EURL: A reliable euro-pegged digital asset

Whitepaper

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Disclaimer: This whitepaper is issued by LUGH company to give you a summary of the LUGH company (EURL) business and its technology. This document intends to apprise potential investors about EURL investments. The information presented in this report will therefore help them interpret EURL concepts in clarity. This document does not constitute investment, tax, legal, or other advice nor it is a recommendation to purchase, an offer to sell, or an invitation to apply for investments in LUH company.

Lugh company : the firm that was created to issue the EURL Token.

EURL is a digital asset, a stablecoin which means 1 EURL = 1 €

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Introduction

Financial innovations have existed since trade began. Today, innovators are turning to cryptocurrency to build a future financial system that is more efficient, fair, transparent, and safe than today. Cryptocurrency intends to be the foundation of payment infrastructure, and it will create the standards of tomorrow.

This overview explains why we created Lugh and the vision driving a new cryptocurrency stablecoin collateralized with euro called EURL. Our stablecoin is designed to play an integral role in the creation of this fair and transparent financial future and to become a trusted global currency for all crypto asset transactions.

Stablecoins combine the advantages of cryptocurrencies with the stability of the worlds most traded currencies, representing a breakthrough by opening the crypto-category to a large number of investors. To be the safest crypto asset available, we have partnered with the most demanding, reliable industry leaders.

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Overview

1. Overview

1.1 Who are we?

Lugh, founded by digital entrepreneurs and incubated at the Innovation Department of Casino Group (CO.PA), has created a reliable Euro-backed digital asset (EURL). As a fin-tech company, Lugh is responsible for the issuance, operations, audit, administration, and development of services related to EURL. Each month, an international audit firm attests our parity with euro, which supports EURL's stability in value.

Initially, EURL is available to brokers and exchanges to facilitate crypto assets transactions for individual or professional investors seeking to hedge against the risk of volatility in these markets. It intends to give several advantages to the customer:

- Hedging against volatility risk in crypto-assets transactions
- Accelerating crypto-asset transactions
- Reducing transaction costs

1.2 Why a € stablecoin?

Crypto assets

Crypto assets, *« a type of private assets that depend primarily on cryptography and distributed ledger technology as part of their inherent value »*[1], are a major application of blockchain for finance. There are thousands of categories of digital assets in circulation, serving different purposes and having different features.

A stablecoin is a new crypto assets characterized by the objective to have a stable intrinsic value and to avoid volatility. Stablecoins have increased circulation as they combine the benefits of crypto—instant processing, security and privacy of payments—with the stable valuations of fiat currencies.

Today the main uses of stablecoins are:

- « Safe Haven » for cryptocurrency traders
- Instant B2B and B2C payments
- Decentralized finance, such as loans between individuals and paid deposits

Types of stablecoins

There are three types stablecoins, each differing only by their collateralization:

- Non-collateralized: an entity deploys a smart contract that mints and burns tokens to manage its stability by adapting supply to demand (e.g. Carbon)
- Crypto-collateralized: an entity deploys a smart contract that mints and burns tokens that are backed by crypto-assets held in another smart contract and accessible only by clearing the stablecoin debt (e.g. Dai)
- Asset/Fiat-collateralized: an entity mints coins while holding the equivalent amount of fiat currency in a bank account and allowing 1:1 exchange at all times (e.g. USDC, Tether)

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[1] https://www.eba.europa.eu/eba-reports-on-crypto-assets

Asset/Fiat-collateralized stablecoins are the most common. These stablecoins are issued by reserving an equal amount of mixed assets at a strict equivalent to the stablecoin's value. Stablecoin issuers are distinguished by the transparency of their collateral and the auditing of their accounts by external auditors.

Dollar-pegged stablecoins

Currently, most asset/fiat-collateralized stablecoins are pegged to the dollar. These dollar backed assets dominate the market with more than 98% of the global capitalization, which increases monthly and is currently valued over trillions of dollars.

This domination paves the way for USD to be the only reference in the crypto world. However, this doesn't reflect the global reality outside of crypto where the Euro represents 20% of world foreign exchange reserves and 30% of international trade.

This imbalance is being tackled by Lugh. EURL, our euro-pegged stablecoin, is backed by a reserve account held by a first-tier international bank and audited by an international audit firm. We chose to work with top-ranked partners, to create a reliable, trustworthy environment, which is key to create trust in our stablecoin.

