

# PAYWARD LTD

## CRYPTO ASSET RISK DISCLOSURE

### KEY

#### Selfkey (KEY)

Last updated on September 02, 2025

#### Disclaimer

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

SelfKey is a blockchain-based digital-identity system that enables individuals and organizations to own, control and manage their personal data. Built on Ethereum smart-contracts, SelfKey lets users store government-issued IDs, passports, driver's licences and similar documents, inside an encrypted Identity Wallet. The same wallet can then be used to complete know-your-customer (KYC) verification for services such as banking, crypto-exchange onboarding and other regulated platforms.

The process begins when a user creates an on-chain digital identity by entering personal data and uploading supporting documents. Encryption, optional biometric authentication and user-side private-key control help keep this information private while still allowing verifiable credential exchange.

KEY, the platform's native ERC-20 token, has three roles, Utility, payment for verification services and marketplace products such as company incorporation or residency applications; Governance, voting within the SelfKey DAO on proposals that guide ecosystem development and Incentives, historically, KEY could be staked to earn rewards; all official staking pools closed on 12 March 2025, although third-party DeFi contracts may still accept KEY.

Since 2023 the SelfKey DAO has coordinated enhancements like SelfKey iD (a soul-bound NFT that proves unique identity) and integrations with partner services. All identity attestations and DAO proposals settle on Ethereum, while verifiable-credential standards (e.g., W3C DID) ensure interoperability.

#### Who is behind the Project?

The Selfkey project was founded by Edmund Lowell.

#### Tokenomics of KEY

The total supply of KEY is permanently capped at 6 billion tokens. The tokens were initially distributed during the SelfKey Initial Coin Offering (ICO) in 2018.

## General Risks

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

### *Competition*

Selfkey faces competition from other decentralized identity systems such as: Civic (CVC), Bloom (BLT), Ontology (ONT), Kilt Protocol (KILT), Litentry (LIT) and others. KEY's value derives from Selfkey's broader adoption in the market. If Selfkey fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of KEY.

## Due Diligence

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