White Paper

Infinnity Capital Labs
ICUSD Stablecoin

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Contents

1. Executive Summary

The ICUSD Stablecoin White Paper offers a comprehensive exploration of the development, operational framework, and core attributes of the ICUSD stablecoin (symbol: ICUSD), issued by Infinnity Capital Labs ('ICL'). The ICUSD introduces a new category within the stablecoin ecosystem, transcending traditional fiat-backing to embrace the concept of fiat-guarantee. This paradigm shift ensures that this stablecoin is not solely reliant on fiat reserves but is backed by the full assurance of a banking institution, supported by robust risk management protocols and risk-averse practices. The ICUSD achieves the status of a bank-grade fiat guarantee stablecoin.

The ICUSD represents a fiat United States dollar and is pegged using Euro cash reserves. Operating within a comprehensive asset segregation framework, the ICUSD ensures that the cash collateral supporting the stablecoin remains entirely separate from the activities of ICL controlled by tier one banks; this segregation is meticulously managed through Verified Reserve Fund Deployment, ensuring transparency and real-time verification. In contrast to many stablecoins that rely solely on issuer testament statements, the ICUSD implements a robust proof-of-reserves mechanism, utilizing Decentralized Oracle Nodes for verification. Euro cash reserves are maintained at an 8–10% over-collateralization in minting ICUSD stablecoins.

The operational framework for minting ICUSD integrates several crucial components, including the Master Minter, Constant Price Impact Ratio Algorithm, and Blacklist/Whitelist Management protocols. These elements work together to maintain the collateral-to-circulating supply ratio of ICUSD through processes such as minting, burning, balancing, security, compliance, and stability, collectively safeguarding the integrity of the ICUSD ecosystem as it is issued across multiple public blockchains. The initial blockchains selected for the issuance of ICUSD include MaalChain, Ethereum, Binance Smart Chain, Polygon, and Avalanche. Plans are underway to extend the issuance to additional blockchains over time.

Due to its innovative structure, particularly the real-time availability of proof of reserves, the ICUSD is poised to attain broad and expanding adoption in commerce, investments, and finance. Furthermore, the ICUSD is anticipated to serve as a bank-grade stablecoin for diverse on-chain USD-denominated transactions, encompassing activities such as staking, collateralization, margining, and cross-border settlements.

Section 1 | ICUSD Stablecoin: Fundamental Concepts

1. Advancing Asset Tokenization

Financial institutions and cryptocurrency companies are increasingly leveraging blockchain technology to issue, secure, and trade assets. With the significant advancements and growing adoption of Distributed Ledger Technology ("DLT"), policymakers worldwide are increasingly concerned about regulating DLT. Current DLT promoters barely consider the highly regulated environment of financial markets and the complexity of operations within existing market infrastructures, which are real barriers to adoption.

Several key regulations have been proposed or adopted regarding digital assets built on blockchain technology, such as the Market in Crypto Assets Regulation ("MiCA") and the "Pilot Regime" Regulation in the European Union. This underscores the necessity for public discourse on asset tokenization, including the establishment of common operational standards for verifying off-chain assets. Standardizing market practices and operational models will help mitigate the risks of fragmentation and facilitate interoperability among various tokenization projects.

In this whitepaper, asset tokenization denotes the process of transforming rights to an asset into a digital token using DLT. This procedure enables assets — whether physical (such as real estate or commodities) or financial (like fiat currency, stocks, or bonds) — to be digitally represented and traded in a decentralized manner. Each token typically signifies a fraction or complete unit of the underlying asset, facilitating fractional ownership and enabling secure and efficient ownership transfer on a DLT platform.

