PAYWARD LTD

CRYPTO ASSET RISK DISCLOSURE

USDD (USDD)

Last updated on August 25, 2026

Disclaimer

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

USDD is a decentralised stablecoin associated with the TRON DAO Reserve (TDR) and designed to maintain a stable value pegged to the US dollar (USD). Following the USDD 2.0 upgrade launched in January 2025, USDD is minted permissionlessly against collateral locked in onchain vaults, including TRX, sTRX, USDT, USDC and WBTC, with a minimum collateralisation ratio set for each vault in a range of approximately 120% to 150%. Stability is maintained by overcollateralisation, by permissionless liquidations that publicly auction a vault's collateral when it falls below its required ratio, and by a Peg Stability Module that allows swaps between USDD and other stablecoins at a fixed 1:1 rate.

USDD operates across multiple blockchains, including: TRON (TRC-10 and TRC-20), Ethereum (ERC-20), BNB Chain (BEP-20), BitTorrent Chain (BTTC). As a USD-denominated asset, USDD can be used for access to AMM pools, direct minting and redeem functionalities, and staking, amongst other use cases.

Who is behind the project?

USDD is managed by the TRON DAO Reserve (TDR), which serves as the governing body for the stablecoin. The project has strong links to Tron Founder and CEO Justin Sun, though his current role at USDD is unclear.

Tokenomics of USDD

USDD is minted when a user locks collateral in a vault and draws USDD against it, subject to that vault's minimum collateralisation ratio, and is burned when the debt is repaid and the collateral released. Minting is permissionless rather than restricted to whitelisted institutional members. The Peg Stability Module allows users to swap USDT, and on Ethereum also USDC, for USDD at a fixed 1:1 rate. As of August 2026 the circulating supply is approximately 1.49 billion USDD, compared with 263 million when this statement was last updated in March 2025.

General Risks

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

Redemption Risk

The value of USDD is backed by a reserve of TRX, USDT and other and secure, low-risk assets held by TRON DAO Reserve. However, there is a risk that TRON DAO Reserve 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.

Depegging Risk

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

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

Due Diligence

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