

PAYWARD LTD

CRYPTO ASSET RISK DISCLOSURE

Stella (ALPHA)

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Disclaimer

Please note that this risk disclosure is not exhaustive of all risks associated with trading ALPHA. 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 Stella?

Stella is a decentralized finance (DeFi) platform that allows users to borrow and lend assets without paying any borrowing costs. Stella uses a unique Pay-As-You-Earn (PAYE) model that rewards both borrowers and lenders for generating high yields.

Who is behind the project?

Alpha Finance Labs, which later became Alpha Venture DAO, was co-founded and is currently led by CEO Tascha Punyaneramtdee, a former investment banker and Head of Strategy at Band Protocol. Its Lead Engineer is Nipun Pitimanaaree, who studied at Massachusetts Institute of Technology and was Chief Research Officer at OZT Robotics in Thailand. Nattariya Wittayatanaseth, who previously founded Frontier Fintech Asia, is Stella's Head of Strategy.

Alpha Venture DAO rebranded to Stella in June 2023 to reflect the next chapter and mission for the project.

How does it work?

Unlike with most DeFi platforms, Stella does not charge borrowers (leveragoors) any interest on their loans, regardless of the asset's utilisation rate. They will only pay a portion of their generated yields, as specified by Stella's PAYE Graph.

Borrowers can be liquidated when the value of their collateral falls below the loan's margin requirement. Borrowers can also be liquidated if the position is not closed before maturity. Every position on Stella Strategy will mature and expire after 30 days since the time of opening.

Tokenomics of ALPHA

ALPHA is the native token for the Stella protocol. A portion of the yields cut from borrowers are collected as Stella protocol fees. ALPHA can be staked by users to create a backstop for the protocol which makes them eligible to receive additional rewards. ALPHA stakers will also receive sALPHA which will be used in governance which is not live yet at the time of writing.

The total supply of ALPHA is 1 billion token which will be allocated as follows:

- 36.7% is reserved for Alpha ecosystem grants and participation incentives
- 20% has been reserved for the purpose of providing token liquidity
- 15% has been allocated to the team and its advisors
- 15% was distributed in public token sales
- 13.3% was distributed in private token sales

According to CoinGecko, as of September 2023, the circulating supply is ~822 million ALPHA or 82%.

General Risks

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

Novel Technical Risk

Those who are considering investing in ALPHA and plan to make use of the project's staking features, as described earlier, should be aware that staking crypto assets exposes investors to the risk of loss of funds due to faults in smart contracts that can lead to exploits. More information on ALPHA token's smart contracts can be found on Etherscan.io

Developer Dependence

While there are many developers who contribute to the Stella protocol, there are no guarantees that they will continue to contribute. ALPHA, Stella's native asset, could be negatively affected by an inability to retain and/or attract developers to maintain and build a DeFi platform.

Due Diligence

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