

## WisdomTree Dollar Token

### Purpose

The primary purpose of the WisdomTree Dollar Token (“WUSD”) is to enable WisdomTree Prime App Users to easily purchase digital assets issued by WisdomTree Digital Movement, Inc. (“WDM”) and to convert digital assets into a medium of exchange with a stable dollar value.

### Overview

WDM acts as the issuer of WUSD, which has a par value of one U.S. dollar. WUSD is a digital token recorded on the Stellar blockchain or Ethereum blockchain representing the right to receive one (1) U.S. dollar. For each WUSD that WDM issues to a holder of WUSD (“Token Holder”), WDM receives from the Token Holder exactly one U.S. dollar. WDM maintains one or more separate reserve accounts (the “Reserve”) that consist of either deposits of U.S. dollars, short-term U.S. treasury securities, or U.S. government money market funds, which may be revised from time to time (“Reserve Assets”). WDM maintains the Reserve with one or more U.S. depository institutions. Token Holders are able to redeem their WUSD with WDM for U.S. dollars through the App, pursuant to the User Agreement.

WDM does not charge any fees for creating and redeeming WUSD. WDM earns interest or return on the Reserves.

### Risks

*Blockchain Technology Risk.* Blockchain technology is a relatively new and untested technology which operates as a distributed ledger. The risks associated with blockchain technology may not emerge until the technology is widely used. Blockchain systems could be vulnerable to fraud, particularly if a significant minority of participants colluded to defraud the rest. Access to a given blockchain requires an individualized key, which, if compromised, could result in loss due to theft, destruction or inaccessibility. There is little regulation of blockchain technology other than the intrinsic public nature of the blockchain system. Any future regulatory developments could affect the viability and expansion of the use of blockchain technology. There are currently a number of competing blockchain platforms with competing intellectual property claims. The uncertainty inherent in these competing technologies could cause companies to use alternatives to blockchain. In addition, blockchain networks may undergo technological developments.

*Cybersecurity Risk.* WDM and its service providers, as well as the App, wallets, and blockchain networks, may be susceptible to operational and information security risks resulting from a breach in cybersecurity, including cyber-attacks. A breach in cybersecurity, intentional or unintentional, may adversely impact WDM or a Token Holder in many ways, including, but not limited to, disruption of WDM’s operational capacity, loss of proprietary information, theft or corruption of data, denial-of-service attacks on websites or network resources, and the unauthorized release of confidential or personal information. Cyber-attacks affecting WDM’s third-party service providers, App, wallet, or blockchain network may subject WDM (and Token Holders) to many of the same risks associated with direct cybersecurity breaches.

*Operational Risk.* WDM, its service providers, WUSD, the App, wallets, and blockchain networks, may experience disruptions that arise from human error, processing and communications errors, counterparty or third-party errors, technology or systems failures, any of which may have an adverse impact on the value or settlement of WUSD. Although WDM and its service providers seek to mitigate these operational risks through their internal controls and operational risk management processes, these measures may not identify or may be inadequate to address all such risks.

*Reserve Risk.* Although the Reserve consists of assets that are high quality and highly liquid, changes to the financial condition of the Reserve Assets may cause the value of Reserve Assets to decline or become illiquid and impair the ability of WDM to pay for redemptions of WUSD at par value or in a timely manner.