

# KGLD Whitepaper

## Gold-Backed Global Digital Financial Infrastructure

*Gold-Backed Digital Asset Infrastructure for Global Financial Services*

Korea Gold Exchange Digital Asset Co., Ltd.

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### Important Notice

This Whitepaper is a reference document intended to explain the vision, technical structure, reserve asset management framework, issuance and redemption procedures, operating principles, and key risks of KGLD. The specific rights, obligations, terms of use, issuance and physical redemption procedures, fees, taxes, restrictions, disclaimers, and limitations relating to KGLD are governed by the KGLD Service Terms of Use and operating policies posted by the Company.

The Company may revise, supplement, or update this Whitepaper in response to technology deployment, security audits, custodian operations, changes in laws or regulatory environments, operating policies, or the service structure. This Whitepaper is an explanatory document as of a specific point in time, and the latest Terms, operating policies, and official notices shall prevail.

This Whitepaper does not guarantee the price, liquidity, profitability, investment performance, listing possibility, tradability, availability or timing of physical redemption, regulatory status, accounting treatment, or tax treatment of KGLD. KGLD does not provide principal, profit, dividends, interest, investment return, capital gains, purchase, repurchase, cash redemption, monetary settlement, price guarantee, or governance rights.

KGLD is a digital record unit issued by the Company and is designed to represent a right to request physical delivery of 99.99% purity physical gold, subject to the conditions set forth in the KGLD Service Terms of Use and operating policies. KGLD holders do not acquire ownership rights, co-ownership interests, trust beneficiary rights, security interests, preferential rights, or rights in any segregated bankruptcy estate with respect to any specific gold bars held by the Company or a custodian.

When this Whitepaper refers to KGLD as a “base asset of global digital financial infrastructure,” such expression has a technical and operational meaning that KGLD is designed as a digital record unit that may be held, transferred, referenced, or integrated in various digital services, and is distinguished from the “underlying asset” under the Terms, which means 99.99% purity physical gold.

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## 01. Introduction and Executive Summary

### 1.1 Project Overview

Digital finance is rapidly expanding. In areas such as payments, remittances, collateral, deposits, settlement, cross-border transactions, decentralized finance, institutional digital asset services, and tokenized asset transactions, blockchain-based assets are becoming part of new financial infrastructure.

In this process, digital financial services require more than assets that can simply be transferred quickly. They require a value standard that various services can commonly understand and reference, explainability with respect to reserves or a value base, on-chain transferability, global accessibility, and compatibility with regulatory and compliance procedures.

Gold has served for thousands of years as a representative real-world asset functioning as a store of value. Gold has been regarded as an asset that does not depend solely on the monetary policy of a particular country or the credit of a particular company, and it provides an economic benchmark that is relatively widely understood in global markets.

However, physical gold itself is difficult to use directly in digital financial services. Structural constraints exist in terms of custody, verification, transportation, cross-border movement, small-unit utilization, and integration with on-chain services.

KGLD is designed to address this gap. KGLD manages the correspondence between 99.99% purity physical gold underlying assets and circulating digital record units, and aims to provide gold-backed digital record infrastructure that digital financial services around the world can hold, transfer, reference, or integrate.

KGLD is not designed merely as a domestic physical gold redemption product. The core vision of KGLD is to enable wallet users, institutions, developers, platforms, and digital financial service providers to reference or integrate a gold-backed digital record unit within their respective service structures.

However, the global availability of KGLD describes a technical and operational objective, and does not mean that KGLD is available without restriction in every country, region, individual, legal entity, wallet address, or third-party service. Issuance, holding verification, transfer restrictions, physical redemption, and other use of KGLD services may be restricted by applicable laws, sanctions, anti-money laundering standards, the Company's internal review, the Terms, and operating policies.

### 1.2 Global Vision of KGLD

KGLD does not view the "digitization of gold" merely as representing physical gold in token form. KGLD aims to combine the physicality of gold with the transferability of blockchain-based digital records to build a gold-backed digital record layer that can be referenced or integrated by global digital financial services.

KGLD’s intended global utilization structure is as follows:

1. A gold-backed digital record unit that global users can hold through a personal wallet
2. A gold-backed asset layer that digital financial services can reference
3. Global RWA infrastructure capable of on-chain transfer
4. A reserve-based structure that manages the correspondence between physical gold underlying assets and circulating supply
5. A standardized gold-backed digital asset that institutions, wallets, digital asset services, payment and settlement services, and on-chain applications can integrate
6. A structure that uses gold price as a primary reference factor but does not provide price guarantees, cash redemption, or repurchase rights
7. A compliance-based operating structure reflecting regulation, anti-money laundering, sanctions screening, and identity verification procedures

When this Whitepaper refers to KGLD as a base asset or integrated asset for global digital financial services, it means, in a technical and operational sense, that KGLD is a digital record unit that may be held, transferred, referenced, or integrated in various digital services, and does not mean the underlying asset itself under the Terms.

### 1.3 Core Value Proposition

KGLD provides the following value proposition.

Category	KGLD Structure
Global base-asset character	A gold-backed digital record unit that digital financial services around the world can hold, transfer, reference, or integrate
Physical gold correspondence	The total physical redemption claims represented by circulating KGLD are managed so as not to exceed the fine gold weight of 99.99% purity physical gold separately held by a custodian
Digital transferability	Holding and transfer through a blockchain network
Service integration	Infrastructure designed to be integrated with wallets, institutional services, on-chain applications, digital asset platforms, and similar services
Reserve asset verification	On-chain supply information and off-chain reserve asset information may be reconciled, with internal controls and third-party verification procedures used to confirm consistency
Physical redemption	Subject to the conditions set forth in the Terms and operating policies, a verified holder may receive physical gold directly at a designated redemption location in the Republic of Korea
Clear limitations on rights	No cash redemption, repurchase, principal guarantee, price guarantee, dividend, interest, profit distribution, or governance rights are provided
Compliance	Identity verification for individuals and legal entities, wallet ownership verification, sanctions screening, anti-money laundering checks, and service restriction procedures are reflected

### 1.4 Role of KGLD

The objective of KGLD is not to turn gold into a product that guarantees investment returns. The objective of KGLD is to structure the physicality of gold in a form that can be used in digital financial services.

KGLD is designed around the following three roles.

First, KGLD is a gold-backed digital record layer. KGLD is designed to manage the correspondence between 99.99% purity physical gold underlying assets and circulating KGLD supply.

Second, KGLD is an integrated asset for global digital financial services. KGLD aims to be a gold-backed digital asset that may be referenced or integrated in wallets, trading infrastructure, on-chain applications, institutional digital asset services, and settlement, collateral, and holding services. However, the Company does not guarantee the trading, brokerage, returns, collateral value, or settlement performance of such services.

Third, KGLD is a conditional contractual right to physical delivery under the Terms. KGLD holders may apply for physical redemption under the Terms and operating policies after completing identity verification for individuals or legal entities, wallet ownership verification, tax status verification, anti-money laundering checks, and other procedures specified by the Company.

## 02. Global Market Analysis and Problem Definition

### 2.1 The Base Asset Problem in Digital Finance

As digital financial services expand, various types of digital assets have emerged. However, for digital financial services to grow over the long term, they need a reliable digital record unit that can be commonly referenced across multiple services, beyond merely tradable tokens.

Such a digital record unit should satisfy the following requirements:

1. Not be dependent on a single platform
2. Have an economic benchmark that global users and service providers can understand
3. Be capable of being held and transferred digitally
4. Have explainability with respect to reserves or a value base
5. Be accessible by both institutions and individuals
6. Be operable alongside regulatory and compliance procedures
7. Be capable of integration with multiple functions of digital financial services

Gold has traditionally functioned as a global store of value, but physical gold itself is difficult to use directly in digital financial services. By managing the correspondence between physical gold underlying assets and digital record units, KGLD presents a structure that allows the economic value of gold to be referenced, transferred, and integrated in digital financial services.

