

PAYWARD LTD
CRYPTO ASSET RISK DISCLOSURE
Magic Eden (ME)

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Disclaimer

Please note that this risk disclosure is not exhaustive of all risks associated with trading \$ME. 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 Magic Eden and how does it work?

Magic Eden is a community-centric NFT (Non-Fungible Token) marketplace that enables users to buy, sell, and collect NFTs across multiple blockchains, including Solana, Bitcoin, Ethereum, Base, ApeChain, Arbitrum, Sei, BNB Chain, and Polygon. The platform provides services such as NFT minting experiences, collection trait offers, analytics, and advanced chart views.

The platform supports marketplace aggregation to provide users access to a range of opportunities. Additionally, Magic Eden provides tools and resources for creators through its Creator Hub, allowing them to launch and manage their NFT projects.

ME is the native token of the Magic Eden network. The ME token allows Magic Eden users to receive staking rewards and governance rights as well as other rewards for contributions to the Magic Eden ecosystem.

Who is behind Magic Eden?

Magic Eden was founded in 2021 by Jack Lu, Zhuoxun Yin, and Sidney Zhang. At the time of writing, Lu serves as the project's Chief Executive Officer, Yin as the Chief Operating Officer, and Zhang as the Chief Technology Officer.

Tokenomics of ME

The total supply of ME is 1 billion tokens. The distribution of the token is as follows:

Category	Amount
Initial Airdrop	12.5%
Community and Ecosystem	38.4%
Team and Advisors	25.5%
Strategic Investors	23.6%
Total	100%

General Risks

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

Competition

ME faces competition from other NFT Marketplace projects such as OpenSea and Blur. ME's value derives from the project's broader adoption in the market. If ME fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of ME.

Due Diligence

Prior to listing on the Kraken platform, Kraken performed due diligence on ME and determined that ME 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 ME, including the source code, security and roadmap for growth in the developer community and, if available, the background of the developer(s) that created ME;
- The supply, demand, maturity, utility and liquidity of ME;

- Material technical risks associated with ME, including any code defects, security breaches and other threats concerning ME 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 ME, including (i) any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of ME, 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 ME about whether ME, 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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