

PAYWARD LTD

CRYPTO ASSET RISK DISCLOSURE

ICX

Icon (ICX)

Last updated on August 12, 2025

Disclaimer

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

ICON is an open-source, Layer-1 blockchain designed to facilitate interoperability between independent blockchains and decentralized applications. Its core objective is to serve as a “network of networks,” connecting diverse blockchain systems through secure, cross-chain messaging protocols.

The network operates using a Delegated Proof-of-Stake (DPoS) consensus model. ICX holders can delegate tokens to elected validators—known as Public Representatives (P-Rep)—who manage block production, network security, and governance decisions. These validators also participate in the Contribution Proposal System (CPS), which allocates funding to community-driven projects.

ICON's cross-chain capabilities are enabled via the Blockchain Transmission Protocol (BTP) and General Message Passing (GMP) architecture, allowing decentralized applications on ICON to interact with assets and apps on other blockchains. The underlying consensus engine, Loopchain, uses Loop Fault Tolerance (LFT) to deliver performance and compatibility.

The token ICX powers the network by covering transaction fees, supporting governance, and facilitating usage of decentralized applications. Its issuance is regulated by the ICON Incentives Scoring System (IIS), which enforces an approximate 3.99% annual inflation rate, distributed among delegators, validators, and the Contribution Proposal System.

ICON sustains a diverse ecosystem that includes decentralized finance platforms, NFT marketplaces, identity solutions, and enterprise partnerships across sectors such as healthcare, public administration, and finance.

Who is behind the project?

Founded in 2017 by Min Kim, ICON is supported by the non-profit ICON Foundation, with technical development from Seoul-based ICONLOOP. Network operations are run by elected validators, or Public Representatives (P-Rep), who manage governance and security.

Tokenomics of ICX

A total of approximately 800 million ICX were minted at genesis. The initial allocation was distributed as follows:

Category	Allocation (%)
Token Sale	50%
ICON Foundation	14%
Reserve	16%
Team, Advisors, & Early Contributors	10%
Community Group & Strategy Partners	10%
Total	100%

As of August 2025, the circulating supply of ICX is approximately 1.071 billion.

General Risks

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

Competition

The Icon network faces competition from other smart contract platforms such as Ethereum, Polkadot, Solana, and many others. ICX's value derives from its broader adoption in the market. If the Icon network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of ICX.

Developer Dependence

Although there are many developers working on the Icon network, there are no guarantees that they will continue to contribute. ICX could be negatively affected by an inability to retain and/or attract developers to continue to build out its network of networks.

Due Diligence

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

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