

White Paper

Deenar – A Sharia Compliant Digital
Token Backed by Physical Gold



Deenar

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1. Introduction

The continued adoption and growth of web3 has brought several Gold Stablecoins to the market, providing various utilities and benefits not possible before. However, there isn't a fully Sharia Compliant Gold Stablecoin, built for Muslims, by Muslims, taking the end-to-end Sharia value chain into account. Deenar offers this solution.

2. Deen + Dinar = Deenar

Deen

In the 7th century, Islam as the latest upgrade to the previous Abrahamic religions, and the way of life by God was revealed via the prophet Muhammad SAW to all humankind. Islam is founded on the Unity - Oneness (Tawhid) of God. Islam is universal for all races and nations. It is tolerant. Islam encourages critical thinking and it promotes moderation avoiding extremism of any kind.

Islam defines the best way to live from birth to death for all Muslims in all aspects of life. A Muslim is someone who submits this way willingly and in peace. This is the way. This is Deen.

Dinar

Dinar used to represent gold coins in the Islamic civilization and it is still used as a fiat currency in many countries nowadays. In our context, it represents money and dunya - all material representations around us.

Islamic History

Islam as a [religion is the fastest in growth](#) and it will outpace Christianity by 2050. As of now, there are over 2 billion Muslims. Over 800 million Muslims are unbanked. The majority of Muslims live in Asia and Africa where they either don't have access to traditional financial institutions such as banks or Muslims don't engage with the banks since they deal with riba - an interest which is prohibited in Islam.

In recent years, the overall financial situation among the majority of Muslims is improving. Once they have more money to spend, they vote on halal products and services with their money.

Hence we can see the ever-increasing halal economy not only in the halal food sector but also in Islamic Finance, Modest Fashion, Halal Pharma, Halal Travel, and many other sectors.

We hope Deenar Gold will enable millions of Muslims around the world to practice their deen and earn dinar without compromising their values. In addition, to enable anyone who values ethical finance to participate.

Deenar may enable these Muslims to go from cash to crypto/blockchain similar to what happened in Asia and Africa where they jumped directly to mobile & internet skipping landline phones or desktop computers.

3. Short History Of Money

As soon as humans had more resources than they needed, they stored them for later use or started trading with each other in exchange for something else. Initially, it was the bartering system. Later humans started using precious metals such as gold or silver. Then paper money as we know it today. Historically paper money stemmed from receipts issued for gold (or silver) stored in a vault, thus was either created from or backed by precious metals.

Worldwide bestselling author & internationally renowned expert on the history of money, Mike Maloney in his book *Guide to Investing in Gold & Silver: Protect Your Financial Future* defines money as:

1. Money is a medium of exchange
2. Money is a unit of account
3. Money is durable and does not spoil or corrode
4. Money is portable
5. Money is divisible
6. Money is fungible (each unit is interchangeable)
7. Money is a true store of value over time

In both World Wars, economies around the world needed to expand the monetary supply and rebuild their countries. This led to the post-Bretton Woods era of unbacked fiat money, meaning the U.S. Dollar would be issued without intrinsic value or gold backing.

Following this multiple periods of currency-related financial instability penetrated global economies such as the 1997 Asian financial crisis, and many other smaller-scale emergency situations all had their roots in this relatively new global monetary system. The U.S. Dollar has lost 97% of its value compared to the value of gold. One ounce of gold, worth \$36.50 in 1960, is today (June 2024) worth more than \$2,300. Gold is now an individual asset class and is prevalent in many investor portfolios as a long-term investment that retains or steadily increases in value.

4. Challenges

4.1 Challenges facing fiat currencies

- **Collapse:** Every fiat currency since the Romans first began the practice in the first century has ended in devaluation and eventual collapse, of not only the currency but of the economy that housed the fiat currency as well.
- **Inflationary:** Governments print money to finance the budget, but fail to stimulate economic growth as this generates high inflation, with hyperinflation typically following
- **Bank deposits lose money:** Currently, bank deposits globally are almost universally losing money in real terms by paying interest below the rate of inflation.
- **Counterparty Risk:** The counterparty risk of depositing funds and therefore giving title of your money to a bank for no reward is a bad deal for the depositor. It makes no investment sense, particularly with bail-in provisions, depositors' insurance being

removed and interest rates being negligible. It's a terrible deal to deposit money in the bank.

