

# Tokenized Credit Risks & Mitigation Worksheet

## Why Reviewing Tokenized Credit Risks Matters

Tokenized private credit is not just about chasing double-digit yields - it is about understanding the rails those returns run on. Unlike traditional credit, blockchain-based platforms introduce new risks alongside familiar ones. Regulatory rules are evolving, platforms may fail or get hacked, and secondary markets are not as liquid as they look. Smart contracts reduce friction but can also contain hidden flaws.

By breaking risks into categories - regulatory, infrastructure, smart contract, liquidity, and valuation - this worksheet gives you a structured way to evaluate any tokenized credit deal. Use the notes sections to connect risks to your specific opportunity, and to write down the right questions to ask before committing capital.

The goal: make sure you are not just evaluating yield, but also the stability, transparency, and protections behind it.

### Regulatory Complexity

*Rules differ across regions; compliance is evolving.*

### Infrastructure Risk

*Blockchain platforms still rely on centralized custody and compliance.*

### Smart Contract Bugs

*Errors in code can freeze funds or cause losses.*

### Liquidity Illusions

*Secondary markets may exist but lack depth; exits can take time.*

### Valuation Complexity

*Difficult to price opaque loans without market comps or standardized models.*

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## Risk Review

### Regulatory Complexity:

*Rules differ across regions; compliance is evolving.*

#### How this shows up in my deal:

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## Guided Questions to Ask

Regulatory - Who regulates this platform and offering? What disclosures have I reviewed?

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Infrastructure - Who provides custody and technology? What happens if the platform shuts down?

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Smart Contract - Has the contract been independently audited? How are upgrades or bugs handled?

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Liquidity - What are my realistic exit options (secondary market, redemptions, hold to term)?

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Valuation - Who prices the asset? What data backs the valuation? How often is it updated?

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Other - What else should I verify for this specific deal?

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## Your Next Step

Do not just chase yield - check the rails it runs on. Before investing, make sure you:

- Confirm which regulator oversees the platform and whether it is properly licensed.
- Ask how custody of your tokens is handled and what protections exist if the platform fails.
- Review whether the smart contract has been independently audited and how upgrades are managed.
- Test the secondary market (if available) by seeing how easily small amounts trade.
- Understand how the underlying loans are valued and how often those valuations are updated.

A thoughtful approach now will protect you from surprises later.