DOCUMENTARY, FINANCIAL, OPERATIONAL AND CUSIP ANALYSIS

PAYPAL USD — PYUSD RESERVES

Paxos Trust Company, LLC, then Paxos Trust Company, National Association

Period analysed: August 8, 2023 – July 31, 2026

36 independent attestations • 72 observations • 243 CUSIP lines • 7 blockchains

End-August 2026 edition — documentary cut-off as of August 31, 2026

Reading note

SCOPE — The documents reviewed are reasonable-assurance examination reports covering management assertions at two dates per month. They are neither audits of complete financial statements nor continuous opinions on all internal controls, Paxos solvency, PYUSD secondary-market liquidity or PayPal performance.

DECISION — Asset quality alone is not sufficient to prove a particular holder's eligibility for direct redemption, the existence of FDIC insurance, immediate availability of an exit channel or the absence of operational risk.

Table of contents

Executive summary

The corpus we collected provides uninterrupted coverage of the 36 months from August 2023 through July 2026. Each monthly file combines a Paxos management report with an independent examination opinion. WithumSmith+Brown, PC served through December 2024; KPMG LLP from the January 2025 report onward. The July 2026 attestation, signed on August 25, adds observations as of July 21 and July 31. No separate self-reported Paxos report outside the attestation was included in this analysis.

Indicator	Value as of July 31, 2026	Indicator	Value
Redeemable PYUSD	USD 2.689bn	Redemption assets	USD 2.694bn
Surplus	USD 4.74m	Coverage ratio	1.001761x
Bank deposits	3.52%	Direct Treasury bills	14.80%
Reverse repos	81.68%	Money-market funds	0.00%
T-bill WAM	30.7 days	CUSIP HHI	3,359.6

Source: PYUSD July 2026 attestation, summary and Exhibits A-C, observations as of July 21 and July 31, 2026.

FACT — As of July 31, 2026, 2,689,335,674 redeemable PYUSD are covered by USD 2,694,072,163 of assets, representing a USD 4,736,489 surplus and a 1.001761x coverage ratio.

CALCULATION — July 21 becomes the lowest coverage point in the corpus: 1.000834x, or 8.34 basis points. The ratio remains above 1, but the buffer is narrower than at earlier observations.

FACT — The native perimeter expands from four to seven networks with Polygon, Ink and X Layer. Polygon accounts for 10.15m PYUSD at end-July; Ink and X Layer remain limited to 22 and 100 tokens, respectively.

KEY FINDING — As of July 31, 2026, published assets exceed supply by USD 4.74m. The coverage ratio is 1.001761x, representing a 17.61-basis-point buffer. This is a point-in-time measure and does not demonstrate the immediate availability of every asset under stress.

STRUCTURE — Reverse repos represent 81.68% of assets, directly held Treasury bills 14.80% and cash 3.52%. No money-market fund is identified across the 72 observations in the corpus.

SYSTEM — Economic risk is not limited to the portfolio. It also depends on the custody channel, redemption eligibility, omnibus accounts, administrative powers, the network used, intermediaries and continuity of PayPal/Paxos services.

1. Scope and methodology

1.1 Scope analysed

The primary corpus comprises 36 monthly PDFs from August 2023 through July 2026. Each month contains two point-in-time observations, for a total of 72 snapshots. External research closed on August 31, 2026 supplements this corpus with relevant official regulatory, contractual, technical and commercial sources.

1.2 Methodology

- Extract the two monthly observations and separate the main reserve categories.
- Systematically distinguish directly held Treasury bills from securities delivered as reverse-repo collateral in order to avoid double counting.
- Calculate coverage ratios, WAM, CUSIP concentration and portfolio transitions from the published values.

- Reconcile reserve categories, redeemable supply and, when published, network-level supply.

1.3 Key indicators

Indicator	Formula	Caution
Coverage	Redemption assets / redeemable PYUSD	Point-in-time measure, not continuous.
Buffer	Assets − redeemable PYUSD	Does not determine the time needed to mobilize assets.
Category weight	Category / total assets	Published absence retained as absence, not an implicit zero.
T-bill WAM	Σ(days to maturity × fair value) / Σ fair value	Calculation on direct Treasury assets only.
CUSIP HHI	Σ(weight of each direct CUSIP^2) × 10,000	Line concentration, not credit quality.
Turnover	½ × Σ|weight t − weight t−1|	Entries into and exits from a zero position produce turnover of 50% or 100%, depending on the transition.

2. Documentary control and scope of the attestation

2.1 Document classification

The 36 attestations are combined packages: an independent accountant's opinion and a management statement prepared by Paxos. The opinion addresses management's assertion at the specified dates. Responsibility for the data remains with management; KPMG expresses an examination opinion under AICPA attestation standards at a reasonable assurance level.

EVIDENTIARY LIMITATION — Notes expressly excluded from assurance, referenced website information and the overall effectiveness of controls are not covered by the same opinion. A point-in-time attestation does not prove the position between the two monthly dates.

2.2 Change of accounting firm and reporting framework

Period	Accounting firm	Engagement	Criteria	Analytical effect
08/2023–12/2024	WithumSmith+Brown, PC	Examination / reasonable assurance	Management assertions and NYDFS framework	Shorter format; collateral and asset data, but less legal breakdown.
01/2025	KPMG LLP	Examination / reasonable assurance	Management / NYDFS criteria	New format, glossary and distinction of redeemable tokens.
02/2025–07/2026	KPMG LLP	Examination / reasonable assurance	AICPA 2025 Criteria for Stablecoin Reporting	Structured presentation in Exhibits A-B-C, networks, assets and definitions.

The observed average coverage ratio is 1.02205x under the Withum reports versus 1.003074x under KPMG across the 38 observations from January 2025 through July 2026, equivalent to an average buffer of about 220.5 basis points and 30.74 basis points, respectively. This contrast is descriptive. It does not demonstrate that either firm imposed a different surplus level: the period, supply growth, reporting format and treasury policy changed at the same time.

2.3 Limitations and anomalies of the sources

Document	Observed issue	Treatment retained in the report
PYUSD Attestation 07 2024.pdf	A total appears as USD 639,945,680, while the sum of components and the summary table both give USD 638,945,680.	The report retains USD 638,945,680, consistent with the components and summary table; the source discrepancy remains disclosed.
PYUSD Attestation 01 2026.pdf	Several tables show 2025, while the report, KPMG opinion, date sequence and maturities correspond to January 2026.	The dates are read as 2026 based on concordant evidence; the source typographical error remains disclosed.
PYUSD Attestation 09 2023.pdf	CUSIP 912829V49, printed in the collateral table, fails the check-digit control.	The identifier is reproduced verbatim; no conjectural substitution is made.
PYUSD Attestation 07 2025.pdf / PayPal	250,006 PYUSD on Arbitrum are attested on July 8, 2025, before the July 17, 2025 public announcement.	The timing difference is observed; its cause is not documented.
PYUSD Attestation 08 2025.pdf / Stellar	250,098 PYUSD on Stellar are attested on August 29, 2025, before the September 18, 2025 public announcement.	The timing difference is observed; its cause is not documented.

3. Entities, legal timeline and regulation

3.1 Role mapping

Entity	Demonstrated role	Is not	Primary source
Paxos Trust Company, LLC	Legal issuer before conversion; prepares management statements; holds the redemption assets.	PayPal Holdings or PayPal Digital.	2023–pre-conversion attestations; NYDFS [EXT-06].
Paxos Trust Company, N.A.	Issuer after December 12, 2025; uninsured national trust bank supervised by the OCC.	An FDIC-insured deposit-taking bank.	OCC decision [EXT-05].
PayPal Holdings, Inc.	Listed parent company and commercial group behind the PYUSD brand and strategy.	The legal issuer of the tokens.	PayPal press releases.