4.2 Challenges facing Cryptocurrencies

- **Large Volatility:** The three largest cryptocurrencies have large volatility, so it is clear that they are simply not viable reserve currencies that can facilitate global commerce.
- **Not fit for business:** Businesses with budgeted profit margins can't accept cryptos due to the rapid change in value, making planning and operations hard to manage.
- **Lack of intrinsic value:** Most have limited intrinsic value meaning limited commercial application and sustainability, and as such a limited life.

4.3 Challenges facing Gold Market

Manual and outdated processes are still widely used in the buying, selling, transfer and settling of gold assets. This leads to errors, limited market liquidity, and access being still largely restricted for qualified investors.

To acquire investment-grade gold there are 3 main avenues: retail gold outlets, over-the-counter (OTC) trading, or gold exchange-traded funds (ETFs):

Retail Gold Outlets:

Gold can be purchased directly through gold refiners or bullion dealers as bars and coins of varying weights. The average retail buyer usually does not have either the storage capability or capital required to buy large, institutional-grade bars.

Over The Counter Trading (OTC):

The London bullion market, a wholesale over-the-counter (OTC) market for trading gold and silver, is the global standard for investment-grade physical gold. The London Bullion Market Association (LBMA) conducts the trade of gold and issues a Good Delivery specification, a set of rules regarding the physical characteristics of the gold and silver bars used in settlement in the market. With most members being major international bullion dealers and refiners, the public can typically only access this market indirectly, through a third party.

Gold Exchange-Traded Funds (ETFs):

Gold ETFs track the underlying value of the gold commodity and are backed by either physical gold or futures contracts. They can be traded on securities exchanges as marketable equity securities and are more accessible, requiring only a brokerage account to purchase them.

4.4 Challenges facing the Muslim community

There are 2 billion Muslims in the world and Islam is the fastest-growing religion. Unfortunately, over 800 million Muslims remain unbanked, especially in Africa and Asia.

Key drivers for the large number of unbanked Muslims

- **Poverty:** Low income can prevent Muslims from opening a bank account or most banks don't offer services to this group due to profitability.
- **Riba:** Many Muslims may have religious concerns about using conventional banking services that charge interest (riba) or engage in activities deemed non-compliant with Islamic principles. As a result, they may be hesitant to engage with traditional banks and prefer alternative financial solutions that adhere to Islamic finance principles.
- **Lack of Documentation:** In many cases, Muslims may lack the necessary documentation or identification required to open bank accounts, such as government-issued IDs or proof of address. This is particularly common among marginalized or refugee populations.

Key drivers for the low rate of crypto adoption among Muslims

- **Uneducated:** There is limited education on blockchain and crypto for Muslims. Starting from how to even open a wallet, to how to buy/sell. This results in the slow adoption of any blockchain technology.
- **Sharia Clarity:** While most people heard about Bitcoin and other cryptocurrencies as well as tokens, the majority of 2 billion Muslims don't engage with cryptocurrencies and the crypto world since Muslims are not sure if these coins and tokens are halal (permissible) according to their deen.
- **Unstable:** Despite significant recent developments and innovations, the market for cryptocurrencies remains somewhat niche. Cryptocurrencies have shortcomings that currently discourage mainstream use, in particular, high volatility - prices go up and down which makes them not stable to trade as a currency.

5. Solution: Deenar (DEEN)

Name: Deenar Gold

Decimals: 6

Ticker: DEEN

Network: HAQQ

Supply: Deenar works with leading suppliers to source the gold supply.

Custody: The Gold is stored in the custody of [Brinks](#).

Organizational Structure and Roles:

Deenar is issued by SPC RESERVES LTD, a company incorporated in Dominica under the Companies Act No. 21 of 1994. SPC RESERVES LTD is authorized by the Financial Services Unit (FSU) of Dominica under the Financial Services Unit Act 18 of 2008 and the Virtual Asset Business Act No. 1 of 2022. This regulatory framework permits SPC RESERVES LTD to operate as a Virtual Asset Service Provider (VASP), including token issuance, exchange between virtual assets and fiat currencies, virtual asset transfers, custody, and the provision of financial services related to the offer and sale of virtual assets, including asset-backed tokens. This oversight ensures compliance with applicable laws and enhances the integrity, trust, and security of the Deenar ecosystem.