### 2.2 Limitations of Traditional Gold Holding Structures

Physical gold is a tangible asset and therefore has the following limitations.

First, custody and verification are burdensome. Directly holding physical gold requires a secure storage location, purity testing, weight verification, theft and loss prevention, insurance, and management procedures.

Second, transfer is inefficient. Physical gold is difficult to transfer instantly across borders and involves logistics, customs, insurance, and transportation risks.

Third, integration with digital services is limited. Physical gold cannot easily be connected directly to wallets, on-chain applications, digital settlement systems, or institutional digital asset services.

Fourth, small-unit utilization is difficult. Due to product specifications and custody units, physical gold is difficult to precisely subdivide and use in digital services.

### 2.3 Limitations of Existing Gold-Backed Digital Assets

Existing global gold-backed tokens have attempted to digitize gold. However, the following limitations may exist.

1. Dependence on a specific overseas custodian or issuer
2. Limited physical redemption locations and procedures
3. A liquidity structure centered on a specific exchange or platform
4. Jurisdictional differences in user verification, tax, and anti-money laundering procedures
5. Insufficient connectivity between on-chain services and off-chain gold custody information
6. Insufficient standardized explanation for use as a base asset in digital financial services

KGLD aims to provide a structure that integrates physical gold underlying assets, on-chain supply management, reserve asset verification, compliance, and service connectivity, and may be used as a base asset for global digital financial infrastructure.

## 2.4 Problems KGLD Seeks to Address

Problem	KGLD Approach
Limited digital usability of physical gold	Management of the correspondence between physical gold underlying assets and digital record units
Shortage of base assets for global digital financial services	Design of gold-backed digital record units that can be integrated with wallets, platforms, and services
Opacity of reserve assets	Establishment of a reconciliation system for circulating supply, reserved supply, locked supply, burned supply, and underlying assets
Single-platform dependency	Review of on-chain transferability and multi-chain expansion potential
Unclear rights structure	Explicit exclusion of cash redemption, repurchase, price guarantee, securities-like rights, and proprietary rights
Compliance requirements	Reflection of identity verification for individuals and legal entities, anti-money laundering checks, sanctions screening, and service restriction procedures

## 03. KGLD Solution Overview

### 3.1 Design Principles

KGLD is operated according to the following design principles.

1. 99.99% purity physical gold underlying asset base
2. Management of the correspondence between circulating KGLD supply and the fine gold weight of underlying assets
3. A digital record unit capable of integration with global digital financial services
4. Separation of reserved supply and circulating supply
5. Transfer or locking of KGLD upon physical redemption application, followed by burn after completion of physical delivery
6. Physical redemption structure governed by the Terms and operating policies
7. Identity verification for individuals and legal entities, wallet ownership verification, sanctions screening, and anti-money laundering procedures
8. Availability of reserve asset verification and external verification
9. Security controls for smart contracts and operating systems
10. Clarification of rights and obligations under the Terms and operating policies

The limitations on KGLD rights, absence of cash redemption, absence of price guarantee, and key risks are described in Chapters 7 and 14 of this Whitepaper.

### 3.2 Basic Structure of KGLD

KGLD is a structure that connects physical gold reserve assets with on-chain digital records.

1. The Company secures 99.99% purity physical gold bars or bullion.
2. The secured gold is held by a custodian separately from the Company's operating assets and assets of related parties.
3. The Company manages the total physical redemption claims represented by circulating KGLD so that they do not exceed the fine gold weight of the underlying assets.
4. Pre-approved members may apply for KGLD issuance in accordance with the procedures determined by the Company.
5. KGLD may be held and transferred on a blockchain network.
6. Verified holders may apply for physical redemption if they meet the requirements set forth in the Terms and operating policies.

7. Upon completion of physical delivery of gold, the KGLD used for redemption is burned.

### 3.3 Intended Use Cases of KGLD

KGLD aims to be a gold-backed digital record unit that may be integrated or referenced in the following digital financial services.

1. Holding of gold-backed digital assets in personal wallets
2. Holding and display support in institutional digital asset management services
3. On-chain settlement and transfer infrastructure
4. Third-party services that reference gold prices or gold-backed digital assets
5. Gold-backed digital record layer for RWA platforms
6. Gold-backed asset display unit for digital wallets and applications
7. Technical integration with global digital asset services

These use cases describe the technical and operational objectives of KGLD and do not mean that the Company directly provides such services or guarantees the legal effect, price, liquidity, collateral value, clearing, settlement, performance, returns, or losses arising from such services.

If KGLD is used in a third-party service, the terms, laws, regulations, fees, security policies, and user responsibilities of that service may apply separately.

### 3.4 What KGLD Is Not

KGLD is not designed to be any of the following.

1. Shares or equity interests in the Company
2. Bonds or loan claims
3. Beneficiary certificates, collective investment securities, investment contract securities, or derivative-linked securities
4. Deposits, electronic money, or prepaid electronic payment instruments
5. A product that guarantees principal or price
6. A product that provides dividends, interest, or profit distributions
7. A product that the Company or a third party repurchases or cash-redeems
8. Ownership rights, co-ownership interests, or trust beneficiary rights in specific gold bars
9. A trading platform through which the Company provides trading, brokerage, market making, quotation, or settlement performance

## 04. Underlying Asset and Legal Structure

### 4.1 Definition of Underlying Asset

The underlying asset of KGLD means 99.99% purity physical gold bullion or gold bars held by the Company to correspond to the issuance and physical redemption of KGLD and held by a custodian designated by the Company separately from the Company's operating assets and assets of related parties.

### 4.2 Specifications of Underlying Asset

Underlying assets generally satisfy the following criteria.

1. 99.99% purity physical gold
2. Gold bullion or gold bar form

3. Assets that have passed verification procedures of the Company or the custodian
4. Assets for which custody, release, and delivery records can be managed

### **4.3 Custody of Underlying Assets**

The Company generally holds the underlying assets corresponding to KGLD issuance and physical redemption with a custodian, physically and legally separated from the Company's operating assets and assets of related parties.

The Company manages the total physical redemption claims represented by circulating KGLD so that they do not exceed the fine gold weight of underlying assets held separately by the custodian.

The custodian may, under an agreement with the Company, perform custody, verification, release preparation, or physical delivery at a redemption location.

### **4.4 Meaning and Limitations of Segregated Custody**

The Company applies an operational principle of holding underlying assets separately from the Company's operating assets and assets of related parties.

However, such segregated custody structure does not grant KGLD holders any of the following rights.

1. Ownership rights in specific gold bars
2. Co-ownership interests
3. Trust beneficiary rights
4. Security interests
5. Preferential rights
6. Rights in a segregated bankruptcy estate
7. Direct claims against the custodian

KGLD holders' rights are limited to contractual rights to apply to the Company for physical delivery of gold under the conditions set forth in the Terms and operating policies.

### **4.5 Legal Nature of KGLD**

KGLD is a digital record unit issued by the Company and represents, under the procedures and conditions set forth in the Terms and operating policies, a right to request physical delivery of 99.99% purity physical gold.

KGLD is not designed to be any of the following.

1. A monetary claim against the Company
2. A deposit or payment instrument
3. Shares, bonds, or equity interests
4. Beneficiary certificates, collective investment securities, investment contract securities, or derivative-linked securities
5. Claims to dividends, interest, or profit distributions
6. Claims for price guarantee or principal guarantee
7. Claims for cash redemption against the Company or any third party

The legal nature of KGLD may vary depending on applicable laws, interpretations by regulatory authorities, interpretations by tax authorities, and judgments of competent courts. The Company may modify, restrict, suspend, or take necessary measures with respect to all or part of the service in response to such changes or determinations.