The process of asset tokenization, as outlined in this White Paper, comprises a multifaceted concept encompassing various stages involved in registering an asset on a blockchain. Best practices should incorporate the following fundamental principles:

i. **i.** Digitization of financial assets from legacy physical documents. This entails moving away from conventional paper-based financial instruments to digital assets managed through DLTs, marking a significant advancement in capital markets. Asset tokenization introduces inherent digitized and potentially automated features to assets, facilitating faster and transparent property transfer processes, minimizing settlement, credit, and counterparty risks, and enabling seamless integration with digital asset and decentralized finance (DeFi) technologies. It aims to bridge centralized finance (CeFi) and decentralized finance markets.

ii. **ii.** Embracing decentralized blockchains as fundamental infrastructures of Web3. Disruptive market infrastructures and new business models will predominantly emerge from decentralized DLTs and native digital assets. While challenges such as transaction costs and energy consumption persist, the inherent qualities of public DLTs — including adoption by vast IT developer ecosystems, interoperability, and resilience to cybersecurity risks — make them compelling for widespread adoption in regulated sectors.

iii. **iii.** Permissioned access to assets and services regardless of the underlying technology (public or private blockchains). Permissioned assets and services on blockchains serve as effective tools for regulatory compliance, enhancing the accountability of service providers towards users and public authorities. Frameworks should be supported for tokenization to ensure confidence in markets for digital assets and the integrity of blockchain markets, such as outlined in Regulation (EU) 2023/1114 (MiCA), which came into force in June 2023.

iv. **iv.** Avoiding prejudice against decentralized DLT technology. Decentralized Distributed Ledger Technologies serve as tools offering services to clients. It is important to impartially evaluate different DLTs to determine which ones are most relevant for upcoming digital markets. Prioritizing cross-chain interoperability and finding the right balance between innovation and security through iterative and "test and learn" methods are vital for progress.

v. **v.** Regulatory compliance as a primary concern. While innovation is integral to the financial sector, any digital asset-related projects must prioritize compliance with existing regulatory requirements. Blockchains facilitate new interactions between market participants, regulators, and academics, enabling embedded compliance and supervision of digital markets. Enhanced data aggregation and standardization on blockchains offer transparency, aiding in regulatory compliance and risk management.

vi. **vi.** Collaborative competition between market participants to develop standards, frameworks, and open-source software on digital assets, to develop active use cases and products. This approach allows participants to benefit from each other's strengths, share resources, and create mutual value, while still striving to outperform each other in the market.

2. Stablecoins

Stablecoins have emerged as a popular solution within the digital asset market, offering stability amidst the volatility commonly associated with digital currencies. Their utility extends to various applications, catering to the needs of users and businesses operating within the blockchain ecosystem. However, concerns regarding regulatory compliance, reserve transparency, and redemption mechanisms highlight potential risks.

The stablecoin market has experienced significant growth in recent years. According to a BIS paper (Kosse, Glowka, & Mattei, November 2023), the market capitalization of stablecoins grew more than ninefold from 2020 to 2021, with the total market capitalization exceeding 35 times its value at the onset of the pandemic at the end of 2019. This growth was primarily driven by the increasing adoption of stablecoins like Tether and the introduction of new stablecoin projects into the market.

The primary uses of stablecoins are:

- Medium of Exchange: Stablecoins serve as a reliable medium of exchange within the crypto ecosystem, facilitating transactions and trading activities with their stable value compared to volatile cryptocurrencies.
- Store of Value: Some users leverage stablecoins as a hedge against inflation and a means to preserve purchasing power during economic uncertainty.
- Liquidity Providers in DeFi: Stablecoins play a vital role in decentralized finance (DeFi) platforms, where they act as liquidity providers for various financial services.
- Payment Purposes: Stablecoins hold potential as widely accepted payment methods due to their stability compared to other cryptocurrencies.

Stablecoins offer a reliable and stable alternative within the blockchain ecosystem, providing users and businesses with key advantages including:

- Price Stability: Stablecoins maintain a stable value relative to a binding, such as a fiat currency or a basket of assets, reducing volatility and providing predictability.
- Facilitate Transactions: Stablecoins enable fast and cost-effective transactions within the crypto ecosystem, facilitating international payments and remittances.
- Liquidity Provision: Crucial for DeFi platforms, stablecoins serve as collateral for borrowing and lending, and as stable assets for various financial services.
- Accessibility: Serving as a bridge between traditional financial systems and the crypto world, stablecoins allow for easy conversion between fiat currency and cryptocurrencies.
- Risk Mitigation: By binding their value to stable assets, stablecoins help mitigate the risk of price fluctuations, offering stability for users seeking to hedge against market volatility.

