PAYWARD LTD
CRYPTO ASSET RISK DISCLOSURE
NEO GAS (GAS)

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Disclaimer

Please note that this Crypto Asset Statement is not exhaustive of all risks associated with trading NEOGAS. 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 Crypto Asset Statement is based on publicly available information that may be inaccurate, incomplete, or change at any time.

What is Neo and how does it work?

Neo is an open-source smart-contract platform described as a “smart economy” stack that combines digital assets, digital identity, and programmable contracts. It runs its own Layer-1 blockchain (Neo N3) and includes built-in services such as native oracles, decentralized storage (NeoFS), self-sovereign identity (NeoID), and Neo Name Service.

NEOGAS commonly referred to as GAS, is one of the two native tokens of the Neo blockchain. It functions as the network’s utility token, used to pay transaction and system fees. GAS is generated automatically for NEO holders, who can claim accumulated rewards over time without staking. The Neo network also includes NEO, its governance token, which is used for voting in council elections and network decisions.

Who is behind the project?

Neo was founded by Da Hongfei and Erik Zhang.

Tokenomics of NEOGAS

The NEOGAS token is generated at a rate of five tokens per block and distributed among NEO holders, voters, and the Neo Committee. NEO holders receive 10% of the newly created GAS based on their holding period, while another 10% is allocated to committee and consensus nodes as governance rewards. The remaining 80% is distributed to NEO voters who successfully vote for elected committee and consensus members, with rewards recalculated every 21 blocks (one epoch).

General Risks

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

Competition

The Neo network faces competition from other Layer-1 blockchains such as Ethereum and Solana, among others. NEOGAS's value derives from its broader adoption in the market. If the Neo network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of NEOGAS.

Due Diligence

Prior to listing on the Kraken platform, Kraken performed due diligence on NEOGAS and determined it was permitted to make NEOGAS available for trading to UK users. Our analysis generally includes, but is not limited to, reviewing publicly available information on the following:

- The creation, governance, usage and design of NEOGAS, including the source code, security and roadmap for growth in the developer community and, if available, the background of the developer(s) that created NEOGAS;
- The supply, demand, maturity, utility and liquidity of NEOGAS;
- Material technical risks associated with NEOGAS, including any code defects, security breaches and other threats concerning NEOGAS 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 NEOGAS, including (i) any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of NEOGAS, 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 NEOGAS about whether NEOGAS, 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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