

**PAYWARD LTD**  
CRYPTO ASSET RISK DISCLOSURE  
PAXG

Pax Gold (PAXG)

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#### **Disclaimer**

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

Pax Gold is a tokenized-gold product issued by Paxos Trust Company, a New York-regulated financial institution. Each token represents legal ownership of one troy fine ounce of London Good Delivery gold held in fully allocated, insured vaults. Independent auditors publish monthly attestations confirming that the outstanding token supply matches the vaulted gold. The ERC-20 smart contract includes compliance functions—such as freeze or upgrade—to help Paxos satisfy legal directives while maintaining 1:1 backing.

PAXG is used to transfer or trade exposure to physical gold on-chain. Holders can:

- move gold value 24/7 on the Ethereum network;
- redeem tokens for whole or fractional ounces of physical gold (or the USD proceeds of a sale);
- use PAXG as collateral or settlement asset in DeFi or on centralized lending platforms that accept the token.

Transaction fees consist of on-chain gas plus a Paxos transfer fee (currently 0.02 %); creation and redemption incur 0.03 %–1 % fees, tiered by volume. Unlike interest-bearing products, PAXG does not support staking or yield generation directly.

#### **Who is behind the project?**

Pax Gold is issued and managed by Paxos Trust Company, LLC, founded in 2012 by Charles Cascarilla and Rich Teo. Paxos operates under supervision of the New York State Department of Financial Services, serves multiple enterprise partners, and maintains monthly gold audits by WithumSmith+Brown. Day-to-day operations, smart-contract maintenance, and custody arrangements remain under Paxos' sole control.

#### **Tokenomics of PAXG**

PAXG has no predetermined maximum supply; tokens are minted or burned in response to customer

demand, maintaining a constant 1:1 relationship with vaulted gold. As of August 2025, approximately 280,000 PAXG were in circulation, each backed by an equal number of troy ounces of gold.

## **General Risks**

Like all other digital assets, there are some general risks to investing in PAXG. These include short history risk, volatility, and 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 PAXG**

### *Physical Theft*

Paxos uses traditional gold vaults to secure the gold backing the value of PAXG. If Paxos' gold vaults are compromised this could negatively affect the value of PAXG.

### *Competition*

The Pax Gold network faces competition from other gold-backed tokens such as Tether Gold (XAUT) and Digix Gold Token (DGX). PAXG's value derives from broader market adoption; insufficient adoption relative to competing options could negatively affect the token's price.

### *Depegging Risk*

At any given time, the market price of PAXG may deviate from the value of one troy ounce of London Good Delivery gold. High demand can push the token's price above its gold value, while excess supply or low demand can push it below.

### *Risk of Asset Freezing*

Paxos reserves the contractual right—and may be legally required—to block or freeze PAXG tokens in certain circumstances. If regulators or courts direct Paxos to freeze tokens, affected holders may be unable to transfer or redeem their PAXG.

## **Due Diligence**

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

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