PAYWARD LTD
CRYPTO ASSET RISK DISCLOSURE
BENQI (QI)

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Disclaimer

Please note that this risk disclosure is not exhaustive of all risks associated with trading QI. 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 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?

The BENQI protocol is developed in collaboration with Rome Blockchain Labs. Key individuals are as follows:

- JD Gagnon: Co-founder of BENQI and Rome Blockchain Labs, Inc.
- Hannu Kuusi: Co-founder of BENQI and Rome Blockchain Labs, Inc.
- Dan Mgbor: Co-founder of BENQI.
- Alexander Szul: Co-Founder at Rome Blockchain Labs, CIO at BENQI.

Tokenomics of QI

The total supply of QI is 7,200,000,000 tokens which is distributed as follows:

QI Allocation	QI tokens	% of Total supply

Liquidity Mining Program	3,240,000,000	45%
Token Sale	1,800,000,000	25%
Treasury	1,080,000,000	15%
Team	720,000,000	10%
Exchange Liquidity	360,000,000	5%
Total	7,200,000,000	100%

General Risks

Like all other digital assets, there are some general risks to investing in QI. These include Smart Contract risks, 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 QI

Competition

QI faces competition from other decentralized lending protocol's, such as Aave. QI value derives from the protocol's broader adoption in the market. If QI fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of QI.

Regulatory Scrutiny

A regulatory crackdown on DeFi such as the Digital Commodities Consumer Protection Act (DCCPA), which could regulate decentralised exchanges similar to their centralised counterparts, could have a negative impact on DeFi and the value of QI.

Due Diligence

Prior to listing on the Kraken platform, Kraken performed due diligence on QI and determined it was permitted to make QI available for trading to UK users. This process generally consists of reviewing publicly available information on the following:

- The creation, governance, usage and design of QI, including the source code, security and roadmap for growth in the developer community and, if available, the background of the developer(s) that created QI;
- The supply, demand, maturity, utility and liquidity of QI;
- Material technical risks associated with QI, including any code defects, security breaches and other threats concerning QI 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 QI, including (i) any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of QI, 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 QI about whether QI, 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.**]