

**Term Finance (TERM)
White paper**

In accordance with Title II of Regulation (EU) 2023/1114 (MiCA)

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01	Date of notification	2025-06-19
02	Statement in accordance with Article 6(3) of Regulation (EU) 2023/1114	This crypto-asset white paper has not been approved by any competent authority in any Member State of the European Union. The operator of the trading platform of the crypto-asset is solely responsible for the content of this crypto-asset white paper.
03	Compliance statement in accordance with Article 6(6) of Regulation (EU) 2023/1114	This crypto-asset white paper complies with Title II of Regulation (EU) 2023/1114 and, to the best of the knowledge of the management body, the information presented in the crypto-asset white paper is fair, clear and not misleading and the crypto-asset white paper makes no omission likely to affect its import.
04	Statement in accordance with Article 6(5), points (a), (b), (c) of Regulation (EU) 2023/1114	The crypto-asset referred to in this white paper may lose its value in part or in full, may not always be transferable and may not be liquid.
05	Statement in accordance with Article 6(5), point (d) of Regulation (EU) 2023/1114	false
06	Statement in accordance with Article 6(5), points (e) and (f) of Regulation (EU) 2023/1114	The crypto-asset referred to in this white paper is not covered by the investor compensation schemes under Directive 97/9/EC of the European Parliament and of the Council. The crypto-asset referred to in this white paper is not covered by the deposit guarantee schemes under Directive 2014/49/EU of the European Parliament and of the Council.

Summary

07	Warning in accordance with Article 6(7), second subparagraph of Regulation (EU) 2023/1114	Warning This summary should be read as an introduction to the crypto-asset white paper. The prospective holder should base any decision to purchase this crypto-asset on the content of the crypto-asset white paper as a whole and not on the summary alone. The admission to trading of this crypto-asset does not constitute an offer or solicitation to purchase financial instruments and any such offer or solicitation can be made only by means of a prospectus or other offer documents pursuant to the applicable national law. This crypto-asset white paper does not constitute a prospectus as referred to in Regulation (EU) 2017/1129 of the European Parliament and of the Council (36) or any other offer document pursuant to Union or national law.	
08	Characteristics of the crypto-asset	TERM is a fixed-supply ERC-20 token on Ethereum that is intended to give holders on-chain governance power over the Term Finance protocol once the Governor contract is deployed. Until that launch, no voting can be exercised and the token functions solely as a freely transferable digital asset. TERM carries no redemption, dividend, or profit rights, and imposes no obligations beyond normal Ethereum gas costs and self-custody of private keys.	
		Category	Allocation
		Foundation	10%
		Ecosystem	46,04%
		Founders	22,1%
		Early Contributors	2,5%
		Investors	19,36%
09	Information about the quality and quantity of goods or services to which the utility tokens give access and restrictions on the transferability	N/A	

10	Key information about the offer to the public or admission to trading	Kraken seeks admission to trading of the TERM token so as to be compliant with MiCA and in keeping with its mission to make available for trading to its clients a wide range of assets.
Part I – Information on risks		
I.1	Offer-Related Risks	<p>General Risk Factors Associated with Crypto-Asset Offerings The admission to trading of crypto-assets, including TERM, is subject to general risks inherent to the broader cryptocurrency market.</p> <p>Market Volatility The value of TERM may experience substantial fluctuations driven by investor sentiment, macroeconomic developments, and market conditions.</p> <p>Regulatory Risks Changes in legislation, applicable laws, compliance requirements or the implementation of new regulatory frameworks could affect the availability, trading, or use of such assets.</p> <p>Security Risks The risk of exploitation, hacking or security vulnerabilities of the underlying protocol and/or contracts of the token leading to a loss.</p> <p>Reputational Risks The potential for damage to an organization's credibility or public trust, which can negatively impact stakeholder confidence and overall business viability.</p>
I.2	Issuer-Related Risks	<p>Financial Stability Risk Term Labs (Terminal 0 Ltd.) is an early-stage, venture-financed company with no significant revenue; its runway depends on the ~\$8 million raised in 2023-24. If additional funding is not secured before cash reserves are depleted, hiring, audits and platform maintenance could slow or stop, impairing Term Finance's roadmap and the utility of TERM.</p> <p>Dependence on Key Personnel Execution relies on four co-founders, Dion Chu, Robert Chu, William Welch II and Dai Yu, who collectively direct product, engineering and business development. Departure, incapacity or internal conflict among them could delay upgrades, weaken community trust and negatively affect TERM's perceived value.</p>

