

# PAYWARD LTD

## CRYPTO ASSET RISK DISCLOSURE

### Pepecoin (PEP)

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#### Disclaimer

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

Pepecoin (token ticker: PEP) is an open-source, decentralized cryptocurrency created for the online “Pepe” community. It operates as a Layer-1 blockchain using Proof-of-Work (PoW) consensus with Scrypt mining. The network also supports merged mining with Litecoin (LTC) and Dogecoin (DOGE), allowing miners to secure multiple chains simultaneously without additional energy costs. The project is designed primarily as a straightforward peer-to-peer payment network that does not include smart contract functionality, emphasizing reliability, low transaction fees, and confirmation times within minutes.

The native asset of the network is PEP. It functions as a medium of exchange within the ecosystem and is used for peer-to-peer payments.

Note: There are many memecoins with similar names and tickers; please verify that you are reviewing the correct asset, as PEPECOIN (PEP) differs from PEPECOIN (PEPECOIN).

#### Who is behind the project?

Pepecoin is a community-driven, open-source project. Its development is maintained by independent contributors through its public GitHub repository. There is no central corporate entity that controls the network.

#### Tokenomics of PEP

PEP has a total supply of 99,755,500,000 tokens. The value of PEP is tied to demand for its use as a peer-to-peer payment token, tipping currency, and community utility. There was no premine, no ICO, and no team allocation; issuance occurs exclusively via mining rewards.

#### General Risks

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

### *Competition*

The Pepecoin network faces competition from other peer-to-peer payment cryptocurrencies such as Litecoin (LTC). PEP's value derives from its broader adoption in the market. If the Pepecoin network fails to achieve sufficient adoption compared to these alternatives, this could negatively impact the value of PEP.

### **Due Diligence**

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