PAYWARD LTD
CRYPTO ASSET RISK DISCLOSURE
DYDX

dYdX (DYDX)
Last updated on September 02, 2025

Disclaimer

Please note that this risk disclosure is not exhaustive of all risks associated with trading DYDX. 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 dYdX (DYDX) and how does it work?
DYDX is an open-source, non-custodial derivatives exchange that moved from an Ethereum roll-up to its own Cosmos-SDK Layer-1 “dYdX Chain” in October 2023. Validators running the chain keep a high-speed, in-memory order-book off-chain and settle matched trades on-chain, giving traders centralized-exchange-style latency while maintaining self-custody security. Users can post USDC collateral and trade perpetual futures (and, from 2024, spot and margin pairs) with up to 20× leverage. Fees are low because only the final trade execution is written to the blockchain, and new features—such as dYdX Unlimited, which lets anyone list markets instantly—continue to expand the venue’s product set.

The DYDX token powers the network. It serves three core functions: (1) gas—all on-chain transactions pay fees in DYDX; (2) staking—holders can delegate tokens to validators and earn a share of trading and gas fees distributed each block; and (3) governance—token votes set risk parameters, list new markets, and manage community treasuries. Since March 2025, governance also directs 25% of net protocol revenue to monthly open-market DYDX buy-backs, aligning long-term value with network usage.

Who is behind the project?
DYDX was founded in 2017 by engineer Antonio Juliano. Oversight now rests with the DYDX Foundation, an independent non-profit in Zug, Switzerland, supported by community-elected subDAOs that handle treasury and operational matters.

Tokenomics of DYDX
DYDX has a maximum supply of 1 billion tokens, all of which were minted and allocated at the August 2021 token generation event (TGE). The tokens were distributed as follows.

Category	Percentage (%)	Token Amount
Investors (past investors of dYdX Trading Inc.)	27.7%	277,000,000

Founders, employees, advisors & consultants	15.3%	153,000,000
Future employees & consultants	7.0%	70,000,000
Trading rewards	25.0%	250,000,000
Community Treasury	5.0%	50,000,000
Liquidity-provider rewards	7.5%	75,000,000
Retroactive mining rewards	7.5%	75,000,000
USDC liquidity-staking pool	2.5%	25,000,000
DYDX safety-staking pool	2.5%	25,000,000
Total	**100%**	**1,000,000,000**

As of September 2025, the circulating supply is approximately 777.7 million DYDX.

General Risks
Like all other digital assets, there are some general risks to investing in DYDX. 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 DYDX

Competition
The dYdX network faces competition from other decentralized perpetual-trading protocols such as GMX and Synthetix Perps, as well as centralized exchanges that offer comparable derivatives products. DYDX's value derives from its broader adoption in the market. If the dYdX network fails to achieve sufficient adoption compared with these alternatives, this could negatively impact the value of DYDX.

Regulatory Scrutiny
A regulatory crackdown on DeFi could regulate decentralised exchanges similar to their centralised counterparts effectively curtailing the growth of DeFi. This could have a negative impact on the value of DYDX.

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

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