

PAYWARD CANADA INC.

CRYPTO ASSET STATEMENT

Swell Network (SWELL)

Last updated on August 19, 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 SWELL 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 SWELL. 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 Swell Network and how does it work?

Swell Network is a decentralized liquid staking and restaking protocol that operates on Ethereum. It allows users to stake assets such as ETH and receive liquid staking tokens (swETH) that can be used in decentralized finance while continuing to accrue staking rewards. Swell is also developing a Layer-2 rollup secured through a “Proof-of-Restake” model in collaboration with EigenLayer and AltLayer. This design enables restaked assets to secure the Layer-2 by supporting sequencing and validation services, while still being anchored to Ethereum’s security model. In this way, Swell combines liquid staking with network restaking to expand user participation in securing blockchain infrastructure.

The native token of the Swell Network is SWELL, which serves as the governance token for the Swell DAO. Holders can use SWELL to propose and vote on protocol decisions. SWELL can also be restaked to obtain rSWELL, which continues to carry governance rights and contributes to network security while enabling holders to earn rewards.

Who is behind the project?

The Swell Network was co-founded by Daniel Dizon and Lecky Lao. The entity behind the project is Swell Labs which is based in Sydney, Australia.

Tokenomics of SWELL

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

Allocation Type	Token Amount	Total Supply
Community	3.5 billion	35%
Team	2.5 billion	25%
Fundraising	2.5 billion	25%
Foundation	1.5 billion	15%
Total	10 billion	100%

General Risks

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

Competition

The Swell Network faces competition from other decentralized liquid staking protocols such as Lido, Rocket Pool, and Stader Labs and many others. SWELL’s value derives from its broader adoption in the market. If the Swell Network fails to achieve sufficient adoption compared to these alternative projects, this could negatively impact the value of SWELL.

Due Diligence

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