

PAYWARD LTD

CRYPTO ASSET RISK DISCLOSURE

AUSD (AUSD)

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Disclaimer

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

AUSD is a U.S. dollar-backed stablecoin issued by Agora, a financial technology firm that positions AUSD as a “digital dollar” for payments, settlements and institutional financial operations. The project describes AUSD as a fully collateralized stablecoin intended for use across exchanges, financial platforms, and decentralized applications. AUSD is currently available on multiple blockchain networks, including Ethereum, Avalanche and Sui.

Each AUSD token is backed 1:1 by reserve assets held in cash and short-term U.S. dollar instruments such as Treasury bills and other high-quality liquid assets. Agora reports that these reserves are held with regulated custodians, including State Street and that security reviews have been performed by third-party firms such as Trail of Bits and Spearbit. Redemption and issuance occur through authorized mint–burn processes designed to preserve the token’s peg.

Who is behind the project?

The project is developed by a team where Nicholas van Eck is co-founder and CEO, where Andrew Drake Evans is co-founder and CTO and where Joseph McGrady is also co-founder and COO.

Tokenomics of AUSD

AUSD is a stablecoin that reflects the value of the US dollar through full collateralization. The circulating supply expands or contracts through minting and burning in line with deposits and redemptions. The token does not support staking or governance features and is issued for value stability and transactional use. The supply is not fixed and adjusts through minting and burning activity controlled by Agora.

General Risks

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

Depegging Risk

At any given point in time, the price of AUSD may not be aligned to the value of USD. This risk arises because the price of AUSD is determined by supply and demand in the secondary market, rather than the actual value of the US Dollar. If demand for AUSD exceeds the available supply, the price of AUSD may increase, leading to a higher price relative to the US Dollar. Conversely, if there is a surplus of AUSD tokens and insufficient demand, the price may decrease, causing AUSD to be worth less than the US Dollar.

Risk of Asset Freezing

Agora retains the ability to freeze AUSD associated with specific wallet addresses under certain conditions. This includes compliance with Office of Foreign Assets Control (OFAC) sanctions, suspected fraud, or legal orders. Affected users may be unable to transfer or redeem AUSD in such cases.

Redemption Risk

The value of AUSD is backed by a reserve of US Dollar and secure, low-risk assets held by its custodian. However, there is a risk that Agora 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.

Due Diligence

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