

PAYWARD LTD
CRYPTO ASSET RISK DISCLOSURE
XDC Network (XDC)

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Disclaimer

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

XDC Network is an EVM-compatible hybrid blockchain built for global trade-finance and enterprise use. It combines a fast public ledger with optional private sub-networks, achieves two-second block times and low fees through Delegated Proof-of-Stake (up to 108 validator masternodes, each staking 10 million XDC), and offers tools such as the TradeFinex dApp and an Ethereum bridge for cross-chain transfers.

The XDC token is the network's gas for all transactions, must be staked (or delegated) to operate validator nodes and earn rewards, and gives those validators governance weight on protocol upgrades.

Who is behind the project?

XDC Network was created and initially launched by XinFin FinTech Pte. Ltd, a Singapore-incorporated fintech company founded in 2017. The project's primary founders are Atul Khekade, Ritesh Kakkad, and Peter Yeo.

Tokenomics of XDC

The total supply of XDC is 100 Billion tokens which is distributed as follows:

XDC Allocation	XDC tokens	% of Total supply
Founders & Core Team	25 billion	25%
Ecosystem Development Pool	15 billion	15%
Pre-placement & Follow-up Token Offerings	10 billion	10%
Ecosystem Participation Incentives	32.5 billion	32.5%

Hedge Pool	10 billion	10%
Philanthropic & Social Causes	5 billion	5%
Contingency Fund	2.5 billion	2.5%
Total	100 Billion	100%

General Risks

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

Competition

The XDC Network faces competition from other Layer 1 networks such as Solana, Avalanche, and Sui. XDC's value derives from its broader adoption in the market. If the XDC Network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of XDC.

Due Diligence

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