

# PAYWARD LTD

## CRYPTO ASSET RISK DISCLOSURE

### AltLayer (ALT)

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#### Disclaimer

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

The AltLayer protocol is an open, modular “restaked roll-up” framework built on Ethereum that lets developers launch application-specific optimistic or zero-knowledge roll-ups which inherit additional security, fast finality and decentralised sequencing from EigenLayer’s Actively Validated Services (AVSs), namely VITAL (verification), MACH (fast finality) and SQUAD (sequencing).

ALT, the native ERC-20 token, is used to pay protocol fees, to stake or “re-stake” with EigenLayer in order to run or secure the AVSs, and to participate in on-chain governance.

Developers may spin up customised roll-ups in minutes through AltLayer’s Roll-up-as-a-Service launcher, while end-users benefit from near-instant bridging between supported roll-ups thanks to MACH’s fast-finality proofs.

#### Who is behind the project?

AltLayer was founded in 2022 by Dr Yaoqi Jia, previously a director at Parity Asia, with Dr Amrit Kumar, co-founder of Zilliqa, serving as Chief Operating Officer since 2022.

## Tokenomics of ALT

The total supply of the ALT token is capped at 10 billion and is subject to a 4 year vesting period, which will be fully unlocked in January 2028. The proposed distribution of the circulating supply is set out below:

| Category                | Allocation |
|-------------------------|------------|
| Binance Launchpool      | 5%         |
| Team                    | 15%        |
| Investors               | 18.5%      |
| Strategic Advisors      | 5%         |
| Protocol Development    | 20%        |
| Ecosystem and Community | 15%        |
| Treasury                | 21.5%      |
| Total                   | 100%       |

## General Risks

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

### *Competition Risk*

AltLayer faces competition from other RaaS Layer 2 scaling networks such as Optimism's, zkSync, and many others. ALT's value derives from the AltLayers ecosystem's broader adoption in the market. If the AltLayer network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of ALT.

### *Staking Risk*

Staking ALT does not divorce the holder from the same market and technical risks of merely holding ALT. The yield earned through staking is denominated and paid in ALT. Over time, the total balance of ALT will increase for stakers but this does not guarantee its market value also increases in tandem. Lacklustre

market adoption and unforeseen technical problems can negatively impact a holder's return on staked ALT.

### **Due Diligence**

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