PAYWARD CANADA INC.
CRYPTO ASSET STATEMENT
COW

Cow Protocol (COW)

Last updated on August 11, 2025

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 Cow Protocol (COW) 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 Cow Protocol (COW). 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 Cow Protocol and how does it work?

Cow Protocol is a permissionless decentralised trading system built on Ethereum that maximises trade efficiency through batch auctions and an open "solver" competition. Traders sign an off-chain intent to swap assets; solvers bid to settle those intents at the best aggregate price and batch compatible orders to capture "Coincidence-of-Wants" (CoWs). Batching reduces gas costs, mitigates slippage and shields users from front-running or sandwich attacks. When CoWs are unavailable, solvers fall back to routing through on-chain DEX liquidity.

The native token COW underpins governance within CowDAO. Holders can propose and vote on protocol upgrades, treasury actions and fee parameters, and they benefit from fee rebates when trading on Cow Swap. COW's supply is fixed at 1 billion, with future inflation capped at 3 % per year—any change requires a CowDAO vote at least 365 days apart.

Cow Protocol connects to multiple blockchain nodes, extracts block data, transforms it into a standardized schema, and stores it in a verifiable format. Query nodes then respond to API calls, returning JSON payloads that can be embedded directly in applications. Validators stake COW as collateral; if they provide incorrect results they risk slashing, aligning incentives for accurate, censorship-resistant data delivery.

Who is behind the project?

Anna George serves as Chief Executive Officer, and Felix Leupold serves as Chief Technology Officer. Strategic direction and parameter changes are determined by CowDAO token-holders through on-chain and Snapshot governance.

Tokenomics of *Cow Protocol (COW)*:

The COW token follows a fixed-supply model capped at 1 billion tokens. Percentages refer to the total (max) supply as of August 11 2025.

Category	Percentage
CoW DAO Treasury	44.4 %
Team	15.0 %
GnosisDAO	10.0 %
CoWmunity Airdrop	10.0 %
CoWmunity Investment	10.0 %
Investment Round	10.0 %
CoW Advisory	0.6 %

General Risks

Like all other digital assets, there are some general risks to investing in COW. 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 Cow Protocol (COW)

Competition

The Cow Protocol network faces competition from Uniswap, 1inch, SushiSwap and many others. If Cow Protocol fails to achieve sufficient adoption compared with these alternatives, this could negatively impact the value of COW.

Regulatory Scrutiny

A regulatory crackdown on decentralised finance (DeFi) could have a negative impact on DeFi markets and the value of COW.

Due Diligence

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