



CDCBTC

Whitepaper

Version 1.0



crypto.com

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1. EXECUTIVE SUMMARY

Bitcoin (BTC) stands as the most widely-adopted crypto asset, yet it lacks DeFi features on its native blockchain. Individuals who hold BTC in self-custodial wallets on the Bitcoin blockchain cannot easily participate in yield generation, asset collateralisation to borrow funds, or asset swaps, as their BTC is kept on the native chain.

This white paper introduces Crypto.com Wrapped BTC (CDCBTC), an enterprise-grade wrapped token offered by Crypto.com, backed 1:1 by native BTC, and safeguarded by Crypto.com's SOC 2 Type II compliant custodial wallets. CDCBTC will enable self-custodial BTC owners to access DeFi features across Cronos in a secure and frictionless manner.

Crypto.com App and Crypto.com Exchange users in select jurisdictions can unlock BTC's DeFi potential by withdrawing their native BTC and exchanging it for CDCBTC on supported chains. Conversely, they can redeem their CDCBTC back to native BTC by depositing CDCBTC into their Crypto.com App or Exchange account.

The launch of CDCBTC furthers our mission to accelerate the world's transition to cryptocurrency, as we continue introducing innovative services to our users.

2. WHAT IS CRYPTO.COM WRAPPED BTC (CDCBTC)?

Crypto.com Wrapped BTC is a token backed 1:1 by native BTC held in Crypto.com's cold storage. Eligible Crypto.com customers can obtain CDCBTC by withdrawing native BTC from the platform to supported chains and redeem native BTC by depositing CDCBTC back to the Crypto.com platform from supported chains.



3. THE CASE FOR CDCBTC

Bitcoin's DeFi utilities on its native chain are limited because of a lack of smart contract functionality and compatibility with other chains. Several wrapped BTC products have been created to address this problem, but many fail to sufficiently mitigate counterparty and security risks.

CDCBTC aims to enable token holders to unlock BTC's DeFi capabilities across multiple chains: On-chain trading, collateralised borrowing, yield farming, restaking, and more. This will be done by offering a seamless and secure way to wrap and unwrap native BTC through the Crypto.com platform to multiple supported chains while addressing security issues by having the underlying BTC held in Crypto.com's SOC 2 Type II compliant custodial solution.

CDCBTC will be initially made available on Cronos Chain.

4. TECHNOLOGY

CDCBTC represents the underlying native BTC-backed 1:1 in Crypto.com's custody. Mint/burn thresholds are set to ensure the underlying BTC backing CDCBTC is always larger than or equal to the circulating supply of CDCBTC. The exchange process from **BTC to CDCBTC** is as follows:

Wrap:

When users initiate a BTC withdrawal to a supported chain, they will receive CDCBTC in their destination wallet. Crypto.com will manage the minting/wrapping operation on the backend - native BTC will be moved to a dedicated BTC reserve wallet backing CDCBTC before new quantities of CDCBTC are minted on a 1:1 basis.

Unwrap:

When users initiate a CDCBTC deposit into their Crypto.com account, the CDCBTC is automatically unwrapped and they will receive native BTC from the dedicated BTC reserve wallet, available for trading or other use cases on the platform.

5. CUSTODY, TRANSPARENCY, AND SECURITY

The underlying BTC is held 1:1 via Crypto.com's in-house Multiparty Computation (MPC) custody solution that has undergone SOC 2 (Service Organisation Control) Type II assessment by an independent auditor. It is an assurance through an independent auditor validating and auditing security controls and processes, focusing on the following aspects: Security, Availability, Processing Integrity, and Confidentiality. Guided by the SOC 2 Type II standards, the custody solution was designed to ensure that the security controls in place protect the solution itself from unauthorised access (system abuse, theft, fraud, etc.), unauthorised removal of data, misuse of software, and improper alteration or disclosure of information.

Crypto.com has engaged **SlowMist** for CDCBTC's smart contracts auditing (see [here](#)). No critical vulnerabilities have been identified.

6.1 **Smart contract risk**

The smooth functioning of the CDCBTC protocol is dependent on the robustness of all associated smart contracts.

The protocol runs the risk of failing to function smoothly because of errors in smart contract code or exploitation of previously undetected security vulnerabilities.

We have mitigated this risk through multiple smart contract audits with reputable auditors and will continue engaging in additional audits before any significant upgrades.

