PAYWARD LTD
CRYPTO ASSET RISK DISCLOSURE
Marinade Staked SOL(mSOL)

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Disclaimer

Please note that this risk disclosure is not exhaustive of all risks associated with trading mSOL. 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 Marinade Staked SOL and how does it work?
Marinade Finance is a non-custodial liquid-staking protocol built on Solana. When users stake SOL through the protocol, they receive Marinade Staked SOL (mSOL). Each mSOL token acts as a receipt that represents an equivalent amount of SOL deposited into Marinade's stake pool. The protocol's automated delegation strategy spreads the underlying SOL across a diverse set of validators, helping participants earn staking rewards while supporting decentralisation of the Solana network.

mSOL is a rewards-accruing token rather than an inflationary one. New tokens cannot be minted unless an equivalent quantity of SOL is contributed to the pool. As staking rewards are distributed to the pool with every Solana epoch (roughly two to three days), the redemption value of each mSOL gradually rises relative to SOL. Holders can deploy their mSOL across Solana's DeFi ecosystem, providing liquidity, supplying collateral or borrowing, while their stake continues to earn yield in the background.

Unstaking can be done in two ways. A standard withdrawal unlocks the underlying SOL after one to two epochs, while an instant-unstake option allows immediate exit for a small protocol fee. Because all SOL backing mSOL remains on-chain and in-protocol at all times, Marinade never takes custody of user funds.

Who is behind the Project?
Marinade was founded by Lucio Tato and Marco Broeken in 2021.

Tokenomics of mSOL
mSOL is not a fixed-supply or capped token in the sense of being pre-minted and distributed; rather, its supply increases as SOL is staked into Marinade's staking pool. As of the date above, the total supply of mSOL is determined by the total amount of SOL users have deposited (net of those already redeemed), and this supply changes over time with staking activity.

General Risks

Like all other digital assets, there are some general risks to investing in mSOL. 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 Marinade Staked SOL

Depegging Risk
At any given point in time, the price of mSOL may not accurately reflect the value of the underlying asset SOL. This risk arises because the price of mSOL is determined by supply and demand in the secondary market, rather than the actual value of SOL. If demand for mSOL exceeds the available supply, the price may increase, leading to a higher price relative to SOL. Conversely, if there is a surplus of mSOL tokens and insufficient demand, the price may decrease, causing mSOL to be worth less than SOL.

Network Outages
The Solana blockchain has halted on numerous occasions over its lifetime. Future network outages could negatively impact the value of mSOL in the market.

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