PAYWARD LTD

CRYPTO ASSET RISK DISCLOSURE

Act I: The AI Prophecy (ACT)

Last updated on January 27, 2025

Disclaimer

Please note that this risk disclosure is not exhaustive of all risks associated with trading ACT. 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 Act I: The AI Prophecy and how does it work?

The Act I: The AI Prophecy (Act I) project is a decentralised artificial intelligence (AI) community which aims to democratise and make accessible AI knowledge. ACT I seeks to reduce barriers to understanding AI by focusing on initiatives that educate individuals on the fundamentals of AI, promote discussions around ethical AI practices, and support research and development within the AI industry.

The $ACT token is a memecoin. It has no specific utility within the Act I platform. It provides social commentary and entertainment in the form of a memecoin.

Who is behind Act I: The AI Prophecy

ACT I was initially co-founded by the pseudonymous AmplifiedAmp. After selling their supply of ACT tokens the project was taken over by the community. It remains a community driven project.

Tokenomics of ACT

ACT has a maximum supply of 1 billion tokens.

General Risks

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

Competition
ACT faces competition from other memecoin projects such as Doge, Dogwifhat, and Gigachad. ACT's value derives from the project's broader adoption in the market. If ACT fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of ACT

Due Diligence

Prior to listing on the Kraken platform, Kraken performed due diligence on ACT and determined that ACT is unlikely to be a security or derivative under Canada 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 ACT, including the source code, security and roadmap for growth in the developer community and, if available, the background of the developer(s) that created ACT;
- The supply, demand, maturity, utility and liquidity of ACT;
- Material technical risks associated with ACT, including any code defects, security breaches and other threats concerning ACT 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 ACT, including (i) any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of ACT, and (ii) consideration of statements made by any regulators or securities regulatory authorities in Canada, other regulators of the International Organization of Securities Commissions, or the regulator with the most significant connection to ACT about whether ACT, or generally about whether the type of crypto asset, is a security and/or derivative.

No securities regulatory authority has expressed an opinion about the Crypto Contracts or any Crypto Assets (as defined in the Risk Statement) made available on the Kraken platform, including an opinion that AI16Z is not itself a security and/or derivative. Changes to applicable law may adversely affect the use, transfer, exchange, or value of any of your crypto assets, and such changes may be sudden and without notice.