2.1 Growing Usage of Stablecoins

Stablecoins have witnessed a remarkable surge in adoption, emerging as a vital component of the digital asset landscape. Some notable real-world adoption examples include:

- Visa has partnered with Circle to enable merchants to accept USDC payments.
- Mastercard has partnered with Gemini to enable merchants to accept Gemini Dollar payments.
- Microsoft accepts stablecoins for certain purchases.
- Starbucks allows customers to pay with stablecoins through the Starbucks app.
- Expedia allows customers to book travel with stablecoins.
- Overstock, a major retailer, accepts stablecoins.
- Shopify allows merchants to accept stablecoins through its payment gateway.

3. Ensuring Adequate Reserves: Stablecoin Stability

Ensuring an adequate level of reserves is paramount for stablecoins to maintain their binding value to fiat currency or commodities like gold. Typically, stablecoins achieve this stability by holding reserves in the form of the bounded currency or other assets in reserve accounts.

However, if a stablecoin issuer lacks sufficient reserves to cover the circulating supply, it can raise serious concerns about stability and solvency.

Insufficient reserves can lead to situations where the stablecoin deviates from its intended value, resulting in volatility and potential losses for holders. Many existing stablecoins face potential risks due to the lack of transparency regarding their reserves. Common issues include:

- Lack of Transparency: Many stablecoin issuers do not provide sufficient information about the composition, quality, and sufficiency of their reserves, making it challenging for users to assess the stability and reliability of the stablecoin.
- Audit and Verification: It is often unclear whether the reserve holdings of stablecoins have been audited by independent third parties. The absence of real-time on-chain verification raises doubts about the accuracy and legitimacy of the reserve assets.
- Reserve Composition: The composition of reserves backing stablecoins can also be a point of concern. Some stablecoins hold heterogeneous portfolios of assets, including reverse repos, debt securities, and cash equivalents, raising issues of convertibility and liquidity.
- Frequency of Reporting: While some stablecoins provide daily or monthly reports on their reserves, others disclose information less frequently. The lack of real-time on-chain reporting can hinder transparency.
- Bank Grade: A prevalent challenge in the stablecoin ecosystem lies in the inability of many issuers to provide what can be termed as "bank-grade" stablecoins. Unlike traditional financial institutions, these issuers often lack the comprehensive understanding of compliance, fiduciary responsibilities, and reporting obligations prevalent in regulated environments.

4. Infinnity Capital Labs

Infinnity Capital Labs ("ICL") comprises regulated entities that offer a wide range of financial and digital asset services. ICL's core competencies and regulated activities include:

i. A fully integrated digital asset investment and advisory platform operating under applicable regulatory frameworks, authorized to provide a range of investment and ancillary services including: providing credit facilities; consultancy and advisory services relating to corporate and investment matters including dealing in securities; undertaking foreign exchange transactions, interest rate swaps, and dealings in derivative instruments; digital asset investment banking services; and other regulated financial business activities.

ii. Stablecoin technology development in partnership with the MaalChain DLT team of Tijarah Holding Ltd., which is registered as an Islamic Digital Asset Service Provider in Labuan regulated by the LFSA, to provide the following regulated services: development of blockchain technology solutions; development of smart contracts and other technical frameworks; and smart contract audits and security implementation. ICL, leveraging the expertise of the MaalChain DLT team, builds open, secure, and institutional-grade frameworks and models for digital assets such as stablecoin operations, underpinned by banking-class security and full regulatory compliance.

iii. Remittance activities and dealing in digital assets. ICL has established partnerships with regulated Money Services Businesses to provide the following regulated services: foreign exchange dealing; money transferring; dealing in virtual currencies; and payment service provision.

iv. Trading in digital assets through regulated virtual asset service provider entities authorized to provide: exchange of digital asset to digital asset; exchange of digital asset to fiat and fiat to digital asset; storage of digital assets on behalf of users; informational services on balance; sending digital assets to third parties on behalf of the client; staking; fiat storage and exchange; and Initial Exchange Offerings.

Based on its regulatory standing, technology partnerships, and unique position bridging Capital Markets and Digital Assets Markets, ICL is dedicated to offering the digital economy a regulated, banking-grade stablecoin in the form of ICUSD.

5. ICUSD Stablecoin

Existing stablecoins suffer from shortcomings related to real-time on-chain verification of collateral and transparency regarding the assets backing the stablecoin. Moreover, these shortcomings can lead to liquidity constraints and delays in meeting redemption requests, especially during market stress.

