

lunu

# *Lunu Legal Compliance*

Automated process to accept cryptos  
and exchange them into fiat funds within  
legal/regulatory framework

# 1

## Lunu's legal territory

### Receiving cryptos from Customers and Exchanging them into stablecoins\*

- Conducted by third-party arbitrageurs via auctions
- Arbitrageurs register at Lunu's arbitrage exchange, deposit funds and set their offers for arbitrage auctions
- Cryptos are accepted via Lunu Terminal and/or Lunu Widget at the time of the payment for goods and services and are immediately exchanged into stablecoins at the best offer of an arbitrageur who has won the auction
- Lunu's oracles\*\* search, verify and confirm transactions in blockchains

#### Geography of operation:

European Union, United Kingdom

\*Except Germany

# 2

## Processing partner's legal territory

### Exchanging stablecoins into fiat

- Conducted by the issuer of stablecoins or its authorized representative, who conducts KYC/AML onboarding procedure for Retailers
- Provides accounts for Retailers to store, accept and exchange stablecoins
- Exchanges stablecoins into fiat funds for Retailers
- Connects to Lunu processing service which is linked via API with automated services of the issuer or its representatives

#### Geography of operation:

European Union, United Kingdom, Japan

\*Except Germany

# 3

## Retailer's legal territory

### Withdrawing fiat funds into IBAN accounts

- Conducted by the payments provider via SEPA (Single Euro Payments Area)
- Retailer owns a stablecoin account on the exchange, authorized by Lunu
- Retailer receives fiat funds from their stablecoin account to their IBAN bank account
- Connects to Lunu processing service which is linked via API with automated services of the issuer

