Risk Disclosure

Material risks that holders and users of USDN should understand.

VERSION	LAST UPDATED	STATUS
0.1	November 17, 2026	Draft

1. Read this first

> Holding or using digital assets involves significant risk, including the loss of everything you hold. Only use USDN if you understand these risks and can afford to bear them.

2. Peg and market risk

- USDN is designed to track one US dollar, but its market price can fall below or rise above one dollar, particularly during market stress or low liquidity.
- Redemption directly with the issuer is available only to approved participants. Other holders depend on the market to sell USDN.
- Redemption may be delayed or suspended in the circumstances described in the Terms of Use.

3. Reserve and counterparty risk

- Reserves are held by third parties, such as banks and custodians, which can fail, be frozen or be subject to legal action.
- Reserve assets can lose value or become hard to sell quickly.
- Reserve reports and attestations are periodic. They are not real-time guarantees.
- USDN is not a bank deposit and is not insured by a government scheme [confirm].

4. Smart contract and technology risk

- Smart contracts can contain bugs, even after an audit, that may lead to loss of funds.
- Neo Smart Chain or a connected network can suffer outages, congestion, attacks, forks or consensus failures.

- Bridges between blockchains are a frequent target for attacks and can fail.
- Wallets and applications built by others may contain errors or be malicious.

5. Operational and key risk

- If you lose your keys or recovery phrase, nobody can restore your USDN.
- Sending USDN to the wrong address or network is usually irreversible.
- Fake websites, tokens and support accounts exist. Only trust addresses on neosmartchain.com/tokens/usdn.

6. Legal and regulatory risk

- Laws on digital assets and stable-value tokens are changing and differ between countries. New rules could limit or prohibit the use, issuance or redemption of USDN.
- Authorities can order transfers to be paused or addresses to be restricted. The issuer may be required to comply.
- Tax treatment of USDN differs by jurisdiction. You are responsible for your own tax position.

7. No advice

This disclosure does not list every risk. It is not financial, legal or tax advice. Consider getting independent professional advice before using USDN.

This document is for information only and is not financial, legal or tax advice. Highlighted items in square brackets are still to be confirmed by the issuer. The latest version is always available at neosmartchain.com/tokens/usdn/docs/risk