1.3 Our vision & perspectives

Creating EURL is the first step. To begin with, EURL will be distributed on crypto exchanges and brokers to be used in crypto-asset transactions. In the future, Lugh intends to develop more uses to leverage the infrastructure, this governance, and this technology that we have created to explore new opportunities offered by the blockchain

The following are potential use cases for Lugh. None of these are commitments to develop the technology, but they represent opportunities that could be capitalized on in the future.

On/ Off-ramp to buy tokenised assets

Lugh can serve as an on/off-ramp to platforms selling tokenized assets.

In this model, companies offering services that need EURL, such as brokers, exchanges, or merchants selling tokenized assets (e.g. NFT), can offer EURL directly within their platforms. EURL would be an on-ramp to these platforms, facilitating the user journey and the integration of payment methods into Lugh's partner's services. With this integration, the purchase of tokenized assets is meant to be easier and faster, because EURL allows the merchant to fix its price in € and let it stable over time. Transaction costs could also be reduced for users and platforms as all the transactions are registered directly on the blockchain without having a central intermediary.

International transfers

International transfers as they currently exist are slow and costly. The use of a Euro-backed stablecoin will allow for easier exchanges, more efficient international transfers, and reduced costs.
An account wallet could receive a transfer, or chain transfer, from another wallet through a transfer secured by encryption and digital signature, allowing to track down all transactions made on the public blockchain.

Decentralized Finance (DeFi)

Decentralized finance consists of financial products and services based on blockchain technology and purchased/performed automatically through decentralized protocols. It’s one of the most active crypto sectors currently.

Within decentralized finance, stablecoins are useful for cryptocurrency loans. The value of the loaned asset remains stable over time and allows for optimal repayment and better management on the part of both the lender and the borrower.

Cryptocurrency loans typically require cryptocurrency collateral held for the duration of the loan as a guarantee in case of non-repayment. The collateral must be bigger than the loan to secure it from non-payment risk and volatility.

Cryptocurrency owners can generate proceeds passively by staking their coins. Staking requires an owner to commit assets to supporting the blockchain network and confirming transaction. Those staked assets earn like-currency rewards (or interest) for this work. Staking can generate a stable income for a long-term holder of crypto. In the future, EURL may be staked and generate returns for owners.

Programmable payments and money

Programmable payments are automatically executed after certain conditions are met such as delivery of an asset, end of a period of time... Programmable payments already exist in today’s banking system, but it’s difficult to implement complex logic into these payments. Smart contracts, which encodes in the blockchain those rules, can offer more freedom and create more complex rules to execute the payments, offering more flexibility and efficiency to operate a payment. These payments would be executed with programmable money—the money that’s used during a payment with certain properties, for example a token that can only be spent on food, or education. EURL could be used for programmable payments in the future.

Retail uses

The retail use cases set out in this section are possible uses for the EURL in the future. **In any case, Lugh does not commit to develop these utilities.** From an institutional and retail point of view, a stablecoin allows for a fluidity of transactions, carried out 24/7, and may allow for an overall decrease in counterparty risk. A Euro stablecoin allows for a more fluid exchange of collateral in financial transactions between two individuals or institutions—which is the lifeblood of European banks today—as well as a reduction in risk and transaction costs for a merchant who would receive payment from customers instantly. This lack of central counterparty allows multiple use cases.

Stablecoins act as a bridge between crypto and fiat worlds. So Lugh, backed by Casino Group, a major international retailer, has a competitive advantage over other stablecoins as its corporate structure supports this connection. Lugh plans to use EURL as a mean of payment, starting in thousands of Casino Group stores and eventually expanding into other industries including housing and gaming, and as a loyalty tool supported by smart contracts. A crypto-based loyalty program could generate euro-backed stablecoins instead of loyalty points.

The information provided in this document are not binding on Lugh nor exhaustive. Lugh may not be held liable for incomplete or incorrect information contained herein.

In any case, purchasing EURL involves risks (see Section 2.6. below). Notably, the EURL is a digital asset that does not qualify as a financial instrument nor as electronic money. Its issuance and transfer are not be subject to the rules applicable to the issuance or transfer of financial instruments or electronic money and the purchase of EURL will not benefit from the possible protection applicable thereunder. **The holders of EURLs have no claim against Lugh**.

