

PAYWARD LTD
CRYPTO ASSET RISK DISCLOSURE
Kernel DAO (KERNEL)

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Disclaimer

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

Kernel DAO is a decentralised autonomous organisation building multi-chain restaking infrastructure. The project revolves around three interconnected products:

- Kernel - the shared-security layer on BNB Chain where users restake BNB-based assets (including BTC derivatives and liquid-staking tokens) to supply economic security for applications that integrate with the network. Kernel mainnet went live in late 2025 and now underpins more than thirty middleware and dApp projects.
- Kelp Liquid Restaking (rsETH) - a liquid restaking solution on Ethereum that allows holders to deposit ETH and receive rsETH, maintaining on-chain liquidity while the staked value secures external services. rsETH has exceeded USD 2 billion in total value locked and is integrated with major DeFi protocols across ten Layer-2 networks.
- Gain - a set of automated vaults for ETH and other liquid assets that redistributes rewards from a range of DeFi strategies, including forthcoming real-world-asset and CeDeFi vaults.

The native token, KERNEL, acts as a governance and utility asset: holders can participate in protocol votes, restake KERNEL for additional rewards, and provide liquidity on automated-market-makers.

Who is behind Kernel DAO

Kernel DAO was co-founded by Amitej Gajjala (Chief Executive Officer) and Dheeraj Borra (Co-Founder). Olivier Galaud serves as Chief Business Officer. The legal entity associated with the project is Evercrest Technologies, Inc.

Tokenomics of KERNEL

KERNEL has a fixed maximum supply of 1 billion tokens, which were distributed as follows:

Category	Amount
Community rewards & ecosystem partners	60%
Private sale allocations	20%
Team & advisors	20%

General Risks

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

Competition

The Kernel DAO network faces competition from other restaking or liquid-staking projects such as EigenLayer and Lido Finance, among others. Kernel DAO's value derives from its broader adoption in the market. If the Kernel DAO network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of KERNEL.

Due Diligence

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