

PAYWARD LTD

CRYPTO ASSET RISK DISCLOSURE

NANO

Nano (NANO)

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Disclaimer

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

Nano is a feeless digital-currency protocol whose innovation, called the Block Lattice, allows each account to maintain its own mini-blockchain ("account-chain") that only its owner can update. A payment is a pair of signed blocks: one debits the sender's balance, the matching block credits the receiver's. Once Nano nodes observe sufficient representative votes, the transaction is irreversibly "cemented."

Consensus relies on Open Representative Voting (ORV), a delegated form of proof-of-stake: every account's balance confers voting weight that the owner may cast directly or delegate to a representative node. Nodes with enough delegated weight become Principal Representatives and vote proportionally on every transaction. Unlike traditional PoS systems, representatives receive no monetary reward, removing fees for end-users.

Because account-chains update independently, users need not wait for network-wide block production. Instead of miner competition, a lightweight proof-of-work hash attached to each block serves only as an anti-spam throttle.

Who is behind the Project?

NANO was created and designed by Colin LeMahieu, a software engineer and the CEO and founder of The Nano Foundation, headquartered in the U.K. Launched in 2014 under the name RaiBlocks, the project rebranded as Nano in January 2018.

Tokenomics of NANO

The NANO token was launched with a total supply of 340 million tokens, 5.25% allocated to Founders and the project, the remaining 94.72% premixed rewards and airdrops.

General Risks

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

Competition

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

Developer Dependence

While there are many developers who contribute to the Nano network and its associated networks there are no guarantees that they will continue to do so. NANO, Nano's native asset, could be negatively affected by an inability to retain and/or attract developers to maintain and build out the blockchains.

Proof of Work Pushback

Proof of Work cryptocurrencies have come under considerable criticism because of its energy use. Energy use is a contentious issue because of economic and environmental concerns. Regulators around the world could move to clamp down on Proof of Work mining making it harder for the network to operate and hurt its perception in the market. Even though only a small portion of Nano's consensus mechanism is Proof of Work, these criticisms and crackdowns could have negative impacts on the value of NANO.

Due Diligence

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