PAYWARD LTD
CRYPTO ASSET RISK DISCLOSURE
BitcoinOS (BOS)

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Disclaimer

Please note that this risk disclosure is not exhaustive of all risks associated with trading RUJIRA. 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 BitcoinOS (BOS) and how does it work?

BitcoinOS (BOS) is a smart-contract operating system that extends Bitcoin's functionality by enabling decentralized applications (dApps), interoperable rollups, and DeFi features without changing Bitcoin's base layer. The project describes itself as a "Layer-2" system that turns Bitcoin into a "superchain" through modular, zero-knowledge rollups anchored to Bitcoin's security.

The BOS token is used primarily for staking SLAM nodes (which secure and coordinate the network), paying computation gas fees, and incentivizing node operators. However, users can interact with the network without needing to hold BOS, which highlights its role as a backend coordination mechanism rather than a required transactional currency.

Who is behind the project?

BitcoinOS was incubated by Sovryn, a decentralized finance platform built on Bitcoin. Key contributors are public facing.

The BitcoinOS team has also announced integrations and collaborations with chains like Cardano and Arbitrum to enhance cross-chain operability.

Tokenomics of BOS

BitcoinOS (BOS) has a total supply of 21 billion tokens, with emissions distributed over a 12-year period. The allocation is structured to support the long-term growth and sustainability of the BitcoinOS ecosystem, with varying vesting schedules to align incentives:

Category	Allocation	Description
Team	15%	Team and core contributor allocation
Sovryn Community	10%	Allocation to Sovryn DAO for incubation and development of the Charms token standard
Private Investors	21%	Allocation to strategic investors
Community Presale	5%	Allocation for community members to participate in a series of token presales
Ecosystem	32%	Token incentives for BitcoinOS market participants (stakers, nodes, provers, verifiers, custodians, miners, etc.)
Project Treasury	17%	Allocation for project Treasury to sustain development, marketing and operations

General Risks

Like all other digital assets, there are general risks associated with investing in BOS. These include smart contract risk, volatility risk, liquidity risk, demand risk, forking risk, code defects, cryptographic risk, regulatory uncertainty, concentration risk, electronic trading risks, and cybersecurity threats. For additional general information, please see Kraken's Risk Statement.

Risks Specific to BOS

Staking Risk

Staking BOS does not divorce the holder from the same market and technical risks of merely holding BOS. The yield earned through staking is denominated and earned in BOS. Over time, the total balance of BOS will increase for stakers but this does not guarantee its market value also increases in tandem. Lackluster market adoption and unforeseen technical problems can negatively impact a holder's return on staked BOS.

Due Diligence

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

Conclusion

BOS is a utility token that underpins BitcoinOS, a smart-contract rollup platform designed to extend the capabilities of Bitcoin. Its utility is focused on staking, gas fees, and coordination of Layer-2 components. While not marketed as an investment, the token's use in incentivizing infrastructure and protocol adoption places it under continued regulatory observation.