

PAYWARD LTD
CRYPTO ASSET RISK DISCLOSURE
FLock.io (FLOCK)

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Disclaimer

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

FLock is an open-source, permissionless protocol focused on privacy-preserving, decentralized AI training. Built on Base, an Ethereum-compatible (EVM) network, it uses federated learning which allows AI models to improve without requiring users to share their data. The protocol is structured around three core components including AI Arena which hosts task-based competitions, FL Alliance which facilitates on-chain federated training, and the AI Marketplace where trained models and agents can be accessed.

The native token FLOCK is used to stake into key network roles such as Trainers, Validators and Delegators and to earn rewards tied to specific tasks. It also functions as the unit of payment for fees and services within the ecosystem. While DAO-based governance is part of the roadmap, the team has disclosed that the governance framework is still being finalized.

Who is behind the project?

The project is led by CEO and Co-founder Jiahao Sun.

Tokenomics of FLOCK

The total supply of FLOCK is 1 billion tokens which is distributed as follows:

Allocation Category	FLOCK tokens	Total supply
Community	470 million	47.00%

Team & Advisors	170 million	17.00%
Ecosystem	197 million	19.70%
Investors	163 million	16.30%
Total	1 billion	100.00%

General Risks

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

Competition

FLOCK faces competition from other decentralized AI projects such as OCEAN and FET (Fetch.ai). FLOCK value derives from its broader adoption in the market. If the network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of FLOCK.

Due Diligence

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