

# PAYWARD LTD

## CRYPTO ASSET RISK DISCLOSURE

### Frontier Stable Token (FRNT)

Last updated on August 06, 2025

#### Disclaimer

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

FRNT is a U.S. dollar-pegged stablecoin issued by the Wyoming Stable Token Commission under the Wyoming Stable Token Act. A token is minted only when a user deposits one U.S. dollar with the Commission and can be redeemed 1 for 1 at any time. FRNT is intended for lawful retail, institutional, and cross-border payments.

All issuance proceeds are held in the Wyoming Stable Token Trust Account in cash, short-dated U.S. Treasury bills, or overnight Treasury repurchase agreements, ensuring reserves always equal or exceed the total tokens outstanding and enabling on-demand redemption.

#### Who is behind the project?

FRNT is operated by the Wyoming Stable Token Commission, the state agency created under the Wyoming Stable Token Act.

#### Tokenomics of FRNT

FRNT is a USD pegged stablecoin issued by the Wyoming Stable Token Commission. Its circulating supply matches the value of reserves cash, short dated U.S. Treasury bills, and overnight Treasury repos held in a segregated state trust account. The token does not support staking or governance features and exists solely to provide price stable digital dollars for retail, institutional, and cross border transactions. FRNT's supply is uncapped, expanding when new tokens are minted against dollar deposits and contracting when tokens are burned upon redemption, with all issuance and redemptions managed by the Commission.

#### General Risks

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

#### *Depegging Risk*

At any given point in time, the price of FRNT may not be aligned to the value of USD. This risk arises because the price of FRNT is determined by supply and demand in the secondary market, rather than the actual value of the US Dollar. If demand for FRNT exceeds the available supply, the price of FRNT may increase, leading to a higher price relative to the US Dollar. Conversely, if there is a surplus of FRNT tokens and insufficient demand, the price may decrease, causing FRNT to be worth less than the US Dollar.

#### *Risk of Asset Freezing*

Wyoming Stable Token Commission retains the ability to freeze FRNT associated with specific wallet addresses under certain conditions. This includes compliance with Office of Foreign Assets Control (OFAC) sanctions, suspected fraud, or legal orders. Affected users may be unable to transfer or redeem FRNT in such cases.

#### *Redemption Risk*

The value of FRNT is backed by a reserve of US Dollar and secure, low-risk assets held by its custodian. However, there is a risk that Wyoming Stable Token Commission may be unable to meet redemption demands in a timely manner at some point in the future. If the issuer is unable to meet redemption requests due to insufficient reserves, it could lead to a loss of confidence in the asset, negatively impacting its value.

### **Due Diligence**

Prior to listing on the Kraken platform, Kraken performed due diligence on FRNT and determined it was permitted to make FRNT available for trading to UK users. This process generally consists of reviewing publicly available information on the following:

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

Payward Ltd (trading as Kraken) is registered as a cryptoasset firm with the Financial Conduct Authority (FRN: 928768) registered office at 6th Floor, One London Wall, London, EC2Y 5EB. Cryptoasset services offered by Payward Ltd are unregulated and not covered by the Financial Services Compensation Scheme as well as the FCA's consumer protection regulations. Note the value of cryptoassets can go down as well as up, gains may be subject to Capital Gains Tax and there may be extra charges when paying via credit card from your provider.