

# PAYWARD LTD

## CRYPTO ASSET RISK DISCLOSURE

### Threshold (T)

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#### Disclaimer

***Please note that this risk disclosure is not exhaustive of all risks associated with trading T. 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 Threshold (T) and how does it work?

Threshold is a decentralized network that provides privacy and security tools for blockchain applications. It was formed by merging two earlier projects, Keep Network and NuCypher. Instead of relying on one central company, Threshold spreads responsibilities across many independent participants using a system called threshold cryptography. This means that certain actions, like holding assets or processing encrypted data, only happen if a minimum number of participants agree. One of Threshold's main products is tBTC, a bridge that allows people to use Bitcoin on Ethereum without relying on a single custodian. When users lock their Bitcoin, a group of Threshold node operators, selected at random, work together to create an equivalent token on Ethereum called tBTC. This token can then be used in Ethereum's DeFi ecosystem for lending, borrowing, or trading. The network is governed by the Threshold DAO, where holders of the T token vote on upgrades and changes.

The T token is the native asset of the Threshold Network. It has three main functions: staking, governance, and ecosystem incentives. People who want to run Threshold nodes must stake T tokens, which helps secure the network and earns them rewards. T holders can also vote in the Threshold DAO, influencing decisions on network upgrades, new features, and community funding. In addition, T aligns incentives between users, operators, and developers by serving as the primary token for participation across the ecosystem. In short, the T token powers Threshold's operations and gives holders a voice in its future.

#### Who is behind the project?

Threshold was formed in 2022 from the merger of Keep Network and NuCypher. The project's early contributors include Matt Luongo, who previously led Keep Network and worked on the tBTC protocol. Governance is carried out by the Threshold DAO, which consists of the Staker DAO, Token Holder DAO, and an elected council that oversees protocol operations. Development and ongoing maintenance are supported by tLabs, led by MacLane Wilkinson, who is also identified as a co-founder of Threshold.

### Tokenomics of T

T has a fixed maximum supply of 11.155 billion tokens. The initial supply was set at 10 billion T by the DAO at launch and distributed as follows:

Category	Percentage (%)
NU token holders	45%
KEEP token holders	45%
Threshold DAO treasury	10%
<b>Total</b>	<b>100%</b>

An additional 1.155 billion T was later issued to support network incentives, bringing the final capped supply to 11.155 billion T.

As of September 2025, the circulating supply of T is approximately 10.1 billion tokens.

### General Risks

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

#### *Competition*

The Threshold network faces competition from other Bitcoin-bridging projects such as WBTC and Ren. T's value is tied to the network's ability to attract users and developers. If the Threshold network fails to achieve sufficient adoption compared to these alternatives, this could negatively impact the value of T.

### Due Diligence

Prior to listing on the Kraken platform, Kraken performed due diligence on T and determined that T is unlikely to be a security or derivative under UK securities legislation. Our analysis generally includes, but is not limited to, reviewing publicly available information on the following:

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