

PAYWARD LTD

CRYPTO ASSET RISK DISCLOSURE

Balancer (BAL)

Last updated on March 24, 2026

Disclaimer

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

Balancer is a decentralised exchange protocol built on Ethereum that functions as an automated market maker (AMM) for trading ERC-20 tokens. It allows users to create and manage customisable liquidity pools containing multiple tokens with adjustable weightings, earning trading fees from swaps routed through those pools. The protocol is deployed across multiple networks including Ethereum, Arbitrum, Optimism, Polygon, and Base.

BAL is the governance token of the Balancer protocol. Holders use BAL to vote on protocol governance proposals.

Who is behind the project?

Balancer was founded by Fernando Martinelli, Mike McDonald, and Nikolai Mushegian.

Tokenomics of BAL

BAL has a maximum total supply of 100,000,000 tokens enforced at the smart contract level. Of the total allocation, up to 65 million was designated for liquidity providers, 22.5 million for founders, options, advisors, and investors (fully vested), 5 million for the Treasury, 5 million for the Balancer Labs Fundraising Fund, and 2.5 million for the Contributors Incentives Programme. All BAL emissions have been permanently halted, and approximately 22.7 million BAL (~35% of circulating supply) is set to be burned through a buyback program at net asset value.

General Risks

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

Competition

The Balancer network faces competition from other decentralised exchanges and AMM protocols such as Uniswap, Curve, and SushiSwap. Balancer's value derives from its broader adoption in the market. If the Balancer network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of BAL.

Due Diligence

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