### **4.6 Obligations of the Company**

The Company's obligation in relation to KGLD is limited to the obligation to deliver physical gold to verified holders under the conditions set forth in the Terms and operating policies.

The Company does not have any contractual obligation, for any reason including holding, transfer, return, physical redemption application, service termination, or membership withdrawal of KGLD, to pay cash, Korean won, foreign currency, USDT, other digital assets, deposits, electronic payment instruments, or any other financial assets to members.

#### **4.7 Note on Accounting Treatment**

The Company may incur a performance obligation to deliver physical gold in the future under the conditions set forth in the Terms and operating policies as a result of receiving KGLD issuance proceeds. Such obligation is designed around the obligation to deliver physical gold, not an obligation to pay cash or financial assets.

Accordingly, under the Company's internal accounting policy, the future physical gold delivery obligation arising from receipt of KGLD issuance proceeds may be reviewed as a contract liability. However, specific accounting treatment may vary depending on applicable accounting standards, auditor judgment, actual operating structure, and related documents.

## **05. Custody and Reserve Asset Verification System**

### **5.1 Custody System**

The underlying assets of KGLD are held through a custodian. The custodian may perform the following duties under an agreement with the Company.

1. Custody of underlying assets
2. Support for purity and weight verification
3. Management of deposit and release records
4. Segregated custody from the Company's operating assets and assets of related parties
5. Identification and allocation of the redemption target portion upon physical redemption application
6. Preparation of physical gold at a redemption location
7. Physical delivery at a redemption location
8. Provision of data necessary for reserve asset verification

The custodian is the Company's agent for custody, verification, release preparation, and delivery, and is not a party that directly sells physical gold to KGLD holders. However, if otherwise provided by a separate agreement or applicable law, such arrangement shall govern.

### **5.2 Asset Flow**

The asset flow of KGLD is managed as follows.

1. Securing gold
2. Verification
3. Deposit with custodian
4. Registration in internal ledger
5. Calculation of on-chain supply capacity
6. Issuance or delivery of KGLD to pre-approved members
7. Management of circulating supply, non-circulating supply, locked supply, and burned supply
8. Physical redemption application by a verified holder
9. Identification and allocation of redemption target underlying assets
10. Preparation of physical gold at the redemption location
11. Confirmation of physical gold receipt completion

## 12. Burn of KGLD

### 5.3 Reserve Asset Verification

KGLD may operate a reserve asset verification system to confirm the consistency between circulating KGLD supply and physical gold underlying assets.

Reserve asset verification is a procedure for comparing on-chain KGLD supply information with off-chain physical gold holding information to confirm whether circulating KGLD is managed within the scope of underlying assets.

Reserve asset verification has the following purposes.

1. Confirming the correspondence between circulating KGLD supply and the fine gold weight of underlying assets
2. Separately managing reserved supply, circulating supply, locked supply, and burned supply
3. Tracking the deposit, custody, release, and redemption history of underlying assets
4. Preventing the possibility of excess circulation
5. Enhancing information transparency for global users and service providers

### 5.4 Limitations of Reserve Asset Verification

Because physical gold is an off-chain asset, reserve asset verification does not mean that all custody status can be confirmed in real time using blockchain data alone.

Reserve asset verification data may be a confirmation or procedure result as of a specific reference point and does not guarantee KGLD's market price, liquidity, profitability, solvency, investment safety, legal nature, future physical redemption availability, or tax effect. Specific risks related to reserve asset verification are described in Section 14.11 of this Whitepaper.

### 5.5 External Verification

The Company may cause an accounting firm or professional institution to perform reserve asset verification, agreed-upon procedures, inspection, reserve asset certification reporting, or equivalent verification procedures.

The Company may post the scope, format, reference point, limitations, and exceptions of disclosed data on the service screen, in operating policies, or through separate notices.

## 06. Issuance, Burn, and Physical Redemption

### 6.1 Overview

The issuance, locking, physical redemption, and burn procedures of KGLD are core operating structures for maintaining the correspondence between circulating KGLD supply and the fine gold weight of underlying assets.

The Company creates or delivers KGLD within the scope of underlying assets and manages as circulating supply the quantity transferred to external members and capable of being held or transferred in the market.

Reserved KGLD held by the Company or not yet delivered to external members does not create physical redemption claims for members.

### 6.2 Eligibility to Apply for Issuance

Only members pre-approved by the Company may apply for KGLD issuance.

A pre-approved member means a member who has completed identity verification for individuals or legal entities, personal verification, wallet ownership verification, sanctions screening, source-of-funds verification, and internal review as determined by the Company, and who has been granted the right to apply for KGLD issuance by the Company.

Verified holders or general members may not apply for KGLD issuance unless they have been pre-approved.

### **6.3 Issuance Proceeds and Payment Methods**

Pre-approved members may pay issuance proceeds in Korean won, U.S. dollars, USDT, or any payment method permitted by the Company in the operating policies.

The Company may specify in its operating policies the deposit account, receiving wallet, supported network, required confirmation count, exchange rate standard, fees, deposit validity period, and handling standards for erroneous deposits by payment method.

If issuance proceeds are paid in USDT or other digital assets, the member must accurately confirm the network and address designated by the Company. Any loss arising from transfer to an incorrect network, address, memo, tag, or smart contract address may be borne by the member.

### **6.4 Issuance Procedure**

The KGLD issuance procedure is as follows.

1. Application for pre-approval by a verified holder
2. Identity verification for individuals or legal entities, wallet ownership verification, sanctions screening, and anti-money laundering checks by the Company
3. Issuance application by a pre-approved member
4. Notice by the Company of issuance price, fees, tax-equivalent amount, total payment amount, and receiving wallet address
5. Confirmation of issuance terms by the pre-approved member
6. Payment of issuance proceeds
7. Confirmation by the Company of deposit, foreign exchange conversion, digital asset transfer, and on-chain transaction confirmation
8. Delivery of KGLD by the Company
9. Confirmation of delivery through on-chain record or internal ledger
10. Finalization of issuance and reflection in circulating supply

After issuance is finalized, cancellation, withdrawal, or return is generally not permitted. However, in cases of manifest system error, legal obligation, sanctions screening, request by an investigative or regulatory authority, suspected money laundering, or circumstances beyond the Company's control, the Company may cancel, restrict, lock, or take other necessary measures with respect to the issuance.

If an issuance transaction is fundamentally cancelled, the Company may return the issuance proceeds already received to the original payment method. This constitutes restoration following cancellation of the issuance transaction and does not constitute cash redemption, repurchase, or market-price settlement of KGLD holdings.

### **6.5 Eligibility to Apply for Physical Redemption**

Only verified holders may apply for physical redemption.

A verified holder may apply for physical redemption under the procedures determined by the Company after completing identity verification for individuals or legal entities, personal verification, wallet ownership verification, sanctions screening, tax status verification, and other required procedures, even if the holder is not a pre-approved member.

Before a physical redemption application, the Company may require submission of the following materials.

1. Personal or legal entity identification documents
2. Wallet ownership verification materials
3. Information of the individual member who will receive the gold or information of the authorized recipient of a legal entity member

4. Business registration information
5. Status as a gold business operator and gold transaction account information
6. Identity verification materials for overseas users
7. Authorized recipient verification materials for overseas legal entities
8. Sanctions screening and anti-money laundering verification materials
9. Other materials deemed necessary by the Company or custodian

If a member refuses to submit materials or fails to complete the verification required by the Company, the Company may reject, suspend, or cancel physical redemption.