Entity	Demonstrated role	Is not	Primary source
PayPal Digital, Inc.	Provides Crypto Accounts, executes purchases/sales and holds crypto-assets in omnibus custody for eligible customers.	Guarantor of Paxos obligations.	Crypto terms [EXT-04].
Venmo	Distribution and usage interface within the PayPal ecosystem, subject to applicable terms.	An issuer or custodian of the reserves.	[EXT-04], [EXT-17].
Xoom	Uses PYUSD as a funding source or settlement rail for certain transfers.	A direct redemption channel with Paxos.	[EXT-15], [EXT-16].
PayPal Ventures	Used PYUSD to settle on-chain investments.	A reserve-management entity.	[EXT-19].
Withum / KPMG	Express examination opinions on management assertions at the specified dates.	Reserve managers or guarantors of PYUSD.	36 attestations.
Banks / brokers / custodians	Deposits, reverse repos, collateral custody and execution. Actual names are not published.	Additional assets beyond the stated reserve amounts.	Attestations, Exhibits B.

3.2 Paxos federal conversion

On December 12, 2025, the OCC conditionally approved the conversion of Paxos Trust Company, LLC into Paxos Trust Company, National Association, charter no. 25379 [EXT-05]. The observations dated December 17 and December 31, 2025 are therefore attributed to the new national entity. The OCC describes the institution as an uninsured national trust bank; it does not accept deposits and is not an FDIC-insured bank.

IMPLICATION — The conversion changes the primary prudential authority and institutional framework, but does not turn PYUSD into an insured bank deposit and does not transfer Paxos obligations to PayPal.

The 2026 reports state that Paxos applies the reserve requirements in Section 4(a)(1)(A) of the GENIUS Act to redemption assets. On August 18, 2026, the U.S. Treasury published a new proposal concerning the issuance, offer and sale of payment stablecoins [EXT-23]. It is a proposed rule and is not treated here as a final rule.

3.3 Consolidated timeline

Date	Event	Entity	Scope
07/08/2023	Public launch of PYUSD	Paxos Trust Company, LLC / PayPal	Start of the analysed series.
12/01/2024	First Treasury bills directly identified by CUSIP in the corpus	Paxos Trust Company, LLC	Diversification beyond deposits and reverse repos.
29/01/2024	PayPal Ventures investment settled primarily in PYUSD	PayPal Ventures / Mesh	Use of PYUSD as an on-chain settlement instrument; PayPal Ventures does not become the issuer.
04/04/2024	PYUSD offered as a funding source for eligible Xoom transfers	Xoom / PayPal	Conversion of PYUSD to USD to fund certain transfers; distinct from direct Paxos redemption.
29/05/2024	PYUSD reported on Ethereum and Solana	Paxos / Solana	Transition to multi-chain supply.
19/11/2024	Announcement of Xoom transfer settlement through PYUSD and Yellow Card	Xoom / Yellow Card	PYUSD used as settlement infrastructure; the beneficiary may receive local currency or mobile money.
28/02/2025	First KPMG attestation published	KPMG LLP	Change of accounting firm and more detailed format.
23/04/2025	Announced launch of PYUSD rewards in PayPal and Venmo	PayPal / Venmo	Commercial program separate from legally attributable reserve-asset income.
08/07/2025	First Arbitrum quantity observed in the attestations	Paxos / Arbitrum	Layer 2 extension; nine days before the July 17 public announcement.
29/08/2025	First Stellar quantity observed in the attestations	Paxos / Stellar	Extension to Stellar payments; public announcement on September 18, 2025.
12/12/2025	Conversion into Paxos Trust Company, National Association	Paxos Trust Company, N.A.	Transition from an NYDFS charter to an uninsured national trust bank that is not FDIC-insured.

Date	Event	Entity	Scope
17/03/2026	Availability announced across 70 PayPal markets	PayPal	Broader distribution; rights/features vary by market.
31/07/2026	Latest accounting observation in the corpus	Paxos Trust Company, N.A.	2.689bn PYUSD; USD 2.694bn of reserves.
17/08/2026	PYUSD Settlement documented for eligible U.S. merchants	PayPal	Configurable automatic conversion and 4% commercial rewards, subject to terms.
18/08/2026	U.S. Treasury proposal implementing Section 3 of the GENIUS Act	U.S. Treasury	Proposed rule; not treated as a final rule.
25/08/2026	Publication of the July attestation	KPMG / Paxos	Two observations; seven native networks.

4. Evolution of reserves and coverage

4.1 Growth, peak and contraction

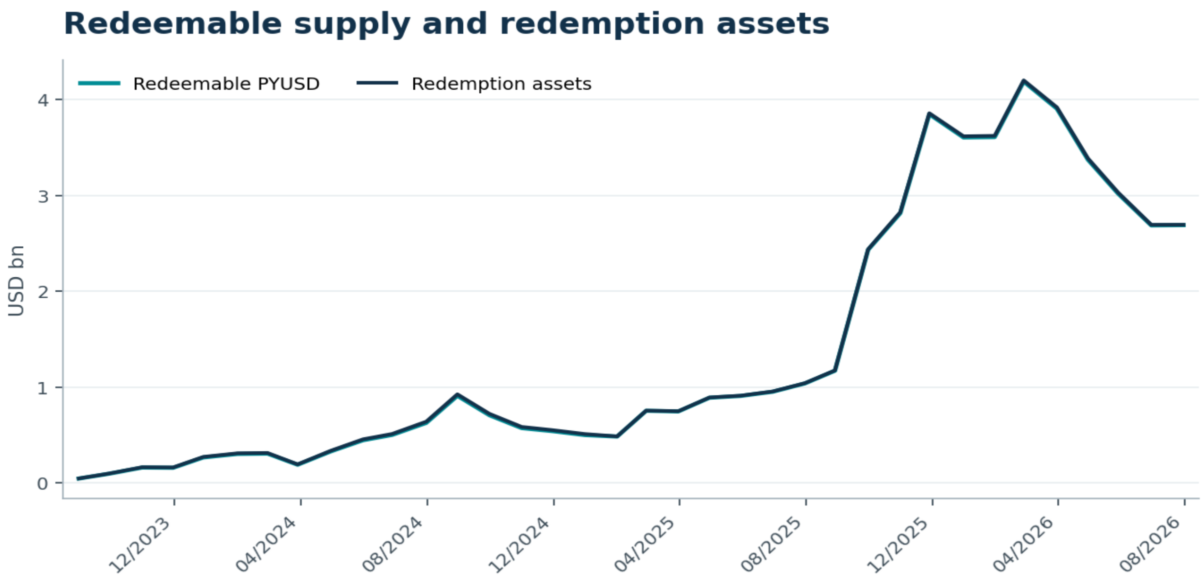

Figure 1 — Redeemable supply and redemption assets

Source: BECTRA calculations from the 36 monthly attestations, month-end observations.

Month-end supply rises from 44.38m PYUSD on August 31, 2023 to 3.605bn on December 31, 2025. The corpus peak remains 4.188bn on February 27, 2026. As of July 31, 2026, supply stands at 2.689bn, down 35.8% from the peak and 25.4% from year-end 2025, but up a limited 0.10% from June 30, 2026.

INTERPRETATION — A decline in supply is not, by itself, a sign of distress: it may reflect redemptions, arbitrage, liquidity reallocation or commercial demand. The attestations do not publish a daily breakdown of causes.

