

**PAYWARD LTD**  
CRYPTO ASSET RISK DISCLOSURE  
OSMO

**Osmosis (OSMO)**

Last updated on August 20, 2025

**Disclaimer**

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

Osmosis is a specialised blockchain—built with the same open-source tools that power the Cosmos network—designed mainly to run a decentralised exchange (DEX). Think of it as a borderless trading venue where people can swap coins from more than one hundred connected blockchains without using a traditional bridge. Behind the scenes, Osmosis bundles trades into liquidity pools (similar to automated market-maker “liquidity buckets”) and, over time, has added newer features such as tighter-priced “concentrated-liquidity” pools. In July 2025, Osmosis governance passed Proposal #956 to remove Superfluid Staking and deprecate the superfluid module, simplifying future upgrades.

The OSMO token is the utility token that keeps the network running. Holders can stake OSMO with validators to help secure the chain and earn newly issued tokens. They also use OSMO to pay transaction fees and to vote on governance proposals that set trading fees, upgrade the software or spend community funds. Finally, part of the trading fees collected on the exchange is shared with stakers while another part is permanently removed (“burned”), so active use of the exchange can support the token’s value over time.

**Who is behind the Project?**

Osmosis Labs leads development of the protocol. The project was co-founded by Sunny Aggarwal, Josh Lee and Dev Ojha. Development is open-source, with active contributions from independent teams across the Cosmos ecosystem.

**Tokenomics of OSMO**

OSMO has a capped maximum supply of 1 billion. At genesis, 100 million OSMO were issued and distributed as follows:

Category	Percentage (%)
Fairdrop	50%
Strategic Reserve	50%
<b>Total</b>	<b>100%</b>

As of August 2025, the circulating supply of OSMO is approximately 740.9 million.

### General Risks

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

#### *Competition*

The Osmosis network faces competition from other Cosmos-based decentralised exchanges such as Astroport and Crescent. OSMO's value derives from its broader adoption in the market. If the Osmosis network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of OSMO.

### Due Diligence

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