I.3	Crypto-Assets-related Risks	<p>Market Volatility The crypto-asset market is subject to significant price volatility, which may affect the value of TERM. Prices can fluctuate rapidly and unpredictably due to various factors, including market sentiment, economic indicators, technological developments, regulatory news, and macroeconomic trends. This high level of volatility may lead to sudden gains or losses and can impact the liquidity and tradability of the crypto-asset.</p> <p>Liquidity Liquidity refers to the ability to buy or sell a crypto-asset without causing significant price impact. TERM may experience periods of low liquidity, meaning that it could be difficult to enter or exit positions at desired prices or volumes. Reduced liquidity may result from limited market participation, exchange restrictions, or broader market conditions. This can lead to increased price volatility, slippage, and difficulty in executing transactions.</p> <p>Cybersecurity & Technology Risks Risks arising from vulnerabilities in the blockchain technology used by the project or platforms. Example risks include smart contract exploits, compromise of platforms, forking scenarios, compromise of cryptographic algorithms.</p> <p>Adoption Risks The risk associated with the project not achieving its goals leading to lower than expected adoption and use within the ecosystem, the impact leading to a reduced utility and value proposition.</p> <p>Custody & Ownership Risk The risk related to the inadequate safekeeping and control of crypto-assets e.g. loss of private keys, custodian insolvency leading to a loss.</p>
I.4	Project Implementation-Related Risks	<p>Execution risk Key roadmap goals such as deploying on an existing Layer-2 chain, adding new collateral types like wstETH and real-world-asset tokens, and launching on-chain governance are still under development. Any delay or flawed release could erode user confidence, slow liquidity growth, and weaken demand for TERM.</p> <p>Oracle and price-feed dependency Term Finance liquidations and collateral health depend on Chainlink price feeds. A prolonged oracle outage, stale update or manipulation event could freeze auctions, trigger erroneous liquidations or leave under-collateralised loans un-liquidated, damaging lender confidence and the protocol's credibility.</p>

I.5	Technology-Related Risks	<p>Smart contract risks TERM uses smart contracts to facilitate automated transactions and processes. While these contracts enhance efficiency and decentralization, they also introduce specific technical risks. Vulnerabilities such as coding errors, design flaws, or security loopholes within the smart contract code may be exploited by malicious actors. Such exploits could result in the loss of assets, unauthorized access to sensitive information, or unintended and irreversible execution of transactions.</p> <p>Blockchain Network Risks TERM operates on a public blockchain infrastructure, which is maintained by a decentralized network of participants. The functionality and reliability of the crypto-asset are dependent on the performance and security of the underlying blockchain. Risks may include network congestion, high transaction fees, delayed processing times, or, in extreme cases, outages and disruptions. Additionally, vulnerabilities or failures in the consensus mechanism, attacks on the network (e.g., 51% attacks), or protocol-level bugs could impact the operation and availability of TERM.</p> <p>Risk of Cryptographic Vulnerabilities Technological advancements, such as quantum computing, could pose potential risks to cryptocurrencies.</p> <p>Privacy Transactions involving TERM are recorded on a public blockchain, where transaction data is transparent and permanently accessible. While public addresses do not directly reveal personal identities, transaction histories can be analyzed and, in some cases, linked to individuals through data aggregation or external information sources. This transparency may pose privacy concerns for users seeking confidentiality in their financial activity. Transaction data on public blockchains is not inherently private and could be subject to scrutiny by third parties, including regulators, analytics firms, or malicious actors.</p>
I.6	Mitigation measures	<p>Use of established standards All tokens rely on audited OpenZeppelin ERC-20 libraries; collateral valuations use Chainlink reference feeds. Avoiding bespoke cryptography or novel op-codes limits the attack surface.</p> <p>Audits Term Finance's core contracts have undergone four independent security reviews, Sigma Prime (three phases), Runtime Verification, Dedaub, and ChainLight, spanning 2023-24. All critical or high-severity findings were corrected before mainnet deployment, and final audit reports are publicly available.</p>

