

PAYWARD LTD
CRYPTO ASSET RISK DISCLOSURE
DAI

DAI (DAI)

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Disclaimer

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

Dai is a U.S-dollar-pegged stablecoin issued by the Maker Protocol and governed by the MakerDAO decentralized autonomous organization. The token is created when users deposit approved collateral into Maker smart-contract vaults and is destroyed when the associated debt is repaid.

Over-collateralization and automated liquidation mechanisms aim to keep each DAI close to USD 1.

When new collateral—such as ETH, wstETH, or tokenized real-world assets—is locked in a vault, the protocol issues an equivalent amount of DAI up to a collateral-ratio limit. If the collateral’s value falls below that threshold, the position can be liquidated and the collateral sold to buy back DAI, thereby restoring peg discipline. Conversely, users repay borrowed DAI (plus a stability fee) to unlock their collateral, and the repaid DAI is burned, reducing supply.

A complementary “Peg Stability Module” allows users to swap certain reserve stablecoins (e.g., USDC) for freshly minted DAI one-for-one, giving the protocol an additional lever to keep the price anchored. Governance parameters—including accepted collateral types, fees, and risk limits—are modified through on-chain voting by holders of the protocol’s governance token.

Who is behind the project?

Rune Christensen serves as Co-Founder and strategic architect of MakerDAO’s “Endgame” roadmap, while operational decisions are implemented by autonomous core units elected by Maker governance.

Tokenomics of DAI

The supply of DAI is elastic and entirely demand-driven: tokens are minted when collateralized debt positions are opened and are burned when those positions are closed. Percentages refer to the total supply of 5.36 billion DAI as of August 11 2025.

Category	Percentage
Circulating supply*	100 %

*DAI has no pre-minted or fixed maximum supply; the circulating supply equals the total supply at any point in time.

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 DAI (DAI)

Competition

The MakerDAO network faces competition from other stablecoins such as USDT, USDC, and USDP. MakerDAO's value derives from its broader adoption in the market. If the network fails to achieve sufficient adoption compared to other options, this could negatively impact the value of DAI.

Regulatory Scrutiny

A regulatory crackdown on decentralized finance (DeFi) could have a negative impact on DeFi and the value of DAI.

Depegging Risk

At any given point in time, the price of DAI may not accurately reflect the value of the underlying asset (U.S. dollar). This risk arises because the price of DAI is determined by supply and demand in the secondary market rather than the actual value of the U.S. dollar. If demand for DAI exceeds available supply, the price may rise above USD 1; conversely, an oversupply can cause DAI to fall below USD 1.

Risk of Asset Freezing

Certain entities such as Circle reserve the right to block or freeze USDC in certain circumstances. Because USDC may serve as reserve collateral for DAI, a large-scale freeze could impair collateral backing and negatively affect the value of DAI.

Developer Dependence

While there are many developers who contribute to MakerDAO, there are no guarantees that they will

continue to contribute. DAI, MakerDAO's native stablecoin, could be negatively affected by an inability to retain and/or attract developers to keep up with market needs and improve its decentralized-finance tooling when necessary.

Due Diligence

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