

# PAYWARD LTD

## CRYPTO ASSET RISK DISCLOSURE

Velodrome Finance (VELO)

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### Disclaimer

*Please note that this risk disclosure is not exhaustive of all risks associated with trading VELO. Investors should perform their own assessment to determine the appropriate level of risk for their personal circumstances. Be sure to do your own research and due diligence while taking into account your own financial situation and risk tolerance. Please review the [Risk Summary](#) for additional discussion of general risks associated with the assets made available in the platform. These materials are for general information purposes only and are not investment advice or a recommendation or solicitation to buy, sell or hold any crypto asset or to engage in any specific trading strategy. The information contained in this risk disclosure is based on publicly available information that may be inaccurate, incomplete, or change at any time.*

### What is Velodrome Finance and how does it work?

Velodrome Finance is a decentralised exchange (DEX) and automated market maker on Optimism, Ethereum's layer-2 network. It acts as the ecosystem's main liquidity hub by letting users trade, create pools and earn incentives, while a weekly on-chain vote decides which pairs receive new rewards. Upgrades such as Slipstream concentrated-liquidity pools and the cross-chain SuperSwaps router now extend this low-slippage trading model across multiple OP-Stack chains.

VELO is the protocol's native utility token. Users can lock VELO for up to four years to mint veVELO, a non-transferable NFT that gives voting power over weekly emissions, plus a share of trading fees and any external "bribe" rewards. Pools that attract more veVELO votes receive a larger portion of newly minted VELO, which is then distributed to their liquidity providers - aligning incentives among traders, liquidity providers and long-term token holders.

### Who is behind the Project?

Velodrome Finance was founded in 2022 by Alexander Cutler.

### Tokenomics of VELO

VELO has a maximum supply of 2.39 billion tokens, which were distributed as follows:

Category	Amount
Liquidity & Governance Emissions (ongoing)	83.29%
Airdrop (initial community distribution)	10.02%

Partner Protocol Allocations	4.01%
Velodrome Foundation	1.67%
Optimism Treasury Grant	0.84%
Genesis Liquidity Pool	0.17%

**General Risks**

Like all other digital assets, there are some general risks to investing in Velodrome Finance. These include short history risk, volatility risk, liquidity risk, demand risk, forking risk, code defects, cryptography risk, regulatory risk, concentration risk, electronic trading risk and cyber security risk. For more information on general risks associated with smart contracts and digital assets, see Kraken’s Risk Statement.

**Risks specific to VELO**

*Competition*

The Velodrome Finance network faces competition from other decentralised exchanges operating on Optimism such as Uniswap and OPX Finance. VELO’s value derives from its broader adoption in the market. If the Velodrome Finance network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of VELO.

**Due Diligence**

Prior to listing on the Kraken platform, Kraken performed due diligence on VELO and determined it was permitted to make VELO available for trading to UK users. This process generally consists of reviewing publicly available information on the following:

- The creation, governance, usage and design of VELO, including the source code, security and roadmap for growth in the developer community and, if available, the background of the developer(s) that created VELO;
- The supply, demand, maturity, utility and liquidity of VELO;
- Material technical risks associated with VELO, including any code defects, security breaches and other threats concerning Velodrome Finance and its supporting blockchain (such as the susceptibility to hacking and impact of forking), or the practices and protocols that apply to them; and
- Legal and regulatory risks associated with VELO, including (i) any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of Velodrome Finance, and (ii) consideration of statements made by any regulators or securities regulatory authorities in the UK, other regulators of the International Organization of Securities Commissions, or the regulator with the most significant connection to VELO about whether VELO, or generally about whether the type of crypto asset, is a security and/or derivative.

**Don't invest unless you're prepared to lose all the money you invest. This is a high-risk investment and you should not expect to be protected if something goes wrong. [Take 2 mins to learn more.](#)**

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