

PAYWARD LTD
CRYPTO ASSET RISK DISCLOSURE
Kaspa (KAS)

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Disclaimer

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

Kaspa is a proof-of-work (PoW) cryptocurrency that implements the GHOSTDAG protocol, a variant of the directed-acyclic-graph (DAG) approach that allows blocks created in parallel to coexist and be ordered in consensus. This “blockDAG” design lets the network process multiple blocks simultaneously while remaining secure. Kaspa’s open-source code-base is maintained by a community of independent contributors, with no central governance structure.

Under GHOSTDAG, blocks are confirmed in rapid succession. Kaspa originally produced roughly one block per second and since the Crescendo v1.0.0 upgrade (May 2025) the network now targets ten blocks per second, reducing block time to approximately 100 ms without changing block size. This leap past the internet’s round-trip-time threshold is possible because GHOSTDAG supports multi-leader, parallel block creation.

KAS is the network’s native asset. Miners expend computational work to add new blocks and receive KAS block-rewards and transaction fees in return. Holders use KAS to pay network fees. Additional protocol features include reachability queries for efficient light-client proofs, block-data pruning, Simple Payment Verification (SPV) proofs, subnetwork support and a geometric emission schedule that halves the block reward every year (in smooth daily reductions) rather than in abrupt quadrennial events.

Who is behind the Project?

The project was created by R&D company DAGLabs. Yonatan Sompolinsky is a co-founder of DAGLabs and the founder of Kaspa. He is an Israeli-based computer scientist who also contributed to the initial GHOSTDAG protocol. The project is community-driven, with no central governance or business model and thus has many individual core developers and contributors.

Tokenomics of KAS

The maximum supply of Kaspa is 28,704,026,601 KAS, with a current circulating supply of 26,363,807,936 KAS as per CoinGecko. The KAS token was a fair launch, with no ICO, vesting phase, or pre-mine. As such, there are no token pools or allocations.

General Risks

Like all other digital assets, there are some general risks to investing in KAS. These include short history risk, volatility, and 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 Kaspa

Competition

The Kaspa network faces competition from other cryptocurrencies such as Ethereum, Solana and many others. Kaspa's value derives from its broader adoption in the market. If the Kaspa network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of KAS.

Proof of Work Pushback

Proof of Work cryptocurrencies have come under considerable criticism because of their energy use. Regulatory efforts around the world could move to clamp down on Proof of Work mining, making it harder for the network to operate and affecting market perception. These criticisms could have negative impacts on the value of KAS.

Due Diligence

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