ABLECOIN SETTLEMENT PLAYBOOK

dard Operating Procedures for Cross-Border USDT Transactions

Classification: Confi

This operational playbook outlines security protocols, compliance frameworks, and fee-calculation models for utilizing Tether (USDT) as a working capital settlement vehicle across regional trade hubs and OTC desks.

1. OPERATIONAL SECURITY PROTOCOLS FOR USDT TRANSFERS

A. Network Selection & Gas Optimization

- **TRON (TRC-20):** Primary rail for settlements under $100,000 due to low transaction fees ($1–$3) and rapid finality.
- **Ethereum (ERC-20):** Mandatory for institutional transactions exceeding $100,000 for maximum decentralization.
- **TON / Arbitrum:** Used strictly for high-frequency micro-settlements under $10,000.

B. Multi-Signature & Hardware Controls

- **Hardware Storage:** Cold storage wallets (Ledger/Trezor) must be enforced for all reserves exceeding $50,000.
- **2-of-3 Multi-Sig:** Corporate wallets require dual authorization (CFO + Trade Operator) prior to broadcast.
- **Test Transactions:** Mandatory $10 micro-transfer verification before executing any new invoice address.

2. P2P CLEARING & OTC DESK KYC VERIFICATION

To mitigate compliance holds and counterparty default, OTC desks and P2P brokers must undergo multi-tier verification before trade execution.

Verification Level	Required Documentation	Transaction Threshold / Clearance
Tier 1: Basic P2P	Government ID, Phone/Email Verification, Liveness Check	Daily limit: Up to $5,000 (Individual counterparties)
Tier 2: Business OTC	Commercial Registration (CR), Ultimate Beneficial Owner (UBO) declaration, Bank Statements	Single Invoice: $5,000 – $100,000 (Verified regional OTC Desks)
Tier 3: Institutional	AML/CFT Policy Audit, Proof of Source of Funds (SOF), Certified Wallet Screening	Uncapped / Multi-million settlement clearing via regulated hubs

3. CHECKLIST: PREVENTING TETHER ADDRESS FREEZES

Tether Limited actively freezes addresses flagged by international law enforcement or sanctions compliance. Adherence to the following checklist is mandatory:

1. **Automated Address Screening:** Run recipient addresses through chain analytics tools (Chainalysis / Elliptic / TRM Labs) to verify low-risk exposure score (< 15%) prior to transfer.
2. **Avoid Mixer & Darknet Exposure:** Never route transactions directly from or to mixing services (e.g., Tornado Cash), high-risk gambling platforms, or un-hosted non-KYC mixers.
3. **Maintain Invoice Lineage:** Keep complete digital documentation linking the on-chain TXID directly to commercial invoices, Bill of Lading (B/L), and Customs Declarations.
4. **Segregated Transit Wallets:** Utilize single-use "burner" or intermediate transit wallets for P2P clearing to insulate core corporate treasury reserves.

CRITICAL RISK ALERT: Issuer Freezing Power

Unlike native Bitcoin or Ethereum, USDT is a centralized smart contract. Tether Limited retains full technical capability to blacklist addresses globally. Always execute transit clearing within 30 minutes of receipt rather than holding operational balances on hot exchanges.

4. FIAT CONVERSION SPREAD & LANDED COST MODELING

Calculating the true cost of stablecoin settlement requires factoring in network gas, OTC premium/discount, and local banking cash-out fees.

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Net Landed Settlement Cost ($) = [Invoice Value (USDT)] + [Network Gas Fee] + [OTC Desk Spread (0.5% - 1.8%)] + [Local Banking Cash-Out Fee]
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Settlement Corridor	Avg. Network Gas	OTC Desk Spread	Local Cash-Out Spread	Total Friction Fee
USDT / AED (Dubai Hub)	$1.50 (TRC-20)	+0.15% to +0.30%	0.00% (Pegged 3.6725)	**~0.30% - 0.50%**
USDT / OMR (Oman Transit)	$1.50 (TRC-20)	+0.50% to +0.90%	+0.25% (Bank Wire)	**~0.85% - 1.25%**
USDT / RMB (China Direct)	$12.00 (ERC-20)	-0.20% to +0.40%	+0.50% (UnionPay P2P)	**~0.50% - 1.10%**