In addition, the regulatory framework applicable to digital assets as well as the tax regime applicable to their holding are not defined to date in certain jurisdictions.

If you decide to acquire EURLs, make sure to understand their characteristics and the various risks they present (see Section 2.6. below). In any case, please note that this investment will be made at your own risk. You must liaise with distributors selected by Lugh, should they have any question or query.

2 Description

2. Description

EURL is a € stablecoin which has been issued on public blockchain, and which aims to be distributed broadly to regulated exchange platforms and brokers. Being a digital asset allows us to distribute our stablecoin to affiliated distributors selected by Lugh.

2.1 Our values: reliability and transparency

Lugh has developed a trustworthy environment around its digital asset.

An international bank

The project is supported by experts in their field, such as its international bank, where a reserve bank account is opened to hold the assets on which the value of the EURL is pegged.

An international auditor has the mission to certify independently and publicly each month the number of EURL issued and the related value of the assets placed on the said associated reserve bank account. This auditor establishes monthly reports, which are available on our website lugh.io.

Our goal is to be as transparent and reliable as possible. Previously, blockchain projects struggled to be recognized and to access to accounts in international banks.

An international auditor

Since before EURL's launch, we engage with an auditor to:

- Perform a monthly audit on the EURL issuance and the computer code:
  - Functional review of the EURL smart contract produced by Lugh
  - Security review of the smart contract of the EURL produced by Lugh
  - Security review of the web interface used to send orders to the smart contract

- Conduct a review of Lugh's internal processes:
  - Assessment of the nature and criticality of the risks identified by Lugh on the project
  - Evaluation of the design and operational effectiveness of key processes and controls (particularly around key and wallet generation and management, EURL issuance)
  - Review of the key generation ceremonial process and the material support to it.

- Publish monthly reports documenting our reserves:
  - Attesting to the presence of assets in the dedicated bank account in a value corresponding to the circulating EURL
  - All our monthly reports are available on our website, accessible by anyone

2.2 - General principle of circulation of EURL tokens

The EURL are issued through specific platforms carefully selected by Lugh based on various criteria, including their regulatory status, the anti-money laundering framework and counter terrorism financing (AML-CTF) they implement in accordance with the applicable legislation. All our affiliated distributors are listed on our website. Lugh works in partnership with these platforms to allow customers to buy EURLs directly from these platforms and benefit from our stablecoin.

Please note that the specific regulatory status (if any) of each affiliated distributor, and the conditions in which they carry out their activities, vary and must be assessed case-by-case. Each potential buyer and/or seller of EURL must carefully understand the specific situation of the distributor with which it intends to deal with before performing any transactions.

Additionally, once issued through the distributors selected by Lugh, EURL may be transferred from wallets to wallets. Subscribers should make sure that they understand if they purchase the EURL with a partner selected by Lugh or not. In this last situation, Lugh has no visibility on the terms and conditions applicable to this purchase.

The partners

Lugh relies on a network of partners selected through a rigorous process. These partners are the only entities that can request the creation of new EURLs or their destruction.

Everyone can purchase and/or sell EURLs directly to Lugh's affiliated distributors.

The holders of EURLs have no claim against Lugh. They therefore cannot request Lugh to convert their EURL tokens or to reimburse them under any circumstances. The holders of EURLs have to deal with Lugh's affiliated distributors which offer the opportunity to purchase and/or sell EURLs among other kind of digital assets on their platform, in the conditions that each of them specifies. It is with those affiliated distributors, which must comply with local rules applicable in their respective jurisdictions, that any EURL holder will be able to interact.

Lugh is never responsible for the services provided by these distributors nor for the conditions (including communication and marketing actions) under which these distributors market the EURL.

2.3 Selection of partners and details of requirements

The selection of our partners is based on an ex-ante selection and we perform ex-post control in link with our affiliated distributors.

Ex-ante control

One important criteria to select our distributors is the analysis of their regulatory status (if any) and what it may imply in terms of AML-CTF.

