

PAYWARD LTD
CRYPTO ASSET RISK DISCLOSURE
FIS

Stafi Protocol (FIS)

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Disclaimer

Please note that this risk disclosure is not exhaustive of all risks associated with trading FIS. 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 Stafi Protocol and how does it work

Stafi Protocol, short for “Staking Finance”, is a decentralized system that unlocks the liquidity of assets staked on Proof-of-Stake (PoS) blockchains. Built with the Substrate framework and linked to Polkadot for shared security, the network is organised in three layers:

- Base layer (Stafi Chain) furnishes consensus, governance and validator staking;
- Contract layer hosts specialized staking contracts for external PoS tokens (e.g., ETH, SOL, DOT);
- Application layer offers a trading venue where users swap or collateralise the derivative tokens, called rTokens, minted when they stake through Stafi.

When a holder deposits a PoS token into a Stafi staking contract, the protocol locks that asset on its native chain and mints rTokens (e.g., rETH, rATOM) based on a variable exchange rate, not a fixed 1:1, and the rToken’s exchange rate increases as staking rewards accrue. rTokens remain freely transferable across DeFi markets while continuing to earn the underlying chain’s staking rewards. At redemption, rTokens are burned and the original stake, plus accrued rewards, is released.

The native token FIS secures the chain through validator staking, pays transaction fees, and underpins on-chain governance that now steers ongoing token-burn and inflation-reduction measures.

Who is behind the Project?

Stafi's founders are Chinese technology entrepreneurs: Liam Young and Tore Zhang.

Tokenomics of FIS

FIS has no fixed maximum supply. The total supply is approximately 154.4 million tokens, all of which are in circulation. At genesis, the initial supply was distributed as follows:

Category	Allocation
Community rewards	40%

Foundation	21.4%
Team	15%
Private sales	6.1%
Advisors	6%
Seed round	5.7%
Ecosystem growth fund	5%
IEO	0.8%
Total	100%

General Risks

Like all other digital assets, there are some general risks to investing in FIS. 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 StaFi Protocol

Competition

The StaFi Protocol faces competition from other staking protocols such as Lido Finance (LDO), Ankr (ANKR), and many others. FIS's value derives from its broader adoption in the staking and DeFi market. If the StaFi Protocol fails to achieve sufficient adoption compared to other available options, this could negatively impact the value of FIS.

Due Diligence

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