6.2 **Blockchain risk**

The smooth functioning of the CDCBTC protocol is also heavily reliant on the efficiency of its underlying blockchain network. Disruption of services may affect the deposit or withdrawal of CDCBTC.

Our dedicated development team will work closely with the relevant blockchain foundations to minimise the possibility and impact of any blockchain network issues.

6.3 Custodial risk

The risk of an error or security failure may result in a loss of data or access to stored digital assets. We seek to mitigate this risk by safeguarding the underlying asset with our SOC2 Type II compliant MPC custody solution.

CDCBTC and BTC will be held in custodial cryptographic wallets that are safeguarded using MPC to ensure no private key ever exists in its complete form at any time. Private keys will also be secured with Confidential Computing, specifically through multiple Trusted Execution Environments (TEE), a hardware-enforced security boundary that prevents keys stored within the host machine from being extracted by the administrator, malware, or hackers who have gained control over the host machine.

Our digital asset custodian technology is also certified SOC 2 Type II compliant and has achieved ISO 27001 (Information Security Management System), ISO 27701 (Privacy Information Management System), ISO 22301 (Business Continuity Management), ISO 27017 (security in the cloud), and ISO 27018 (privacy in the cloud) certifications. Additionally, our custodian has also achieved the 'Adaptive (Tier 4)' maturity level (as defined by the National Institute of Standards and Technology (NIST) Cybersecurity Framework developed by the US Department of Commerce).

6.4 **CDCBTC market risk**

As mentioned in Section 4, the market price for CDCBTC can fluctuate independently of the underlying assets it represents based on supply and demand in the secondary market. The CDCBTC protocol will not actively influence any convergence or divergence in value between the issued CDCBTC tokens and the underlying BTC.

That said, the CDCBTC protocol is designed to ensure that CDCBTC can always be redeemed for BTC on Crypto.com at a 1:1 ratio, inclusive of withdrawal and gas fees.

6.5 **Legal and regulatory risk**

The legal and regulatory treatment of cryptographic tokens and digital assets vary and may change according to jurisdiction. Different jurisdictions may apply different legal categorisations of cryptographic tokens and digital assets, characterising them as, for example, currency, commodities, virtual currency, virtual commodity, or other property or instruments. Some jurisdictions may restrict or ban cryptographic token-related activities.

Any cryptographic token or digital asset may decrease in value or lose all of its value because of legal or regulatory changes.

CDCBTC is not available in all jurisdictions. It is your responsibility to ensure that you are eligible to engage with CDCBTC, as Crypto.com may not offer or support the asset in your jurisdiction.

7. DISCLAIMERS

7.1 **Laws and regulations**

Crypto.com intends to operate in full compliance with applicable laws and regulations and use its best endeavours to obtain any necessary licenses and approvals, if any, to provide CDCBTC functionality in your jurisdiction. It is not possible to guarantee, and no person makes any representations, warranties, or assurances, that any such licenses or approvals will be obtained within a particular timeframe or at all. Moreover, laws and regulations evolve so Crypto.com makes no guarantees, representations, or warranties that it will be able to obtain any necessary licenses or approvals that may be implemented in the future, or that CDCBTC functionality will continue to be available in your jurisdiction in the future. Accordingly, Crypto.com may be required to restructure or alter the activities described in this white paper. In addition, such services may be unavailable in all or certain respects in certain jurisdictions or may not be available at all.

7.2 **No financial or investment advice**

This white paper does not constitute any investment advice, financial advice, trading advice or recommendation by Crypto.com, its affiliates, or its respective officers, directors, managers, employees, agents, advisors, or consultants on the merits of purchasing, selling, redeeming, holding, or using any cryptographic token nor should it be relied upon in connection with any other contract or purchasing decision.

7.3 **Not a sale of security**

This white paper does not constitute a prospectus or financial service offering document and is not an offer to sell or solicitation of an offer to buy any security, investment products, regulated products or financial instruments in any jurisdiction.

