

PAYWARD LTD
CRYPTO ASSET RISK DISCLOSURE
BENQI

BENQI (QI)

Last updated on 08 August, 2025

Disclaimer

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

BENQI is a decentralized finance (DeFi) protocol on the Avalanche blockchain that facilitates liquid staking, lending, and borrowing of cryptocurrencies. Through BENQI Liquid Staking, users can stake AVAX to receive a tokenized version called sAVAX, which accrues staking rewards while remaining usable for other DeFi activities. BENQI Markets is a platform where users can earn interest by depositing assets or borrow funds by providing over-collateralized assets. Interest rates are adjusted dynamically based on market conditions.

The QI token is the governance token for the BENQI protocol. Users can stake QI to receive veQI, which provides voting rights on protocol proposals and adjustments

Who is behind the project?

BENQI was co-founded by JD Gagnon, Hannu Kuusi, Dan Mgbor, and Alexander Szul, who also serves as Chief Investment Officer. Development is carried out in collaboration with the engineering firm Rome Blockchain Labs.

Tokenomics of BENQI

The maximum supply of QI is fixed at 7.2 billion tokens. Percentages refer to the total supply as of **August 8, 2025**.

Category	Percentage
Liquidity Mining Program	45 %
Token Sale	25 %
Treasury	15 %
Team	10 %
Exchange Liquidity	5 %

General Risks

Like all other digital assets, there are some general risks to investing in PRO. 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 BENQI (QI)

Competition

The BENQI network faces competition from other decentralized-lending protocols such as Aave, Compound, and many others. BENQI's value derives from its broader adoption in the market. If the BENQI network fails to achieve sufficient adoption compared to other options in the market, this could negatively impact the value of QI.

Regulatory Scrutiny

A regulatory crackdown on decentralized finance (DeFi) could have a negative impact on DeFi activity in general and the value of QI.

Due Diligence

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