PAYWARD LTD

CRYPTO ASSET RISK DISCLOSURE

Lighter (LIT)

Last updated on March 5, 2026

Disclaimer

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

Lighter is a decentralized trading platform focused on running an order-book exchange (including perpetual futures) with self-custody, where the team says order matching and liquidations are “verifiable” and ultimately settled/verified on Ethereum.

From the project’s technical description, Lighter is structured like an application-specific Layer 2: a sequencer processes transactions and produces state updates, a prover generates succinct cryptographic proofs of correct execution (including price–time priority matching and liquidation logic), and Ethereum smart contracts hold deposited assets and verify proofs before updating the canonical state root. The whitepaper also describes a “priority transaction” path designed for censorship-resistant exits (and an “Escape Hatch” mode if priority transactions are not processed in time).

LIT is described by the team as the “native infrastructure token” used for “access, incentives, and alignment” across the ecosystem. The docs describe staking for program access and protocol-directed buybacks using trading fee revenue.

Who is behind Lighter

Lighter was founded by Vladimir Novakovski, who also serves as CEO.

Tokenomics of LIT

Category	Amount	Vesting Details

Ecosystem and Community	50%	25% unlocked at TGE on December 20th, 2025, the remaining 25% held in multisig for future distributions.
Core Contributors and Investors	50%	12-month lockup post-TGE, then linear vesting over 36 months.
Total	**100%**	

General Risks

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

Competition

Lighter faces competition from other RWA tokenization projects such as Mantra and Centrifuge. LIT's value derives from the project's broader adoption in the market. If Lighter fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of LIT.

Due Diligence

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