

# PAYWARD LTD

## CRYPTO ASSET RISK DISCLOSURE

### SRM

#### Serum (SRM)

Last updated on September 02, 2025

#### Disclaimer

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

Serum is a decentralized exchange (DEX) built on Solana that enables participants to buy and sell cryptocurrencies through an on-chain central-limit-order-book. Orders are matched by smart contracts, mirroring the price-time-priority model of traditional exchanges. Traders can therefore choose exact prices and order sizes instead of relying on automated-market-maker pools. Network transaction fees are paid in SOL, while SRM holders received discounts on trading fees; in addition, a portion of collected fees was historically used to buy and burn SRM.

Because Serum's logic runs on Solana, trades settle in sub-second blocks with low network fees, allowing the order-book model to remain economically viable. The protocol originally advertised cross-chain support, letting users trade assets bridged from blockchains such as Ethereum or Polkadot, and invited external DeFi projects to compose against its liquidity.

Following the November 2022 collapse of FTX and Alameda Research (the protocol's principal backers), Serum announced that its mainnet program was defunct and directed users to a community-driven fork called OpenBook. OpenBook now processes the majority of order-book activity on Solana, while liquidity on the original Serum program has dropped to near zero. The long-term role of SRM remains uncertain, with some community members supporting limited continued uses while others view it as obsolete.

#### Who is behind the Project?

Serum was launched in 2020 by Alameda Research in collaboration with the FTX exchange and the Solana Foundation. After both Alameda and FTX entered bankruptcy in 2022, core maintenance shifted to independent contributors coordinating through the OpenBook DAO. Day-to-day development is now carried out by volunteer maintainers who hold multisig control of the OpenBook smart-contract deployment.

#### Tokenomics of SRM

SRM has a max supply of 10,161,000,000 tokens and as of September 2025, the circulating supply is 372,782,297 SRM.

## **General Risks**

Like all other digital assets, there are some general risks to investing in SRM. 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 Serum**

### *Regulatory and Litigation Risk*

In November 2022, FTX and Alameda Research, Serum's primary backers, entered bankruptcy. U.S. regulators and prosecutors have since charged FTX executives, including Sam Bankman-Fried, with fraud and securities law violations. While SRM itself has not been directly targeted, its close ties to FTX and Alameda create heightened regulatory risk, and adverse findings in these cases could negatively affect confidence in SRM and its market value.

### *Competition*

Serum faces competition from the other decentralized exchange protocols such as Uniswap, Thorchain, Pancake Swap, and many others. SRM's value derives from Serum's broader adoption in the market. If the Serum DEX fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of SRM.

### *Network outages*

The Solana blockchain has halted on numerous occasions over its lifetime. Future network outages could negatively impact the Serum exchange and consequently the perceived value of SRM in the market.

### *Developer dependence*

Although there are many developers working on the Serum protocol, there are no guarantees that they will continue to contribute. SRM could be negatively affected by an inability to retain and/or attract developers to continue to maintain and build out its platform.

## **Due Diligence**

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