

PAYWARD LTD

CRYPTO ASSET RISK DISCLOSURE

ARPA

ARPA Network (ARPA)

Last updated on 2 September 2025

Disclaimer

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

ARPA Network (formerly ARPA Chain) is a decentralized Layer-2 secure computation network designed to enable multiple parties to process data collaboratively without revealing the underlying inputs. It uses secure multi-party computation (SMPC) techniques combined with a threshold Boneh–Lynn–Shacham (BLS) signature scheme, allowing a group of independent nodes to generate joint cryptographic results in a distributed manner.

The protocol supports asynchronous, non-interactive processing, meaning that all participating signers do not need to be online at the same time. Computations are carried out off-chain, while the results and proofs can be verified on-chain. ARPA's architecture is blockchain-agnostic and can integrate with multiple networks, such as Ethereum and BNB Chain.

Node operators complete computational tasks, verify outputs, and post ARPA tokens as collateral. Misconduct can result in forfeiture of the deposit, while honest work is rewarded with ARPA tokens.

Applications include:

- Private smart contracts that can process encrypted inputs.
- Verifiable random number generation via Randcast, used in areas such as gaming, NFTs, lotteries, validator selection, and governance.
- Decentralized custody and cross-chain bridges using distributed key management.
- Data analysis in regulated sectors such as finance and healthcare where confidentiality is required.

Users of the network pay for computation services in ARPA tokens, and the collateral mechanism helps ensure integrity and reliability of operations.

Who is behind the project?

Felix Xu is the co-founder and current CEO of ARPA Network. A graduate of New York University in Finance and Information Systems, Xu worked as a venture capitalist investing in fintech and artificial intelligence startups prior to starting ARPA. Felix's co-founder, Yemu Xu, acts as ARPA's Chief Growth Officer.

Tokenomics of ARPA

ARPA is used to pay for transaction fees and is a payment token. The maximum supply of ARPA tokens is capped at 2 billion. The supply distribution of ARPA is as follows:

- 30% is reserved for mining rewards
- 20% is reserved for the ARPA team
- 15% is reserved for the ARPA Foundation
- 13% has been placed in reserve
- 10% was distributed in the private sales
- 5% is allocated for ecosystem support
- 7% was distributed in the public sales

According to CoinGecko, as of September 2023, ~982 million ARPA is in circulation.

General Risks

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

Product Development Risk

ARPA Network's team envisions their protocol supporting a variety of applications and use cases. However, the only product known to be in development is a random number generator. Regardless of whether ARPA's Randcast is truly superior to existing options on the market, this is a fairly accessible technology and many competitor products are free. There is no guarantee that ARPA's product development roadmap will result in increased future demand for the ARPA token.

Due Diligence

Prior to listing on the Kraken platform, Kraken performed due diligence on ARPA and determined that Kraken was permitted to make ARPA available for trading to UK users, in compliance with UK law. This process generally consists of reviewing publicly available information on the following:

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