

**PAYWARD LTD**  
CRYPTO ASSET RISK DISCLOSURE  
Basic Attention Token (BAT)

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Last updated on August 08, 2025

**Disclaimer**

*Please note that this risk disclosure is not exhaustive of all risks associated with trading BAT. 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 Basic Attention Token and how does it work?**

Basic Attention Token (BAT) underpins a privacy-preserving digital-advertising marketplace built around the Brave browser. Running primarily as an ERC-20 token on Ethereum and, since 2024, bridged natively to Solana for lower-cost transfers, BAT moves between advertisers, publishers and users according to measured “attention.” Users who opt in to Brave Rewards view privacy-respecting ads and receive BAT, they can in turn contribute BAT directly to publishers and creators. Advertisers purchase inventory in BAT, while Brave’s anonymous accounting assures them their messages reach a willing audience.

Brave blocks third-party trackers by default and claims page-load speeds three-to-six times faster than conventional browsers because ads appear only when users opt in. All transactions are recorded by the Brave Micropayments Ledger, which allows stakeholders to settle automatically via Ethereum smart contracts.

**Who is behind the project?**

Brendan Eich serves as Chief Executive Officer, Brian Bondy serves as Chief Technology Officer and Yan Zhu serves as Chief Information Security Officer. Brave Software has received venture backing from Pantera Capital, Digital Currency Group and Foundation Capital.

## Tokenomics of BAT

The Basic Attention Token has a maximum supply of 1.5 billion tokens.

At genesis, the token allocation was as follows:

Category	Allocation
2017 ICO	1 billion
Development Team	200 million
User growth pool	300 million
Total	1.5 billion

## General Risks

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

### Competition

Due to the nature of BAT and Brave's partnership, there are very few competitors in the space of digital advertising and blockchain at the size and scale of BAT and Brave. Other incentivized and decentralized advertising networks would be deemed competition for BAT.

### Developer Dependence

While there are many developers who contribute to the Basic Attention Token and its associated Brave network there are no guarantees that they will continue to contribute. BAT, Basic Attention Token's native asset, could be negatively affected by an inability to retain and/or attract developers to maintain and build out an interconnected network of blockchains. Additionally, if the Brave network is no longer developed the BAT price could be negatively affected.

### Novel Technical Risk

A decentralized rewards system for web browser users is a novel and complex technology stack. This stack could have bugs or code errors that lead to technical risks for users of the system. If the reward system does not pay out correctly or recognize consumed advertisements, the system could show novel risk.

## Reputational Risk

Given that the BAT token runs on top of the Brave browser for a rewards structure, if the underlying browser is affected in its providing of services, this could have a negative impact on the reputation of the Basic Attention Token. Additionally, if advertising firms do not meet the adoption side of the model, it will only be users in the network and therefore reduces the value of the system without advertising groups being involved.

## Due Diligence

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