

PAYWARD LTD
CRYPTO ASSET RISK DISCLOSURE
Eclipse (ES)

Last updated on April 07, 2025

Disclaimer

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

Eclipse is a Layer 2 blockchain that uses the Solana Virtual Machine (SVM) for executing smart contracts. The team states that this allows for parallelized transaction processing, similar to Solana's architecture. Eclipse also integrates zero-knowledge proofs using RISC Zero. According to project documentation, developers can deploy applications written for the Solana environment using familiar tools and frameworks.

At the time of writing, the ES token is not yet live, but the team plans for it to serve as the native token of the Eclipse network. ES will have two primary functions within the ecosystem: it will be used to pay for transaction fees and will also enable governance. This means that ES holders will be able to participate in protocol decisions.

Who is behind the project?

Eclipse is developed by Eclipse Foundation. The project was founded by Neel Somani. In May 2024, Vijay Chetty was appointed as the new CEO following Somani's departure.

Tokenomics of ES

The total supply of ES is 1,000,000,000 tokens which is distributed as follows:

ES Allocation	ES tokens	% of Total supply
Airdrop	100,000,000	10%
Ecosystem + Development	400,000,000	40%
Investors	310,000,000	31%

Contributors	190,000,000	19%
Total	1,000,000,000	100%

General Risks

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

Competition

The Eclipse network faces competition from other Layer 2 solutions such as Optimism, Arbitrum, and many others. Eclipse's value derives from its broader adoption in the market. If the Eclipse network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of ES.

Due Diligence

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