## 6.6 Physical Redemption Principles

Physical redemption is conducted only by direct receipt of physical gold at a redemption location in the Republic of Korea designated by the Company.

The Company does not provide the following services in connection with KGLD physical redemption.

1. Delivery
2. Courier delivery
3. Quick delivery service
4. Delivery to a carrier
5. Export agency services
6. Customs clearance agency services
7. Delivery to an overseas address
8. Value-added tax refund for foreign tourists
9. Immediate refund procedures
10. Zero-rated VAT procedures
11. Support for outbound removal from Korea

After the member receives physical gold at the redemption location, the member is solely responsible for any storage, transportation, removal, export, disposition, or transfer to a third party of such physical gold.

## 6.7 Physical Redemption Procedure

Physical redemption follows the procedures below.

1. Application for verified holder membership
2. Identity verification for individuals or legal entities, wallet ownership verification, KGLD holding verification, tax status verification, and anti-money laundering checks by the Company
3. Physical redemption application by the member
4. Notice by the Company of costs and tax-equivalent amounts
5. Final confirmation by the member of the physical redemption application and transfer or locking of KGLD
6. Confirmation of redemption availability by the Company or custodian
7. Identification and allocation of the redemption target portion among the custodian's underlying assets and preparation for release
8. Preparation of physical gold at the custodian's redemption location
9. Identity verification of the individual member or authorized recipient of a legal entity member and receipt of physical gold
10. Notification of completion of delivery by the custodian
11. Burn of KGLD by the Company
12. Retention of redemption records and supporting documents

As a principle, KGLD is not burned before receipt of physical gold is completed. After physical gold delivery is completed and the Company confirms such completion, the KGLD used for the physical redemption is burned.

## 6.8 Physical Redemption Costs and Taxes

The member bears physical redemption fees, fabrication fees, redemption-location withdrawal fees, network fees, value-added tax, and all other costs and expenses related to physical redemption.

If the Company has a legal obligation to collect, withhold, report, or pay value-added tax or other taxes, the Company may notify the member of the applicable tax or tax-equivalent amount and receive such amount from the member.

If a member pays tax-equivalent amounts or costs in KGLD, the Company will classify and settle the value of the relevant KGLD as supply-value-equivalent amounts and value-added-tax-equivalent amounts according to the standards set forth in the operating policies.

However, if the member is a gold business operator and the relevant physical redemption is subject to the buyer-payment special rules for gold-related products, the gold business operator special rules shall apply first.

## 6.9 Korean Gold Business Operator Tax Special Rules

This section explains tax special rules that may apply if a member qualifies as a gold business operator under Korean tax law and the relevant physical redemption is subject to the buyer-payment special rules for gold-related products under the Korean Restriction of Special Taxation Act.

If the member qualifies as a gold business operator and the physical gold to be redeemed is subject to the special buyer-payment rules for gold-related products, the Company may require the member to submit gold transaction account information, business registration information, tax invoice information, and other necessary materials.

A gold business operator member may be required under applicable laws to use a gold transaction account to settle the supply value and value-added tax amount, and the Company may suspend physical redemption until use of the gold transaction account and confirmation of deposit are completed.

If a gold business operator member fails to complete required procedures or submit required materials, the Company may reject, suspend, or cancel physical redemption.

## 6.10 Cancellation and Suspension of Physical Redemption

If any of the following events occurs after a physical redemption application, the Company may suspend, cancel, or re-process the physical redemption.

1. Legal restrictions
2. Anti-money laundering suspicion
3. Shortage of custodian inventory
4. Inability to prepare at a redemption location
5. Failure of member identity verification
6. Failure of member receipt
7. Natural disaster
8. Instruction by a regulatory or investigative authority
9. Security incident
10. Other reasonable grounds

If physical redemption is cancelled pursuant to the foregoing, the Company will not settle in cash or monetary value and will instead handle the matter by unlocking the locked KGLD or returning the same quantity of KGLD. However, if laws or instructions of an investigative or regulatory authority require otherwise, such instructions shall govern.

## 07. Rights and Limitations of KGLD

### 7.1 Basic Information

Item	Description
Token Name	KGOLD
Symbol / Ticker	KGLD
Token Standard	ERC-20 based
Initial Issuance Network	Ethereum Mainnet
Multi-chain Structure	Possible expansion of supported networks through LayerZero OFT standard or similar technologies
Decimals	18
Reference Unit	1 KGLD is designed to correspond to 1 troy ounce of 99.99% purity gold
Minimum Transfer Unit	Subject to the decimal standard of the blockchain network and smart contract
Minimum Physical Redemption Unit	Determined by the Terms and operating policies
Issuer	Korea Gold Exchange Digital Asset Co., Ltd.
Underlying Asset under the Terms	99.99% purity physical gold bullion or gold bars
Physical Redemption Method	Direct receipt at a redemption location in the Republic of Korea
Token Contract	0xD1479fD673D9767E6c6E46eF6Bc640ff1F6Eb9CE
Issue Contract	0xd5A62Dd28BF16229b4Dd9687DECC233548B9AA95
Redeem Contract	0xe257fe24611CfabCa4a48869C1222D1cC2602E70

Decimals are technical minimum units for blockchain transfer and calculation, and do not mean the unit available for physical gold redemption or the minimum redemption unit determined by the Company.

Contract addresses, supported networks, operating policies, and other information may be changed or added depending on technology deployment, security audits, regulatory environment, and operational circumstances, and the latest information will be announced through the Company's official channels.

### 7.2 Rights of KGLD

KGLD holders may apply for physical delivery of gold if they satisfy the conditions set forth in the Terms and operating policies.

The rights of KGLD holders are limited to the following.

1. The right to hold KGLD in a personal wallet
2. The right to transfer KGLD on a blockchain network
3. The right to apply for physical redemption under the conditions set forth in the Terms and operating policies
4. The right to review reserve asset information announced by the Company

### 7.3 Rights Not Granted by KGLD

KGLD does not grant the following rights.

1. Cash redemption claims against the Company
2. Repurchase claims against the Company
3. Principal guarantee claims
4. Price guarantee claims
5. Dividend claims
6. Interest claims
7. Profit distribution claims
8. Governance rights
9. Shares or equity interests in the Company
10. Loan claims or deposit claims against the Company
11. Rights in financial investment products

12. Ownership rights in specific gold bars
13. Co-ownership interests
14. Trust beneficiary rights
15. Security interests
16. Preferential rights
17. Rights in a segregated bankruptcy estate

## 7.4 Price and Trading-Related Limitations

The market price of KGLD may fluctuate depending on international gold spot prices, exchange rates, exchange prices, market supply and demand, liquidity, fees, network environment, and other factors.

KGLD may use gold price as a primary reference factor, but the market trading price at any specific time does not necessarily remain identical to the gold spot price. The Company does not guarantee the price, liquidity, tradability, listing possibility, purchase or sale possibility, or price formation in any specific market of KGLD.

The Company does not provide trading, brokerage, quotation, market making, order matching, price formation, price guarantee, or settlement performance for KGLD transactions among members.

## 08. Tokenomics

### 8.1 Design Principles

The core principle of KGLD tokenomics is to clearly maintain the correspondence between physical gold underlying assets and circulating KGLD supply.

1 KGLD is designed to correspond to 1 troy ounce of 99.99% purity gold. The Company secures and manages physical gold underlying assets corresponding to the circulating KGLD supply.

However, this does not mean that the market price of KGLD is always identical to the gold spot price, nor does it mean that the Company guarantees the price, return, liquidity, or tradability of KGLD. Price and liquidity-related risks are described in Sections 14.1 and 14.2 of this Whitepaper.

### 8.2 Supply Structure

KGLD supply is managed by the following categories.

