

PAYWARD LTD
CRYPTO ASSET RISK DISCLOSURE
Mind Network (FHE)

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Disclaimer

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

Mind Network is a decentralized platform focused on enhancing data security and privacy within the Web3 ecosystem. It utilizes Fully Homomorphic Encryption (FHE) to enable computations on encrypted data without the need for decryption, ensuring end-to-end privacy and trustless security. Mind Network's use cases include applications in artificial intelligence (AI), modular blockchains, gaming, and decentralized physical infrastructure networks (DePIN). Mind Network aims to establish a quantum-resistant, fully encrypted web, referred to as HTTPZ, to secure internet data and AI computations.

Mind Network's native token, FHE, is planned to serve multiple functions within the ecosystem including governance, staking and delegation, privacy-preserving data applications, incentives and rewards, interoperability, and DeFi and dApp integration. According to the project team, the token's utility includes:

- **Governance:** Token holders will be able to participate in decentralized governance by voting on proposals related to protocol upgrades, tokenomics adjustments, and ecosystem development.
- **Restaking and Delegation:** Users will be able to restake assets to contribute to network security and earn rewards. Additionally, token holders can delegate their tokens to validators to share in the rewards.
- **Privacy-Preserving Data Applications:** Tokens will be used as a medium of exchange for Mind Network's privacy-preserving data computation services, including FHE and Zero-Knowledge Proof (ZKP) solutions.

- **Incentives and Rewards:** Stakers, validators, and other ecosystem participants will receive token rewards for activities such as validating transactions, providing liquidity, and ensuring compliance through decentralized data validation.
- **Interoperability:** Tokens will facilitate cross-chain operations, enabling private and secure transactions across multiple blockchain ecosystems like Ethereum, Polygon, and Arbitrum.
- **DeFi and dApp Integration:** Tokens will be utilized in decentralized applications within the ecosystem for purposes such as staking for rewards, trading on privacy-enhanced DeFi platforms, and secure data sharing and AI computation.

Who is behind Mind Network?

Mind Network was founded by Christian Pusateri, George Shao, and Dennis Song. The trio remains engaged with the project as Chief Executive Officer, Chief Technology Officer, and Chief Security Officer, respectively.

Tokenomics of FHE

Category	Amount
Team	18%
Advisors	2%
Investment	20%
Ecosystem	30%
Marketing and Partnership	10%
IDO	2%
Treasury	18%

General Risks

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

Competition

FHE faces competition from other privacy-preserving blockchain projects such as Aleph Zero and Oasis Network. FHE's value derives from the project's broader adoption in the market. If FHE fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of FHE.

Due Diligence

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