

PAYWARD LTD
CRYPTO ASSET RISK DISCLOSURE
Walrus (WAL)

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Disclaimer

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

Walrus is a decentralized storage network designed to store and deliver raw data and media files while maintaining performance and accessibility. It leverages advanced erasure coding techniques to maintain storage costs at approximately five times the size of the stored data, significantly more cost-effective than traditional full-replication methods. The protocol aims to ensure high availability and reliability, even in the presence of Byzantine faults. A Byzantine fault is a failure where nodes present different, potentially contradictory information such that it is difficult to determine if the node is erring unintentionally or behaving maliciously.

Walrus is built on the Sui blockchain. On the Walrus platform, storage space is represented as a resource on Sui, which can be owned, split, merged, and transferred. Stored data, referred to as "blobs," are also represented by objects on Sui, allowing smart contracts to verify their availability, manage their lifecycle, and ensure data integrity.

The native token of Walrus is WAL. WAL's utilities within Walrus are as a payment method for data storage on the protocol, a governance token, user incentivisation, and network security by way of staking. At the time of writing, WAL is not live yet.

Who is behind Walrus

Walrus is developed by California based Mysten Labs, the company behind the Sui blockchain infrastructure. Rebecca Simmonds serves as Walrus' Managing Executive. Evan Cheng, Sam Blackshear, Adeniyi Abiodun, Kostas Chalkias, George Danezis are co-founders of Mysten Labs, serving as Chief

Executive Officer, Chief Technology Officer, Chief Product Officer, Chief Cryptographer, and Chief Scientist, respectively.

Tokenomics of WAL

WAL has a total supply of 5 billion tokens. Withh an initial circulating supply of 1.25 billion. The token distribution is as follows:

Category	Percent	Details
Walrus User Drop	10%	4% Pre-mainnet, 6% Post-mainnet
Community Reserve	43%	690 million WAL available at launch with linear unlock until March 2033
Investors	7%	Unlocks 12 months from Mainnet launch
Core Contributors	30%	20% Early contributors: 4 year unlock with 1 year cliff; 10% to Mysten Labs: 50 million WAL available at launch with linear unlock until March 2030
Subsidies	10%	Unlocks linearly over 50 months
Total	100%	

General Risks

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

Competition

WAL faces competition from other decentralised storage protocols such as Filecoin, Arweave, and many others. WAL's value derives from the project's broader adoption in the market. If WAL fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of WAL.

Due Diligence

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