#### Geography of operation:

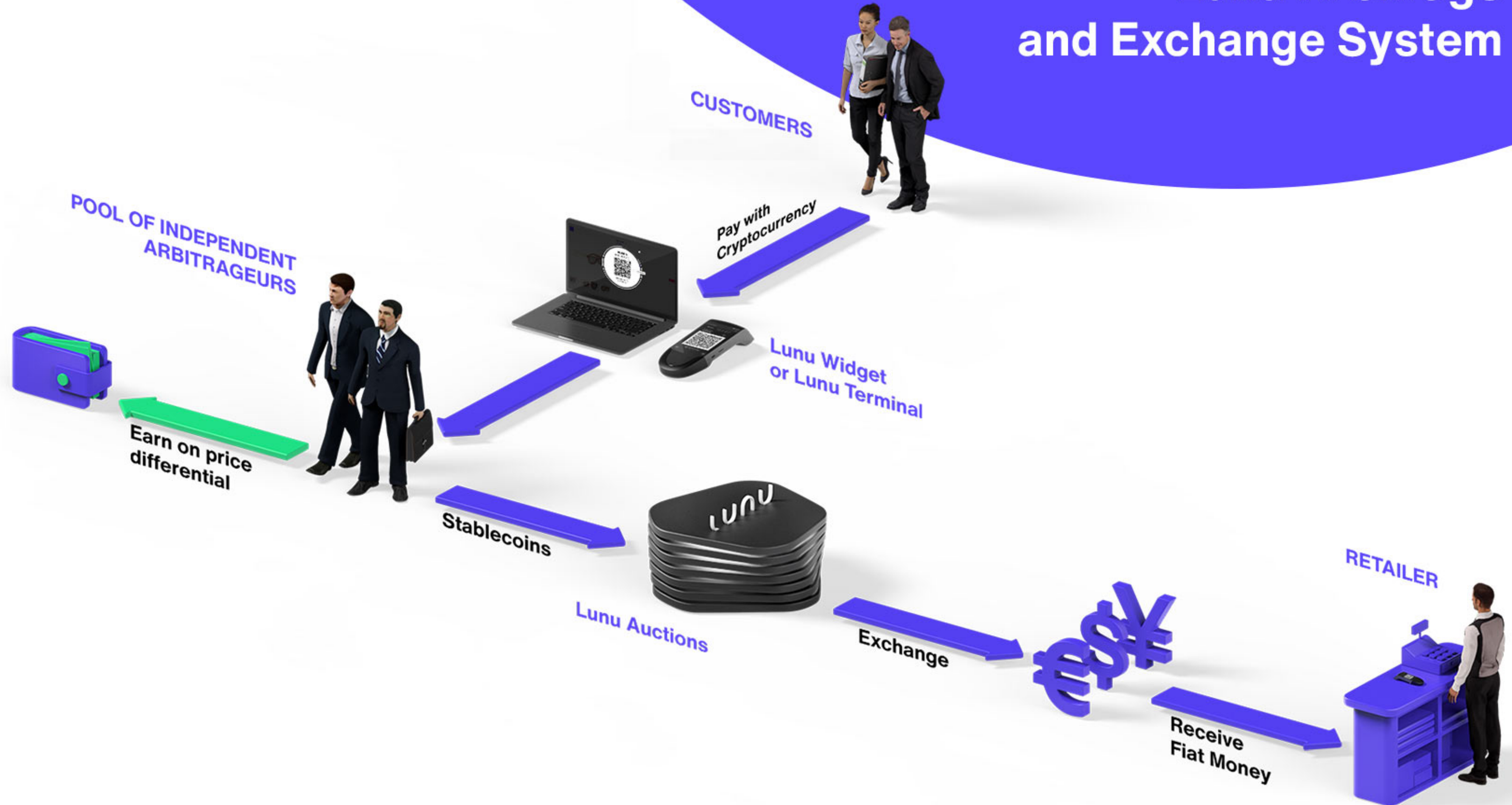
European Union

\*Except Germany

\*Stablecoins are essentially cryptocurrencies that are backed on a one-to-one basis with an asset, such as the US dollar, euro or another currency or commodity

\*\*Oracles are blockchain-specific software programs that could look into the blockchain and extract information. They serve as bridges between blockchains and the outside world

# Lunu Arbitrage and Exchange System



## Detailed description of the processes

### **1. Receiving cryptos from Customers and Exchanging them into stablecoins**

Lunu Arbitrage is a proprietary, patented system which scans available crypto-to-stablecoin offers to find the best exchange rate for the customer.

## Lunu is currently using the following method

### Lunu can currently operate in all E.U. countries except for Germany

Lunu participates directly in the transaction between a customer and an arbitrageur by buying cryptocurrencies from the customers based on the deferred transaction for the arbitrageur.

Lunu platform allows cryptocurrency owners (“arbitrageurs”), to act as liquidity providers using their own funds, earning their fees on the buy-sell price differential. The arbitrageur creates an offer for the exchange of cryptocurrencies for stablecoins. The Lunu processing system selects the best exchange rate offered by the arbitrageurs. The arbitrageur receives his payment in cryptocurrency, and then Lunu processing transfers the retailer in stablecoins.

Arbitrage would require the Financial Services License in Germany and other E.U. countries. However, Lunu can generally operate in the E.U. except for Germany as there is a limited, if any, practice of enforcing a foreign company (in case of Lunu based in Germany) to possess such a license. This position is confirmed by a [legal memo](#)<sup>7</sup> obtained by Lunu.

## Lunu plans to switch to the following method

### Arbitrageurs deposit funds with Lunu

Lunu does not participate in the transaction between a customer and an arbitrageur and only retains the deposits of arbitrageurs. Arbitrageurs purchase crypto from customers in exchange for stablecoins.

Crypto Custody license in Germany is required. Lunu can operate in Germany and elsewhere in E.U. (provided other E.U. countries do not require a crypto-custody license or they recognize the German license)

### Lunu plans to get this license in Q3 2021

\* Lunu creates a platform for “arbitrageurs”, both individual and institutional traders and crypto owners, to earn their fees on the buy-sell price differential. Potentially the arbitrageur earns his fee by simultaneously selling cryptocurrency on external exchanges.

## 2. Exchanging stablecoins into FIAT money

### Lunu is currently using the following method:

Lunu has partnered with Gozo.pro, a digital asset exchange that enables traders to instantly convert their EURS (STASIS Eur Stable Coin) to FIAT and vice versa.

Gozo.pro onboards, conducts KYC/AML, opens an account to accept, store and pay with EURS for Lunu clients (retailers) in E.U. based on the VFA Tier 4 license application from Malta Financial Services Authority (MFSA). Gozo.pro can already operate in terms of Article 62 of the Virtual Financial Assets Act of Malta (confirmed by the letter from authorities).

Gozo.pro is registered as XMT Gozo Ltd. with the Registry of Companies in Malta under company registration number C87936.

STASIS as a company and EURS as an asset are compliant under EU Nation - Malta law.

Malta is the first EU country which enacts a comprehensive legal framework in the sphere of blockchain technology and virtual financial assets.

**Geography of operation:** E.U.

### 3. Withdrawing FIAT money into the IBAN account

Gozo.pro provides a platform for withdrawal of FIAT into IBAN accounts via UAB NexPay, a Lithuanian registered financial institution which holds the unlimited electronic money license No. 18 issued by the [Bank of Lithuania](#), the Lithuanian financial supervisory authority.



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