

PAYWARD LTD
CRYPTO ASSET RISK DISCLOSURE
Yala (YALA)

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Disclaimer

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

Yala is a “Bitcoin-native liquidity protocol” that lets BTC holders unlock liquidity in the form of a dollar-tracked asset called YU and use it in DeFi and tokenized real-world-asset (RWA) strategies. Users can mint YU against over-collateralized BTC or swap USDC for YU via a Peg Stability Module (PSM). YU can be deposited in a Stability Pool to help absorb liquidations (earning protocol incentives/fees) or allocated to curated RWA/DeFi strategies through the project’s “RealYield” marketplace. Yala also describes three user modes—Lite, Pro, and Institution—to match different risk/operational needs.

YALA is the protocol’s utility token. At the time of writing, it is used primarily as an incentive for actions that support system health, such as depositing YU in the Stability Pool and participating in Marketplace campaigns. Contract references are published to help users and integrators identify the canonical deployments. According to the project team, YALA is expected to be used as a governance token in the future.

Who is behind Yala?

Yala’s founding team is reported to include Kaitai Chang (co-founder & COO), Bin Liu (co-founder), and Vicky Fu (co-founder & CTO).

Tokenomics of Yala

Yala has a fixed maximum supply of 100 million tokens. The initial YALA distribution at Token Generation Event (TGE) is summarized below.

Category	Allocation (% of total)
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Investors	15.98%
Ecosystem & Community	20.00%
Foundation & Treasury	29.12%
Marketing	10.00%
Team	20.00%
Airdrop	3.40%
Market Makers	1.50%
Total	100%

General Risks

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

Competition

The Yala protocol faces competition from other DeFi projects such as Sky (SKY), Frax Share (FXS), and many others. Yala's value derives from its broader adoption in the market. If the Yala protocol fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of YALA.

Due Diligence

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