7.4 **No representations or warranties**

No representations or warranties have been made to the recipient of this white paper or its advisers as to the accuracy, quality, suitability, or completeness of the information, statements, opinions, or matters (express or implied) arising out of, contained in or derived from this white paper or any omission from this document or of any other written or oral information or opinions provided now or in the future to any interested party or their advisers. No representation or warranty is given as to the achievement or reasonableness of any plans, future projections or prospects, including with respect to the functioning or development of the CDCBTC protocol or any applications thereof or services provided by third parties whom we do not control, and nothing in this document is or should be relied upon as a promise or representation as to the future. To the fullest extent possible, all liability for any loss or damage of whatsoever kind (whether foreseeable or not and whether or not Crypto.com has been advised of the possibility of such loss or damage) which may arise from any person acting on any information and opinions contained in this white paper or any information which is made available in connection with any further enquiries, notwithstanding any negligence, default or lack of care, is disclaimed.

7. DISCLAIMERS

7.5 Translations

This white paper and related materials are issued in English. Any translation is for reference purposes only and is not certified by any person. No assurance can be made as to the accuracy and completeness of any translations. If there is any inconsistency between a translation and the English version of this white paper, the English version shall prevail..

7.6 Graphics, Illustrations and Examples

All graphics, illustrations and examples included in this white paper are for illustrative purposes only. In particular, graphics, illustrations and examples with price references do not translate into actual pricing information.

7.7 Risk statements

Cryptographic tokens and custody of cryptographic tokens may be subject to expropriation and/or theft; hackers or other malicious groups or organisations may attempt to interfere with the CDCBTC protocol and the dApps or networks that it operates within. Examples of interference include malware attacks, denial of service attacks, consensus-based attacks, Sybil attacks, phishing, hacking, social engineering, Forks, misinformation campaigns, smurfing, and spoofing which may result in the loss of your cryptographic tokens or the loss of your ability to access or control your cryptographic tokens. In such an event, there may be no remedy, and holders of cryptographic tokens are not guaranteed any remedy, refund, or compensation. The regulatory status of cryptographic tokens and digital assets is currently unsettled, varies among jurisdictions and is subject to significant uncertainty. It is possible that in the future, certain laws, regulations, policies or rules relating to cryptographic tokens, digital assets, blockchain technology, or blockchain applications may be implemented which may directly or indirectly affect or restrict cryptographic token holders' right to acquire, own, hold, sell, convert, trade, or use cryptographic tokens.

The value of cryptographic tokens and digital assets may fluctuate significantly over a short period of time. The volatile and unpredictable fluctuations in price may result in significant losses, including the total loss of your investment, over a short period of time.

The uncertainty in tax legislation relating to cryptographic tokens and digital assets may expose cryptographic token holders to tax consequences associated with the use or trading of cryptographic tokens.

Digital assets and related products and services carry significant risks. Potential purchasers should take into account all of the above and assess the nature of, and their own appetite for, relevant risks independently and consult their advisers before making any decisions.

7. DISCLAIMERS

7.8 Professional advice

You should consult a lawyer, accountant, tax professional and/or any other professional advisors as necessary before determining whether to purchase, sell, or otherwise use or embed CDCBTC functionality within your applications.

7.9 Caution Regarding Forward-Looking Statements

This white paper contains certain forward-looking statements regarding the business we operate that are based on the belief of Crypto.com as well as certain assumptions made by and information available to Crypto.com. We do not purport to make any statements concerning the conduct or operations of any third parties whose actions (including commercial activity) may affect the CDCBTC protocol or any of the blockchain networks that it operates within. Forward-looking statements, by their nature, are subject to significant risks and uncertainties. Forward-looking statements may involve estimates and assumptions and are subject to risks, uncertainties and other factors beyond our control and prediction. Accordingly, these factors could cause actual results or outcomes that differ materially from those expressed in the forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events.

7.10 No contractual relationship with digital asset custodian and no rights to underlying assets

By holding CDCBTC, you acknowledge and agree that you do not have a contractual relationship with any custodian or third-party service provider that Crypto.com uses to store or secure the underlying BTC. Your ability to redeem CDCBTC for BTC is limited to supported jurisdictions and requires deposit into a valid Crypto.com account. Redemption is not possible directly through the custodian or any third party. Holding CDCBTC does not imply or confer any ownership interest, rights, or entitlements to the underlying BTC, including any rights to direct custody or control of the BTC backing CDCBTC tokens. CDCBTC holders only have a right to redeem CDCBTC for BTC via the Crypto.com platform as detailed in this white paper and subject to Crypto.com's terms of use.



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