4.2 Asset composition

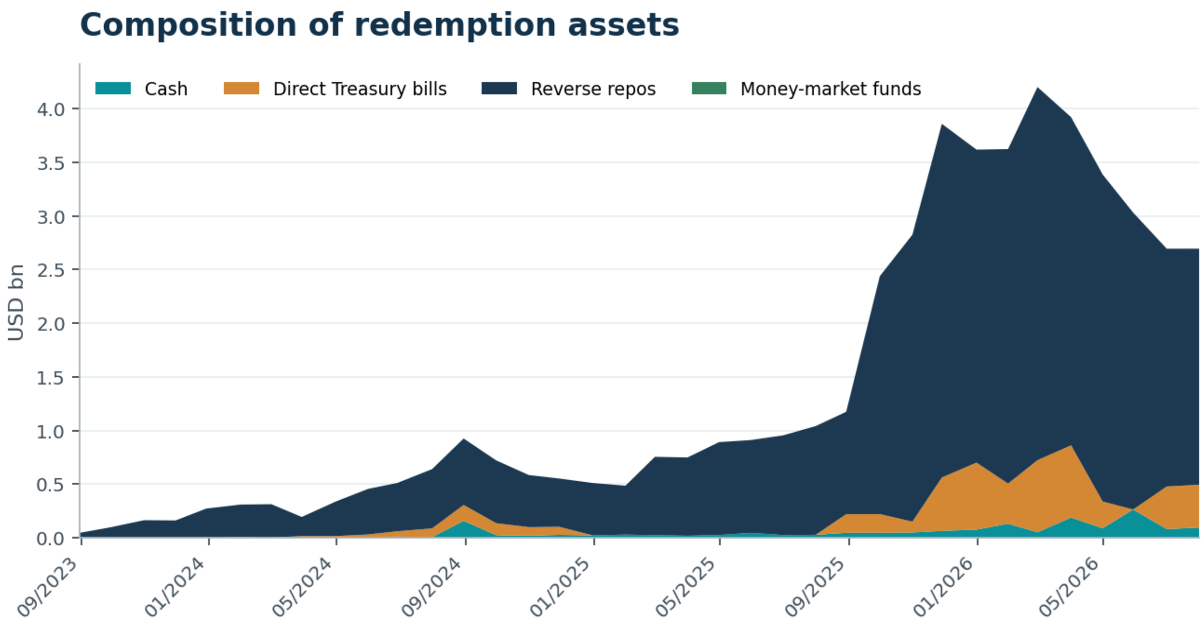

Figure 2 — Absolute composition of redemption assets

Source: BECTRA calculations based on the categories published in the attestations.

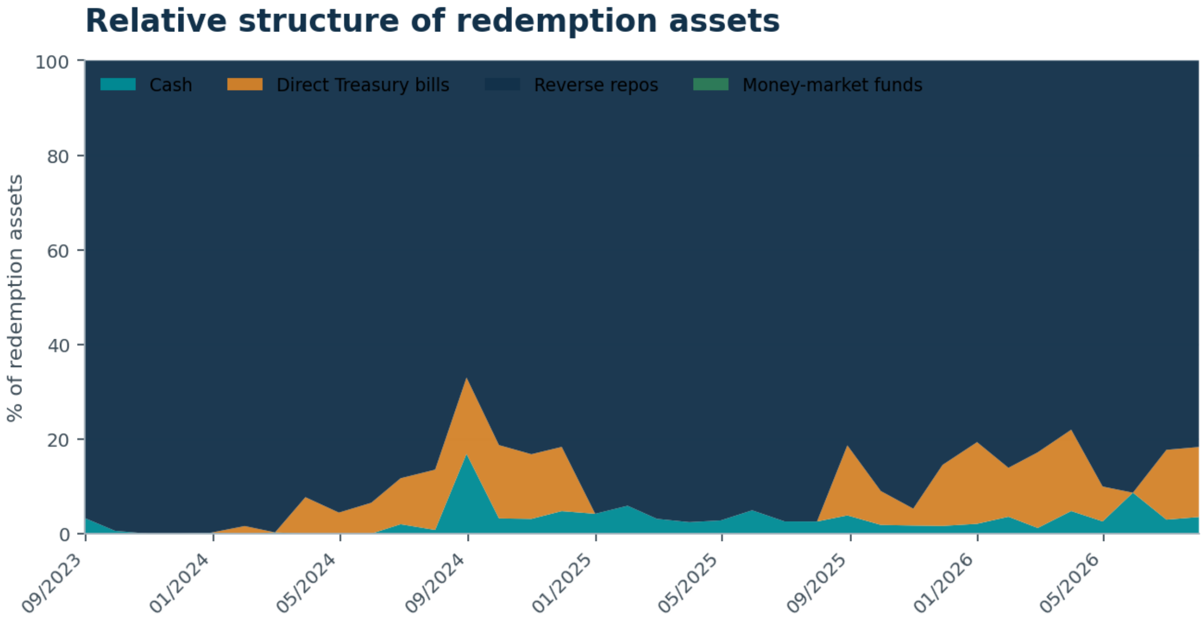

Figure 3 — Relative weights of reserve categories

Source: BECTRA calculations. For the Withum period, the absence of money-market funds is inferred by reconciling the published categories; from the KPMG reports onward, a zero balance is explicitly presented.

As of July 31, 2026, reverse repos remain dominant at 81.68% of assets, followed by directly held Treasury bills at 14.80% and cash at 3.52%. Money-market funds remain explicitly at zero. The mix is close to end-June, with cash up 18.84% and reverse repos down 0.72%.

No money-market fund amount is identified anywhere in the corpus. The evidentiary basis differs by period: in the Withum reports, the zero balance results from a full reconciliation of the published categories; in the KPMG reports, zero is stated explicitly. Current PayPal Digital terms also state that reserves backing PYUSD will not include money-market funds. This is a current contractual presentation, not evidence that future terms could never change.

4.3 Overcollateralization

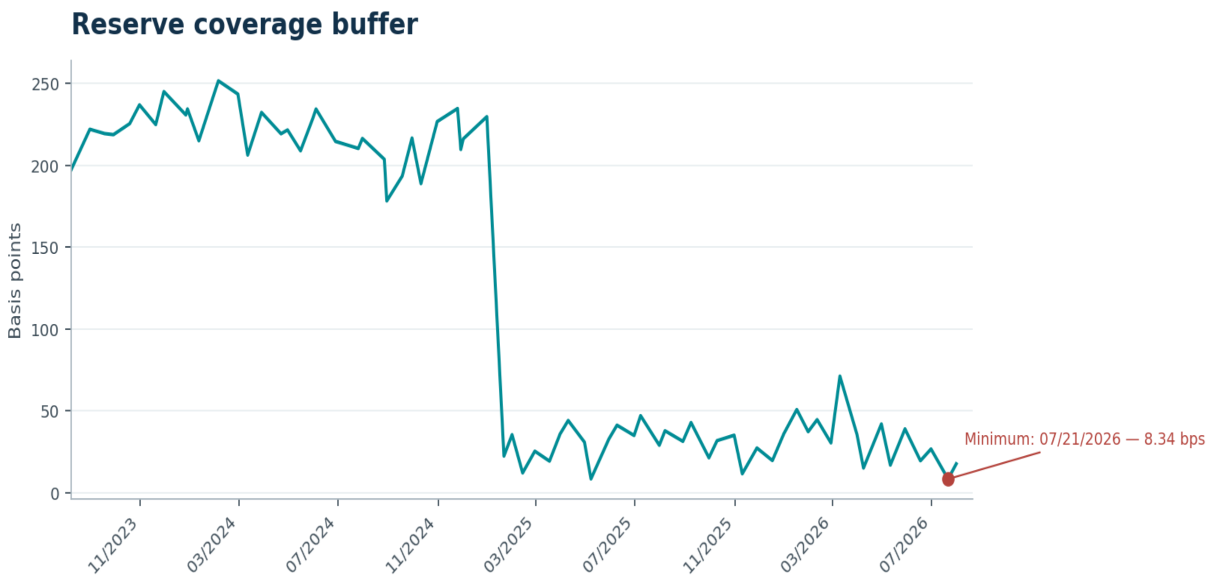

Figure 4 — Coverage buffer in basis points

Source: (Assets / supply − 1) × 10,000, BECTRA calculation.

All 72 observations show a coverage ratio of at least 1. The minimum is now 1.000834x on July 21, 2026, or 8.34 basis points. By July 31, the ratio rises to 1.001761x and the surplus reaches USD 4.736m. These point-in-time values demonstrate neither continuous coverage between reporting dates nor the immediate operational availability of the assets.

