

PAYWARD LTD

CRYPTO ASSET RISK DISCLOSURE

Kyber (KNC)

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Disclaimer

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

Kyber Network is a decentralized liquidity hub that enables users and applications to swap crypto assets directly on-chain without relying on a central order book or operator. The protocol originated on Ethereum, where conversion rates are embedded in smart contracts and swaps settle atomically on-chain between ERC-20 tokens, but it has since expanded: KyberSwap's aggregator connects liquidity from over 70 decentralized exchanges across 13+ EVM-compatible blockchains, routing each trade to the best available rate while final settlement remains on-chain.

Alongside aggregation, Kyber provides its own liquidity pools. Classic pools offer fixed-fee automated market-making, while Elastic pools allow concentrated liquidity within custom price ranges. Earlier iterations of the protocol organized liquidity into three reserve types, Fed Price Reserves (market-maker style quotations for up to fourteen tokens), Automated Price Reserves (suited to entities with large holdings) and Bridge Reserves (which deepen liquidity by accessing external DEXes). These reserves continue to underpin aggregation where relevant and earn a share of network fees.

KNC is the native utility and governance token. Holders may stake KNC in the KyberDAO to vote on proposals such as network-fee distribution, protocol upgrades and liquidity-mining campaigns. Voting participation determines each staker's proportionate share of fees collected through KyberSwap; un-staked tokens do not earn rewards.

Who is behind the Project?

Kyber Network was founded in 2017 by Loi Luu, Victor Tran and Yaron Velner.

Tokenomics of KNC

As of August 2025, the circulating supply of KNC is approximately 170,152,851 KNC. At genesis, the token distribution was as follows:

Category	Allocation
Community investors and participants	61.06%
Company operational reserves	19.47%
Founders, advisors, early investors (2-year vesting, 1-year lock-up)	19.47%
Total	100%

General Risks

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

Competition

The Kyber Network protocol faces competition from other cryptocurrencies such as Uniswap, Balancer, and many others. Kyber Network's value derives from its broader adoption in the market. If the Kyber Network protocol fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of KNC.

Developer dependence

While there are many developers who contribute to Kyber Network, there are no guarantees that they will continue to contribute. KNC, Kyber Network'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 decentralized-exchange tooling when necessary.

Due Diligence

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