

PAYWARD LTD

CRYPTO ASSET RISK DISCLOSURE
Alluvial Liquid Staked ETH (LsETH)

Last updated on March 11, 2026

Disclaimer

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

Liquid Collective is an enterprise-grade liquid-staking protocol that allows users to stake Ether (ETH) while retaining on-chain liquidity. When a participant deposits ETH into the protocol, a fungible ERC-20 receipt token, LsETH, is minted 1-for-1. The token tracks a floating conversion rate that automatically incorporates staking rewards earned, less service fees and any slashing penalties. Holders may redeem LsETH for the underlying ETH at the prevailing conversion rate or deploy it across decentralised-finance applications for additional utility. The protocol currently operates on Ethereum and Base, with a roadmap that outlines expansion to further proof-of-stake networks.

Who is behind Liquid Collective

The Liquid Collective Protocol was launched in March 2023 and is supported by Alluvial Finance Inc. Alluvial was founded by Mara Schmidt, who acts as the Chief Executive Officer.

Tokenomics

LsETH has an elastic supply: new tokens are minted whenever additional ETH is staked through Liquid Collective and burned when redemptions occur. As of March 11, 2026, the circulating supply recorded by CoinGecko is $\approx 241,561$ LsETH; there is no maximum cap.

General Risks

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

Competition

The Liquid Collective network faces competition from other cryptocurrencies such as Lido stETH, Rocket Pool rETH, and Coinbase cbETH, and many others. Liquid Collective's value derives from its broader adoption in the market. If the Liquid Collective network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of LsETH.

Depegging Risk

At any given point in time, the price of LsETH may not accurately reflect the value of the underlying asset ETH. This risk arises because the price of LsETH is determined by supply and demand in the secondary market, rather than the actual value of ETH. If demand for LsETH exceeds the available supply, the price may increase, leading to a higher price relative to ETH. Conversely, if there is a surplus of LsETH tokens and insufficient demand, the price may decrease, causing LsETH to be worth less than ETH.

Due Diligence

Prior to listing on the Kraken platform, Kraken performed due diligence on LsETH and determined it was permitted to make LsETH available for trading to UK users. Our analysis generally includes, but is not limited to, reviewing publicly available information on the following:

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