

PAYWARD LTD

CRYPTO ASSET RISK DISCLOSURE

ATOM

Cosmos (ATOM)

Last updated on 11 August, 2025

Disclaimer

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

Cosmos is an open network of sovereign blockchains designed to inter-operate through the Inter-Blockchain Communication (IBC) protocol. Developers build application-specific chains (“Zones”) with the Cosmos SDK, then connect those Zones to the Cosmos Hub, a Proof-of-Stake blockchain secured by the ATOM token.

Since 2023 the Hub has expanded its role via Replicated Security (Interchain Security v1), allowing consumer chains such as Neutron to lease security from the Hub’s validator set. Governance Proposal 848 (Nov 2023) amended monetary policy, capping inflation at 10 % while the adaptive schedule still targets a two-thirds staking ratio. The network continues to integrate CosmWasm smart-contract support and to test Permissionless ICS, aiming to let any project launch a consumer chain without prior governance approval.

ATOM holders stake tokens to run or delegate to validators, earning block rewards, transaction fees and a share of fees collected from consumer chains. Staked ATOM also confers voting power in Hub governance, aligning validators, delegators and dApp teams around protocol upgrades.

Who is behind the project?

Josh Cincinnati serves as President of the Foundation Council of the Swiss-based Interchain Foundation (ICF), the non-profit entity that stewards Cosmos development; Maxime Monod serves as Vice-President of the Council; and Dirk Steller serves as a member of the Council.

Tokenomics of ATOM

ATOM has **no fixed maximum supply**. Its inflation rate adjusts block-by-block between 7 % and 10 % annually, targeting roughly 67 % of eligible supply staked. Percentages refer to the total supply as of **August 11 2025**.

Category	Percentage
Public & private fundraiser	75 %
Seed donors	5 %
Interchain Foundation reserve	10 %
Tendermint Inc. (now Ignite)	10 %

General Risks

Like all other digital assets, there are some general risks to investing in PRO. 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 Cosmos (ATOM)

Competition

The Cosmos network faces competition from platforms such as Ethereum, Polkadot and Solana. Failure to maintain adoption relative to peers could negatively impact the value of ATOM.

Developer Dependence

While many developers contribute to Cosmos, there is no guarantee the community can retain or attract sufficient talent. A decline in active development could harm ATOM's value.

Reputational Scrutiny

Because anyone can build with the Cosmos SDK, poorly designed or failed projects may reflect negatively on Cosmos and ATOM even when the Hub itself functions correctly.

Due Diligence

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