

# PAYWARD LTD

## CRYPTO ASSET RISK DISCLOSURE

### PENDLE

#### Pendle Finance (PENDLE)

Last updated on January 20, 2026

#### Disclaimer

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

Pendle Finance is a decentralized, permissionless yield-trading protocol that enables users to tokenize and trade future yields from yield-bearing assets. When users deposit such assets into the platform, they are wrapped into a standardized yield token (SY). The SY token is then split into two components:

- a Principal Token (PT), representing the underlying asset, and
- a Yield Token (YT), representing the future yield.

These tokens can be traded on Pendle's automated market maker (AMM), which incorporates a time-decaying mechanism that affects pricing as maturity approaches. Through this design, users can speculate on yield, hedge exposure, or provide liquidity to earn fees.

Previously, Pendle's governance and incentive alignment relied on a vote-escrowed token called vePENDLE, where holders locked PENDLE to receive voting power and rewards. However, due to low adoption of vePENDLE, Pendle is phasing it out and introducing a new governance token called sPENDLE to replace it. sPENDLE is designed as a more flexible liquid fee and governance token with a 14-day withdrawal period, replaceable on a rolling basis, and integrated with other DeFi platforms for broader utility such as potential restaking. Pendle aims to simplify governance participation and boost adoption with this model.

#### Who is behind the project?

Pendle Finance is led by Chief Executive Officer and Co-Founder TN Lee, who previously worked in business development at Kyber Network. Vu Nguyen serves as Co-Founder and Chief Technology Officer, with a background in smart contract development at Digix. The engineering function is led by Long Vuong Hoang, and Ken Chia serves as Head of Institutional Relations. Together, this leadership team directs Pendle's ongoing development and growth.

#### Tokenomics of PENDLE

PENDLE has a total and fixed supply of 281,520,000 tokens. At launch, PENDLE was distributed as follows:

Category	Percentage (%)	Token Amount
Liquidity Incentives	37%	104,150,400 PENDLE
Team	22%	61,934,400 PENDLE
Ecosystem Fund	18%	50,673,600 PENDLE
Investors	15%	42,228,000 PENDLE
Liquidity Bootstrapping	7%	19,706,400 PENDLE
Advisors	1%	2,815,200 PENDLE
<b>Total</b>	<b>100%</b>	<b>281,520,000 PENDLE</b>

As of August 2025, the circulating supply is approximately 167.9 million PENDLE (~59.6% of the total).

### General Risks

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

#### *Competition*

Pendle faces competition from other decentralized finance and yield trading projects. PENDLE's value derives from the protocol's broader adoption in the market. If Pendle fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of PENDLE.

#### *Third Party Risks*

Since Pendle interacts with third-party protocols and contracts, there is inherent risk associated with the smart contracts and systems deployed by the third-party protocols. Pendle states they are not responsible for any funds lost due to exploits in third-party contracts.

### Due Diligence

Prior to listing on the Kraken platform, Kraken performed due diligence on PENDLE and determined that Kraken was permitted to make PENDLE 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 PENDLE, including the source code, security and roadmap for growth in the developer community and, if available, the background of the developer(s) that created PENDLE;
- The supply, demand, maturity, utility and liquidity of PENDLE;

- Material technical risks associated with PENDLE, including any code defects, security breaches and other threats concerning PENDLE 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 PENDLE, including (i) any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of PENDLE, 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 PENDLE about whether PENDLE, 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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