

PAYWARD LTD
CRYPTO ASSET RISK DISCLOSURE
zkSync (ZK)

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Disclaimer

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

ZKsync is a layer-2 scaling project built on Ethereum that uses zero-knowledge rollup technology. It is also stated that transactions are processed on ZKsync and then settled on Ethereum, with Ethereum serving as the base layer for security and final settlement. ZKsync Era is the main network where this system is currently deployed. The project has announced plans to shut down its earlier network, zkSync Lite (zkSync 1.0), in 2026 as part of a shift toward newer infrastructure, including zkSync Era and the ZK Stack.

ZK is the native token of the ZKsync ecosystem. ZK is used for on-chain governance, allowing holders to propose and vote on protocol upgrades through ZK Nation. It is also stated that ZK can be used to pay transaction fees on ZKsync Era via native account abstraction.

Who is behind the zkSync?

zkSync Era is developed by Matter Labs, it is led by Alex Gluchowski, who serves as the CEO and co-founder.

Tokenomics of ZK

The total supply of ZK is 21 billion tokens distributed as follows:

Category	Amount
Token Assembly	29.27%
Ecosystem Initiatives	19.90%
Airdrop	17.5%

Investors	19.78%
Team	13.55%
Total	100%

General Risks

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

Competition

The ZKsync network faces competition from other layer-2 scaling networks such as Arbitrum, Optimism, and many others. ZK's value derives from its broader adoption in the market. If the ZKsync network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of ZK.

Due Diligence

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