	05/18/2023	9,941,500.00
912797FF9	05/23/2023	<u>24,840,750.00</u>
Total U.S. Treasury bills	308,557,160.00	279,056,100.00
Cash deposits held at U.S. regulated financial institutions ³	87,790,999.23	83,842,051.35
Money-market funds	1,063,236.02	31,159,953.00
Net cash receivable (payable) due to timing and settlement differences ⁴	<u>(1,901,286.00)</u>	<u>(1,820,248.77)</u>
Total Reserve	<u>\$ 395,510,109.25</u>	<u>\$ 392,237,855.58</u>

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

² The Gemini dollar reserves are held and maintained as cash deposits at State Street Bank and Trust Company, and invested in U.S. Treasury bills and money-market funds held at Signature Securities Group, that are in turn invested only in government securities, repurchase agreements collateralized solely by government securities and/or cash, and cash. Market values are based on the fair value of assets and on a trade-date basis.

³ On March 8, 2023, Silvergate Capital announced that it will liquidate its subsidiary, Silvergate Bank ("Silvergate"), and that the liquidation process is being supervised by the California Department of Financial Protection and Innovation. Additionally, on March 12, 2023, Signature Bank ("Signature") was closed by its state chartering authority, the New York State Department of Financial Services. On the same date the Federal Deposit Insurance Corporation ("FDIC") was appointed as receiver and transferred all customer deposits and substantially all the assets of Signature Bank to Signature Bridge Bank, N.A., a full-service bank that is being operated by the FDIC. On March 20, 2023, Flagstar Bank, a wholly owned subsidiary of New York Community Bancorp, acquired substantially all deposits and certain loan portfolios of Signature Bridge Bank. The Company transferred out all of its deposits with Signature Bank. The Company received a final accrued interest payment on March 16, 2023, which was transferred out to another financial institution. As of the date this report was released, cash deposits related to Gemini dollar reserves were held with other U.S. regulated financial institutions, and no amounts were held at Silvergate or Signature.

⁴ Balances have been adjusted for the balance of cash receivable and payable due to timing and settlement differences, including deposits/withdrawals occurring after the bank statement cut-off time, money-market funds purchased/sold prior to the indicated dates, and U.S. Treasury securities purchased/sold before end of day and settled after those dates.

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, (ii) one or more money-market funds, and/or (iii) U.S. Treasury bills with maturities of three months or less. The accounts are established and segregated specifically for the U.S. dollars that correspond to the Gemini dollars issued and in circulation.

DocuSigned by:

Marshall Beard

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Marshall Beard
CEO/President
Gemini Trust Company, LLC
April 28, 2023