PAYWARD LTD
CRYPTO ASSET RISK DISCLOSURE
RedStone (RED)

Last updated on Feb 13, 2025

Disclaimer

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

RedStone is a modular blockchain oracle that provides essential data feeds for decentralised applications (dApps) across various blockchains. Oracles are services that deliver external data to blockchain networks, enabling smart contracts to interact with real-world information. RedStone delivers diverse types of data to any blockchain, aiming to facilitate the scalability and functionality of decentralised finance (DeFi) and other blockchain-based applications.

RedStone's modular architecture allows it to support over 1,000 assets and operate on more than 60 blockchains, including Ethereum, Avalanche, and Polygon. This design aims to enable developers to build various DeFi protocols, such as lending platforms and perpetual contracts, by providing data feeds.

The RED token serves multiple functions within the RedStone Oracles ecosystem, including collateral for Node Operators, who must lock tokens to guarantee uptime and data accuracy, and revenue sharing, where Node Operators earn fees from data consumers based on their stake. Token holders can delegate RED to operators to earn rewards, and integration with EigenLayer enables restaking for additional EIGEN rewards. Additionally, RED is used for data access fees, locking by data providers to ensure service quality, and dispute resolution in governance mechanisms.

Who is behind the project?

RedStone was founded by Marcin Kaźmierczak (COO), Alex Suvorov (Lead developer), and Jakub Wojciechowski (CEO). Tomasz Płatek is the Chief of Staff. The legal entity behind the project is RedStone Distributed Data Association which is based in Baar, Switzerland.

Tokenomics of RED

The total supply of RED is capped at 1 billion tokens, with an initial circulating supply of 30% at the Token Generation Event (TGE). The distribution of RED tokens is as follows:

Allocation	% of total Supply
Community & Genesis	10%
Protocol Development (Partially Locked)	10%
Core Contributors (Locked)	20%
Ecosystem & Data Providers (Partially Locked)	28.3%
Early Backers (Locked)	31.7%

70% of RED tokens are initially locked and will unlock over a four-year period.

General Risks

Like all other digital assets, there are some general risks to investing in RED. These include Smart Contract risks, 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 RED

Competition

RED faces competition from other blockchain oracle providers such as Chainlink (LINK), Pyth Network (PYTH), and many others. RED's value derives from the protocol's broader adoption in the market. If RED fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of RED.

Due Diligence

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