4.4 Historical reference points

Date	Supply	Assets	Deposits	T-bills	Reverse repos	Coverage
29/12/2023	264.53m USD	270.73m USD	0.2 %	0.0 %	99.8 %	1.02344x
31/12/2024	497.96m USD	509.40m USD	4.2 %	0.0 %	95.8 %	1.02297x
31/12/2025	3.60bn USD	3.62bn USD	2.1 %	17.3 %	80.7 %	1.00359x
30/06/2026	2.69bn USD	2.69bn USD	3.0 %	14.8 %	82.3 %	1.00267x
31/07/2026	USD 2.69bn	USD 2.69bn	3.5%	14.8%	81.7%	1.00176x

5. Treasury-bill portfolio and CUSIP analysis

5.1 Two populations that must not be confused

The database contains 243 CUSIP lines. Of these, 99 correspond to directly held Treasury bills and 144 describe securities delivered as reverse-repo collateral. Collateral is never added to the repo amount, preventing double counting.

CONTROL — Direct CUSIPs: 99 lines, 24 unique identifiers. Repo collateral: 144 lines tracked separately. Collateral is not added to reserve assets, preventing double counting.

5.2 Maturity and concentration

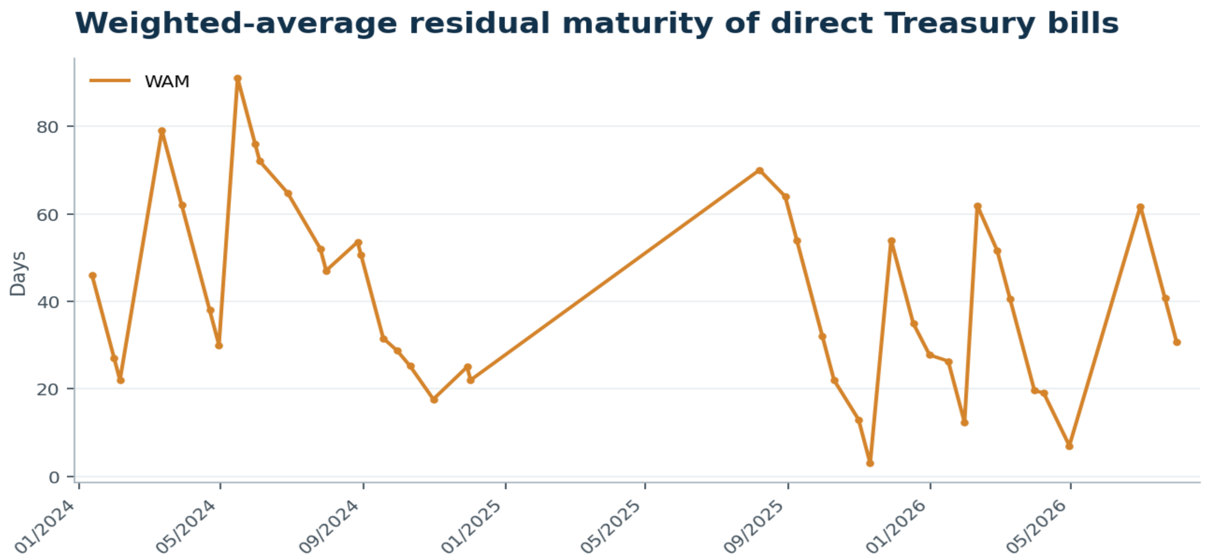

Figure 5 — Weighted-average maturity of directly held Treasury bills

Source: BECTRA calculation based on published fair values and maturities.

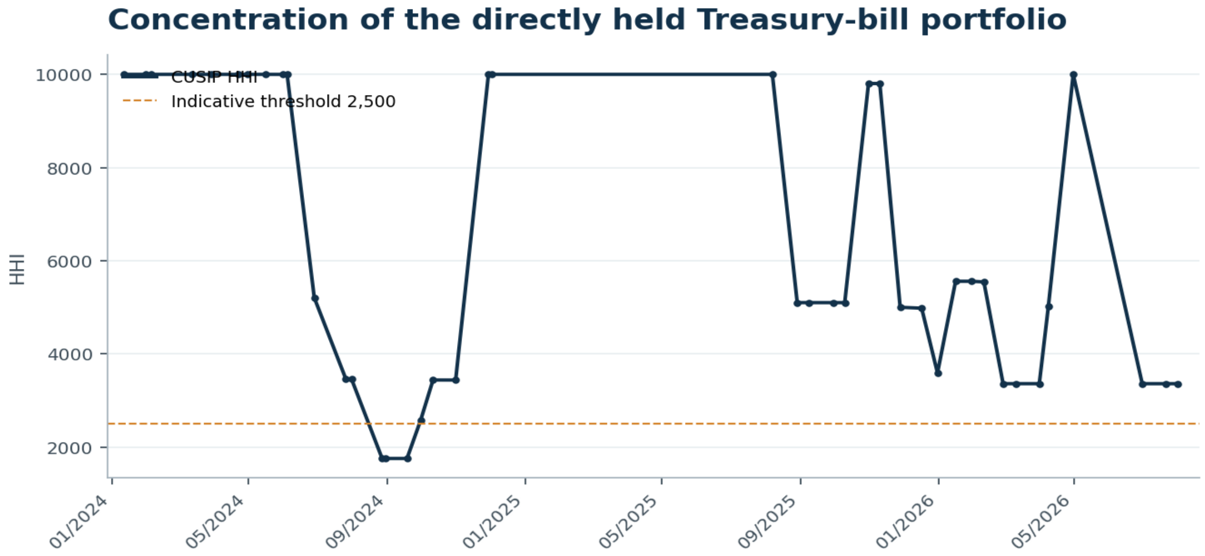

Figure 6 — Direct portfolio concentration by CUSIP

Source: HHI calculated from the fair-value weights of each directly held CUSIP.

The direct portfolio remains composed of three CUSIPs. As of July 31, 2026, its WAM is 30.73 days, versus 61.73 days at end-June, and its HHI is 3,359.6. The largest line represents 37.51% of the direct portfolio. The decline in WAM is mainly mechanical: the same securities are moving closer to maturity.

INTERPRETATION — High concentration by CUSIP is not the same as high credit concentration because the instruments are U.S. Treasury obligations. It does, however, concentrate maturities, rollover operations, settlement and reliance on a small number of lines/brokers.

5.3 Portfolio as of July 31, 2026

CUSIP	Maturity	Counterparty	Par value	Fair value	Days	T-bill weight	Reserve weight
912797UU9	18/08/2026	Bank 2 in United States	USD 125.0m	USD 124.77m	18	31.29%	4.63%
912797TY3	27/08/2026	Bank 1 in United States	USD 150.0m	USD 149.59m	27	37.51%	5.55%
912797UG0	17/09/2026	Bank 2 in United States	USD 125.0m	USD 124.39m	48	31.19%	4.62%

Source: July 2026 attestation, Exhibit B — obligations of U.S. Treasury, page 10.

