

PAYWARD LTD
CRYPTO ASSET RISK DISCLOSURE
Velvet (VELVET)

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Disclaimer

Please note that this Crypto Asset Statement is not exhaustive of all risks associated with trading VELVET. 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 Crypto Asset Statement is based on publicly available information that may be inaccurate, incomplete, or change at any time.

What is VELVET and how does it work?

Velvet Capital is a non-custodial DeFi trading and portfolio-management platform. Users connect a wallet and can trade directly on-chain across Base, Solana, Ethereum, BNB Chain, and Bitlayer.

VELVET is the multi-chain utility and governance token of the ecosystem. Live utilities include: staking that earns Gems, accrued from staking and in-app usage which convert into monthly rewards, plus “soft” governance via community discussions in Telegram/Discord. Planned utilities include: tiered trading-fee discounts and formal on-chain governance.

Who is behind the project?

Velvet Capital was founded by Vasily Nikonov, Ankit Raj and Ekaterina Nikonova.

Tokenomics of VELVET

The total supply of VELVET is 1 billion tokens, which is distributed as follows:

Category	Percentage
Investors	19.46%
Community	0.54%
Team	20%

Treasury	18.27%
Airdrop & Staking Rewards	5%
Ecosystem Contribution	17.5%
Listing / Market Making	5%
Growth Fund	5%
Binance Wallet IDO	5.2%
Tier-1 Listings & Related Marketing	4.03%
Total	100%

General Risks

Like all other digital assets, there are some general risks to investing in VELVET. 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 VELVET

Competition

The Velvet Defi faces competition from other on-chain asset management and tokenized-portfolio protocols such as Enzyme, dHEDGE. VELVET's value derives from its broader adoption in the market. If Velvet Defi fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of VELVET.

Due Diligence

Prior to listing on the Kraken platform, Kraken performed due diligence on VELVET and determined it was permitted to make VELVET available for trading to UK users. Our analysis generally includes, but is not limited to, reviewing publicly available information on the following:

- The creation, governance, usage and design of VELVET, including the source code, security and roadmap for growth in the developer community and, if available, the background of the developer(s) that created VELVET;
- The supply, demand, maturity, utility and liquidity of VELVET;
- Material technical risks associated with VELVET, including any code defects, security breaches and other threats concerning VELVET 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 VELVET, including (i) any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of VELVET, 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 VELVET about whether VELVET, 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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