

# PAYWARD LTD

## CRYPTO ASSET RISK DISCLOSURE

### FIL

Filecoin (FIL)

Last updated on August 11, 2025

#### Disclaimer

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

Filecoin is a cryptocurrency-powered network that allows people to rent out spare computer storage or pay to store data, kind of like Airbnb, but for file storage. It runs on top of another system called the InterPlanetary File System (IPFS), which is designed for decentralized file sharing. Altogether, Filecoin creates a decentralized marketplace for file storage, where users pay for space, providers earn rewards, and all activity is verified by the network without needing a central company to run it.

Filecoin adds incentives and security to this system using its native token, FIL. If you want to store files, you pay a storage provider (called a "miner") in FIL tokens. The price is set by an open marketplace, where storage providers compete to offer the best deals. If you're offering storage, you can earn FIL by reliably storing data for others. To make sure no one is cheating, Filecoin uses two special proofs: Proof of Replication confirms that the storage provider made a unique copy of your data, and Proof of Spacetime proves that the data is being stored continuously over time. There are also miners who specialize in quickly retrieving data, called Retrieval Miners. They're paid to fetch files and help deliver them faster using techniques like caching, similar to how streaming services improve load times.

#### Who is behind the project?

Filecoin is an open-source project developed by Protocol Labs, a research and development company founded by Juan Benet.

#### Tokenomics of FIL

FIL has a total supply of 1,959,089,780 tokens. The initial allocation was distributed as follows:

Category	Allocation (%)
Miners – Storage (block rewards)	55%
Miners – Mining Reserve	15%

Protocol Labs (including team)	15%
Filecoin Foundation	5%
Fundraising – ICO	7.5%
Ecosystem & Future Fundraising	2.5%
<b>Total</b>	<b>100%</b>

As of August 2025, the circulating supply is approximately 683 million FIL.

### General Risks

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

#### *Competition*

The Filecoin network faces competition from other decentralized storage protocols such as Arweave, Storj, Siacoin, and BitTorrent File System (BTFS). FIL's value derives from its broader adoption in the storage market. If the Filecoin network fails to achieve sufficient adoption compared to these alternatives, this could negatively impact the value of FIL.

#### Due Diligence

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