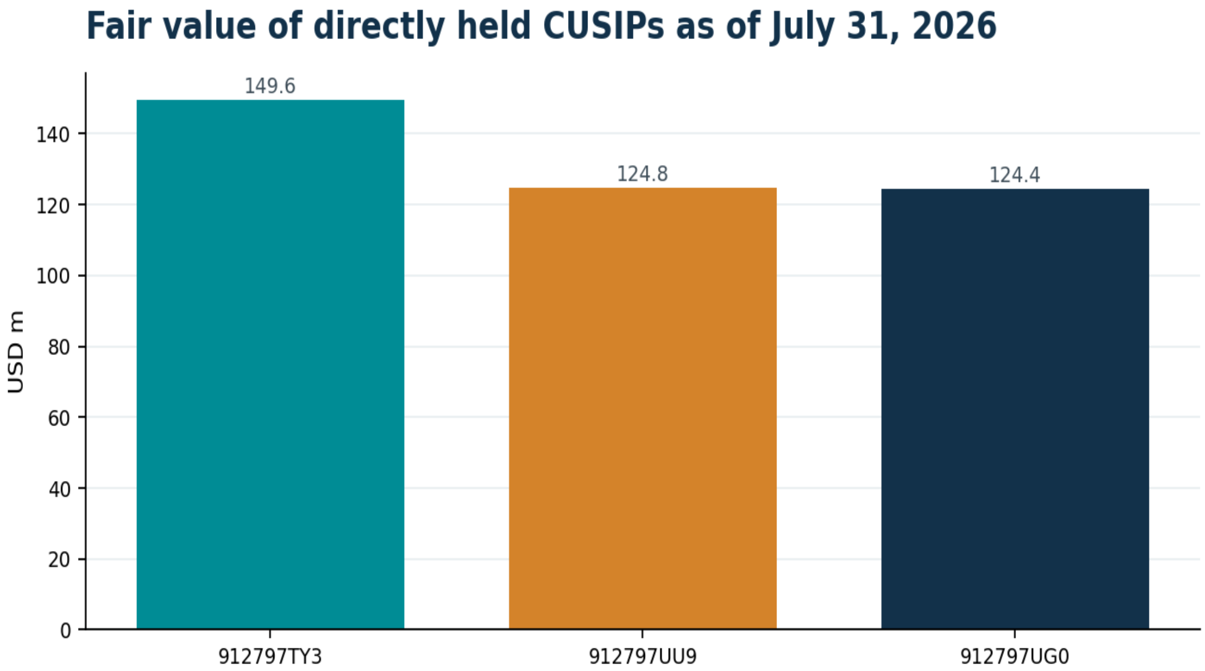

Figure 7 — Fair value of directly held CUSIPs as of July 31, 2026

Source: July 2026 attestation; BECTRA visualization.

5.4 Lifecycle and transitions

Direct positions appear on 42 of the 72 observation dates. The three CUSIPs held at end-June remain in the portfolio at both July observations. Turnover is 0.000366% between June 30 and July 21, then 0.000174% between July 21 and July 31: the change is almost entirely due to fair-value accretion, with no line replacement.

CUSIP	First date	Last date	Maturity	No. obs.	Max fair value
912797HS9	12/03/2024	30/04/2024	30/05/2024	4	14.9m USD
912797JF5	12/01/2024	05/02/2024	27/02/2024	3	5.0m USD
912797JZ1	31/05/2024	31/05/2024	04/06/2024	1	1.0 k USD
912797KB2	16/05/2024	31/07/2024	15/08/2024	6	29.9m USD
912797KL0	27/08/2024	18/09/2024	19/09/2024	3	18.0m USD
912797KM8	28/06/2024	18/09/2024	26/09/2024	6	20.0m USD
912797KT3	26/07/2024	30/09/2024	10/10/2024	6	32.0m USD
912797KU0	27/08/2024	11/10/2024	17/10/2024	5	30.0m USD
912797LD7	27/08/2024	31/10/2024	14/11/2024	6	29.9m USD
912797LE5	27/08/2024	31/10/2024	21/11/2024	6	19.9m USD
912797LK1	30/09/2024	30/09/2024	01/10/2024	1	1.0 k USD
912797MC8	31/10/2024	31/10/2024	19/11/2024	1	29.9m USD
912797MQ7	29/11/2024	02/12/2024	24/12/2024	2	74.8m USD
912797QD2	27/02/2026	08/04/2026	16/04/2026	4	224.8m USD
912797QF7	07/08/2025	10/10/2025	16/10/2025	5	75.0m USD
912797QQ3	29/08/2025	10/11/2025	13/11/2025	6	101.0m USD
912797RL3	28/11/2025	30/01/2026	05/02/2026	5	249.9m USD
912797SD0	27/02/2026	31/03/2026	02/04/2026	3	200.0m USD
912797SE8	28/11/2025	31/12/2025	06/01/2026	3	250.9m USD

CUSIP	First date	Last date	Maturity	No. obs.	Max fair value
912797SP3	10/02/2026	30/04/2026	07/05/2026	6	249.8m USD
912797SS7	31/12/2025	10/02/2026	24/02/2026	4	124.8m USD
912797TY3	30/06/2026	31/07/2026	27/08/2026	3	149.6m USD
912797UG0	30/06/2026	31/07/2026	17/09/2026	3	124.4m USD
912797UU9	30/06/2026	31/07/2026	18/08/2026	3	124.8m USD

6. Reverse repos, deposits, money-market funds and reserve income

6.1 Reverse repos

Reverse repos are the dominant asset. In the KPMG period, counterparties are anonymized as "Bank 1 in United States" and "Bank 2 in United States". The observed transactions are generally overnight; collateral consists of U.S. Treasury obligations and must be overcollateralized. Paxos states that it receives the collateral through a custodian or sub-custodian and may not sell or rehypothecate it. Names, limits, master agreements, contractual haircuts and substitution plans are not public.

Date	Counterparty	Fair value	Weighted rate	Maturity	Repo share
31/07/2026	Bank 1 in United States	USD 1.142bn	3.61%	03/08/2026	51.91%
31/07/2026	Bank 2 in United States	USD 1.058bn	3.64%	03/08/2026	48.09%

Source: July 2026 attestation, reverse repos as of July 21 and July 31, 2026. Observed repo rates: 3.50% to 3.64%. The source document still labels the column "Coupon Rate"; this analysis treats it as the repo rate, distinct from the coupon on Treasury collateral.

RESIDUAL RISK — Overnight maturity reduces duration but does not eliminate counterparty risk, failure to deliver collateral, a custodian incident or settlement delay during a redemption shock.

6.2 Bank deposits and insurance

As of July 31, 2026, the "Cash" category represents USD 94.70m, of which USD 94.45m is explicitly identified as FDIC-uninsured demand deposits. The residual USD 252.57k is not characterized in the report. The USD 50m excess insurance provided by Paxos Insurance Company Ltd remains limited to covered institutions and is neither general FDIC insurance nor insurance of the PYUSD token.

FDIC CONCLUSION — PYUSD is not an insured bank deposit. Excess private insurance is not FDIC insurance. Any pass-through protection depends on Paxos terms, holder identification, records, the bank and the beneficiary's other deposits; it cannot be asserted for a specific holder from the attestations [EXT-02, EXT-05].

6.3 Money-market funds

No government money-market fund is identified at any of the 72 observation dates. For the Withum reports, the zero balance results from reconciliation; for the KPMG reports, including July 2026, it is explicitly published. Current PayPal Digital terms state that reserves backing PYUSD will not include money-market funds; the analysis therefore distinguishes observed historical absence from the current contractual presentation.

6.4 Settlement adjustments

The Withum reports mention the possible effect of wire transfers in progress, deposits in transit and other reconciling items. The KPMG reports provide a more structured presentation of fair value and accrued interest not yet transferred.

Public information still does not allow a complete daily bridge among cash, securities settlement, mint/burn activity and on-chain balances to be reconstructed.

6.5 Reserve income and rewards

ESTIMATE / UNAUDITED PROXY — Based on July 31, 2026, applying the weighted published repo rates gives approximately 3.62536% and USD 79.78m on an annualized basis. Approximate accretion on the three Treasury bills adds about USD 10.2m, for roughly USD 90.0m before fees, turnover, cash yield and contractual sharing. This is neither realized income, an audited figure nor a forecast.

Rewards remain a commercial program distinct from reserve income. Since August 17, 2026, PayPal has documented a PYUSD Settlement feature for certain eligible U.S. merchants: configurable automatic conversion of a portion of the balance and 4% rewards, subject to crypto provisioning, CIP and PayPal terms [EXT-21]. This does not create any holder entitlement to interest earned on the reserves.

PRINCIPLE — Do not account for rewards as a contractual coupon on the token or as a direct claim on reserve income. Treatment depends on the contract, eligibility, timing of accrual and jurisdiction.

7. Financial reconciliation results

7.1 Reserve categories

At each observation, the sum of deposits, directly held Treasury bills, reverse repos and money-market funds is compared with the published total. All 72 observations reconcile to the published amounts, subject to the July 2024 documentary anomaly explicitly identified in Section 2.3.

7.2 Assets versus supply

No observation shows redemption assets below redeemable PYUSD. The control applies to the published values at the report dates and times, generally 5:00 p.m. Eastern Time. It does not prove coverage at every second of the month or immediate availability of each asset.