Ex-post control

Our smart contract may also allow us to execute Forcetransfer and Freeze actions when EURL passes through a suspicious wallet identified. Lugh controls these functions, our distributors or regulators can ask to activate them in case of risk identification. Lugh is also performing On-Chain Analysis Transaction on EURL to identify suspicious transactions.

This technical possibilities may imply that the EURL purchased by the subscribers may be blocked temporarily or permanently or may be mandatorily transferred without any compensation.

We recommend the subscribers to liaise with our affiliated distributors listed on our website for more details on these functionalities.

2.4 Technology

Public blockchain

Originally conceived as the ledger and value transfer protocol underlying Bitcoin, blockchain technology has since evolved to support many applications with the introduction of smart contracts. Blockchain can store both transactions and smart contract.

The blockchain is by design:

- Decentralized, many replicas of the blockchain database where consensus among majority participants is needed to make updates
- Cryptographically secure: public/private cryptography signature technology to create transactions that are impervious to fraud and establishes a shared truth
- Immutable ledger: write-once database that records an immutable record of every transaction

Lugh chose to issue, at first, its stablecoin on the Tezos blockchain. EURL smart contract is written under the FA token standard, which is the Tezos universal token standard, called FA2, it refers to an ERC20-like fungible token standard (TZIP-7) for Tezos. The FA2 format is designed as an all-in-one standard for multiple type of tokens.

We chose Tezos for three main reasons:

- Robustness: formal verification, complex programming language
- Local Initiative: blockchain supported by the French government, Francophile environment, large community of French and French-speaking developers
- Low-carbon footprint

However, like other stablecoins, EURL will be developed on other reliable blockchains.

Smart contract and core functionalities

EURL smart contracts are audited by a third party and available on our website. Lugh has exclusive and unconditional control of the smart contract on the Tezos blockchain. The private keys to administer the smart contract are only controlled by Lugh.

A quorum decides the identity of the signatories according to the level of criticality of the action (mint, transfer…). Each action is linked to a MultiSig contract, controlled by a quorum of Lugh operators which can be automated or manual. The various actions of smart contracts are controlled by different operators - they do not follow the same multi-sig rules.

The core functionalities are:

- The set_owner feature allows the sc-owner account to declare a new account as sc-owner. The owners are responsible of the core functionalities of the smart contract
- The set-administrator feature allows the sc-owner account to declare a new account as sc-administrator. An owner can change an administrator. An administrator is responsible of other non core functionalities of the smart contracts such as transfer.
- The set_master_minter feature allows the sc-owner account to declare a new account as sc-minter. A minter is responsible of the minting and burning of EURL.
- The add_minter feature allows the sc-minter account to declare a new account in minters
- The removeMinter feature allows the sc-minter account to remove an account from minters
- The set_pause feature allows the sc-administrator account to pause or resume pause or resume transfers i.e. True paused, False active transfers
- The set_lock feature allows the sc-administrator account to block an address (i.e. true). This address will be able to receive but will not be able to send EURL

- The transfer feature allows the sc-administrator account or addresses granted by rightsManager to transfer EURL to another granted address. The balance of the sending address must be equal to or greater than the amount transferred. For a transfer to be allowed the pause variable must be False. However, this condition does not apply to the administrator account which can force the transfer from one address to another. Once the transfer has been verified, the balance variable in the balance list is updated for the addresses f and t, respectively the sender and the receiver
- The transfer feature allows the sc-administrator account or addresses granted by rightsManager to transfer EURL to another granted address. The balance of the sending address must be equal to or greater than the amount transferred. For a transfer to be allowed the pause variable must be False. However, this condition does not apply to the administrator account which can force the transfer from one address to another. Once the transfer has been verified, the balance variable in the balance list is updated for the addresses f and t, respectively the sender and the receiver
- The mint functionality allows the minter account to generate and allocate new EURL to an account granted by rightsManager e.g. Reserve wallet in case the minter is Lugh
- The burn feature allows the minter account to burn EURL from the selected wallet selected if the amount is well below or equal to the active balance
- The set_fees_manager functionality allows the sc-administrator account to declare a new account as smart contract Feesmanager.

Management platform

To control those core functionalities Lugh has edited a platform to manage the EURL in a Software as a Service mode. The platform can visualize all actions taken on the smart contract, to interact with the smart contract (creation and destruction of EURL, transfers…). The platform is connected to the APIs of Lugh's banking partner to automate the control of the crypto asset creation.