Category	Meaning
Created Supply	Total amount of KGLD created under the smart contract
Reserved Supply	Amount not yet delivered by the Company to external members
Issued Supply	Amount delivered by the Company to pre-approved members
Circulating Supply	Amount transferred to member wallets and circulating
Locked Supply	Amount whose transfer is restricted due to physical redemption application, legal restriction, security measures, or other reasons
Burned Supply	Amount made permanently unusable due to completion of physical redemption or other reasons

Reserved KGLD or KGLD not yet delivered by the Company to external members does not create physical redemption claims for members.

### 8.3 Correspondence Between Reserve Assets and Circulating Supply

The Company manages the total physical redemption claims represented by circulating KGLD so that they do not exceed the fine gold weight of underlying assets held separately by the custodian.

The Company records created supply, circulating supply, reserved supply, locked supply, and burned supply separately and operates a system capable of reconciling on-chain supply information with off-chain underlying asset information.

## **8.4 Issuance and Circulation Procedure**

Issuance and circulation of KGLD are conducted in accordance with the Company's internal control procedures.

After securing and verifying physical gold, the Company may create or hold KGLD within the scope of the relevant underlying assets. Amounts not delivered to members are managed as reserved supply.

When a pre-approved member receives KGLD, the Company may conduct identity verification for individuals or legal entities, wallet ownership verification, sanctions screening, anti-money laundering checks, payment confirmation, and other internal approval procedures.

After such procedures are completed and KGLD is transferred to the registered wallet of the pre-approved member, that amount is included in circulating supply.

## **8.5 Redemption and Burn Structure**

KGLD holders may apply for physical redemption in accordance with the procedures, minimum units, and cost standards set forth in the Terms and operating policies.

Upon receipt of a redemption application, the Company verifies the member's identity, wallet ownership, KGLD holdings, tax status, anti-money laundering status, and payment of costs and tax-equivalent amounts.

The member transfers or locks the KGLD subject to redemption in the manner specified by the Company. After receipt of physical gold is completed and the Company confirms such completion, the relevant KGLD is burned.

## **8.6 Price Standards and Fee Structure**

The value of KGLD may fluctuate depending on international gold spot prices, exchange rates, exchange prices, market supply and demand, liquidity, fees, network environment, and other market factors.

The Company may use price standards and data sources determined by the Company in the process of issuance, physical redemption, and fee calculation, and such standards may be announced through the Terms, operating policies, or official notices.

Fees or costs determined by the Company may arise in connection with issuance, physical redemption, physical delivery, custody, verification, network transfer, and other matters relating to KGLD. Even if the Company does not charge a separate transfer fee for token transfers, native gas fees arising on the blockchain network may be borne by the member. Risks relating to price standards, fees, and market prices are described in Chapter 14 of this Whitepaper.

## **8.7 Supply Control and Risk Management**

KGLD supply management follows the principles below.

1. Circulating supply is managed so as not to exceed the scope of underlying assets.
2. Reserved supply is managed separately from circulating supply.
3. Only KGLD transferred to member wallets is included in circulating supply.
4. Amounts locked due to physical redemption applications are managed separately.
5. Amounts burned after completion of physical gold delivery are deducted from circulating supply.
6. The Company periodically verifies consistency between underlying assets and circulating supply.

## 09. Technical Architecture

### 9.1 Overview

The technical architecture of KGLD is designed as a structure combining an on-chain digital record system and off-chain real-world asset management system, reflecting the characteristics of physical gold-backed RWA.

The on-chain area manages creation, transfer, locking, burning, supply verification, and wallet-to-wallet transfer of KGLD. The off-chain area manages securing physical gold, verification, custody, release preparation, delivery at redemption locations, and reserve asset verification procedures.

### 9.2 Blockchain Infrastructure

KGLD may use an ERC-20 based token standard, and the initial issuance network is designed as Ethereum Mainnet.

Supported networks may be expanded depending on technology deployment, security audits, demand, regulatory environment, and operational needs.

If multi-chain expansion occurs, the Company will provide information on supported networks, bridge structures, transfer restrictions, network-specific risks, and usage methods through official channels.

### 9.3 Smart Contract Structure

The KGLD smart contract may include the following functions.

1. KGLD creation
2. KGLD transfer
3. KGLD locking or transfer restriction
4. KGLD burn
5. Authority management
6. Supported network management
7. Emergency security measures
8. Confirmation of on-chain supply information

KGLD's primary smart contracts consist of the Token Contract, Issue Contract, and Redeem Contract. The Token Contract manages KGLD balances, transfers, total supply, and ERC-20 based token functions. The Issue Contract performs on-chain processing related to KGLD issuance or distribution in accordance with the Company's internal approval procedures and underlying asset verification procedures. The Redeem Contract handles KGLD transfers, locks, redemption orders, burns, and related event records in connection with physical redemption requests.

The Company may change the smart contract or service structure due to security, legal compliance, technical improvements, network changes, custodian changes, or operational needs.

If a change has a material impact on members, the Company will make prior notice. However, in urgent security situations, the Company may make notice afterward.

### 9.4 Authority Controls

The following authority controls may apply to KGLD operations.

1. Multi-signature based administrator authority
2. Internal approval procedures
3. Separation of authorized persons
4. Management of on-chain administrator addresses
5. Emergency suspension or service restriction functions
6. Restriction of sanctioned or high-risk addresses

## 7. Restriction of issuance and burn authority

Authority controls are intended to reduce risks of unauthorized issuance, abnormal transfers, security incidents, and violations of laws.

## 9.5 On-Chain and Off-Chain Reconciliation

KGLD aims to operate a structure that reconciles on-chain supply information with off-chain reserve asset information.

On-Chain Information	Off-Chain Information
Total Created Supply	Total fine gold weight of underlying assets
Circulating Supply	Quantity held by custodian
Reserved Supply	Company-held or undelivered supply
Locked Supply	Quantity subject to redemption application or restriction
Burned Supply	Redemption-completed or otherwise burned history
Transfer History	Internal ledger relating to issuance, redemption, and restrictions

## 9.6 Technical Limitations

Blockchain systems may involve the following risks.

1. Network failures
2. Transaction delays
3. Rapid increases in network fees
4. Smart contract errors
5. Security vulnerabilities
6. Cross-chain transfer device failures
7. External price information linkage device failures
8. Third-party infrastructure failures
9. Incorrect wallet address input
10. Loss or leakage of private keys

Members must manage their personal wallets, private keys, recovery phrases, and access information themselves. The Company does not store or control private keys for members' personal wallets.

# 10. Digital Financial Service Integration Structure

## 10.1 Infrastructure Use of KGLD

KGLD aims to be a gold-backed digital record unit designed to allow global digital financial services to reference or integrate the economic value of gold in a digital manner.

The infrastructure use of KGLD may include the following directions.

1. Gold-backed holding asset
2. On-chain transferable RWA asset
3. Reference asset for digital financial services
4. Component of institutional digital asset portfolios
5. Input for gold-backed collateral or settlement structures
6. Gold-backed asset display unit for digital wallets and applications
7. Gold-backed asset layer for RWA platforms

However, even if KGLD is supported or used in a third-party service, that service is not a service of the Company. The Company does not become the operator, broker, settlement performer, collateral evaluator, liquidator, or return guarantor of any third-party service.

## 10.2 Service Provider Integration

Third-party service providers such as wallets, trading infrastructure, institutional custody services, on-chain applications, and RWA platforms may integrate or support KGLD based on their own legal review and internal control procedures.

The Company does not guarantee the following matters relating to third-party service providers.

1. Service stability
2. Security level
3. Accuracy of KGLD display
4. Trade execution
5. Recognition of collateral value
6. Clearing or settlement results
7. Tax treatment
8. Regulatory suitability
9. User profits or losses

## 10.3 Global User Accessibility

KGLD aims to be a blockchain-based digital record unit that global users can hold or transfer through personal wallets.