7.3 Direct CUSIPs

The sum of the fair values of CUSIPs classified as direct assets equals the “Obligations of U.S. Treasury” total at the relevant dates. Repo-collateral CUSIPs are excluded from this sum. Identifier 912829V49, printed in the collateral schedule on September 29, 2023, fails the check digit; it is preserved verbatim without conjectural correction.

7.4 Supply by blockchain

When the breakdown is published, native quantities are reconciled to total supply. The July attestation expands the perimeter to seven networks: Ethereum, Solana, Arbitrum, Stellar, Polygon, Ink and X Layer. Periods for which detailed data are not published remain classified as not verifiable, rather than being set to zero.

8. Redemption, omnibus custody and PayPal dependencies

8.1 Direct redemption with Paxos

Paxos terms provide for purchase and redemption at par through the Paxos platform for eligible holders. The process requires an account, a designated redemption address and compliance checks, and may involve minimums, operating hours or delays [EXT-02]. The statement “all tokens are redeemable” in Exhibit A describes the token category; it does not prove that every holder can open a Paxos account or receive an immediate bank payment.

DISTINCTION — The token’s economic right, the holder’s contractual eligibility and operational capacity at the time of redemption are three separate matters.

8.2 Sale through PayPal or Venmo

Within a Crypto Account, PayPal Digital buys or sells PYUSD at USD 1 and fulfills the order through a contemporaneous transaction with Paxos under its terms [EXT-04]. This mechanism is distinct from a redemption instruction sent directly by the customer to Paxos. It depends on PayPal Digital remaining operational, continuing to support the asset, account eligibility and its ability to transact with Paxos.

PayPal Digital states that it may cease to support PYUSD and that it does not guarantee Paxos's performance of its obligations. A company should therefore not confuse a displayed USD 1 sale price within an eligible interface with a general and permanent legal guarantee by PayPal Holdings.

8.3 Omnibus accounts

PayPal Digital's terms state that crypto-assets belonging to multiple customers are pooled in one or more omnibus accounts, directly or through a service provider. The customer owns the interest corresponding to the displayed amount, but not a specific identifiable token. For PYUSD, the displayed balance does not necessarily identify a particular blockchain; Paxos may select the supported network [EXT-04].

AUDIT IMPLICATION — Evidence of a PayPal customer's holding relies on PayPal Digital's sub-ledger and controls, not solely on a dedicated on-chain address. A treasury audit should reconcile the intermediary statement, contractual terms, confirmations and withdrawal rights.

8.4 Xoom and PayPal Ventures

Xoom uses PYUSD through at least two officially announced workflows. In April 2024, a U.S. user could convert PYUSD to USD to fund certain Xoom transfers [EXT-15]. In November 2024, PayPal announced that PYUSD would be used to settle transfers through Yellow Card rails into Africa [EXT-16]. In the second case, the beneficiary may receive local currency or mobile money: PYUSD is then settlement infrastructure, not necessarily the asset held by the recipient.

PayPal Ventures has settled investments in PYUSD, including Mesh, demonstrating institutional on-chain use [EXT-19]. This gives it no role in issuance, reserve control or redemption.

8.5 Administrative powers

Paxos terms provide for measures related to sanctions, illegal activity and government orders, which may include freezing, restriction, seizure, destruction or refusal of redemption depending on the circumstances [EXT-03]. The reserve attestations do not test governance of administrative keys, key-rotation procedures, multisig thresholds or operational execution of these measures on each network.

9. Multi-chain architecture and on-chain supply

9.1 Supply distribution

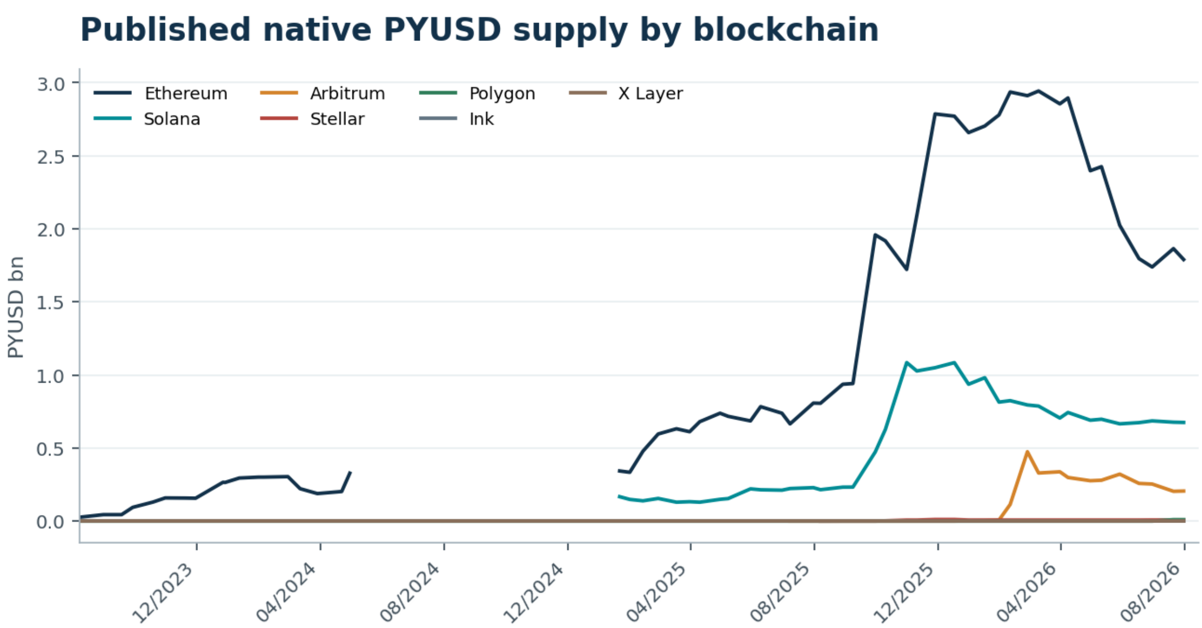

Figure 8 — Published supply by blockchain

Source: PYUSD attestations; latest detailed breakdown as of July 31, 2026.

Network	Official contract	Supply as of July 31, 2026	Share	Observation / interpretation
Ethereum	0x6c3ea9036406852006290770BEdFcAbA0e23A0e8	1,790,065,386	66.56%	Primary supply network.
Solana	2b1kV6DkPAnxd5ixfnxCpjxmKwqjjaYmCZfHsFu24GXo	675,295,029	25.11%	Second-largest network by supply.
Arbitrum	0x46850aD61C2B7d64d08c9C754F45254596696984	205,920,633	7.66%	Ethereum Layer 2.
Stellar	GDQE7IXJ4HUHV6RQHIUPRJSEZE4DRS5WY577O2FY6YQ5LVWZ 7JZTU2V5	7,902,125	0.294%	Payments network.
Polygon	0x99aF3EeA856556646C98c8B9b2548Fe815240750	10,152,379	0.378%	First attested quantity in July 2026.
Ink	0x142cdc44890978B506e745bB3Bd11607B7f7faEf	22	<0.000001 %	Economically negligible quantity.
X Layer	0x87b4a8176B3Df6b71e26CC095edcAf4Db07506B4	100	<0.00001 %	Economically negligible quantity.

As of July 31, 2026, Ethereum represents 66.56% of supply, Solana 25.11%, Arbitrum 7.66%, Stellar 0.294% and Polygon 0.378%. Ink and X Layer represent only 22 and 100 tokens. These amounts are native tokens reported as redeemable; they must not be added to wrapped or bridged representations of the same liability. The report therefore separates two perimeters: the seven native networks attested by Paxos, and the smaller set of PYUSD-supported blockchains available through the PayPal Digital Crypto Account under the currently published terms.

