

PAYWARD LTD
CRYPTO ASSET RISK DISCLOSURE
Unitas Protocol (UP)

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Disclaimer

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

Unitas is a protocol built around a dollar-referenced stablecoin, USDu and a savings token called sUSDu. USDu is designed to stay close to one US dollar by using crypto assets as backing and using hedges intended to reduce the impact of price swings. The protocol aims to earn revenue from market activity (such as trading fees and certain payments in derivatives markets) and directs the resulting yield to sUSDu, so the savings token's value can increase over time relative to USDu.

At the time of writing, the token is not live. The UP token will be used as the governance token of Unitas. Holding UP will allow participation in votes on protocol changes, including risk parameters for USDu and sUSDu, yield allocation, supported integrations, and whether to turn on an optional "fee switch" that could distribute protocol revenue to holders who stake UP into sUP. Holders will also be able to stake UP to receive sUP.

Who is behind UP

UP was founded and is led by Hao Chen, who serves as Chief Executive Officer, and Yi Luo, who serves as Chief Operating Officer.

Tokenomics of UP

UP has a maximum supply of 1 billion tokens, they are allocated as follows:

Category	Amount
Preseed Investors	8.5%

Strategy Investors	13.5%
Team & Advisor	18%
CEXs & Marketing	5%
Ecosystem / Community	42.5%
Initial Airdrop	7.5%
Market Maker	5%
Total	100%

General Risks

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

Competition

The Unitas Protocol faces competition from decentralized stablecoin and yield platforms such as Frax Finance, Ethena, Aave and others. UP’s value derives from its broader adoption in the market. If the Unitas Protocol fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of UP.

Due Diligence

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