Deenar is a digital asset where one token represents one gram of gold, stored with a trusted custodian. Anyone who owns Deenar owns the underlying gold which is held under the custody of Brinks. The value of Deenar therefore tracks with the real-time market price of gold.

Deenar is built following the ERC-20 protocol on the Haqq Network blockchain, making it compatible with all Haqq and Ethereum wallets that accept ERC-20 tokens. DEEN also has a Cosmos representation in the form of a Cosmos IBC token that can be transferred via IBC to any other Cosmos network, thanks to a feature of the HAQQ network. DEEN will be the first gold token issued in the Cosmos ecosystem.

Deenar is rule-based and fully automated, based on the idea of non-critical roles distributed between interchangeable actors. All transactions operate according to the rules of the smart contract on the Haqq blockchain. Resulting in the elimination of human error and the system operating only as programmed. It is available 24/7 to facilitate settlement against various assets, meaning Deenar can be bought/sold at any time and transferred anywhere.

5.1 – Key Product Benefits

1. Charitable contribution: 1% of revenue generated from sales of Deenar Gold will be allocated to a donation pool on Fairshare, a blockchain donation platform. This enables full transparency of the use of funds for Islamic-based charities. Our community can suggest charitable causes to donate to.

2. Allocated Ownership: Deenar is backed 1:1 by physical gold and is allocated down to the serial number of each individual bar. Meaning each token holder owns the right to the underlying gold.

3. Transferable: Since Deenar is on the Haqq Network blockchain, it is also instantly transferable globally, with the allocated ownership moving with the token transfer.

4. Redeemable: Token holders are able to convert their Deenar into physical allocated gold or fiat. Through Deenar.com, customers can redeem full-sized SAM Precious metal gold bars, as low as 1 gram.

5. Utility: As a digital token, any other smart contract can interact and hold Deenar. For example, it could be used in Islamic decentralized finance.

6. Automated: Due to the nature of smart contracts, all actions happen on-chain, in real-time, and without the chance of human error.

7. Fully Reserve Backed: We hold 100% reserve of the gold as Deenar is 1:1 backed. We don't touch the gold and it won't be ever undercollateralized.

8. Regulated: Deenar is issued by Fiduciary Standard, an issuer fully regulated under Swiss law as a member of the Swiss largest SROV QF.

9. Audited: Smart Contract audit is underway and the custodian will be audited by a Sharia audit company to be selected at the end of Q3 2024.

10. Accessible to Anyone: Deenar can be bought for as little as 0.000001 DEEN or ~\$0.00007752. Plus fractional bar ownership is now possible for retail customers meaning any individual or institution can buy Deenar.

11. Low Fees: Deenar was built to be accessible for all, so we have very low fees making DEEN a more attractive vehicle for investment as compared to other gold products. There are tiered minting/burning fees based on volume and no storage fees. For transactions that occur on-chain (transferred via Haqq Network), there is no transaction fee (this is subject to change, all fees will be available on our website), only the usual Haqq Network gas fees (typically a few cents).

12. Easy to buy and Trade: Deenar will be available on Decentralized exchanges, Centralised Exchanges, and on/off ramp providers to enable easy access and trading.

13. Bankruptcy Remote: In the event of insolvency Token Holders have a segregation claim, meaning there is no impact on the legal co-ownership position of the Token Holders.

14. Sharia Compliant: Fatwa has been issued by our Sharia advisors to ensure every aspect of the product is Sharia Compliant, meaning the Muslim community can easily engage with this token.

15. First gold on Cosmos ecosystem: Deenar is the first gold token issued on Cosmos ecosystem, enabling a whole new community access to this asset.

16. Token duality: Issuing as an ERC20 on the EVM layer and IBC on the Cosmos layer enhances accessibility.

17. Decentralized: No single entity or group controls access to the asset or has the ability to control the entire market, as it operates on the Haqq network, an open blockchain.

18. TimeLock: The contract is updated by TimeLock just like adding and removing oracles, minting requires Oracle approval, if approval is not given even the contract administrator can't mint tokens.

