

PAYWARD LTD
CRYPTO ASSET RISK DISCLOSURE
Covalent (CQT)

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Disclaimer

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

Covalent is an open-source data-indexing protocol that ingests every block and transaction from more than 150 blockchains, converts them into a standardized “block-specimen” format, and exposes that data through a single, versioned API suite called GoldRush. This architecture lets developers, analysts, and enterprises obtain historical as well as real-time on-chain data without running their own infrastructure, and underpins newer tooling such as SpeedRun templates for rapid application deployment. 

The Covalent Query Token (CQT) is an ERC-20 asset that aligns and rewards the network’s operators. Validators and refiners must stake CQT on Ethereum mainnet to secure the protocol and serve queries, while delegators can stake to those operators in return for a share of fees. When users or integrated chains pay for API calls, the protocol market-buys CQT and distributes it to stakers; token holders also participate in governance.

Who is behind the project?

Covalent was co-founded by Ganesh Swami (Chief Executive Officer) and Levi Aul (Chief Technology Officer).

Tokenomics of CQT

There is a fixed maximum supply of 1 billion CQT. Circulating supply is approximately 856 million as of March 5, 2026.

Category	Amount
Private sales	33.3%
Public sales	3.4%
Team	14.4%
Advisors	2%
Ecosystem	20%
Reserve	18.9%
Staking rewards	8%

General Risks

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

Competition

The Covalent network faces competition from other cryptocurrencies such as The Graph, SubQuery, and many others. Covalent’s value derives from its broader adoption in the market. If the Covalent network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of CQT.

Developer Dependence

While there are many developers who contribute to Covalent, there are no guarantees that they will continue to contribute. CQT, Covalent’s native asset, could be negatively affected by an inability to retain and/or attract developers to keep up with market needs and improve its data-access tooling when necessary.

Due Diligence

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

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