However, specific countries, regions, individuals, legal entities, or wallet addresses may be restricted from using the service due to laws, sanctions, anti-money laundering requirements, security needs, operating policies, or the Company's internal review.

KGLD issuance applications are permitted only for pre-approved members. A KGLD holder must complete the verification procedures specified by the Company to apply for physical redemption.

## 10.4 Distinction Between Global Use and Physical Redemption

KGLD aims to be a base asset for global digital financial services, but physical redemption is restricted under the Terms.

Physical redemption is conducted only by direct receipt of physical gold at a redemption location in the Republic of Korea designated by the Company. The Company does not provide delivery, export agency services, customs clearance agency services, delivery to an overseas address, VAT refund procedures for foreign tourists, immediate refund procedures, or zero-rated VAT procedures in connection with KGLD physical redemption.

Accordingly, even if global users can hold and transfer KGLD digitally, to receive physical gold they must satisfy the verification procedures under the Terms and operating policies and the condition of direct receipt at a redemption location in the Republic of Korea.

## 10.5 Third-Party Service Risks

If KGLD is supported or used in third-party services, the terms, operating policies, fees, security, regulations, tax treatment, and use restrictions of such services may apply separately.

Risks relating to transaction failure, deposit and withdrawal delays, price discrepancies, insufficient liquidity, decline in collateral value, liquidation losses, smart contract errors, wallet or platform hacking, legal restrictions, and tax disadvantages in third-party services are described in Section 14.3 of this Whitepaper.

# 11. Security and Risk Management

## 11.1 Security Principles

Because KGLD combines physical gold underlying assets and digital records, both off-chain asset security and on-chain technical security are important.

The Company may apply the following security principles.

1. Physical custody controls by custodians
2. Multiple verification procedures for release and delivery
3. Identity verification for individuals and legal entities
4. Wallet ownership verification
5. Sanctions screening
6. Anti-money laundering checks
7. Smart contract security audits
8. Multi-signature based authority controls
9. Abnormal transaction monitoring
10. Emergency service restriction or locking measures

## 11.2 Custody Risk Management

The custodian holds underlying assets, identifies and allocates the redemption target portion according to the Company's instructions, and may deliver physical gold at a redemption location.

The Company manages the custody status, deposit and release records, verification records, and delivery records of underlying assets through agreements with custodians and internal procedures.

However, physical redemption may be delayed or restricted due to custodian failure, security incidents, inventory shortages, legal restrictions, natural disasters, or reasons beyond the Company's control.

## 11.3 On-Chain Risk Management

The Company manages on-chain risks through smart contract security audits, authority controls, abnormal transaction monitoring, and network status checks.

However, transactions recorded on a blockchain network may be difficult to cancel, modify, or reverse due to technical characteristics. The results of transactions, signatures, approvals, and transfers created or approved by members through personal wallets are, in principle, the responsibility of the members.

## 11.4 AML and Sanctions Risk Management

The Company may verify members' transactions, wallets, source of funds, recipients, redemption locations, tax status, and other information for legal compliance and risk management.

If a transaction is suspected of being a suspicious transaction, high-risk transaction, sanctioned transaction, or transaction related to illegal activity, the Company may refuse, suspend, restrict the provision of service, or report to relevant authorities.

## 11.5 Use Restrictions

The Company may restrict or lock the use, transfer, redemption, or other disposition of KGLD or related accounts in any of the following cases.

1. A physical redemption application has been received
2. Personal verification, wallet ownership verification, or identity verification for individuals or legal entities has not been completed

3. There is reasonable suspicion of involvement with sanctions targets, money laundering, terrorist financing, fraud, hacking, theft, loss, embezzlement, or illegal acts
4. There is a request from a law, investigative authority, or regulatory authority
5. It is necessary for the security of the smart contract, blockchain network, or service
6. The member has violated the Terms or operating policies
7. There has been erroneous issuance, erroneous transfer, price error, system error, or manifest mistake

## 12. Regulation and Compliance

### 12.1 Basic Principles

The legal nature of KGLD may vary depending on applicable laws, interpretations by regulatory authorities, interpretations by tax authorities, and judgments of competent courts.

The Company may modify, restrict, suspend, or take necessary measures with respect to all or part of the KGLD service depending on laws, regulatory interpretations, market conditions, technical environment, or operational needs.

### 12.2 Identity Verification for Individuals and Legal Entities

The Company may require identity verification procedures for individuals and legal entities in connection with membership registration, issuance, wallet connection, physical redemption, and other service use.

If a legal entity or organization applies for membership or service use, the Company may require the following materials.

1. Business registration certificate
2. Certificate of corporate registration
3. Articles of incorporation
4. Verification materials for representatives and beneficial owners
5. Authorization materials
6. Source-of-funds materials
7. Sanctions screening materials
8. Other legal entity identity verification materials

### 12.3 Anti-Money Laundering and Sanctions Compliance

The Company may operate necessary procedures to comply with laws related to anti-money laundering, counter-terrorist financing, sanctions, foreign exchange, tax, personal information, electronic documents, digital assets, and other matters.

If a transaction is suspected of being high-risk, suspicious, sanctioned, or related to illegal activity, the Company may refuse, suspend, restrict service provision, or report to relevant authorities.

### 12.4 Gold Business Operator and Tax Special Rules

If, in the course of KGLD physical redemption, the member is a gold business operator and the relevant physical redemption is subject to the special buyer-payment rules for gold-related products, separate procedures such as use of a gold transaction account, issuance of tax invoices, value-added tax treatment, and input tax credit may apply.

The Company may require gold business operator members to provide gold transaction account information, business registration information, tax invoice information, and other necessary materials, and may refuse or suspend physical gold delivery if the relevant procedures are not completed.

## 12.5 Overseas Users and Overseas Legal Entities

Overseas users, overseas legal entities, or members residing or located outside the Republic of Korea are not automatically exempt from or refunded value-added tax or other taxes solely for that reason in connection with physical redemption.

If an overseas individual member applies for physical redemption, the member must complete the verification procedures required by the Company and receive physical gold in person at a redemption location in the Republic of Korea designated by the Company.

If an overseas legal entity applies for physical redemption, physical gold may be received at a redemption location in the Republic of Korea only through a representative or authorized recipient approved in advance by the Company.

The Company does not provide overseas delivery, export agency services, customs clearance agency services, outbound removal, VAT refund procedures for foreign tourists, immediate refund procedures, or zero-rated VAT procedures for overseas users, overseas legal entities, or overseas-resident members.

After a member receives physical gold at a redemption location, any storage, transportation, removal, export, import, resale, transfer, customs clearance, tax filing, or other disposition of such physical gold is solely the responsibility of the relevant member.

## 12.6 Considerations Relating to Securities Characterization

KGLD is not designed to be shares, bonds, beneficiary certificates, collective investment securities, investment contract securities, derivative-linked securities, deposits, electronic money, prepaid electronic payment instruments, or monetary claims against the Company.

Matters relating to the legal nature, limitations of rights, and regulatory uncertainty of KGLD are described in Sections 4.5, 7.3, and 14.6 of this Whitepaper.

# 13. Rights and Obligations of the Company and Members

## 13.1 Key Obligations of the Company

The Company bears the following obligations within the scope set forth in the Terms and operating policies.