5.2 - Sharia Compliance

We have worked with our Sharia Scholars to ensure that all aspects of Deenar are Sharia compliant. You can view our FATWA on our website at www.deenar.com.

5.3 - Charitable Donation

As part of our alignment to islamic values, we are donating 1% of our profits to charitable causes. We will be creating a pool on a decentralized donation platform, so our community can vote on the use of the donation and then track the use of those funds.

6. How It Works

6.1 - Using Deenar

Each individual DEEN token represents 1 gram of SAM Precious Metal 999.9 purity gold held in a vault in Dubai, and will be capable of being fractionalized up to six decimal places (i.e. increments as small as 0.000001 gram).

DEEN tokens are created and destroyed by Fiduciary Standard as needed. The minimum purchase amount on the Deenar platform is 1 Deen, plus a creation fee depending on the size, posted on www.deenar.com.

In order to either purchase DEEN, sell the underlying gold, or redeem for underlying Gold, users will be required to complete an identity verification process, agree to a set of specific terms for service for DEEN, and meet applicable purchase or redemption minimums.

6.2 - Redemption

Holders of DEEN will be able to redeem their tokens for the associated physical gold. They must hold the volume of tokens corresponding to the volume of available bullion they want to buy back. It is possible to specify a line of ingots separately.

Holders must order more than 1 Deenar to redeem their tokens for a physical gold bar, subject to fees depending on the size of their order posted on www.deenar.com. Ordering 1 gram is possible although it will have a higher fee for the token holder.

The gold will be delivered at a location of the holder's choosing in Dubai. In addition, the holder can request international delivery but in all delivery cases, the token holder must pay the rates provided by our delivery partner Brinks.

6.3 - Lookup Gold

Specific gold bars will be associated with each on-chain address that holds DEEN tokens. Meaning at any time, DEEN holders can go to Deenar.com to retrieve the serial number and physical characteristics of the vaulted gold they own.

The only input required is a Haqq Network wallet address holding DEEN tokens. Distribution of tokens on ingots is automatic and rebalancing does occur, meaning we also at times will change the ingot serial number to correspond to the tokens stored on your wallet.

6.4 - Allocation

Fiduciary Standard aims to minimize the number of physical gold bars associated with each address holding DEEN, since customers are buying and selling fractions of specifically allocated gold bars through their buying and selling of DEEN, the odd result might be that a particular customer could hold fractions of several different gold bars.

Specifically, when an on-chain transaction transfers DEEN from its initial on-chain address to a second on-chain address the physical gold associated with the DEEN held at each on-chain address will be reallocated by Fiduciary Standard on behalf of the DEEN.

This reallocation may happen on a regular basis. In the event customers are not allocated ownership of a full gold bar, customers will own a pro-rata share of that bar as determined by Fiduciary Standard.

Fiduciary Standard may also reallocate DEEN tokens to different bars from time to time in order to take into account transfers of tokens, new exchanges of tokens, conversions and other DEEN transactional activity.

7. Technology

DEEN is an ERC-20 token on the Haqq Network blockchain issued by Fiduciary Standard. An ERC-20 token is an Ethereum smart contract that follows a standard protocol for representing custom tokens on the blockchain. Specifically, the contract must declare basic token characteristics (name, symbol, decimal precision), track the total number of tokens, track a token balance for each Ethereum address, and permit address owners to transfer portions of their balance to other addresses.

Because DEEN follows the standard ERC-20 protocol, many Haqq and Ethereum-supporting exchanges and wallet applications already have built-in support for viewing and transferring DEEN.

The Haqq contract address is:

```
0x4FEBDDDe47Ab9a76200e57eFcC80b212a07b3e6cE
```

<https://explorer.haqq.network/token/0x4FEBDDDe47Ab9a76200e57eFcC80b212a07b3e6cE>

Renewable Contract

Our smart contract is renewable meaning we change continuously upgrade it. With the regulatory environment evolving we expect in the future new requirements around stablecoins to come into effect. Therefore, we have enabled our contract to be renewable to make the needed upgrades based on community or regulatory feedback.

