

**PAYWARD CANADA INC.**  
CRYPTO ASSET STATEMENT  
WAL

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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 WAL 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 WAL. 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 WAL and how does it work?

Walrus is a decentralized storage network designed to store and deliver raw data and media files while maintaining performance and accessibility. It leverages advanced erasure coding techniques to maintain storage costs at approximately five times the size of the stored data, significantly more cost-effective than traditional full-replication methods. The protocol aims to ensure high availability and reliability, even in the presence of Byzantine faults. A Byzantine fault is a failure where nodes present different, potentially contradictory information such that it is difficult to determine if the node is erring unintentionally or behaving maliciously.

Walrus is built on the Sui blockchain. On the Walrus platform, storage space is represented as a resource on Sui, which can be owned, split, merged, and transferred. Stored data, referred to as "blobs," are also represented by objects on Sui, allowing smart contracts to verify their availability, manage their lifecycle, and ensure data integrity.

The native token of Walrus is WAL. Its utilities include serving as a payment method for data storage, rewarding active participants, and securing the network through staking. WAL is also planned to be used for governance, allowing participation in future protocol decisions.

### Who is behind the project?

Walrus is developed by California based Mysten Labs. Rebecca Simmonds serves as Walrus' Managing Executive. Evan Cheng, Sam Blackshear, Adeniyi Abiodun, Kostas Chalkias, George Danezis are co-founders of Mysten Labs, serving as Chief Executive Officer, Chief Technology Officer, Chief Product Officer, Chief Cryptographer, and Chief Scientist, respectively.

### Tokenomics of WAL

WAL has a total supply of 5 billion tokens. With an initial circulating supply of 1.25 billion. The token distribution is as follows:

Category	Percent	Details
Walrus User Drop	10%	4% Pre-mainnet, 6% Post-mainnet
Community Reserve	43%	690 million WAL available at launch with linear unlock until March 2033
Investors	7%	Unlocks 12 months from Mainnet launch
Core Contributors	30%	20% Early contributors: 4 year unlock with 1 year cliff; 10% to Mysten Labs: 50 million WAL available at launch with linear unlock until March 2030

Subsidies	10%	Unlocks linearly over 50 months
<b>Total</b>	<b>100%</b>	

**General Risks**

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

*Competition*

WAL faces competition from other decentralised storage protocols such as Filecoin, Arweave, and many others. WAL’s value derives from the project’s broader adoption in the market. If WAL fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of WAL.

**Due Diligence**

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