

# PAYWARD LTD

## CRYPTO ASSET RISK DISCLOSURE

### ZEC

#### Zcash (ZEC)

Last updated on September 02, 2025

#### Disclaimer

***Please note that this risk disclosure is not exhaustive of all risks associated with trading ZEC. 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 Zcash (ZEC) and how does it work?

Zcash (ZEC) is a privacy-focused cryptocurrency that launched in 2016 as a fork of Bitcoin and operates using proof-of-work consensus. It offers two types of transactions: transparent transactions, which are publicly visible on the blockchain, and shielded transactions, which use zk-SNARK zero-knowledge proofs to hide details such as sender, recipient, and amount while still allowing the network to verify the transfer.

The network funds ongoing development through a portion of block rewards, directed to the Electric Coin Company, the Zcash Foundation, and community grants. Its privacy framework has advanced through protocol upgrades, most recently with Project Tachyon in 2024, which was designed to improve scalability and efficiency.

ZEC is the native token of the network. It is used to pay transaction fees, incentivize miners, and support both shielded and transparent transactions. Shielded transactions also allow for optional selective disclosure, meaning users can choose to reveal transaction details when required. As of mid-2025, about 20% of the circulating supply is held in the shielded pool, which can influence liquidity and usage patterns within the ecosystem.

#### Who is behind the project?

Zcash was launched in 2016 by the Electric Coin Company (ECC), founded by cryptographer Zooko Wilcox-O'Hearn. In December 2023, Josh Swihart succeeded Wilcox-O'Hearn as ECC's CEO. Development is supported by ECC, the nonprofit Zcash Foundation, and independent contributors.

#### Tokenomics of ZEC

Zcash has a total fixed supply of 21,000,000 tokens. Unlike some cryptocurrencies, there was no pre-mine or initial distribution at launch in 2016. All ZEC entered circulation through mining, beginning with a "slow start" phase over the first 20,000 blocks, which gradually increased block rewards.

Zcash block rewards are subject to a halving schedule approximately every four years, similar to Bitcoin. In addition to miners' rewards, a portion of each block reward is allocated to development funding through the Zcash Development Fund. Since November 2020, this allocation has directed 20% of each block reward to the Electric Coin Company (ECC), the Zcash Foundation, and the Zcash Community Grants program.

As of September 2025, the circulating supply is approximately 16.2 million ZEC.

### **General Risks**

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

#### *Competition*

The Zcash network faces competition from other privacy-focused cryptocurrencies such as Monero, Dash, and Decred. Zcash's value derives from its broader adoption in the market. If the Zcash network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of ZEC.

#### *Regulatory Scrutiny*

Several countries have banned privacy coins. This can affect the demand for privacy coins and thus have a negative impact on the price of ZEC.

### **Due Diligence**

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