The ICUSD utilizes Verified Reserve Fund Deployment held in custody by tier-one banks to over-collateralize Euro cash by 8–10%, ensuring alignment with the US dollar exchange rate with the Euro as reported by the European Central Bank. This establishes a comprehensive asset segregation framework, guaranteeing that the cash collateral remains entirely separate from the activities of ICL while remaining redeemable, divisible, and transferable to holders of ICUSD. Decentralized Oracle Nodes provide real-time on-chain verification of the proof of reserves, representing a stark contrast with many stablecoins that rely on off-chain issuer testament statements.

ICUSD addresses critical shortcomings within the stablecoin market by offering stability tied to the US dollar through real-time transparency reporting in proof of reserves. Positioned to garner broad and increasing adoption, ICUSD capitalizes on the US dollar as a reserve currency, particularly in cross-border settlements and financing, and offers benefits in staking, commodity trading, and margining. Additionally, it provides an innovative approach to liquidity funding and refinancing solutions.

The ICUSD is poised to be available on leading centralized digital exchanges and through OTC. The stablecoin is strategically designed to cater to various wholesale processes, including:

- A robust settlement asset for on-chain transactions.
- An innovative solution for corporate treasury, cash management, and cash pooling activities.
- On-chain liquidity funding and refinancing solutions.
- A solution for intra-day liquidity needs (e.g., margin calls).
- Digital financial instruments and trade finance.

- Cross-border remittances.

Section 2 | ICUSD Stablecoin: Foundational Elements

1. Overview

This section of the ICUSD (symbol: ICUSD) White Paper aims to offer a comprehensive overview of the key elements involved in minting/issuing, distributing, and managing the ICUSD stablecoin. Additionally, it delves into the core identity and vision of Infinnity Capital Labs, which prioritizes transparency, compliance, and legal certainty in the utilization of ICUSD.

The ICUSD is a stablecoin pegged to the USD, backed by Euro fiat currency as collateral. The Euro cash reserves are maintained at an 8–10% over-collateralization in the minting of ICUSD stablecoins. These Euro cash reserves are deposited by ICL into top-tier banks such as Deutsche Bank, HSBC, and Barclays. Subsequently, the collateral is blocked to prevent access by ICL, ensuring security through Verified Reserve Fund Deployment integrated with a decentralized oracle network for real-time verification. ICL cannot access these locked funds designated for ICUSD in circulation. This setup provides unprecedented legal protection, transparency, and real-time verification of the Euro cash collateral.

Minted ICUSD, employing a multi-signature security protocol, will be held in a treasury wallet operated by ICL. This approach guarantees stringent control and oversight over the stablecoin supply. Importantly, the minted supply of ICUSD is intentionally structured to uphold 8–10% over-collateralization with Euros, thereby fortifying the stablecoin's peg to the USD.

The management of the USD peg is entrusted to an advanced Constant Price Impact Ratio Algorithm ("CPIR"). This algorithm intricately adjusts the supply of ICUSD in response to fluctuations in the USD to Euro fiat currency exchange rate, as determined by the European Central Bank. Importantly, this exchange rate seamlessly interfaces with the CPIR through APIs, guaranteeing precision and reliability in maintaining the peg and ensuring over-collateralization of the issued stablecoins.

2. Legal Structure

A core driving force behind the development of the ICUSD stablecoin was to establish new industry standards for proof of reserves, underpinned by secure and legally binding solutions. Many existing stablecoins suffer from a lack of comprehensive transparency regarding their legal structures and recourse mechanisms, undermining their reliability and utility as viable payment instruments and financial tools.

Through the pioneering "Verified Reserve Fund Deployment" architecture, ICUSD holders gain unprecedented transparency into the state of the underlying Euro cash collateral reserves. This is achieved via seamless integration with decentralized oracle networks, providing real-time, publicly verifiable, and tamper-proof visibility into the locked collateral accounts managed by top-tier banks.