Key ceremony

The purpose of a key ceremony is to generate the private keys of the wallets associated with the public keys and addresses that will be written in the multi-signature virtual wallets of the Lugh smart contracts, under conditions that ensure the security, confidentiality, and integrity of the private keys.

In addition, a strict separation of roles between the wallet private key holders and the observers of the ceremony (master of ceremony, internal witness, and external auditors) as well as the details of the steps of the key pair generation process were determined by Lugh management team prior to the ceremony.

Strict observance of the assigned roles and steps of the key ceremony is fundamental and was the subject of prior rehearsal sessions to verify the proper conduct of the ceremony and to make adjustments to the script as necessary to ensure the security, confidentiality and integrity of the private keys.

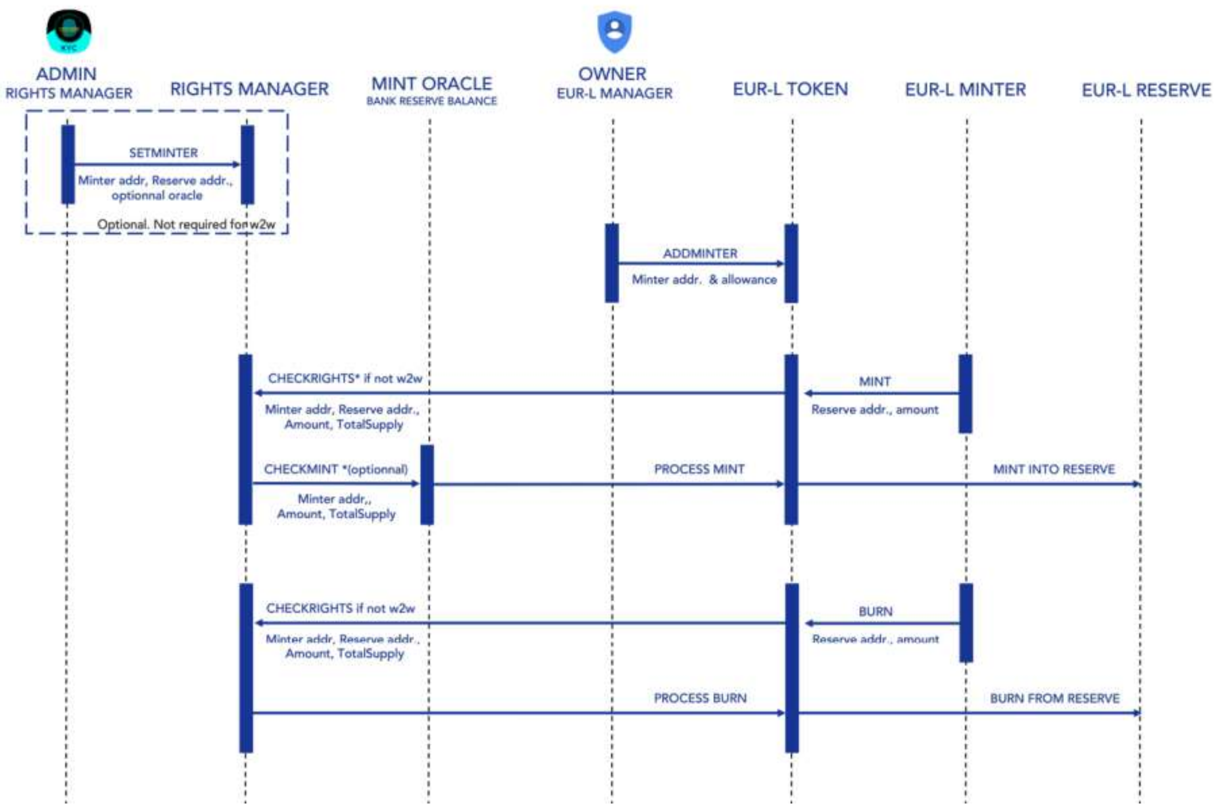
The multi-signature system provides a high level of security by giving or denying access to the different actions (mint, burn, send…) and avoiding malicious actions. This system allows to secure the stability and safety of funds.

