

PAYWARD LTD

CRYPTO ASSET RISK DISCLOSURE

PERP

Perpetual Protocol (PERP)

Last updated on August 26, 2025

Disclaimer

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

Perpetual Protocol is a decentralized trading platform where people can buy and sell perpetual futures contracts. These contracts allow traders to speculate on the price of cryptocurrencies without an expiry date.

Unlike traditional exchanges, Perpetual Protocol is non-custodial (users keep control of their funds) and runs fully on blockchain technology. It first launched in 2020 on the xDai blockchain and later upgraded to run on OP Mainnet, a faster and cheaper Ethereum-based network.

The platform uses a design called a virtual automated market maker (vAMM). Instead of relying on traders to provide liquidity directly, the system uses smart contracts to create virtual trading pools. Fees from trades are shared between liquidity providers, the DAO treasury, and insurance funds that help protect the protocol.

PERP is the native token of Perpetual Protocol. It is mainly used for:

- Governance – Holders can vote on proposals about how the protocol should evolve.
- Staking – Users can lock up PERP to earn rewards and to support the platform's insurance fund, which helps cover losses if the system experiences unexpected issues.
- Revenue Sharing – Stakers who convert PERP into "vePERP" can receive part of the trading fees collected by the protocol.

In short, the token helps secure the system, guide decision-making, and share in protocol revenues.

Who is behind the project?

Originating in Taiwan, Perpetual Protocol is led by founders Yenwen Feng and Shao-Kang. The project was started in 2018 under its former name "Strike" and later launched its mainnet in December 2020 under its new alias.

The project completed a seed funding round, led by Multicoin Capital in August 2020. The funding round raised \$1.8 million for 6.25 million PERP. The project also distributed 22.5 million PERP in a private funding round which involved Alameda Research and Three Arrows Capital.

Tokenomics of PERP

PERP has a total and fixed supply of 150,000,000 tokens.

At launch in September 2020, only 7.5 million PERP (5% of the total supply) were released through a public sale using a Balancer Liquidity Bootstrapping Pool (LBP). The LBP structure allowed the token price to start high and gradually decrease, encouraging fairer participation and reducing the advantage of early buyers. The remaining tokens were allocated to investors, the team, and the ecosystem with vesting schedules.

Category	At TGE (Sept 2020)	Post-TGE / Final Distribution
Balancer LBP (Public Sale)	7,500,000 PERP (5.0%)	7,500,000 PERP (5.0%)
Seed Investors	–	6,250,000 PERP (4.2%)
Strategic Investors	–	22,500,000 PERP (15.0%)
Team & Advisors	–	36,000,000 PERP (21.0%)
Ecosystem & Rewards	–	77,750,000 PERP (54.8%)
Total	7,500,000 PERP (5.0%)	150,000,000 PERP (100%)

As of August 2025, the circulating supply is approximately 72,609,864 PERP (~48% of the total supply)

Investor and team allocations were subject to vesting schedules, meaning tokens were gradually unlocked over time rather than released all at once.

General Risks

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

Competition

The Perpetual Protocol network faces competition from other decentralized derivatives platforms such as dYdX, GMX, and many others. PERP's value derives from its broader adoption in the market. If the Perpetual Protocol network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of PERP.

Regulatory Scrutiny

A regulatory crackdown on decentralized finance (DeFi) could negatively impact Perpetual Protocol and the value of PERP.

Due Diligence

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

Payward Ltd (trading as Kraken) is registered as a cryptoasset firm with the Financial Conduct Authority (FRN: 928768) registered office at 6th Floor, One London Wall, London, EC2Y 5EB. Cryptoasset services offered by Payward Ltd are unregulated and not covered by the Financial Services Compensation Scheme as well as the FCA's consumer protection regulations. Note the value of cryptoassets can go down as well as up, gains may be subject to Capital Gains Tax and there may be extra charges when paying via credit card from your provider.