Furthermore, ICUSD's robust legal framework establishes a clear segregation of roles, with holders benefiting from direct legal recourse and collateral claims facilitated by the top banking institutions safeguarding the reserves. The following key pillars foster trust among institutional and enterprise adopters:

i. Full Segregation of Assets (Euro cash): The Euro cash backing the value of ICUSD is completely segregated and safeguarded from ICL's own assets and activities. ICL employs an 8–10% over-collateralization strategy to enhance stability.

ii. Proof of Reserves Transparency: The Verified Reserve Fund Deployment, managed by a tier-1 bank such as Deutsche Bank, HSBC, or Barclays, guarantees that the assets are solely dedicated to their intended purpose of collateral for the ICUSD, which can be redeemed by holders. Real-time proof of reserve verification is provided by decentralized oracle networks.

iii. Direct Holder Recourse: ICUSD holders enjoy direct recourse on the Euro fiat collateral, setting it apart from many other stablecoins. This feature offers transparent insights into reserves and redemption processes through smart contracts, bolstering trust and confidence among holders.

iv. Maintenance of Peg to the USD: The Constant Price Impact Ratio Algorithm, governed by a smart contract linked to the USD to Euro exchange rate derived from the European Central Bank, regulates the minting and burning of ICUSD to sustain its peg to the USD.

v. Regulated Entities: The combination of regulated tier-1 banks and ICL's own status as a regulated investment entity lends credibility, trust, and binding legal obligations to maintain strict regulatory compliance in all aspects of collateral and redemption. This multi-layered regulatory oversight enhances protection for stablecoin holders.

3. Collateral Structure

In undertaking innovative stablecoin solutions, ICL has forged strategic partnerships with the MaalChain DLT Team, Proof of Reserve providers, and Oracle networks. Together, these partnerships harness blockchain technology to revolutionize collateral and proof of reserve management. Embedded in the development of ICUSD are cutting-edge proof of reserve solutions, marked by heightened security and an efficient mechanism to maintain a stable binding to fiat currency.

The ICUSD features a unique guaranteed fiat currency proof of reserve mechanism, distinguishing itself as the premier bank-grade stablecoin. The collateral mechanism of the Euro cash, which serves as the cornerstone for the issuance of ICUSD, operates as follows:

i. A designated amount of Euros is transferred to top tier-1 banks such as Deutsche Bank, Barclays, and HSBC. This cash is meticulously blocked (locked) from ICL and segregated by the banks to act as collateral to facilitate the minting of ICUSD. These off-chain reserves are reported in real-time onto the DLT through renowned oracle service providers. The Euro collateral permits the ICUSD to be minted and pegged with the USD while ensuring 8–10% Euro cash over-collateralization.

ii. The minted ICUSD are subsequently distributed, with a portion held in ICL's multi-sig treasury wallet, which is intricately linked to the dynamic minting and burning server. This linkage is governed by the CPIR algorithm, guiding the minting or burning of ICUSD in response to fluctuations in the exchange rate between USD and Euro.

iii. The Euro cash serving as proof of reserves is disclosed on the DLT in real-time, providing unprecedented transparency throughout the process.

The defining feature of the ICUSD lies in its pioneering strategy of ensuring collateralization in minting stablecoin and eliminating the necessity for stablecoin market sales to develop the proof of reserves. This innovative notion of fiat-guarantee prior to minting establishes a robust and secure foundation for the ICUSD, setting it apart in the stablecoin sphere.

4. Supply Management

The ICL treasury wallet is intricately connected to a server, where the dynamic minting and burning of ICUSD occurs under the influence of the CPIR algorithm. The CPIR mechanism reacts to fluctuations in the exchange rate between USD and Euro, drawing reference from the European Central Bank. Key operational smart contract components, fortified with Multi-Party Computation (MPC) capabilities, are deployed to oversee and manage the supply of ICUSD:

- Master Minter: The Master Minter undertakes the initial minting of ICUSD to ensure over-collateralization of Euros.
- Minter: Controls the minting of ICUSD in response to fluctuations in the exchange rate between USD and Euro.
- Burner: Controls the burning of ICUSD in response to fluctuations in the exchange rate between USD and Euro.
- Blacklist and Whitelist Management: Allows Externally Owned Addresses (EOAs) that violate regulatory requirements to be blacklisted. This enhances adherence to banking and regulatory compliance standards and increases the difficulty for cyber criminals to misappropriate ICUSD. Blacklisted addresses will not be able to transact ICUSD. EOAs that have met ICL's compliance requirements can be Whitelisted to improve interaction speed.
- Rescuer Protocol: An autonomous and specialized protocol is in place to rectify incorrectly sent ICUSD on the protocol of the blockchain.
- Pauser Protocol: An independent and dedicated protocol as a prudent precaution to halt minting and burning of ICUSD in an unforeseen circumstance that necessitates freezing the minting and burning server. Pausing will not affect the finality of ICUSD transactions.

