

# PAYWARD LTD

## CRYPTO ASSET RISK DISCLOSURE

### Derive (DRV)

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#### Disclaimer

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

Derive (DRV) is a decentralised exchange and derivatives network tailored to professional and institutional traders. Formerly known as Lyra Finance, the protocol now runs on Derive L2, an OP-Stack roll-up that settles to Ethereum. Its infrastructure supports on-chain options, perpetual futures and soon spot trading, with features such as cross-portfolio risk management, multi-asset collateral, capital-efficient spreads and variable-rate lending.

The exchange's generalized risk-engine allows users to deposit multiple ERC-20 tokens (e.g., ETH, wBTC or USDC) as collateral. Positions are subject to partial liquidations that reduce exposure incrementally rather than liquidating the entire position at once, a design intended to minimise loss severity.

DRV is the native utility token. Holders can stake DRV to mint non-transferable stDRV, delegate voting power and earn protocol rewards. Staked DRV governs fee parameters, treasury spending and future upgrades, while 25% of protocol revenue is earmarked for DRV buy-backs. A 28-day un-staking period, or instant exit with a 20% haircut, helps align long-term incentives and protect governance from short-horizon attacks.

#### Who is behind the project?

Lyra Foundation is the entity behind the Derive protocol and DRV token. The co-founders are Jake Fitzgerlad, Michael Spain, and Nick Forster who founded the company in 2021. The project is largely

decentralised and has many individual core contributors and is governed by the Derive DAO.

### **Tokenomics of DRV**

Derive's total supply is 1,000,000,000 DRV with a circulating supply of around 818,851,221 DRV as per CoinGecko, August 2025.

### **General Risks**

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

#### *Competition*

Derive faces competition from other decentralised advanced trading protocols such as Siren (SI) and dYdX (DYDX). DRV's value derives from its broader adoption in the market. If the Derive fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of DRV.

### **Due Diligence**

Prior to listing on the Kraken platform, Kraken performed due diligence on DRV and determined it was permitted to make DRV available for trading to UK users. This process generally consists of reviewing publicly available information on the following:

- The creation, governance, usage and design of DRV, including the source code, security and roadmap for growth in the developer community and, if available, the background of the developer(s) that created DRV;
- The supply, demand, maturity, utility and liquidity of DRV;
- Material technical risks associated with DRV, including any code defects, security breaches and other threats concerning DRV 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 DRV, including (i) any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of DRV, 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 DRV about whether DRV, 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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