

PAYWARD LTD
CRYPTO ASSET RISK DISCLOSURE
Plasma (XPL)

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Disclaimer

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

Plasma is a blockchain project purpose-built around stablecoins and value transfer. The team describes Plasma as a “stablecoin-native” layer-1 chain whose goal is to enable zero-fee USD \ddagger (Tether) transfers, high throughput, and composability for financial applications.

XPL is the native token of the Plasma blockchain. According to the documentation, XPL is used to secure the network, pay for transaction execution, and incentivize validators. The project frames XPL as analogous to how ETH functions on Ethereum or BTC on Bitcoin, in that it is the base asset underpinning the chain’s security.

The chain architecture is intended to support EVM compatibility, allowing existing smart contracts and tooling to integrate more easily. Plasma also plans to anchor or checkpoint state periodically to the Bitcoin blockchain to benefit from Bitcoin’s security and censorship resistance properties.

Who is behind Plasma?

Plasma was founded by Paul Faecks, who now serves as CEO.

Tokenomics of XPL:

XPL has a total supply to 10 billion tokens, they are allocated as follow:

Category	Amount
Public Sale	10%

Investors	25%
Team	25%
Ecosystem and Growth	40%
Total	100%

General Risks

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

Competition

Plasma faces competition from other Layer 1 projects such as Ethereum, Solana, and many others. XPL's value derives from the project's broader adoption in the market. If Plasma fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of XPL.

Due Diligence

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