5. Distribution of ICUSD

During the pre-IEO phase, ICUSD will be available for purchase directly from ICL's OTC platform or through approved third-party OTC providers. To participate, counterparties must undergo rigorous banking and regulatory compliance procedures, including KYC, AML-CFT, and Sanctions-Embargoes checks, ensuring a secure and compliant transaction environment. Users opting for ICL's OTC can deposit fiat funds into the bank account specified by ICL. Upon verification, ICUSD are then issued to the user's wallet.

Following the successful completion of the IEO, the ICUSD will become publicly available for purchase and redemption on top tier-one digital centralized exchanges, subject to compliance measures imposed by the respective exchanges. To ensure liquidity, ICL has forged partnerships with leading liquidity providers, enhancing the on/off-ramp capabilities of ICUSD.

Even after the IEO, ICUSD will remain accessible through ICL's OTC platform or approved third-party OTC providers. This distribution strategy aims to promote transparency, accessibility, and market integration, fostering wider adoption of ICUSD for various financial activities, including payments and the development of financial instruments. The redemption process operates in reverse, with the ICUSD being burned upon accessing an off-ramp. Upon successful validation, USD funds are transferred to the user's designated bank account.

The ICUSD is poised to serve as a bank-grade stablecoin for a myriad of on-chain USD-denominated transactions, spanning staking, collateralization, margining, and cross-border settlements.

5.1 Availability on Blockchains

ICUSD will be issued across multiple public blockchains to ensure widespread accessibility and interoperability. The initial blockchains selected for the issuance of ICUSD include MaalChain, Ethereum, Binance Smart Chain, Polygon, and Avalanche. Plans are underway to extend the issuance of ICUSD to additional blockchains over time. The initial ICUSD contract addresses on the blockchains are as follows:

Network	Contract Address
Ethereum	
MaalChain	
Binance Smart Chain	0xe05D4c8A972Ee90478861F2c87296bB190adB0b8

Appendix I: Disclaimer and Risk Warning

This whitepaper serves to outline the principal risks associated with the ICUSD stablecoin (symbol "ICUSD") issued by Infinnity Capital Labs ("Issuer") and recorded via distributed ledger technology. It is not exhaustive in its coverage of risks.

Potential holders of stablecoins are urged to carefully review the documentation associated with the ICUSD stablecoin, considering any associated risk factors, and consult with their own professional advisors to determine the suitability of acquiring this asset based on their individual circumstances.

Prospective purchasers are responsible for assessing the suitability of their acquisition based on their individual circumstances. Specifically, they may wish to consider:

- Their level of knowledge and experience in conducting a comprehensive evaluation of the ICUSD and the associated fiduciary structure.
- Whether they possess the necessary access to, and familiarity with, appropriate analytical tools to assess the purchase of ICUSD within the context of their specific situation.
- Their financial resources and liquidity to manage all risks associated with holding ICUSD.
- A thorough understanding of the terms governing the ICUSD and the underlying fiduciary structure.
- Their ability to assess potential scenarios involving economic, interest rate, and other factors that could impact their purchase and capacity to withstand associated risks.

Before considering an investment in the digital assets offered by ICL, prospective subscribers should evaluate whether such an investment aligns with their unique investment goals, financial circumstances, and objectives. They are encouraged to seek advice from the appropriate legal, tax/accounting, and financial advisors.

This whitepaper does not constitute financial product or investment advice. It does not consider the investment objectives, financial situation, or specific needs of any reader or subscriber. This whitepaper and any associated documents do not serve as the basis for any credit or other evaluation and should not be construed as a recommendation, opinion statement, or report by the Issuer.

This whitepaper does not constitute an offer of ICUSD for sale in the United States or any jurisdiction where such offer may be unlawful. The ICUSD may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, as defined in Regulation S under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

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Appendix II: References

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