

PAYWARD LTD
CRYPTO ASSET RISK DISCLOSURE
IDEX (IDEX)

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Disclaimer

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

IDEX (International Digital Currency Markets) is a hybrid decentralised exchange that combines an off-chain matching engine with on-chain settlement. Orders are submitted to a central order book and matched in real time, while final settlement of matched trades occurs through Ethereum-based smart contracts. This design lets traders place, cancel and modify limit orders instantly without incurring gas fees, yet still take custody of their assets during settlement.

The native ERC-20 token IDEX is used to pay trading fees, provide liquidity incentives and participate in staking that secures the exchange's validator network. IDEX currently operates on Ethereum and offers additional deployments on Polygon to reduce fees for users. Stakers lock IDEX to help run the network and earn a share of trading-fee revenue.

Who is behind the project?

IDEX was founded in 2016 by Alex Wearn and Phil Wearn.

Tokenomics of IDEX

IDEX has a fixed maximum supply of 1 billion tokens, which were distributed as follows:

| Category | Amount |
|----------------------|--------|
| Market-maker rewards | 40% |

| | |
|----------------------|-----|
| Team allocation | 25% |
| Future employees | 10% |
| Future ecosystem use | 10% |
| IDEX memberships | 10% |
| Business expenses | 5% |

Approximately 995 million tokens are in circulation as of March 4, 2026.

General Risks

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

Competition

The IDEX network faces competition from other cryptocurrencies such as Uniswap, 1inch, and many others. IDEX’s value derives from its broader adoption in the market. If the IDEX network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of IDEX.

Due Diligence

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

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