PAYWARD LTD

CRYPTO ASSET RISK DISCLOSURE

SoFiUSD (SOFID)

Last updated on June 15, 2026

Disclaimer

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

SoFi is a digital financial services company that provides banking, lending, investing, and crypto products through a single mobile application. SoFiUSD is part of SoFi's digital assets business and supports payments, settlement, and crypto trading. SoFi members can buy, sell, hold, and convert SoFiUSD within the SoFi app, and the token is also offered as stablecoin infrastructure to other banks, fintechs, and enterprises.

SOFID is a stablecoin intended to maintain a 1:1 value with the U.S. dollar. The token is designed to support transactions such as payments, settlement, transfers, and crypto trading. SOFID is minted when funds are received and redeemed when tokens are returned through the issuer's designated processes, subject to applicable requirements.

Who is behind the project?

SoFi was founded in 2011 by Mike Cagney, Dan Macklin, James Finnigan, and Ian Brady. The company is currently led by Chief Executive Officer Anthony Noto. SOFID is issued by SoFi Bank, N.A., a federally chartered national bank.

Tokenomics of SOFID

SOFID is a stablecoin issued by SoFi Bank, N.A. that reflects the value of one U.S. dollar. The circulating supply is designed to correspond to the value of reserves consisting of cash held at SoFi Bank's Federal Reserve account and operational liquidity supporting the token. SOFID is issued for value stability relative to the U.S. dollar and for transactional use such as payments, settlement, transfers, and crypto trading. The supply of SOFID is not capped and expands or contracts based on minting and redemption activity conducted through the issuer's designated infrastructure.

General Risks

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

Depegging Risk

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

SOFID should always be redeemable 1:1 with the U.S. dollar but there is always a risk of a smart contract bug. A potential bug could have a negative impact on the value of SOFID.

Redemption Risk

The value of SOFID is backed by a reserve of U.S. dollars and secure, low-risk assets held by SoFi Bank, N.A. However, there is a risk that SoFi Bank, N.A. may be unable to meet redemption demands in a timely manner at some point in the future. If the issuer is unable to meet redemption requests due to insufficient reserves, it could lead to a loss of confidence in the asset, negatively impacting its value.

Risk of Asset Freezing

SoFi Bank, N.A. reserves the right to "block" certain SOFID addresses, and, if such addresses are SoFi Bank, N.A. custodied addresses, freeze associated SOFID. Additionally, if SOFID is deemed illegal in certain jurisdictions, the associated SOFID tokens could be frozen resulting in the owner of the wallet not being able to transfer SOFID.

Due Diligence

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

as well as the FCA's consumer protection regulations. Note the value of cryptoassets can go down as well as up, gains may be subject to Capital Gains Tax and there may be extra charges when paying via credit card from your provider.