

PAYWARD LTD
CRYPTO ASSET RISK DISCLOSURE
Sei (SEI)

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Disclaimer

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

Sei is a general purpose Layer 1 blockchain that aims to serve as infrastructure for decentralised exchanges and other trading applications in DeFi, NFTs and gaming. It was built to address the exchange scalability problem and uses built in parallelisation within its infrastructure to provide fast transaction finality.

SEI is the native token of the Sei network and is used to pay transaction fees, to delegate to validators or stake to run a validator that secures the network, and to participate in governance of the protocol.

Who is behind the project?

SEI Network was founded by Jeffrey Feng (formerly Coatue Management and Goldman Sachs), Jayendra Jog (formerly Robinhood) and Dan Edlebeck. The Sei Foundation is the independent organisation dedicated to the governance of the Sei protocol, while Sei Labs contributes core protocol code.

Tokenomics of SEI

The total supply of SEI is capped at 10 billion tokens. The total supply of SEI at mainnet launch was distributed as follows:

SEI Allocation	Percentage
Staking rewards	15%
Foundation	9%
Ecosystem reserve	27%
Team (years 5 to 6)	4.8%
Team (years 2 to 4)	15.2%
Private sale investors	20%

Strategic allocation	3%
Airdrop	3%
Binance Launchpool	3%
Total	100%

General Risks

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

Competition

The Sei network faces competition from other high performance Layer 1 blockchains such as Solana, Sui, Monad, and others. SEI's value derives from its broader adoption in the market. If the Sei network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of SEI.

Due Diligence

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