This key ceremony was videotaped to ensure compliance with the procedures for the creation of the keys of the multi-sig and in case of a change of control of those keys

2.5 Our governance

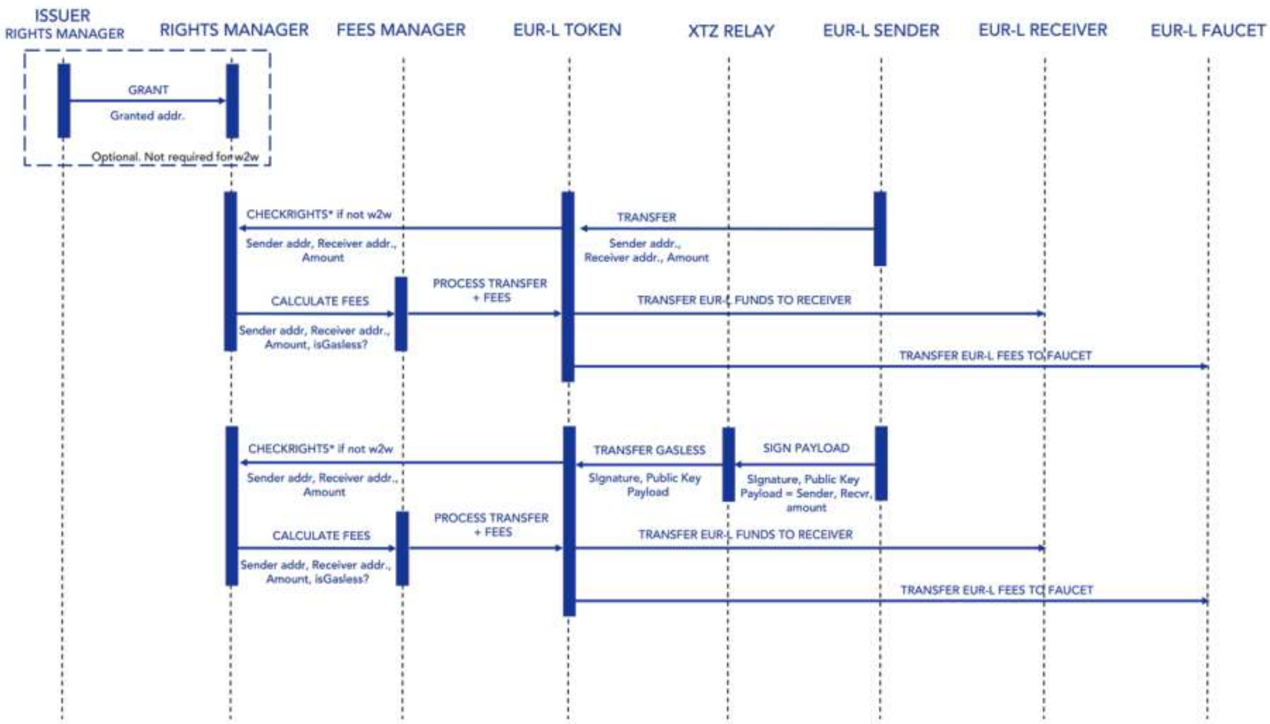
Mint Sequence

Adding or removing a minter account can only be done by the master minter. An allowance amount will be requested and may be updated to determine the maximum amount of tokens that the minter can generate. A new minter will only be able to mint for a given token ID. The assignment of Mint rights is done in two distinct operations, if a rightsManager in place. An addMinter operation directly in the EURL v2 Token contract by the SC_MINTER (master minter) and a setMinter in the RightsManager by the administrator. During the setMinter it may be required to fill in a wallet Reserve unique recipient of the declared Minter's Mint operations. From then on, for each Mint operation, the EURL contract will check that the Minter is authorized and will ask the Reserve to validate the requested token ID. If necessary, an additional verification will be applied on the minted amount with validation by an oracle of the balance on the balance on the account of collateralization of the associated Euros funds.



