

PAYWARD CANADA INC.
CRYPTO ASSET STATEMENT
SPK

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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 SPK 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 SPK. 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 Spark (SPK) and how does it work?

Spark Protocol is a decentralised finance (DeFi) protocol designed to function as a liquidity and yield infrastructure layer for onchain finance. It offers three core products: SparkLend, a money market lending protocol; savings vaults for earning yield on digital assets; and a liquidity layer for direct capital deployment across DeFi, CeFi, and real-world assets. Spark operates by sourcing stablecoin liquidity and deploying that capital across these products, providing users with accessible and composable onchain financial services.

SPK is the native governance and staking token of the Spark protocol. Token holders may vote on governance proposals or delegate their voting power to elected representatives. SPK may also be staked to help secure the ecosystem, with stakers earning rewards.

Who is behind the project?

Spark Protocol was developed by Phoenix Labs, co-founded by Sam MacPherson, who serves as CEO.

Tokenomics of Spark

The total supply of SPK is 10 billion which is distributed as follows:

Allocation Type	% of Supply
Circulating at Launch (airdrop & initial farming)	17 %
Protocol Rewards (genesis farming over 10 years)	65 %
Team & Advisors	12 %
Long-Term Treasury	6 %
Total supply	100%

General Risks

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

Competition

The Spark protocol faces competition from other DeFi lending and liquidity protocols such as Aave, Compound, and others. Spark's value derives from its broader adoption in the market. If the Spark protocol fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of SPK.

Due Diligence

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