

PAYWARD LTD

CRYPTO ASSET RISK DISCLOSURE

CXT

Covalent (CXT)

Last updated on 11 August, 2025

Disclaimer

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

Covalent is a blockchain-data infrastructure project that provides a unified API giving developers granular, historical, and real-time data across 100-plus blockchains. By indexing entire chains down to individual smart-contract events, the network allows wallets, analytics dashboards, NFT galleries, and DeFi protocols to retrieve transaction histories, token balances, and contract metadata without running their own nodes.

The ecosystem of Covalent revolves around its native tokens, the Covalent Query Token (CXT) and Covalent X Token (CXT), which facilitates operations within the network. These tokens are used for governance, where token holders can vote on proposals; staking, where users can secure network operations and earn rewards; and for settling transaction fees related to data queries.

Who is behind the project?

Ganesh Swami serves as Chief Executive Officer and co-founder, while Levi Aul serves as co-founder and technical lead. The wider team includes specialists in finance, engineering, design, and marketing headquartered in Vancouver, Canada.

Tokenomics of CXT

All 1 billion CXT were minted at genesis with a fixed supply and vesting schedule. Percentages refer to the total (max) supply as of August 11, 2025.

Category	Percentage
Seed	10.0 %
Private Sale 1	20.4 %
Private Sale 2	2.9 %
Public Sale	3.4 %
Team	14.4 %
Advisors	2.0 %
Reserve	18.9 %
Staking	8.0 %
Ecosystem	20.0 %

General Risks

Like all other digital assets, there are some general risks to investing in PRO. 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 Covalent (CXT)

Competition

The Covalent Network faces competition from other blockchain-data providers such as The Graph, Moralis, and SubQuery. Covalent's value derives from its broader adoption in the market. If the network fails to achieve sufficient adoption compared with alternative options, this could negatively impact the value of CXT.

Developer Dependence

While many developers contribute to Covalent, there are no guarantees they will continue to do so. CXT, Covalent's native asset, could be negatively affected by an inability to retain and/or attract developers to keep pace with market needs and enhance its decentralized data tooling when necessary.

Due Diligence

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