Partnerships

Deenar has opened accounts with Brink's bullion vaults in Dubai, which will maintain the vault or vaults for storage of allocated gold corresponding to Deenar tokens. As a fiduciary and qualified custodian, Deenar custodies gold for Deenar token holders in a segregated account at the vault. For sourcing of gold, Fiduciary Standard also maintains an account with OGold, a well-established gold-trading and wholesale institution, that sells gold to Fiduciary Standard and buys gold from Fiduciary Standard as needed for token issuance and redemption.

Sharia and Financial Audit

Deenar works with a third-party, independent, trusted, nationally top-ranking public Sharia Finance and Audit firm to review and attest on a monthly basis that Deenar tokens correspond 1:1 with grams of gold held in vaults by verified third-party partners. As well as to confirm the system is adhering to Sharia principles.

Transaction Monitoring and Surveillance

Haqq network utilizes Elliptic which checks all transactions on the network. Because Deenar is built on the Haqq Network blockchain, it is also possible and easy for anyone to review the entire history of transactions on the chain.

8. Solving Challenges For The Muslim Market

We mentioned at the start of the whitepaper multiple challenges facing the Muslim market. Now we have explained our unique solution, we wanted to address how this solution solves those previously mentioned challenges.

Key solutions for the large number of unbanked Muslims

- 1. Agnostic to income:** Blockchains don't care if you are rich or poor. They are open and available for anyone 24/7.
 - 2. HAQQ is a Halal-Sharia-compliant blockchain:** Deenar Gold is a halal stablecoin. 1 DEEN = 1 gram of physical gold stored in a vault in Dubai, UAE, and regulated by VQF in Switzerland. It is 100% halal and Shariah compliant. Check out the fatwa from the Shariah advisory board.
 - 3. No documentation needed:** Blockchains don't require any documentation. However, you will need to create your digital wallet. We recommend HAQQ Wallet.
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Key solutions for the low rate of crypto adoption among Muslims

- 1. Education:** Through education videos, content, and the Haqq Academy there is continuous education happening for the Muslim community to be able to engage with blockchain.
- 2. Sharia Compliance:** Being built on Haqq, the only fully shariah compliant layer one blockchain, and the structure of Deenar being reviewed by Sharia Scholars and a Fatwa being issued, Muslims can be certain of its Sharia compliance.
- 3. Stability:** Unlike the majority of cryptocurrencies such as Bitcoin or Ethereum, Deenar Gold is a stablecoin pegged against physical gold. 1 DEEN = 1 gram of gold. So the price of DEEN will follow the price of gold wherever you are in the world. You can use DEEN as an investment since the gold appreciates over time. You can also use DEEN to pay for goods and services since it will be stable.

9. Potential Use Cases

Deenar is being used for a number of purposes, mainly those that require a high degree of global Sharia-compliant transactional utility. Moving fiat money around the world is possible today, however, the enhanced efficiency and speed of fiat-pegged stablecoins encourage adoption. With a gold-pegged stablecoin removing the issues already mentioned with the fiat system, DEEN enables a new wave of economic activity, with the token representing a huge step in sharia-compliant blockchain payment and investment methods. We have mentioned below a summary of use cases where DEEN can be utilized.

Daily spending with cards

Multiple digital banks will be adopting Deenar, issuing cards where it can be spent. This means people are able to hold it in their digital wallet and use it for everyday spending such as buying coffee, as a replacement for holding traditional fiat like USD and EUR.

Investment and saving

Many people globally are interested in holding physical gold as an investment, Deenar is an attractive option since it is allocated to high-quality gold, charges no storage fees, and is highly accessible. People who hold gold may be interested in moving their holdings to Deenar.

Generate a return through Sharia-compliant financing

There are multiple platforms that will be offering liquidity pools for Deenar, which will be used in Sharia-compliant financing. It will result in holders of Deenar being able to generate a return from the Deenar they are holding in their account.

Sovereign-Neutral Monetary Unit

Physical gold was the original sovereign-neutral monetary unit with a lack of political affiliation. Bitcoin also has this quality but its massive price volatility has precluded its use as a monetary unit upon which to base trade.

Deenar combined the most desirable qualities of these two assets, becoming the first widely traded sovereign-neutral monetary unit with a high degree of price stability.

Deenar enables a new and feasible Sharia-compliant monetary basis for global trade, to empower individuals to adhere to a 'gold standard'.