1. Operation of KGLD issuance and physical redemption procedures
2. Management under the principle of segregated custody of underlying assets
3. Management of the correspondence between circulating KGLD supply and the fine gold weight of underlying assets
4. Notice or disclosure of reserve asset-related information
5. Operation of identity verification for individuals and legal entities and anti-money laundering procedures
6. Preparation of physical gold at redemption locations and operation of delivery procedures in response to physical redemption applications
7. Performance of notice procedures under the Terms in the event of service modification, suspension, or termination

Except as provided in the Terms, the Company does not arbitrarily deduct, transfer, sell, burn, or cash-settle KGLD held by members without the members' express consent. However, if necessary due to laws, requests by investigative or regulatory authorities, security incidents, manifest erroneous issuance or transfer, locking or burning procedures resulting from physical redemption applications, or a member's breach of the Terms, the Company may take locking or use restriction measures in accordance with the Terms.

## 13.2 Obligations Not Assumed by the Company

The Company does not assume the following obligations.

1. Cash redemption of KGLD

2. Repurchase of KGLD
3. Monetary settlement of KGLD
4. Price guarantee for KGLD
5. Liquidity guarantee for KGLD
6. Exchange listing guarantee
7. KGLD trading, brokerage, order matching, quotation, or settlement performance
8. Delivery
9. Export agency services
10. Customs clearance agency services
11. Value-added tax refund for foreign tourists
12. Immediate refund procedures
13. Zero-rated VAT procedures
14. Guarantee of members' tax or accounting benefits
15. Guarantee of the results of KGLD use in third-party services

### **13.3 Key Obligations of Members**

Members bear the following obligations.

1. Provision of accurate member information
2. Cooperation with identity verification procedures for individuals and legal entities
3. Cooperation with wallet ownership verification procedures
4. Management of personal wallets, private keys, recovery phrases, and authentication methods
5. Submission of materials necessary for physical redemption application
6. Payment of fees, tax-equivalent amounts, and other costs
7. Identity verification at the redemption location and direct receipt of physical gold
8. Responsibility for storage, transportation, removal, disposition, and tax treatment after receipt of physical gold
9. Compliance with anti-money laundering, sanctions, foreign exchange, tax, personal information, electronic documents, customs, import/export, and other applicable laws
10. Compliance with the Terms and operating policies
11. Compliance with the terms and laws applicable to any third-party service used by the member

### **13.4 Prohibited Acts**

Members must not engage in the following acts.

1. Misappropriating another person's information, account, wallet, or authentication method
2. Submitting false information or false documents
3. Circumventing identity verification or personal verification procedures for individuals or legal entities
4. Using funds or KGLD related to sanctioned persons, borrowed-name accounts, mixers, illegal gambling, ransomware, hacking, fraud, narcotics, terrorist financing, or other illegal activities
5. Infringing the systems of the Company, custodian, or third parties or attempting abnormal access
6. Exploiting errors in smart contracts, blockchain networks, price notices, or services
7. Interfering with the Company's issuance, redemption, reserve asset management, or disclosure
8. Representing or advertising that the Company provides cash redemption, repurchase, or price guarantee that it does not provide
9. Causing KGLD to be misunderstood as securities, deposits, return-guaranteed products, or investment products guaranteed by the Company

## 14. Risk Disclosure

### 14.1 Market Price Risk

KGLD is managed to correspond to physical gold underlying assets, but the market price of KGLD does not always match the gold spot price and is not guaranteed at any specific price.

The market price of KGLD may fluctuate depending on gold price, exchange rates, exchange prices, market supply and demand, liquidity, fees, blockchain network conditions, and other factors.

### 14.2 Liquidity Risk

Even if KGLD is traded on a specific exchange or platform, the Company does not guarantee KGLD's liquidity, trading volume, market price, continued listing, tradability, or execution of transactions at any specific price.

Transfers, trades, collateralization, lending, or other dispositions of KGLD among members or between members and third parties are the sole responsibility of the members.

### 14.3 Third-Party Service Integration Risk

KGLD may be supported or used in third-party services such as wallets, digital asset platforms, on-chain applications, collateral services, settlement services, and institutional services.

In such cases, the terms, fees, security, regulations, tax treatment, and use restrictions of the relevant third-party service may apply separately. The Company does not guarantee the results of KGLD use, collateral value, clearing results, settlement results, returns, losses, security incidents, or legal effects in any third-party service.

### 14.4 Physical Redemption Risk

Physical redemption may be restricted according to the minimum quantity, costs, identity verification, tax status verification, anti-money laundering checks, and redemption location operating conditions set forth in the Terms and operating policies.

If custodian inventory is insufficient, redemption location preparation is impossible, member identity verification fails, the member fails to receive the physical gold, a natural disaster occurs, a regulatory authority gives an instruction, or other reasonable grounds arise, the Company may suspend, cancel, or re-process physical redemption.

### 14.5 No Cash Redemption Risk

The Company does not have any contractual obligation, for any reason including holding, transfer, return, physical redemption application, service termination, or membership withdrawal of KGLD, to pay cash, Korean won, foreign currency, USDT, other digital assets, deposits, electronic payment instruments, or any other financial assets to members.

Members cannot require the Company to cash-redeem or repurchase KGLD.

### 14.6 Legal Characterization Change Risk

The legal nature of KGLD may vary depending on applicable laws, interpretations by regulatory authorities, interpretations by tax authorities, and judgments of competent courts.

In response to such changes or determinations, the Company may modify, restrict, suspend, or take necessary measures with respect to all or part of the service.

## 14.7 Tax Risk

Taxes, customs duties, reporting obligations, accounting treatment, or other legal responsibilities may arise in connection with KGLD issuance, holding, transfer, disposition, physical redemption, physical gold delivery, receipt at a redemption location, and storage, transportation, removal, or disposition of physical gold after receipt.

Members are responsible for their own tax obligations.

## 14.8 Gold Business Operator Special Rule Risk

If the physical redemption by a gold business operator member is subject to the buyer-payment special rules for gold-related products, separate procedures such as use of a gold transaction account, issuance of tax invoices, value-added tax treatment, and input tax credit may be required.

If such procedures are not completed, the Company may suspend or reject physical redemption.

## 14.9 No Delivery or Export Support Risk

The Company does not provide delivery, courier delivery, quick delivery service, delivery to a carrier, export agency services, customs clearance agency services, or delivery to an overseas address in connection with KGLD physical redemption.

Members must receive physical gold directly at a redemption location in the Republic of Korea designated by the Company.

After a member receives physical gold at a redemption location, the member is solely responsible for any storage, transportation, removal, export, disposition, or transfer to a third party of such physical gold.

## 14.10 Technical Risk

Losses may arise from blockchain network failures, delays, rapid increases in fees, protocol changes, network forks, consensus failures, smart contract errors, security vulnerabilities, cross-chain transfer device failures, external price information linkage device failures, or third-party infrastructure failures.

Losses arising from member input errors, incorrect wallet addresses, incorrect network selection, private key leakage, signature mistakes, wallet connection errors, or negligent management of personal wallets may be borne by the members.

## 14.11 Limitations of Reserve Asset Verification

Reserve asset verification may be a confirmation of data or the result of procedures performed as of a specific reference point.

Reserve asset verification does not guarantee the value, price, profitability, solvency, investment safety, legal nature, or future redemption availability of KGLD.

## 14.12 Custodian Risk

Failures may occur in the custodian's custody, verification, release preparation, redemption location operation, or related systems.

Physical redemption may be delayed or restricted due to custodian-related incidents, delays, legal restrictions, inventory shortages, or redemption location operation issues.

## 14.13 Operating Policy Change Risk

The Company may specify detailed matters not provided in the Terms in its operating policies, and operating policies may be posted on the service screen, in separate documents, notices, or electronic methods.

As a principle, issuance applications or physical redemption applications received by the Company and finally confirmed by the member before any change to operating policies shall be governed by the operating policies in effect at the time of application. However, if there are legal obligations, tax or tax authority interpretations, anti-money laundering requirements, sanctions, security needs, manifest errors, custodian inventory shortages, operational

necessity at redemption locations, or reasons beyond the Company's control, the Company may apply changed standards or suspend, cancel, or re-process the relevant application.

