PAYWARD LTD
CRYPTO ASSET RISK DISCLOSURE
STRK

Starknet (STRK)
Last updated on September 09, 2025

Disclaimer

Please note that this risk disclosure is not exhaustive of all risks associated with trading STRK. 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 Starknet and how does it work
Starknet is a Layer-2 scaling solution for Ethereum that has been live since November 2021. It uses zero-knowledge roll-ups based on STRK proofs to batch transactions off-chain, keeping only succinct proof data on-chain. Transactions are executed off the Ethereum mainnet, then aggregated and recorded on-chain in a single transaction, preserving security while improving speed and cost-efficiency. Since software version 0.13.0, transaction fees can be paid in STRK as well as ETH.

STRK, the network's native token, underpins the protocol: it is used to pay fees, participate in governance and, since the launch of staking phase 1 in 2024 and staking phase 2 in June 2025, to secure the network through a proof-of-stake model that will ultimately determine sequencer selection and block proving.

Who is behind the Project?
Starknet has been developed by StarkWare, the team behind StarkEx and STRKs.

Tokenomics of STRK
Ten billion Starknet tokens were initially created by StarkWare in May 2022 and minted on chain on November 30, 2022. STRK was launched to the public via airdrop to various Starknet users and stakeholders in February 2024. The initial allocation was distributed as follows:

Category	Allocation
Early contributors	20.04%
Investors	18.17%
StarWare	10.76%
Grants including Development Partners (aka DPs)	12.93%

Community Provisions	9%
Community Rebates	9%
Foundation Strategic Reserves	10%
Foundation Treasury	8.10%
Donations	2%
Total	100%

General Risks

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

Developer Dependence

While there are many developers who contribute to the Starknet ecosystem, there are no guarantees that they will continue to contribute. STRK, Starknet's native asset, could be negatively affected by an inability to retain and/or attract developers to keep up with market needs and improve its scaling infrastructure when necessary.

Competition

The Starknet protocol faces competition from other Ethereum Layer-2 scaling solutions such as Arbitrum, OP Mainnet, zkSync, and others. STRK's value derives from its broader adoption in the market. If the Starknet protocol fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of STRK.

Adoption by Protocols & Users

STRK's value derives from protocols and applications building on Starknet. If Starknet fails to attract sufficient adoption, this could negatively impact the value of STRK.

Due Diligence

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