Transfer & Gasless Transfer Sequence

For any transfer, it will be necessary to make sure that the sender and the receiver have an active Grant in the RightsManager (if a rightsManager contract is specified for this token ID). From then on the transfer will be authorized (within the limit of the EURL available and exchanged by the sender). In the case of a Gasless transfer operation (ie. without having some token of the native blockchain to pay the gas fee related to perform the transaction) on the chosen blockchain, the sender should sign all the parameters associated with the parameters associated with the transfer, transmit all these parameters in bytes i.e. the payload, accompanied by the signature of this payload + a nonce, and its public key. A relay account of the chosen blockchain, will then be able to send this transaction on the network and pay the fees in XTZ. Note that fees may be applied from the feesManager and will be automatically deducted from the sender and transferred to a EURL Faucet wallet. This feature can also be implemented in third party applications to allow the use of EURL without holding native blockchain crypto.



2.6 Risks

Purchasing EURL may imply various risks that each potential acquirer must be aware of and understand before acquiring EURL. The purchase of EURL is made at each subscriber's own risks.

The Section below highlights a non-exhaustive list of various risk factors that potential acquirers must understand before purchasing EURL.

Economic Risks

- Loss of value: EURL is a € stablecoin which has been issued on public blockchains. Its objective is to be fully pegged to the euro and our reserve bank account is audited each month by an audit firm. However, the value of EURL is not guaranteed. There may be cases where the value of the EURL may decrease or be null (for example depending on the relationships between Lugh and its distributors). Subscribers of EURL may lose the value of their purchase partially or entirely.
- Valuation risk: EURL is pegged to the amount of euros held in the reserve bank account opened in the name of Lugh with an international bank. The value of the EURL depends notably on (i) the financial situation of its issuer, Lugh and on (ii) the blockchain technology on which it is based. Any element affecting the financial situation of the issuer and/or any malfunction of the blockchain technology on which the EURL are based may affect their value and generate partial or total loss of value for the subscriber.
- Change: the value of the EURL is pegged to euros. Depending on the distributor, fees and charges may apply to its conversion into euros or other currencies. Holders of EURL may also withstand the risk of loss of value when exchanging the EURL into fiat money or other digital assets.
- Liquidity: The holders of EURLs have no claim against Lugh. The holders of EURLs must deal with Lugh's affiliated distributors to purchase and/or sell EURLs or exchange them against

other kinds of digital assets. It is with those affiliated distributors, which have to comply with the rules applicable to their activities, that any EURL holder will be able to interact. There is no guarantee that the EURL be tradable on any secondary market. It might be impossible to convert EURL against currencies with legal tender or to exchange/trade them into another asset.

Technological Risks

- Blockchain technology: blockchain is a recent technology, which may be subject to malfunctions or attacks. The specific blockchain technology on which EURL are based may be subject to specific weaknesses, which possibly make them targets for specific cybersecurity threats. Hackers or other malicious groups or organizations may identify and exploit these specific weaknesses, causing the blockchain to malfunction or function in an unexpected or unintended manner. The malfunction, unintended or unexpected functioning of the blockchain on which the EURL are based may have adverse consequences on the EURL or their transfer.

- Security breaches: We have mandated an auditor to perform an audit on the EURL issuance and the computer code and conducted a review of the internal processes of Lugh. However, the issuance and transfer of EURL may malfunction or have unintended or unexpected functioning, which may have adverse consequences on the EURL or their transfer. Despite its audit, the smart contract on which the EURL is based may have bugs or vulnerabilities. If this situation occurs, there is no guarantee of a remedy or compensation to be provided by Lugh.

- Custody and private key securisation: The holders of EURLs have no claim on Lugh. They are responsible for implementing the appropriate framework to keep custody, store and secure their EURL, possibly using an appropriate digital wallet, secured with a private key. The loss or theft of a private key may result in the loss of all EURL assigned to the wallet and holders may no longer be able to access and dispose of the EURL they hold.

Holders of EURL may choose their own-custodial solution or they may delegate their custody to our affiliated distributors or a third-party service provider under their own responsibility. These distributors or third-party service providers may be subject to specific regulations. There is a risk for the EURL holders if these distributors or third-party service providers fail to comply with it.

In any case, holders of EURL must ensure that they, or the service provider they deal with for this purpose, have the appropriate resources to keep custody, store and secure their EURL adequately.

- Ex-post control : pursuant to the ex-post control measures implemented by Lugh, it has the possibility, in coordination with the selected distributor, to execute Forcetransfer and Freeze actions when EURL passes through a suspicious wallet identified. This technical possibilities may imply that the EURL purchased by the subscribers may be blocked temporarily or permanently or may be mandatorily transferred without any compensation. In these case, subscribers of EURL may lose the value of their purchase partially or entirely.

