

PAYWARD LTD
CRYPTO ASSET RISK DISCLOSURE
zkVerify (VFY)

Last updated on June 26, 2025

Disclaimer

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

zkVerify is a Layer 1, proof-of-stake blockchain built specifically to verify zero-knowledge proofs at scale. Rather than each rollup, bridge, or privacy dApp embedding its own verifier on a general-purpose chain, those applications submit their proofs to zkVerify's network. There, optimized Rust-based verifier modules validate each proof, commit them into a Merkle tree, and publish compact attestations back to settlement chains drastically lowering on-chain gas costs and simplifying integration of advanced ZK technology across diverse ecosystems.

At the time of writing, the token is not live. The team plans for VFY to be the network's native gas token, required to pay transaction fees, staked to secure the chain and earn rewards, and once governance launches, grant voting power.

Who is behind the project?

zkVerify was founded and developed by Horizen Labs Research. It was co-founded by Robert Viglione and Rolf Versluis.

Tokenomics of VFY

The total supply of VFY is 1 billion tokens which is distributed as follows:

VFY Allocation	VFY tokens	% of Total supply
Community	350 million	35%
Foundation	313,75 million	31.375%
Core Contributors	196,25 million	19.625%

Investors	140 million	14%
Total	1 billion	100%

General Risks

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

Competition

The zkVerify Network faces competition from other zero-knowledge native Layer 1 blockchains such as Aleo. VFY's value derives from its broader adoption in the market. If the zkVerify Network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of VFY.

Due Diligence

Prior to listing on the Kraken platform, Kraken performed due diligence on VFY and determined that VFY 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 VFY, including the source code, security and roadmap for growth in the developer community and, if available, the background of the developer(s) that created VFY;
- The supply, demand, maturity, utility and liquidity of VFY;
- Material technical risks associated with VFY, including any code defects, security breaches and other threats concerning VFY 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 VFY, including (i) any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of VFY, 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 VFY about whether VFY, 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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as well as the FCA's consumer protection regulations. Note the value of cryptoassets can go down as well as up, gains may be subject to Capital Gains Tax and there may be extra charges when paying via credit card from your provider.