

PAYWARD LTD
CRYPTO ASSET RISK DISCLOSURE
Kula (KULA)

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Disclaimer

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

Kula is a two-tier “double-DAO” platform that pools a central treasury and, through on-chain voting, allocates funds to country-level Regional DAOs for real world commodity and infrastructure projects. Proposals must meet quorum and quadratic voting thresholds; once approved, multi signature smart contracts release the funds to the Regional DAO.

The KULA token is the platform’s governance token enabling holders to submit proposals, vote to approve funding and protocol changes.

Who is behind the project?

KulaDAO Foundation created and developed the project under the leadership of co-founders Samuel Chen, Christopher Turner, and Micah Yeackley.

Tokenomics of KULA

The total supply of KULA is 10 billion tokens which is distributed as follows:

KULA Allocation	KULA tokens	% of Total supply
Founding team and early contributors	500 million	5%
Investors and strategic partners	2,6 billion	26%
Treasury and Project Operations	4,5 billion	45%
Ecosystem growth and community	1,7 billion	17%
ICO	500 million	5%
Launch Pool	200 million	2%

Total	10 billion	100%
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General Risks

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

Competition

Kula faces competition from other platforms that combine on-chain governance with real-world-asset financing such as Centrifuge and Polymesh. KULA's value derives from its broader adoption in the market; if Kula fails to achieve sufficient traction compared to these alternatives, this could negatively impact the value of KULA.

Due Diligence

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