

PAYWARD LTD
CRYPTO ASSET RISK DISCLOSURE
Cronos (CRO)

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Disclaimer

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

Cronos is a blockchain network designed to enable decentralised finance (DeFi), Web3 applications and smart contracts, with particular emphasis on DeFi, non-fungible tokens (NFTs) and decentralised gaming. It operates as an Ethereum Virtual Machine (EVM)-compatible Layer 1 blockchain.

Cronos uses a modified version of the Tendermint Proof-of-Stake consensus. This permissioned variant, commonly referred to as Proof-of-Authority (PoA), relies on a set of 33 vetted validators. Cronos achieves compatibility with Ethereum-based projects through its EVM integration, while interoperability with other blockchains is facilitated via the Inter-Blockchain Communication (IBC) protocol. The utility token of the Cronos network is CRO. CRO is used to pay transaction fees and to participate in on-chain governance; holders may also delegate tokens to validators and earn staking rewards.

Who is behind the project?

The Cronos ecosystem is maintained by Cronos Labs, supported by the broader Crypto.com organisation. Crypto.com was founded in 2016 by Kris Marszalek, Rafael Melo, Gary Or, and Bobby Bao.

Tokenomics of Cronos

100 billion CRO tokens were initially created. In February 2021, 59.6 billion were burned in a single event and 10.4 billion CRO were locked in a smart contract to be burned monthly, reducing the circulating supply by 70 billion tokens. In March 2025, the Cronos community approved a governance proposal to re-issue 70 billion previously burned CRO tokens, restoring the maximum supply to 100 billion. The newly minted tokens have been placed in a “Strategic Reserve” wallet under a 10-year linear vesting schedule to support ecosystem growth and a prospective CRO exchange-traded fund (ETF). The on-chain vote concluded on March 17 2025.

General Risks

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

Competition

Cronos faces competition from other Layer 1 blockchain projects such as Ethereum and BNB Chain. CRO's value derives from the project's broader adoption in the market. If CRO fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of CRO.

Concentrated Voting Power

The March 2025 governance proposal to re-mint 70 billion burned tokens has demonstrated that a significant portion of voting power is concentrated among validators controlled or influenced by Crypto.com. The proposal appeared unlikely to pass until on its final day of voting when over 3 billion CRO tokens were added to the pro category from validators operated by Crypto.com, according to multiple sources. This concentration poses a risk to decentralized decision-making, as governance proposals may be passed despite strong opposition from independent stakeholders. Such centralized control could lead to governance decisions that primarily benefit the entity controlling the majority of votes, rather than the broader community. Additionally, this influence raises concerns about potential conflicts of interest, reduced transparency, and the risk of token supply manipulation that could impact the value and utility of CRO.

Due Diligence

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