

PAYWARD LTD
CRYPTO ASSET RISK DISCLOSURE
Thorchain (RUNE)

Last updated on October 1, 2026

Disclaimer

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

Thorchain is a decentralized liquidity protocol that enables cross-chain swaps of cryptocurrencies without the need for wrapping or centralized intermediaries. It is built on the Tendermint consensus engine and allows users to exchange assets across different blockchains, including Bitcoin, Ethereum, Binance Chain, Avalanche, Cosmos Hub, Dogecoin, Litecoin, and Bitcoin Cash. Users maintain custody of their assets throughout the swap process, with transactions secured by a rotating network of validator nodes that manage vaults and process swaps. Thorchain operates on a continuous liquidity pool (CLP) model, which ensures sufficient liquidity for trades by incentivizing users to provide assets to shared pools. Swaps are settled with RUNE as the intermediary asset, providing consistent pricing across pairs. Over time, the network has reduced reliance on block rewards and shifted toward a fee-driven model, where swap fees fund validator rewards and contribute to RUNE's supply management.

RUNE is the native token of THORChain. It is used for settlement of swaps, pairing with every asset in the liquidity pools, bonding by node operators to secure the network, payment of network fees and gas, and signalling governance priorities. RUNE is also used for rewards to node operators and liquidity providers and for participation in RUNEPool, and a portion of network fees is used to burn RUNE.

Who is behind the project?

Thorchain was founded in 2018 by a team of developers that includes John-Paul Thorbjornsen and Chad Barraford, the project's lead developer. In addition, a development group called Nine Realms has supported Thorchain since 2021, focusing on integrations, tooling, and protocol improvements. There is no central company or foundation controlling Thorchain; governance and upgrades are coordinated through validators and community processes.

Tokenomics of Thorchain

RUNE has a fixed maximum genesis supply of 500 million tokens. Approximately 1 billion RUNE were initially created in 2018, but around half were burned in 2019, reducing the supply to 500 million. As of October 2026, the circulating supply of RUNE is approximately 328.6 million tokens according to CoinMarketCap. RUNE has a maximum supply of approximately 360 million tokens, reduced from 500 million under a protocol supply restructure.

General Risks

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

Competition

Thorchain faces competition from other cross-chain and decentralized exchange protocols such as Osmosis and Anyswap. RUNE's value derives from Thorchain's broader adoption in the market. If Thorchain fails to achieve sufficient adoption compared to other options, this could negatively impact the value of RUNE.

Due Diligence

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