

PAYWARD LTD
CRYPTO ASSET RISK DISCLOSURE
OMG

OMG Network (OMG)

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Disclaimer

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

OMG Network (also called OMG Foundation and formerly OmiseGO) is a non-custodial Layer-2 scaling solution for Ethereum. It operates a child chain based on the MoreViable Plasma architecture: many off-chain transactions are grouped into a merkle tree and only the merkle root is periodically committed to Ethereum.

Users deposit ETH or ERC-20 tokens to the Plasma contract on Ethereum, transact on the child chain at low cost and may exit back to Ethereum at any time; if the child chain halts, users can still withdraw their assets via Ethereum's finality rules. By moving computation off-chain yet inheriting Ethereum's security for settlement and dispute resolution, OMG Network can reach throughput in the thousands-of-transactions-per-second range while lowering fees.

The OMG utility token is required to pay transaction fees on the network and is intended to be stakeable once a proof-of-stake module is introduced.

Who is behind the Project?

OMG Network is a subsidiary of SYNQA (formerly Omise Holdings). The project was founded by Vansa Chatikavanij. Stephen McNamara is the Chief Operating Officer, and Kasima Tharnpipitchai is the Chief Technology Officer.

Tokenomics of OMG

OMG Network has a fixed maximum supply of 140,245,398 tokens that are all in circulation and were distributed as follows:

Category	Allocation
Investors	65.1%
Reserved for the Project and the Team	29.9%

Airdrop	5%
Total	100%

General Risks

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

Developer Dependence

Although there are many developers working on the OMG protocol, there are no guarantees that they will continue to contribute. OMG could be negatively affected by an inability to retain and/or attract developers to continue to maintain and build out its layer two network.

Due Diligence

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