

PAYWARD LTD
CRYPTO ASSET RISK DISCLOSURE
BTR (BTR)

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Disclaimer

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

Bitlayer is a proposed Layer-2 scaling solution built on top of Bitcoin that enables fast, low-cost transactions and smart-contract execution without altering Bitcoin's base consensus rules. It achieves this by batching user transactions into a custom "Layered Virtual Machine" off-chain, generating a compact zero-knowledge proof of each batch, and posting only that proof and minimal data to the Bitcoin blockchain for final settlement. If any participant detects an invalid batch, a fraud-challenge game can roll it back before it's finalized.

At the time of writing, the token is not live, but the team plans to have BTR as the native asset used to pay all network transaction fees, to be staked to earn rewards, and to enable holders to participate in governance once that functionality is launched.

Who is behind the project?

Bitlayer is developed by Bitlayer Labs, founded by Kevin He and Charlie Hu.

Tokenomics of BTR

The total supply of BTR is 1 billion tokens which is distributed as follows:

BTR Allocation	BTR tokens	% of Total supply
Earn	200 million	20%
Investors	100 million	10%
Ecosystem Incentive	500 million	50%
Treasury	100 million	10%

Node Incentive	100 million	10%
Total	1 billion	100%

General Risks

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

Competition

The Bitlayer network faces competition from other cryptocurrencies such as Stacks and Rootstock. Bitlayer's value derives from its broader adoption in the market. If the Bitlayer network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of BTR.

Due Diligence

Prior to listing on the Kraken platform, Kraken performed due diligence on BTR and determined that BTR 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 BTR, including the source code, security and roadmap for growth in the developer community and, if available, the background of the developer(s) that created BTR;
- The supply, demand, maturity, utility and liquidity of BTR;
- Material technical risks associated with BTR, including any code defects, security breaches and other threats concerning BTR 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 BTR, including (i) any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of BTR, 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 BTR about whether BTR, 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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as well as the FCA's consumer protection regulations. Note the value of cryptoassets can go down as well as up, gains may be subject to Capital Gains Tax and there may be extra charges when paying via credit card from your provider.