

PAYWARD LTD
CRYPTO ASSET RISK DISCLOSURE
Augur v2 (REPV2)

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Disclaimer

Please note that this risk disclosure is not exhaustive of all risks associated with trading REPV2. 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 Augur v2 and how does it work?

Augur v2 is a decentralized prediction-market protocol that runs on Ethereum and lets anyone create markets on real-world events ranging from elections to sporting results. The upgrade from the original Augur (launched in 2018) introduced lower gas costs, faster market settlement and the option to denominate shares in ETH-pegged stablecoins for deeper liquidity.

Users interact with Augur v2 through self-executing smart contracts. When someone creates a market, the contract defines the event, its possible outcomes and any creator fees. Traders then buy and sell outcome shares, the floating market price continuously reflects the probability of each outcome.

After the event concludes, a decentralized oracle layer determines the result. Holders of the native Reputation v2 (REP v2) token report the outcome. If the aggregate report aligns with reality, the contract resolves and pays winning shareholders out of the market's escrowed funds and accumulated fees. Augur v2 mitigates manipulation through an initial-liquidity requirement, a multi-round dispute system and a final-resort "fork" mechanism that allows honest participants to migrate to a new universe if consensus breaks down.

Who is behind the project?

Augur v2 was created by the Forecast Foundation, which is a non-profit organization that oversees the development of the Augur protocol. The Forecast Foundation was founded by Joey Krug and Jack Peterson in 2014.

Tokenomics of REPv2

The native token of the Augur v2 protocol is called REPv2, short for "Reputation Version 2." REPv2 is an ERC-20 token that is used for governance and reporting in the Augur prediction market platform.

There are a total of 11 million REPv2 tokens that will be minted. The initial distribution was done through a token sale in 2015, where 8.8 million REPv2 tokens were sold to investors. The remaining 2.2 million REPv2 tokens were allocated to the Augur team and have been released over a four-year period.

General Risks

Like all other digital assets, there are some general risks to investing in REPv2. 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 REPv2

Competition

The Augur v2 network faces competition from other decentralized prediction-market platforms such as Gnosis and Polymarket. If Augur v2 fails to achieve sufficient adoption relative to competing options, the value of REPv2 could be negatively affected.

Due Diligence

Prior to listing on the Kraken platform, Kraken performed due diligence on REPv2 and determined that Kraken was permitted to make REPv2 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 REPv2, including the source code, security and roadmap for growth in the developer community and, if available, the background of the developer(s) that created REPv2;
- The supply, demand, maturity, utility and liquidity of REPv2;
- Material technical risks associated with REPv2, including any code defects, security breaches and other threats concerning REPv2 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 REPv2, including (i) any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of REPv2, 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 REPv2 about whether REPv2, 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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