

PAYWARD CANADA INC.

CRYPTO ASSET RISK DISCLOSURE

Fartcoin (FARTCOIN)

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Disclaimer

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

Fartcoin is a meme-based cryptocurrency launched on the Solana blockchain in October 2024. It was inspired by discussions involving the AI language model, Truth Terminal, which identified "farts" as having a high potential for meme culture. Operating as a meme coin, Fartcoin doesn't offer inherent utility beyond its cultural and community-driven appeal. Its value is primarily influenced by social media trends, community engagement, and speculative trading. The token is predominantly traded on decentralised exchanges within the Solana ecosystem, such as Raydium, and has gained attention due to its association with AI and viral internet culture.

Who is behind Fartcoin?

Fartcoin was created by an anonymous developer who launched the token on the Solana-based platform Pump.fun. The developer has no known affiliation with Truth Terminal or its creator, Andy Ayrey. The original developer subsequently renounced ownership of the project and sold their token holdings, as the project underwent a full community takeover. The project's growth has since been community-driven, with no central team or organisation controlling its development or promotion.

Tokenomics of Fartcoin

Fartcoin has a total supply of 1 billion tokens, 999.9 million of which are currently circulating as per CoinGecko. At launch, 20 million tokens (2% of the total supply) were transferred to the Truth Terminal AI agent's cryptocurrency wallet by an anonymous user which remains the largest individual holding of the token. There is no pre-allocated pool of tokens or vesting, the project is fully community led.

General Risks

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

Competition

Fartcoin faces competition from other AI-centric memecoins such as Goatseus Maximus and ai16z. Fartcoin's value derives from the project's broader adoption in the market. If Fartcoin fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of Fartcoin.

Due Diligence

Prior to listing on the Kraken platform, Kraken performed due diligence on Fartcoin and determined that Fartcoin is unlikely to be a security or derivative under Canada 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 Fartcoin, including the source code, security and roadmap for growth in the developer community and, if available, the background of the developer(s) that created Fartcoin;
- The supply, demand, maturity, utility and liquidity of Fartcoin;
- Material technical risks associated with Fartcoin, including any code defects, security breaches and other threats concerning Fartcoin 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 Fartcoin, including (i) any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of Fartcoin, and (ii) consideration of statements made by any regulators or securities regulatory authorities in Canada, other regulators of the International Organization of Securities Commissions, or the regulator with the most significant connection to Fartcoin about whether Fartcoin, 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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