

PAYWARD LTD
CRYPTO ASSET RISK DISCLOSURE
Quantoz USDQ (USDQ)

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Disclaimer

Please note that this risk disclosure is not exhaustive of all risks associated with trading USDQ. 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 USDQ and how does it work?

USDQ is a United States-dollar-denominated stablecoin issued by Quantoz Payments B.V., an Electronic Money Institution regulated by the Dutch Central Bank. Each token is intended to be fully backed on a one-to-one basis by reserves held in segregated cash deposits and short-dated government bonds. New USDQ tokens are minted when authorised participants deposit dollars with the issuer and are burned when tokens are redeemed.

Originally launched as an ERC-20 token on Ethereum, USDQ now operates across additional networks such as Polygon and Algorand via LayerZero-enabled bridges, giving exchanges and DeFi protocols optionality while maintaining the same reserve pool. Smart-contract logic enforces the token's supply while Quantoz publishes real-time reserve and circulation data through its transparency dashboard. USDQ is designed for uses that benefit from on-chain dollars, including cross-border settlement, treasury management and trading liquidity.

Who is behind the project?

USDQ is issued by Quantoz Payments B.V., a subsidiary of Quantoz N.V., headquartered in Utrecht, Netherlands. Key executives include Arnoud Star Busmann (Chief Executive Officer), Gaston Hendricks (Chief Technology Officer) and Henri de Jong (Chief Business Development Officer).

Tokenomics of USDQ

USDQ has a circulating supply that can increase or decrease based on demand. Since it seeks to maintain a 1:1 peg, the supply and demand economics are such that the total supply is uncapped. The total number of USDQ to be issued will depend on market demand and should correspond directly to the maintained reserves. USDQ has a total supply that is backed by reserves in US Dollar and secure, low-risk

assets, managed by the independent Quantoz Foundation. The funds are safeguarded through a bankruptcy-remote structure, with the intention of ensuring that USDQ holder funds are protected from any potential liquidation of Quantoz Payments.

General Risks

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

Competition

The USDQ network faces competition from other cryptocurrencies such as USDC and PYUSD, and many others. USDQ's value derives from its broader adoption in the market. If the USDQ network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of USDQ.

Depegging Risk

At any given point in time, the price of USDQ may not accurately reflect the value of the underlying asset US Dollar. This risk arises because the price of USDQ is determined by supply and demand in the secondary market, rather than the actual value of the US Dollar. If demand for USDQ exceeds the available supply, the price may increase, leading to a higher price relative to the US Dollar. Conversely, if there is a surplus of USDQ tokens and insufficient demand, the price may decrease, causing USDQ to be worth less than US Dollar.

Risk of Asset Freezing

Certain entities, such as Quantoz Payments B.V., reserve the right to block or freeze USDQ in certain circumstances. If USDQ is deemed illegal by certain jurisdictions, the associated USDQ tokens could be frozen, resulting in the owner of the wallet not being able to transfer the tokens.

Redemption Risk

USDQ is backed by reserves managed by Quantoz. There is a risk that the issuer could become unable to meet redemption requests promptly or in full, which would erode confidence and could impair the token's market value.

Due Diligence

Prior to listing on the Kraken platform, Kraken performed due diligence on USDQ and determined it was permitted to make USDQ 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 USDQ, including the source code, security and roadmap for growth in the developer community and, if available, the background of the developer(s) that created USDQ;
- The supply, demand, maturity, utility and liquidity of USDQ;
- Material technical risks associated with USDQ, including any code defects, security breaches and other threats concerning USDQ 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 USDQ, including (i) any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of USDQ, 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 USDQ about whether USDQ, 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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