

**PAYWARD LTD**  
CRYPTO ASSET RISK DISCLOSURE  
Quantoz EURQ (EURQ)

Last updated on March 10, 2026

**Disclaimer**

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

EURQ is a euro-pegged, fiat-backed stablecoin issued by Quantoz Payments B.V., an Electronic Money Institution (EMI) supervised by the Dutch Central Bank (DNB). Each EURQ token is designed to maintain a 1:1 value with the euro and is fully backed by highly liquid reserves held in segregated, bankruptcy-remote accounts.

First launched in 2022 on Ethereum as an ERC-20 token, EURQ is now multichain: tokens are natively issued on Ethereum, Polygon, Algorand, the XRP Ledger, and Xahau (an XRPL side-chain). Holders can redeem tokens at par value through Quantoz's on-chain portal, while regulated counterparties can mint new EURQ by sending euros to designated safeguarding accounts.

Reserve management follows Quantoz's published "Reserve Standard": 100 % backing, daily transparency reporting, and periodic independent attestation. Reserves consist of euro cash deposits (Tier 1 European banks) and short-dated Dutch, German, and U.S. government bonds. The issuer retains contractual rights to freeze or burn tokens that violate sanctions or legal orders.

**Who is behind the project?**

Quantoz Payments B.V. is the issuer of EURQ, a subsidiary of Quantoz N.V. Quantoz Payments was founded by Gaston Hendricks and Henri de Jong in 2015 and is based in Utrecht, The Netherlands.

**Tokenomics of EURQ**

EURQ's circulating supply can increase or decrease with demand. Because it aims to maintain a 1:1 peg, its supply is effectively uncapped. The amount of EURQ issued depends on market demand and corresponds directly to the reserves held. EURQ is backed by euro reserves and secure, low-risk assets

managed by the independent Quantoz Foundation. Funds are safeguarded through a bankruptcy-remote structure intended to protect EURQ holders if Quantoz Payments were ever liquidated.

### **General Risks**

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

#### *Competition*

The EURQ network faces competition from other cryptocurrencies such as EURC, EURT, and many others. EURQ's value derives from its broader adoption in the market. If the EURQ network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of EURQ.

#### *Depegging Risk*

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

#### *Risk of Asset Freezing*

Quantoz Payments reserves the right to block or freeze EURQ in certain circumstances. If EURQ is deemed illegal by certain jurisdictions, the associated EURQ tokens could be frozen, resulting in the owner of the wallet not being able to transfer the tokens.

### **Due Diligence**

Prior to listing on the Kraken platform, Kraken performed due diligence on EURQ and determined it was permitted to make EURQ available for trading to UK users. This process generally consists of reviewing publicly available information on the following:

- The creation, governance, usage and design of EURQ, including the source code, security and roadmap for growth in the developer community and, if available, the background of the developer(s) that created EURQ;
- The supply, demand, maturity, utility and liquidity of EURQ;
- Material technical risks associated with EURQ, including any code defects, security breaches and other threats concerning EURQ 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 EURQ, including (i) any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of

EURQ, 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 EURQ about whether EURQ, 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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