

PAYWARD CANADA INC.

CRYPTO ASSET STATEMENT

Act I: The AI Prophecy (ACT)

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Disclaimer

Payward Canada Inc. (Kraken) is registered under Canadian securities laws as a restricted dealer and is offering Crypto Contracts on crypto assets in reliance on a prospectus exemption contained in the exemptive relief decision [Re Payward Canada Inc.](#) dated 04/01/2025 (the Decision). The statutory rights in section 130.1 of the Securities Act (Ontario), and, if applicable, similar statutory rights under the securities legislation of each other province and territory in Canada, do not apply in respect of the Crypto Asset Statement to the extent a Crypto Contract is distributed under the prospectus relief in the Decision.

No securities regulatory authority has expressed an opinion about the Crypto Contracts or any Crypto Assets (as defined in the Risk Statement) made available on the Kraken platform, including an opinion that ACT is not itself a security and/or derivative. Changes to applicable law may adversely affect the use, transfer, exchange, or value of any of your crypto assets, and such changes may be sudden and without notice.

Please note that this Crypto Asset Statement may not be exhaustive of all risks associated with trading ACT. Please review the [Risk Statement](#) and [Fee Schedule](#) for additional discussion of general risks and transaction fees associated with the Crypto Contracts and Crypto Assets made available through the Canadian 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 Crypto Asset Statement is based on publicly available information provided by third parties.

What is Act I: The AI Prophecy and how does it work?

Act I: The AI Prophecy is a Solana-based, open-source protocol that seeks to create an ecosystem where multiple artificial-intelligence agents can interact with one another and with human users.

According to the project team, the native ACT token serves as a coordination and incentive mechanism for these interactions. Unlike mainstream chatbot initiatives that emphasise “helpfulness, harmlessness, and honesty”, Act I promotes open-ended, community-directed experimentation in AI research and meme culture.

The token itself is a memecoin with no intrinsic utility beyond signalling community membership and supporting grassroots AI initiatives.

Who is behind the Project?

Act I was originally co-founded by the pseudonymous developer “AmplifiedAmp,” who left the project after reportedly selling their entire token allocation. Following the departure, day-to-day stewardship shifted to a community of pseudonymous contributors, including users known online as AIHegemonyMemes and AndyAyrey.

The project currently describes itself as “community-driven,” with no single individual or entity exercising central control.

Tokenomics of ACT

ACT has a maximum supply of 1 billion tokens.

General Risks

Like all other digital assets, there are some general risks to investing in ACT. These include short history risk, volatility, and 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 Act I: The AI Prophecy

Competition

The Act I network faces competition from other memecoins such as Dogecoin, Dogwifhat, and Gigachad. ACT’s value derives from broader market adoption. If the project fails to achieve sufficient adoption relative to alternatives, the value of ACT could decline.

Due Diligence

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