		Transparency Most of the codebase is open-source on GitHub, and all transactions are visible on Ethereum, enabling community review.
Part A - Information about the offeror or the person seeking admission to trading		
A.1	Name	N/A
A.2	Legal form	N/A
A.3	Registered address	N/A
A.4	Head office	N/A
A.5	Registration Date	N/A
A.6	Legal entity identifier	N/A
A.7	Another identifier required pursuant to applicable national law	N/A
A.8	Contact telephone number	N/A
A.9	E-mail address	N/A
A.10	Response Time (Days)	N/A

A.11	Parent Company	N/A
A.12	Members of the Management body	N/A
A.13	Business Activity	N/A
A.14	Parent Company Business Activity	N/A
A.15	Newly Established	N/A
A.16	Financial condition for the past three years	N/A
A.17	Financial condition since registration	N/A
Part B - Information about the issuer, if different from the offeror or person seeking admission to trading		
B.1	Issuer different from offeror or person seeking admission to trading	true
B.2	Name	Terminal 0 Ltd.
B.3	Legal form	Company limited by shares

B.4	Registered address	C/O SHRM Trustees (BVI) Limited, Trinity Chambers, Tortola, Road Town, VG1110, British Virgin Islands
B.5	Head office	Not available
B.6	Registration Date	2023-04-13
B.7	Legal entity identifier	254900Q507MAI9G91K71
B.8	Another identifier required pursuant to applicable national law	BVI registration number 2121959
B.9	Parent Company	N/A
B.10	Members of the Management body	Not available
B.11	Business Activity	Not available
B.12	Parent Company Business Activity	N/A
Part C- Information about the operator of the trading platform in cases where it draws up the crypto-asset white paper and information about other persons drawing the crypto-asset white paper pursuant to Article 6(1), second subparagraph, of Regulation (EU) 2023/1114		
C.1	Name	Payward Global Solutions LTD
C.2	Legal form	N/A

C.3	Registered address	N/A																		
C.4	Head office	N/A																		
C.5	Registration Date	2023-07-11																		
C.6	Legal entity identifier of the operator of the trading platform	9845003D98SCC2851458																		
C.7	Another identifier required pursuant to applicable national law	N/A																		
C.8	Parent Company	N/A																		
C.9	Reason for Crypto-Asset White Paper Preparation	Kraken seeks admission to trading of the TERM token so as to be compliant with MiCA and in keeping with its mission to make available for trading to its clients a wide range of assets.																		
C.10	Members of the Management body	<table> <tr> <th>Full Name</th><th>Business Address</th><th>Function</th></tr> <tr> <td>Shannon Kurtas</td><td>70 Sir John Rogerson's Quay, Dublin 2, Ireland</td><td>Board Member</td></tr> <tr> <td>Andrew Mulvenny</td><td>70 Sir John Rogerson's Quay, Dublin 2, Ireland</td><td>Board Member</td></tr> <tr> <td>Shane O'Brien</td><td>70 Sir John Rogerson's Quay, Dublin 2, Ireland</td><td>Board Member</td></tr> <tr> <td>Laura Walsh</td><td>70 Sir John Rogerson's Quay, Dublin 2, Ireland</td><td>Board Member</td></tr> <tr> <td>Michael Walsh</td><td>70 Sir John Rogerson's Quay, Dublin 2, Ireland</td><td>Board Member</td></tr> </table>	Full Name	Business Address	Function	Shannon Kurtas	70 Sir John Rogerson's Quay, Dublin 2, Ireland	Board Member	Andrew Mulvenny	70 Sir John Rogerson's Quay, Dublin 2, Ireland	Board Member	Shane O'Brien	70 Sir John Rogerson's Quay, Dublin 2, Ireland	Board Member	Laura Walsh	70 Sir John Rogerson's Quay, Dublin 2, Ireland	Board Member	Michael Walsh	70 Sir John Rogerson's Quay, Dublin 2, Ireland	Board Member
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Laura Walsh	70 Sir John Rogerson's Quay, Dublin 2, Ireland	Board Member																		
Michael Walsh	70 Sir John Rogerson's Quay, Dublin 2, Ireland	Board Member																		

