

PAYWARD LTD

CRYPTO ASSET RISK DISCLOSURE

Coti (COTI)

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Disclaimer

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

Coti was originally launched to create a decentralised payment network that would merge the ease of traditional card rails with the speed and borderlessness of cryptocurrencies. The first version of the network relied on Trustchain, a proprietary directed-acyclic-graph (DAG) ledger whose “Proof of Trust” consensus used machine-learning-based trust scores to reach throughput claims of up to 100,000 transactions per second. Within this framework, Coti Pay allowed consumers to spend COTI (or any supported crypto converted via the Coti-X bridge) while merchants used an API to accept those payments and where necessary, invoke an on-chain arbitration process. Enterprises could also issue branded stablecoins collateralised by fiat or other assets and minted or burned to hold a target value.

Since March 2025 the project has migrated to COTI V2, an Ethereum-compatible privacy-focused Layer-2 that replaces the DAG ledger with a roll-up architecture powered by garbled-circuit cryptography. The new mainnet introduces a decentralised sequencer set, gcEVM for confidential smart-contract execution, and “Privacy-on-Demand” tooling designed to let applications toggle between transparent and encrypted states. Legacy Trustchain transactions continue to be supported via a bridge, while new dApps, including real-world-asset platforms announced during 2025, are being built directly on the Layer-2. Token holders can stake COTI (either on Treasury 2.0 or as sequencer collateral) to earn a share of network fees and newly issued tokens under the updated economic model.

Who is behind the Project?

Shahaf Bar-Geffen serves as Chief Executive Officer. Dr. Nir Haloani serves as Chief Technology Officer. The Coti Foundation oversees ecosystem development and the COTI Builders Program, while research partner Soda Labs contributes to cryptographic architecture.

Tokenomics of COTI

As of September 2025, COTI has a max supply of approximately 4.9 billion tokens, with a circulation supply of approximately 2.3 billion tokens.

At genesis, the token's allocation was as follows:

Category	Allocation
Held in liquidity reserve or allocated for distribution to incentive network participation	45%
Private and public sales, subject to lockup periods of between 6 and 24 months	30%
Coti team, to be gradually released over 10 years	15%
Coti advisors, also subject to a 10 year release period	10%
Total	100%

General Risks

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

Competition

The Coti network faces competition from other cryptocurrencies such as Nano (NANO), Alchemy Pay (ACH), Pundi X (PUNDIX), and many others. Coti's value derives from its broader adoption in the market. If the Coti network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of COTI.

Due Diligence

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