#### **14.14 Service Termination and Withdrawal Risk**

Even if the Company terminates the KGLD service or a member applies for withdrawal or account termination, the Company will not redeem or refund KGLD in cash, Korean won, foreign currency, USDT, other digital assets, deposits, electronic payment instruments, or other monetary value.

Upon service termination or member withdrawal, a member holding remaining KGLD may need to use physical redemption, transfer to an external wallet, or a legally permitted non-cash processing procedure as set forth in the Terms and operating policies. The Company will not apply a discretionary market price to remaining KGLD and make cash-like payments to the member's financial account, digital asset wallet, or other means.

If a member fails to complete physical redemption, external wallet transfer, or other non-cash processing procedures within the prescribed period, the matter may be handled in accordance with applicable laws, prescription periods, custody, deposit, or procedures announced by the Company; even in such cases, cash redemption or market-price settlement will not be provided.

### **15. Roadmap**

This roadmap describes the Company's current plans and may change depending on laws, regulatory environment, technical environment, market conditions, custodian operations, security needs, or other reasons. This roadmap does not guarantee the provision of any specific function, listing, liquidity, return, or price.

#### **Phase 1. Foundation Building**

1. Organization of the KGLD Service Terms of Use and operating policies
2. Establishment of identity verification for individuals and legal entities and anti-money laundering procedures
3. Securing underlying assets and establishing custodian custody structure
4. Smart contract development and security review
5. Establishment of internal ledger and on-chain supply management system

#### **Phase 2. Operation of Global Digital Asset Issuance Foundation**

1. Operation of issuance application procedures for pre-approved members
2. Provision of KGLD wallet connection and holding verification functions
3. Separate management of circulating supply, reserved supply, locked supply, and burned supply
4. Operation of reserve asset verification system
5. Publication of key information through official channels
6. Provision of documents and technical information for global users and service providers

#### **Phase 3. Integration with Digital Financial Services**

1. Review of integration with external wallets and infrastructure
2. Review of integration with institutional digital asset services
3. Review of integration with RWA platforms and on-chain applications
4. Enhancement of gold-backed digital asset display and reference structures
5. Review of multi-chain expansion potential

#### **Phase 4. Physical Redemption Operations**

1. Operation of physical redemption application procedures for verified holders

2. Physical gold delivery by direct receipt at redemption locations in the Republic of Korea
3. Application of Korean gold business operator tax special rules
4. Operation of verification and authorized-recipient confirmation procedures for overseas users and overseas legal entities
5. Burn after completion of physical redemption and management of supply consistency

## Phase 5. Global Infrastructure Enhancement

1. Expansion of supported networks
2. Enhancement of the scope of disclosed reserve asset verification data
3. Review of regularization of external verification procedures
4. Enhancement of security controls and abnormal transaction monitoring
5. Review of standardization of integration with global digital financial services

## 16. Conclusion and Vision

KGLD is not merely a domestic physical gold redemption service. KGLD aims to be gold-backed digital record infrastructure connecting physical gold and global digital financial services.

The core of KGLD is not to guarantee returns based on gold price. Rather, KGLD manages the correspondence between 99.99% purity physical gold underlying assets and circulating digital record units, and provides a structure that wallets, institutional services, on-chain applications, RWA platforms, and global digital asset services may independently reference and integrate.

Korea Gold Exchange Digital Asset Co., Ltd. seeks to combine physical gold distribution infrastructure with blockchain-based digital record technology to build a structure in which gold can be used in digital financial services in an explainable and transferable form.

However, the use of KGLD involves risks relating to market price fluctuations, liquidity, technology, laws, taxes, custodians, physical redemption, third-party service integration, and changes to operating policies. Members should carefully review the KGLD Service Terms of Use, operating policies, this Whitepaper, and related notices, and use KGLD at their own responsibility.

## 17. Appendix

### 17.1 Key Terms

Term	Meaning
KGLD	A digital record unit issued by the Company that represents a right to request physical delivery of 99.99% purity physical gold under the conditions set forth in the Terms and operating policies
Company	Korea Gold Exchange Digital Asset Co., Ltd.
Member	A person who agrees to the Terms, completes membership registration, and uses the services provided by the Company
General Member	A member who has completed membership registration but has not completed all procedures such as identity verification, wallet ownership verification, and pre-approval
Verified Holder	A member who has completed identity verification, wallet ownership verification, sanctions screening, and anti-money laundering review specified by the Company for a wallet address holding or capable of holding KGLD
Pre-approved Member	A member granted the right to apply for KGLD issuance by the Company
Wholesale Issuance Member	A pre-approved member who may apply for KGLD issuance or wholesale acquisition under a separate agreement or operating policy

Underlying Asset	99.99% purity physical gold bullion or gold bars held by the Company and segregated with a custodian to correspond to KGLD issuance and physical redemption
Base Asset	A descriptive term in this Whitepaper meaning a digital asset that may be held, transferred, referenced, or integrated in global digital financial services. It is distinguished from the underlying asset under the Terms
Custodian	A party that performs custody, verification, release preparation, or physical delivery at a redemption location under an agreement with the Company
Redemption Location	An offline location in the Republic of Korea designated by the Company or custodian for delivery of physical gold subject to physical redemption
Issuance	The procedure by which the Company receives consideration from a pre-approved member and creates or delivers KGLD within the scope of underlying assets
Physical Redemption	A procedure in which a verified holder transfers or locks KGLD and directly receives physical gold at a redemption location in the Republic of Korea
Cash Redemption	Payment by the Company of Korean won, foreign currency, USDT, other digital assets, or financial assets to a member by reason of holding or returning KGLD. The Company does not provide cash redemption
Lock	A state in which transfer or disposition of specific KGLD is temporarily restricted due to a physical redemption application, legal restriction, security measure, or similar reason
Burn	The permanent rendering unusable of KGLD used for physical redemption in the manner specified by the Company
Reserve Asset Verification	A verification procedure that compares on-chain KGLD supply information with off-chain physical gold underlying asset information
Gold Business Operator	A person that supplies or receives gold-related products under the Restriction of Special Taxation Act and may be subject to a gold transaction account and buyer-payment special rules
Gold Transaction Account	An account opened and reported for the buyer-payment special rules for value-added tax on gold-related products

## 17.2 Supply Definitions

Category	Definition
Total Created Supply	Total amount of KGLD created under the smart contract
Reserved Supply	Amount of KGLD not yet delivered by the Company to external members
Issued Supply	Amount of KGLD delivered by the Company to pre-approved members
Circulating Supply	Amount of KGLD transferred to external member wallets and circulating
Locked Supply	Amount of KGLD whose transfer is restricted due to physical redemption application, legal restriction, security measures, or similar reasons
Burned Supply	Amount of KGLD permanently rendered unusable due to completion of physical redemption or other reasons

## 17.3 Legal Notice

This Whitepaper is an explanatory document, and the specific rights and obligations between members and the Company concerning KGLD are governed by the KGLD Service Terms of Use and operating policies.

KGLD does not provide principal, profit, dividends, interest, investment return, capital gains, purchase, repurchase, cash redemption, monetary settlement, price guarantee, or governance rights.

The legal nature, tax treatment, and accounting treatment of KGLD may vary depending on applicable laws, interpretations by regulatory authorities, interpretations by tax authorities, judgments of competent courts, auditor judgment, and the actual operating structure.

Before using KGLD, members should carefully review the KGLD Service Terms of Use, operating policies, this Whitepaper, and related notices, and should seek advice from legal, tax, accounting, and financial experts where necessary.