

# PAYWARD LTD

## CRYPTO ASSET RISK DISCLOSURE

apxUSD (apxUSD)

Last updated on March 11th 2026

### Disclaimer

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

Apyx Protocol is a digital dollar project that connects income from public-market assets with blockchain-based finance. It uses an offchain treasury to buy a basket of publicly traded shares in Digital Asset Treasury companies (DAT's) Apyx also provides reserve visibility through its dashboard and monthly attestations.

apxUSD is Apyx's dollar token. It is intended to trade close to USD 1.00 and be used for trading and as collateral across crypto markets. It is not backed 1:1 by cash reserves. Instead, Apyx aims to keep the value of its backing assets above the amount of apxUSD in circulation, with extra support from cash and Treasury holdings. When apxUSD trades above \$1, eligible whitelisted participants may mint and sell more of it; when it trades below \$1, they may buy and redeem it, which is intended to help move the market price back toward \$1.

### Who is behind apxUSD

The founding contributors of apxUSD are Parker White, John Han, Dan Kang, Pete Humiston and Dawson Reid and Joseph Onorati.

### Tokenomics

apxUSD is a USD denominated stablecoin backed by a diversified basket of shares from Digital Asset Treasury (DAT) companies. It has no maximum supply.

The approximate 1:1 dollar peg is maintained through four layered mechanisms: the dividend-adjustment feature on the underlying preferred shares naturally nudges their price back toward \$1; apxUSD is issued on an overcollateralized basis, meaning the market value of the collateral always exceeds the outstanding supply of apxUSD, with the surplus buffer growing over time from yield spreads

and any collateral price appreciation; a portion of the collateral is held in cash and treasuries to dampen volatility; and cross-market arbitrage incentives allow whitelisted participants to mint apxUSD when it trades above \$1 (increasing supply to push the price down) or buy and redeem it when it trades below \$1 (reducing supply to push the price back up).

## **General Risks**

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

### *Depegging Risk*

At any given point in time, the price of apxUSD may not accurately reflect the value of the underlying DAT asset. This risk arises because the price of apxUSD is determined by supply and demand in the secondary market, rather than the actual value of the DAT shares. If demand for apxUSD exceeds the available supply, the price of apxUSD may increase, leading to a higher price relative to the dollar. Conversely, if there is a surplus of apxUSD tokens and insufficient demand, the price may decrease, causing apxUSD to be worth less than a dollar.

apxUSD should always be approximately redeemable 1:1 with dollar but there is always a risk of a smart contract bug. A potential bug could have a negative impact on the value of apxUSD.

### *Risk of Asset Freezing*

Apyx reserves the right to 'block' certain apxUSD addresses, and, if such addresses are Apyx custodied addresses, freeze associated apxUSD. Additionally, if apxUSD is deemed illegal in certain jurisdictions, the associated apxUSD tokens could be frozen resulting in the owner of the wallet not being able to transfer apxUSD.

### *Redemption Risk*

The value of apxUSD is backed by a reserve of secure, low-risk assets held by Apyx. However, there is a risk that Apyx may be unable to meet redemption demands in a timely manner at some point in the future. If the issuer is unable to meet redemption requests due to insufficient reserves, it could lead to a loss of confidence in the asset, negatively impacting its value.

### *Custodial Asset Risk*

If the Digital Asset Treasury shares, the custodial asset(s) backing liquidity within the Apyx ecosystem, were to be compromised or drained, it could significantly impact the stability of apxUSD, which relies on the DAT shares for its peg with apxUSD. A devaluation or loss of confidence in Apyx could, in turn, negatively affect the broader ecosystem, including the utility and value of apxUSD

## Due Diligence

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

Payward Ltd (trading as Kraken) is registered as a cryptoasset firm with the Financial Conduct Authority (FRN: 928768) registered office at 6th Floor, One London Wall, London, EC2Y 5EB. Cryptoasset services offered by Payward Ltd are unregulated and not covered by the Financial Services Compensation Scheme as well as the FCA's consumer protection regulations. Note the value of cryptoassets can go down as well as up, gains may be subject to Capital Gains Tax and there may be extra charges when paying via credit card from your provider.