

PAYWARD LTD

CRYPTO ASSET RISK DISCLOSURE

MegaETH (MEGA)

Last updated on April 29, 2026

Disclaimer

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

MegaETH is an Ethereum Layer 2 network designed to deliver high-throughput, low-latency execution while settling on Ethereum and using EigenDA for data availability. The network targets transaction processing in milliseconds and throughput in the range of 100,000 transactions per second by combining a single active sequencer, parallel execution, stateless validation, and a write-optimized storage backend. Mainnet launched in February 2026, and the network supports applications across decentralised finance, gaming, and payments through full Ethereum Virtual Machine compatibility.

At the time of writing the token is not live. The MEGA will be used for paying network gas fees, on-chain protocol governance, bidding for sequencer-adjacent compute space in proximity markets, and staking to support sequencer rotation and network security. Holders will be able to participate in protocol decision-making, including upgrades, parameter adjustments, and treasury allocations. Ecosystem rewards and incentive programs will also be denominated in MEGA.

Who is behind the project?

MegaETH was co-founded in 2023 by Yilong Li, Lei Yang, and Shuyao Kong. Yilong Li serves as Chief Executive Officer of the project's principal development entity, MegaLabs. The MEGA token is offered by Superior Performance Limited, a British Virgin Islands company, with operational and financial support provided by the MegaETH Foundation, a Cayman Islands foundation company established to oversee ecosystem development and token distribution.

Tokenomics of MEGA

The total supply of MEGA is 10 billion tokens which is distributed as follows:

MEGA Allocation	% of Total supply
Staking Rewards (KPI-Gated)	53.3%
Investors	14.7%
Team & Advisors	9.5%
Foundation / Ecosystem Reserves	7.5%
Public Sale (Sonar)	5%
Echo Round	5%
Fluffle NFT Holders & Other	5%
Total	100%

General Risks

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

Competition

The MegaETH network faces competition from other Ethereum Layer 2 scaling solutions such as Arbitrum, Optimism, Base, and others. MEGA's value derives from its broader adoption in the market. If the MegaETH network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of MEGA.

Due Diligence

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

MEGA, 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 MEGA about whether MEGA, 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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