

Customer Assets

EUROe is regulated in the EU as e-money and Membrane's Clients must be able to redeem EUROe in a 1:1 ratio to fiat at all times, subject to the terms of service. For each EUROe issued, there exists at least 1 fiat Euro in a European financial institution or bank, ring-fenced from Membrane.

Storage of customer assets

The reserve assets backing EUROe are held in the care, custody, and control of the regulated Euro financial system. Cash reserves are held in certified depository institutions, and investment instruments are held at third-party custodians, managed by professional asset managers. All EUROe reserve assets are held in bankruptcy remote safeguarding accounts, held for the benefit of EUROe holders, and are fully segregated from Membrane Finance's own corporate funds.

Reconciliation of funds

Membrane Finance carries out internal reconciliations of funds to monitor balances in client asset accounts and the amount that should be safeguarded. Reconciliations are conducted as often as is practicable but no less often than once during each business day. Reconciliation of funds is done by comparing the balances in safeguarding accounts to the amount of EUROe in circulation.

Use of customer assets

A portion of the assets held in reserve against issued EUROe may include secure low-risk investment instruments, such as short-maturity government debt instruments. To ensure sufficient liquidity to cover potential EUROe redemptions without delays, Membrane Finance maintains an adequate buffer of cash reserves and short-maturity debt instruments while carefully managing the maturity profile of the total investment portfolio. The investment assets are valued on a mark-to-market basis, and any potential losses arising from the investment activity are incurred by Membrane Finance.

Regulatory reserve requirements

As a licenced electronic money institution, Membrane Finance strictly adheres to minimum reserve and capital requirements set forth under EU law. The two main components of the reserve and capital requirements are:

1. Reserve requirement: All EUROe tokens issued and outstanding are backed by at least an equivalent value of Euro-denominated assets subject to prudential supervision and reserve management policies that are designed to at all times meet or exceed demands for EUROe in circulation.
2. Own funds requirement: Membrane Finance shall at all times have a buffer of CET1 equity capital ('own funds') equivalent to at least 2% of the amount of EUROe in circulation. In practice, this means that all EUROe in circulation is backed by reserve assets and equity buffer equal to 102% of the total value of issued EUROe.

Proof of reserves

Membrane Finance provides regular reports, attestations, and audits of the quality and quantity of EUROe reserves on its website. Furthermore, Membrane Finance is working towards making its reserve data as transparent and open as possible, given the restrictions within the current financial system. Membrane Finance has committed to improving its transparency through, for example, the publication of on-chain proof of reserves data as soon as feasible.

Further reading

- Transparency & Regulation ([euroe.com ↗](https://euroe.com))
- The Stablecoin Standard by EUROe ([euroe.com ↗](https://euroe.com))