9.2 Network-specific risk differences

Network	Demonstrated strengths / use cases	Specific risks to review	Information not established by the corpus
Ethereum	Deep ecosystem, EVM standard, mature infrastructure.	Fees, congestion, probabilistic finality and exposure to integrating smart contracts.	Exact key architecture and administrative procedures.
Solana	High throughput, low fees, payments and external transfers.	Historical network incidents, account/program model and dependence on Solana tooling.	Detailed technical audit of the program and recovery procedures.
Arbitrum	EVM compatibility, Layer 2 costs, dApp migration.	Sequencer, data availability, L2/L1 withdrawals and dependence on the Arbitrum stack.	Exact cross-network circulation mechanism and incident plans.
Stellar	Payments, on/off-ramps and fast finality.	Asset/issuer model, trustlines, anchors and payment intermediaries.	Operational governance and detailed mint/burn flows.

9.3 Cross-chain mechanics and double counting

The attestations total the tokens natively minted under each official contract. The correct method is to add only those contracts and then deduct any tokens reported as non-redeemable, where applicable. Omnibus balances, wrapped tokens, bridged representations or claims against an intermediary must not be added a second time.

TECHNICAL LIMITATION — The corpus does not sufficiently describe whether each cross-chain transfer relies on burn/mint, lock/mint, market makers or pre-positioned inventories. The attestations show that Arbitrum and Stellar quantities appear before their respective public announcements; the reason for those timing differences is not documented in the sources reviewed.

9.4 International availability

In March 2026, PayPal announced availability across 70 markets. The August development is PYUSD Settlement for certain eligible U.S. merchants [EXT-21]. A contractual notice dated August 6 also announces, effective September 1, 2026, the removal of the 1% fee on certain Bill Pay disbursements using PYUSD [EXT-22]. As of August 31, this change is future-dated and not yet effective.

10. Risk matrix and stress tests

10.1 Reading the matrix

The matrix separates probability, impact, observable controls and residual risk. The levels are not regulatory ratings; they structure due diligence for a company or institution. Four risks remain classified as high: direct-redemption eligibility, omnibus accounts, dependence on/continuity of exit channels, and certain legal or operational dimensions.

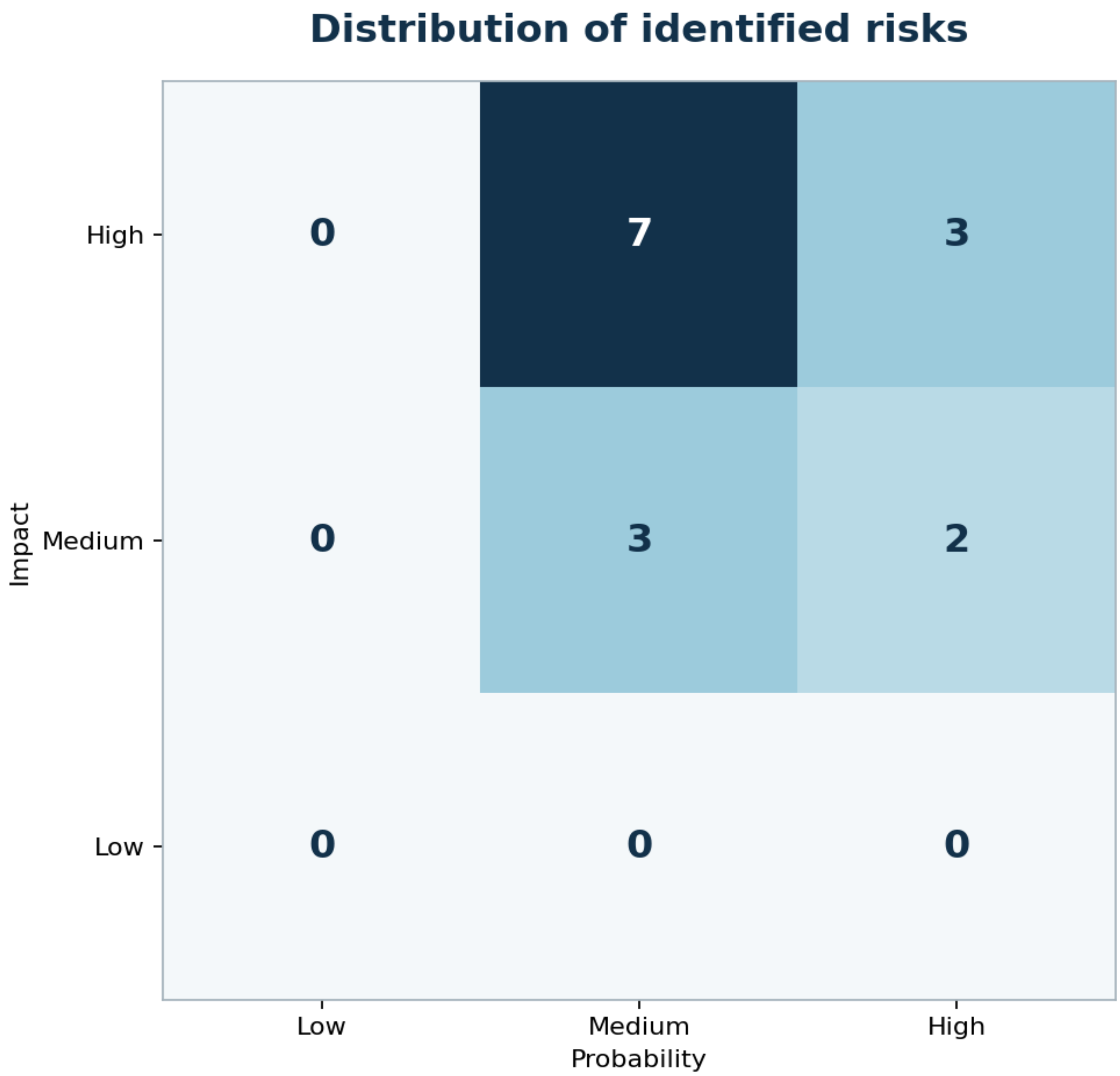

Figure 9 — Summary risk map

Source: BECTRA assessment based on the documents and limitations identified.

ID	Risk	Category	Residual	Priority action
R01	Direct-redemption eligibility	Legal / liquidity	High	Verify account, minimums, cut-off, exit counterparty and contingency plan.
R02	Reverse-repo concentration	Financial / counterparty	Medium-high	Monitor shares, haircuts, concentration and liquidation capacity.
R03	Uninsured deposits	Banking	Medium-high	Limit dependence on cash; request bank list/ratings.
R04	Point-in-time attestation	Assurance	Medium	Supplement with daily reporting, SOC controls and subsequent-event review.
R05	PayPal omnibus accounts	Custody / rights	High	Reconcile sub-ledger, exit terms and evidence of control.
R06	Dependence on PayPal Digital	Operational	Medium-high	Plan for external wallets, secondary venues and crisis procedures.
R07	Administrative powers	Compliance	Medium	Address governance, screening and provenance documentation.
R08	Multi-chain risk	Technology	Medium-high	Select network according to criticality; test transfers and recovery procedures.
R09	Cross-chain double counting	Data / audit	Medium	Reconcile by official contract and exclude wrapped/non-redeemable representations.
R10	Secondary-market risk	Market	Medium	Set price limits, venues and redemption access.
R11	Discretionary rewards	Contractual / economic	Medium	Do not model as guaranteed yield; stress to 0%.
R12	Regulatory transition	Regulatory	High	Maintain regulatory monitoring and change-in-law clauses.
R13	CUSIP concentration	Portfolio	Low-medium	Monitor WAM, line size and maturity schedule.
R14	Settlement risk	Liquidity / data	Medium	Model T+0/T+1/T+2 and intraday limits.
R15	Service-provider continuity	Systemic	High	Map dependencies, RTO/RPO and exit testing.

10.2 Stress test statique indicatif

The scenarios now start from the portfolio as of July 31, 2026. T+0 mobilizes USD 94.70m of cash before haircut. T+1 assumes normal settlement of the overnight reverse repos on the next business day, adding USD 2.201bn before haircut. T+2* and later assume a secondary-market sale of the USD 398.75m Treasury-bill portfolio and settlement after haircuts; those Treasury bills do not naturally mature within two days. Even the static 75% redemption scenario remains covered after the modeled haircuts, with a calculated margin of USD 527.4m. This result does not simulate cut-offs, weekends, queues, market depth, margin calls, outages or compliance blocks.

