

**PAYWARD LTD**  
CRYPTO ASSET RISK DISCLOSURE  
Ethena (ENA)

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**Disclaimer**

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

Ethena is a decentralized finance (DeFi) protocol that issues USDe, a synthetic dollar backed by crypto assets and corresponding derivatives positions. The protocol operates through smart contracts deployed on public blockchains and is designed to function without reliance on traditional banking infrastructure. Ethena provides infrastructure for dollar-denominated crypto assets and related financial products within the DeFi ecosystem.

ENA is the governance token for the Ethena protocol. ENA holders can vote on key protocol decisions and elect members to a Risk Committee on a bi-annual basis; ENA can also be locked to receive sENA, which is used within the ecosystem (including voting on ENA-specific proposals) and can earn rewards.

**Who is behind Ethena**

Ethena was founded and led by Guy Young (CEO & Founder).

**Tokenomics of ENA**

ENA has a maximum supply of 15 billion tokens, they are allocated as follows:

| Category          | Amount |
|-------------------|--------|
| Foundation        | 15%    |
| Core Contributors | 30%    |
| Investors         | 25%    |

|                       |             |
|-----------------------|-------------|
| Ecosystem Development | 30%         |
| <b>Total</b>          | <b>100%</b> |

### General Risks

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

#### *Competition*

The Ethena protocol faces competition from other decentralized finance (DeFi) protocols that issue dollar-denominated or synthetic assets, such as MakerDAO (MKR), Frax Finance (FXS), Liquity (LQTY), Angle Protocol (ANGLE), and many others. ENA’s value derives from its broader adoption in the market. If the Ethena protocol fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of ENA..

### Due Diligence

Prior to listing on the Kraken platform, Kraken performed due diligence on ENA and determined that ENA 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 ENA, including the source code, security and roadmap for growth in the developer community and, if available, the background of the developer(s) that created ENA;
- The supply, demand, maturity, utility and liquidity of ENA;
- Material technical risks associated with ENA, including any code defects, security breaches and other threats concerning ENA 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 ENA, including (i) any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of ENA, 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 ENA about whether ENA, 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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(FRN: 928768) registered office at 6th Floor, One London Wall, London, EC2Y 5EB. Cryptoasset services offered by Payward Ltd are unregulated and not covered by the Financial Services Compensation Scheme as well as the FCA's consumer protection regulations. Note the value of cryptoassets can go down as well as up, gains may be subject to Capital Gains Tax and there may be extra charges when paying via credit card from your provider.