

PAYWARD LTD
CRYPTO ASSET RISK DISCLOSURE
Zama (\$ZAMA)

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Disclaimer

Please note that this Crypto Asset Statement is not exhaustive of all risks associated with trading ZAMA. 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 Crypto Asset Statement is based on publicly available information that may be inaccurate, incomplete, or change at any time.

What is Zama and how does it work?

Zama is building a protocol that enables confidential smart contracts using Fully Homomorphic Encryption (FHE), a cryptographic technique that allows computation on encrypted data without decrypting it. This means smart contracts built on Zama can process data privately while remaining composable with other contracts.

At the time of writing the token is not live. The team plans for ZAMA to be used for both utility and economic functions within the network. While the token has not yet launched, the team has outlined several uses - Protocol Fees (users pay protocol fees for encryption, decryption, and bridging operations in \$ZAMA. These fees are priced in USD but paid in \$ZAMA, and are burned after use), Proof of Stake (node operators must stake \$ZAMA to participate. Token holders can delegate their tokens to operators and share in rewards), and a “Burn and Mint” Model (the token economy combines fee burns with inflationary rewards for stakers, resulting in net supply dynamics that may be inflationary or deflationary, depending on usage levels).

Who is behind the project?

The company is founded by Dr. Pascal Paillier and Dr. Rand Hindi.

Tokenomics of Zama

Allocation	% of Total Supply	Vesting / Lock-up Details
Investors	30%	6-month cliff, 2-year linear vesting

Team	20%	6-month cliff, 4-year linear vesting
Treasury	20%	No vesting; intended for staking and ecosystem support, not sale
Community & Marketing	15%	Distributed over 4 years
Liquidity	5%	No vesting

General Risks

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

Competition

The Zama protocol faces competition from other privacy-preserving and confidential computation projects, such as Secret Network, Aztec. ZAMA’s value derives from its broader adoption in the market. If the Zama protocol fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of ZAMA.

Due Diligence

Prior to listing on the Kraken platform, Kraken performed due diligence on Zama and determined it was permitted to make Zama available for trading to UK users. Our analysis generally includes, but is not limited to, reviewing publicly available information on the following:

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