

PAYWARD LTD

CRYPTO ASSET RISK DISCLOSURE

Midnight (NIGHT)

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Disclaimer

Please note that this Crypto Asset Statement is not exhaustive of all risks associated with trading NIGHT. 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 Midnight (NIGHT) and how does it work?

Midnight is a privacy-focused blockchain built to let individuals and organizations transact and build applications while keeping sensitive data protected. The protocol separates private computation and public verification through a “dual-component” model. It runs as a partner chain to the Cardano network, using Cardano’s proof-of-stake consensus for security while introducing its own privacy layer. Transactions on Midnight are processed using zero-knowledge proofs, which allow the network to verify correctness without exposing underlying information such as sender details or amounts.

At the time of writing, the NIGHT token is not live. The project outlines that NIGHT will serve as the utility token for the Midnight network once launched. NIGHT is designed to generate DUST, the shielded resource required to pay network transaction fees and to support future governance, staking and ecosystem incentives.

Who is behind the project?

The token is developed by a team where Charles Hoskinson, Fahmi Syed and Eran Barak are founders and where Sebastien Guillemot is CTO and Jenna Peterson is COO.

Tokenomics of NIGHT

Total Token Supply is capped at 24 billion NIGHT and the distribution of tokens is as follows:

Category	Percentage
Midnight Foundation	41.18%
Reserve	35.29%
Midnight TGE	11.76%

On-chain Treasury	5.88%
Lost and Found claim Phase	5.88%
Total	100%

General Risks

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

Competition

Midnight Network faces competition from other privacy-enhanced blockchain networks such as Aleph Zero (AZERO), Secret Network (SCRT), and others. NIGHT's value derives from its broader adoption in the market. If the Midnight Network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of NIGHT.

Due Diligence

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

Payward Ltd (trading as Kraken) is registered as a cryptoasset firm with the Financial Conduct Authority

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