

PAYWARD CANADA INC.

CRYPTO ASSET STATEMENT

BarnBridge (BOND)

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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 BOND 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 BOND. 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 BarnBridge and how does it work?

BarnBridge is a decentralised-finance (DeFi) protocol that aggregates yields from multiple lending markets and redistributes them into tokenised tranches of risk. Its long-term goal is to attract traditional-finance participants by packaging DeFi returns into instruments that mirror familiar fixed-income products.

The protocol's first live application, SMART Yield, pools assets such as stablecoins and routes them to underlying markets (e.g., Aave or Compound). Each pool is split into Senior tranches, which earn a relatively low but fixed return, and Junior tranches, which take the remaining variable return, plus higher risk, in exchange for potentially greater upside. Deposits and withdrawals are handled entirely on-chain; some pools operate in weekly epochs that can impose brief lock-up periods.

Additional modules include SMART Alpha, which tranches price exposure, and SMART Exposure, which maintains pre-set portfolio weightings. The contracts are deployed on Ethereum mainnet and, from 2024, on roll-ups such as Arbitrum One and Optimism to reduce gas costs.

BOND, the ERC-20 native token, is staked in the BarnBridge DAO for voting power and a share of protocol fees.

Who is behind the Project?

Tyler Ward serves as BarnBridge's project lead, and Troy Murray serves as core-protocol engineer. Both co-founded the project in 2020 and continue to direct development through the BarnBridge DAO.

Tokenomics of BOND

The total supply of BOND tokens is set at 10 million. There is no minting capability built into the project's smart contracts, meaning this figure will never increase. Any tokens allocated to the BarnBridge team vested over the first 100 weeks of the project, which lapsed in October 2022.

At genesis, the token allocation was as follows:

Category	Allocation
Reserved for liquidity provider rewards on the Uniswap decentralized exchange	20%
Reserved as incentives for participation in BarnBridge's variable rate lending pools	17.5%
Community reserve	12.65%
Core team	12.5%
Yield farming activities	8%
Staked for governance towards the project DAO	6.1%
DAO treasury	6%
Multi-signature wallet and to be spent on early-stage business operating expenses ("runway")	4%
Second multi-signature wallet, this particular one to be spent at the community's discretion	3.15%
Advisory team	2%

Staked in Pool 3, one of BarnBridge's early lending pools	0.6%
Total	100%

General Risks

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

Liquidity risk

When users deposit assets into BarnBridge's lending pools, those assets are taken off platform in order to earn yield. A user's ability to withdraw their funds is dependent on sufficient liquidity existing in the digital asset lending market generally, and BarnBridge's pools specifically. Market volatility could lead to a liquidity crisis. This would primarily impact those who have lent assets to BarnBridge's pools, but could also harm confidence in BOND, negatively affecting its price.

Counterparty/Technical risk

Any project that exposes user funds to smart contracts carries some risk of exploitation, hack, or technical mishap leading to loss of funds, and BarnBridge is no exception. However this issue is compounded by the fact that BarnBridge lends users' assets to other DeFi platforms which also carry this same risk. It is not uncommon for security vulnerabilities to be overlooked in search of higher yields. Again, while this might not impact BOND holders directly it could undermine trust in the project, leading to price declines for the token.

Due Diligence

Prior to listing on the Kraken platform, Kraken performed due diligence on BOND and determined that BOND 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 BOND, including the source code, security and roadmap for growth in the developer community and, if available, the background of the developer(s) that created BOND;
- The supply, demand, maturity, utility and liquidity of BOND;

- Material technical risks associated with BOND, including any code defects, security breaches and other threats concerning BOND 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 BOND, including (i) any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of BOND, 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 BOND about whether BOND, or generally about whether the type of crypto asset, is a security and/or derivative.