Scenario	Redemption	Delay	Cash haircut	Repo haircut	T-bill haircut	Liquidity available by timing	Status
Base	0 %	T+0	0.0 %	0.0 %	0.0 %	USD 94.70m	Pass
Redemption 10 %	10 %	T+1	0.0 %	0.1 %	0.25 %	2.29bn USD	Pass
Redemption 25 % + haircuts	25 %	T+2*	1.0 %	0.5 %	1.0 %	2.68bn USD	Pass
50% redemption + banking stress	50 %	T+2*	10.0 %	2.0 %	2.0 %	2.63bn USD	Pass
Severe 75% redemption	75 %	T+2*	25.0 %	5.0 %	4.0 %	USD 2.54bn	Pass

RESULT — In this static analysis, mobilization timing strongly determines available liquidity. T+0 relies on cash; T+1 assumes normal settlement of reverse repos on the next business day; T+2* assumes a secondary-market sale of Treasury bills followed by settlement, after haircuts. The modeled scenarios remain covered under these assumptions, but the result does not predict actual operational capacity, market depth, queues, compliance blocks or settlement disruptions in a crisis.

10.3 Data required for a dynamic stress test

- Intraday history of mints, burns and redemption requests, executions and rejections by channel.
- Bank and securities settlement times, cut-offs, calendars, queues and operational capacity.
- Contractual haircuts, margin calls, limits and master agreements by repo counterparty.
- Actual concentration by bank, broker, custodian, sub-custodian and jurisdiction.
- Secondary-market liquidity by network and venue, spreads, depth, volumes and exit costs.
- PayPal/Venmo/Xoom balances, external-wallet distribution and behavior by segment.
- Incidents, outages, recovery times, key controls and freeze/burn procedures.
- Realized income, fees, Paxos/PayPal sharing and effective reward cost.

11. Accounting, audit and treasury implications

11.1 Accounting classification

The accounting classification of a PYUSD balance depends on the applicable framework, contractual rights, custody channel and use. This report does not conclude that PYUSD is automatically cash, a cash equivalent, a financial asset or an intangible asset. Under IFRS and other frameworks, the analysis should document the substance of the right, convertibility, volatility, restrictions, redemption access and treasury-management practice.

ACCOUNTING FILE — Retain: applicable contract, intermediary identity, evidence of control, network/contract where available, confirmations, statements, valuation policy, cut-off, impairment or fair-value tests, fee/reward treatment and on-chain/sub-ledger reconciliation.

11.2 Audit assertions

Assertion / issue	Risk / point to document	Expected evidence	Limitation of the Paxos attestation
Existence	Omnibus balance not tied to a dedicated address.	PayPal Digital/custodian confirmation, statement, sub-ledger, test transfers.	The attestation covers aggregate supply, not the customer balance.
Rights and obligations	Direct redemption right absent or conditional.	Account terms, contracting entity, eligibility and restrictions.	Reserve quality does not prove the individual right.
Valuation	Market deviation, fees, exit restrictions.	Price source, liquidation route, post-close testing.	The report does not guarantee a constant secondary-market price.
Completeness	Tokens on multiple networks or unrecorded wallets.	Inventory of contracts, wallets, omnibus accounts and confirmations.	Network breakdown is historically unavailable for some periods.
Cut-off	Mint/burn/transfers close to period end.	UTC/ET timestamps, block confirmations and bank statements.	Only two monthly snapshots.
Presentation	Confusion between rewards, interest and reserve earnings.	Accounting policy and program contracts.	Reserve income is not owed to the holder.

11.3 Treasury policy

- Define permitted uses: payments, settlement, operating buffer, investment or experimentation.
- Set limits by stablecoin, issuer, intermediary, network, wallet and jurisdiction.
- Require at least two independent exit routes whose conditions have been tested.
- Do not treat the reward rate as guaranteed yield or as a substitute for liquidity.
- Document the custody chain and the persons authorized to transfer, freeze or convert.
- Include scenarios involving PayPal deactivation, Paxos restrictions, network congestion and bank unavailability.
- Reconcile the general ledger, sub-ledgers, wallets, fees, rewards and pending transactions daily.

12. Conclusion

The documentation demonstrates positive coverage at all 72 observation dates and short-dated assets predominantly linked to U.S. Treasuries. As of July 31, 2026, the ratio is 1.001761x; however, the historical minimum in the corpus is reached on July 21 at 1.000834x. The system remains highly dependent on reverse repos, anonymized counterparties, Paxos/PayPal channels and an architecture now distributed across seven networks.

The central conclusion is therefore twofold. From a portfolio perspective, PYUSD has short-dated, reconciled assets published with substantial CUSIP granularity. From a system perspective, that transparency does not replace analysis of holder rights, continuity of channels, omnibus custody, administrative powers and networks. A robust treasury decision must address both perspectives in parallel.

Appendix — Cited sources and complementary references

Official sources consulted or verified through August 31, 2026. Texts that remain at the proposal stage are identified as such.

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[EXT-02] Paxos — US Dollar-Backed Stablecoin Terms and Conditions (last modified June 30, 2026). —Official link

[EXT-03] Paxos — Illegal Activity Terms (accessed August 4, 2026). —Official link

[EXT-04] PayPal Digital, Inc. — Cryptocurrency Terms and Conditions (last updated May 19, 2026). —Official link

[EXT-05] OCC — Application by Paxos Trust Company, LLC to Convert to an Uninsured National Trust Bank — Conditional Approval (December 12, 2025). —Official link

[EXT-06] NYDFS — Guidance on the Issuance of U.S. Dollar-Backed Stablecoins (June 8, 2022). —Official link

[EXT-07] OCC — GENIUS Act Regulations: Notice of Proposed Rulemaking (February 25, 2026). —Official link

[EXT-08] OCC — GENIUS Act: Reporting Forms and Instructions (June 11, 2026). —Official link

[EXT-09] FDIC — Notice of Proposed Rulemaking to Establish GENIUS Act Requirements and Standards (April 7, 2026). — Official link

[EXT-10] AICPA/CIMA — 2025 Criteria for Stablecoin Reporting: Specific to Asset-Backed Fiat-Pegged Tokens (2025). — Official link

[EXT-11] European Union — Regulation (EU) 2023/1114 — MiCA, Articles 48 to 50 (May 31, 2023). —Official link

[EXT-12] PayPal — PayPal USD Expands to Arbitrum (July 17, 2025). —Official link

[EXT-13] PayPal — PayPal Brings PayPal USD to Users Across 70 Markets (March 17, 2026). —Official link

[EXT-14] Stellar Development Foundation — PayPal USD is now available on Stellar (September 18, 2025). —Official link

[EXT-15] PayPal — Xoom Enables PayPal USD as a Funding Option for Cross-Border Money Transfers (April 4, 2024). — Official link

[EXT-16] PayPal — PayPal PYUSD To Bring Speed and Reduced Costs to Cross-Border Payments with Xoom (November 19, 2024). —Official link

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[EXT-18] PayPal — PayPal, Inc. & PayPal Digital, Inc. State Licenses (accessed August 4, 2026). —Official link

[EXT-19] PayPal Ventures — PayPal Ventures Invests in Mesh (January 29, 2024). —Official link

[EXT-20] PayPal — PayPal USD (PYUSD) Stablecoin product page (accessed August 4, 2026). —Official link

[EXT-21] PayPal — Get more from your PayPal balance with PYUSD (August 17, 2026). —Official link

[EXT-22] PayPal — Policy Updates (August 6, 2026). —Official link

[EXT-23] U.S. Department of the Treasury — GENIUS Act Regulations on Payment Stablecoin Issuance, Offer, and Sale (August 18, 2026). —Official link

[EXT-24] Paxos — PYUSD on Main Networks (accessed August 30, 2026). —Official link