

PAYWARD LTD
CRYPTO ASSET RISK DISCLOSURE
Somnia (SOMI)

Last updated on 15 September 2025

Disclaimer

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

Somnia is an EVM-compatible Layer 1 blockchain designed to support on-chain applications involving high-frequency user interaction, such as games, social environments, and virtual platforms. To enable this, the project describes a system architecture that includes a consensus mechanism called MultiStream Consensus, compiled EVM execution, and components such as a custom database and data compression techniques, features intended to support high transaction throughput.

The network uses a native token called SOMI. SOMI is used for staking and validator participation, delegated staking, paying gas fees, and protocol governance. It is not intended to serve as the default currency within applications; developers may implement their own tokens or use other systems. Governance is not yet fully active but is planned for phased rollout. It may involve token holders, validators, developers, and other participants over time, according to the project's roadmap.

Who is behind the project?

Somnia was founded by Paul Thomas. The token is issued by Somnia TokenCo. Ltd., a British Virgin Islands-based entity fully owned by the Somnia Foundation.

Tokenomics of SOMI

The SOMI token has a fixed total supply of 1 billion tokens. The initial allocation was distributed as follows:

Category	Allocation (%)
Team	11%
Launch Partners	15%
Investors	15.15%

Advisors	3.58%
Ecosystem	27.345%
Community	27.925%
Total	100%

As of September 2025, the circulating supply of SOMI is approximately 160.2 million tokens.

General Risks

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

Competition

The Somnia network faces competition from other cryptocurrencies such as Solana, Sui, and Aptos. Somnia's value derives from its broader adoption in the market. If the Somnia network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of SOMI.

Adoption by Protocols & Users

SOMI's value derives from protocols building on Somnia. If Somnia fails to attract sufficient adoption, this could negatively impact the value of SOMI.

Developer Dependence

While there are many developers who contribute to Somnia, there are no guarantees that they will continue to contribute. SOMI, Somnia's native asset, could be negatively affected by an inability to retain and/or attract developers to keep up with market needs.

Due Diligence

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