- Platforms and exchanges: The EURL are distributed through platforms selected by Lugh based on various criteria. All our affiliated distributors are listed on our website.

These affiliated distributors may be subject to specific regulations. There is a risk for the EURL holders if these distributors fail to comply with it.

Additionally, the availability of these affiliated distributors, and the conditions they may offer regarding the sale, purchase, exchange and/or storage of EURL are not guaranteed. Their availability and the conditions in which these distributors carry out their activities may have adverse consequences on the capacity of subscribers or potential subscribers to purchase, sell and exchange EURL. These conditions must be assessed case-by-case and must be checked with each distributor. In any case, Lugh may not be held liable for the services performed by these distributors and for the conditions in which they distribute the EURL.

To buy or sell EURL, we recommend to rely on the distributor selected by Lugh (and listed on our website). However, once issued, EURL may be transferred from wallets to wallets. Hence, it is possible to buy/sell EURL with entities other that these selected distributors. In this case, Lugh has no visibility on the conditions in which these transactions are performed. Such transactions are made at the risks of the parties involved.

Project Risks

- Business perspectives: Lugh intends to develop different use cases for the EURL. However, these perspectives may evolve in the future. The conditions in which the EURL may be purchased, sold or transferred may depart from what is envisaged in this whitepaper. There is no guarantee regarding how EURL will be available and how they may be used.

- Regulation: The issuance of EURL by Lugh has been reviewed to ensure that it complies with the applicable regulation in France on the date of this whitepaper.

  In French law, the EURL is a digital asset that does not qualify as a financial instrument nor as electronic money. Its issuance and transfer are not subject to the rules applicable to the issuance or transfer of financial instruments or electronic money and EURL holders will not benefit from the protection applicable thereunder. A case-by-case regulatory analysis in each jurisdiction should be conducted and may lead to the same conclusion.

  Regulatory frameworks regarding blockchain technology and digital assets are still developing and have not been harmonized within the European Union or among jurisdictions. Consequently, different jurisdictions may adopt regulations governing the issuance, transfer and/or storage of EURL. This may affect the capacity of EURL holders to buy, sell, store or transfer them. In any case, Lugh will not be held responsible for any losses that the holders of EURL may incur as a result of such potential evolutions and the consequences it may have on EURL, their potential value and/or the distributors.

  New regulations or policies are likely to rapidly evolve. New or changing laws and regulations or interpretations of existing laws and regulations may materially and adversely affect the qualification and/or transferability and/or viability of the EURL and their holders' rights in the future.

  For example, as of today, the activities of Lugh do not require any specific license. However, changes in regulation may occur which cannot be foreseen and a license may be required. Lugh cannot guarantee to obtain the said license.

In any case, potential subscribers of EURL must conduct their own due diligence and comply with all laws and regulations that apply regarding taxation in their jurisdiction.

Conclusion

Blockchain, smart contracts and crypto assets have paved the way for a more open and transparent financial system which can be operated without a central intermediary, allowing instant transactions between individuals.

Because crypto had previously been accessible to unsavory actors, we decided to make EURL a transparent and safe stablecoin in circulation. We set the best standards in selecting affiliated distributors, ones who have to adhere strictly to anti-money laundering and counter-terrorism financing regulations. Additionally, we have brought in world-class bank, audit and technical partners. But this is just the start. There are many options for future crypto applications and Lugh plans to be a leading actor in tomorrow's crypto world, leveraging the infrastructure we created to issue EURL.

Fiat-backed stablecoins can bridge the crypto and fiat worlds, by reimagining cash-based processes in a digital economy. Lugh has one foot in both worlds: a digital currency with the objective of stability of a fiat currency. We now use digital tools on the blockchain and execute smart contracts which are more adapted to an open and complex financial system. Lugh aims to reconciliate both worlds by giving at first a new tool for crypto traders with its EURL but above all by redefining how transfers of value are performed in the digital world.

Sources :

- About French regulation: https://www.amf-france.org/sites/default/files/2020-04/crypto-ue-reponse-amf_1.pdf
- About stablecoins: https://www.investopedia.com/terms/s/stablecoin.asp
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