C.11	Operator Business Activity	PGSL is the operator of a Trading Platform for Crypto Assets, in accordance with Article 3(1)(18) of Regulation (EU) 2023/1114 (MiCA).
C.12	Parent Company Business Activity	<p>Payward, Inc., a Delaware, USA corporation, is the parent company of a worldwide group of subsidiaries (the following paragraphs use the term "Payward" or "Payward Group" to refer to the group) collectively doing business as "Kraken." Payward's primary business is the operation of an online virtual asset platform that enables clients to buy and sell virtual assets on a spot basis, including the transfer of crypto-assets to and from external wallets.</p> <p>Payward, through its various affiliates, offers a number of other services and products, including:</p> <ul style="list-style-type: none"> * A trading platform for futures contracts on virtual assets ("Kraken Derivatives"); * A platform for buying and selling NFTs; * An over-the-counter ("OTC") desk; * Extensions of margin to support spot trading of virtual assets; * A benchmark administrator; and * Staking services.
C.13	Other persons drawing up the crypto-asset white paper according to Article 6(1), second subparagraph, of Regulation (EU) 2023/1114	N/A
C.14	Reason for drawing the white paper by persons referred to in Article 6(1), second subparagraph, of Regulation (EU) 2023/1114	N/A
Part D- Information about the crypto-asset project		

D.1	Crypto-asset project name	Term Finance
D.2	Crypto-assets name	Term Finance (TERM)
D.3	Abbreviation	TERM
D.4	Crypto-asset project description	Term Finance is a non-custodial lending protocol that mirrors tri-party repo markets on Ethereum. Once a week borrowers post over-collateralised assets (e.g., WETH) and bid their maximum fixed rate, while lenders offer their minimum; a sealed-bid auction clears at a single market rate, disbursing USDC loans to borrowers and ERC-20 Term Repo Tokens (principal + interest claims) to lenders. Collateral values are tracked by Chainlink feeds and positions are liquidated automatically when maintenance thresholds are breached. The contracts are open-source and have passed multiple third-party audits; a community treasury exists, and control is scheduled to migrate to TERM-token governance after a forthcoming Governor contract is deployed.
D.5	Details of all natural or legal persons involved in the implementation of the crypto-asset project	<p>Issuer / Developer</p> <p>The project is developed and issued by Terminal 0 Ltd., a British Virgin Islands Business Company with its registered office in Road Town, Tortola, VG1110 (BVI), operating commercially as “Term Labs”.</p> <p>The core development team is led by four co-founders:</p> <p>Dion Chu: Chief Executive Officer</p> <p>Robert Chu: Chief Technology Officer</p> <p>Billy Welch: Head of Business Development</p> <p>Dai Yu: Chief Financial Officer</p>
D.6	Utility Token Classification	false
D.7	Key Features of Goods/Services for Utility Token Projects	N/A

D.8	Plans for the token	<p>Past milestones</p> <ul style="list-style-type: none"> • 22 Jun 2023: Mainnet launch of Term Finance v1 on Ethereum: first over-collateralised, fixed-rate auction settled on-chain. • 09 Sep 2023: Public testnet “Auction Week”: open beta with >2 000 wallets; liquidation stress-test completed without oracle failures. • 26 Mar 2025 – TERM exchange listing: TERM admitted to trading on major exchanges; circulating supply became freely transferable. <p>Future milestones</p> <p>Please refer to the project team website for any further information regarding future milestones.</p>
D.9	Resource Allocation	<p>Financial resources</p> <p>Term Labs raised approximately USD 8 million across its 2023 seed and 2024 strategic rounds (backers included Sequoia-HashKey Crypto Fund, Variant Fund and Framework Ventures).</p> <p>Token allocation at genesis</p> <p>56,04 % community incentives (46,04 % ecosystem rewards + 10 % foundation treasury). All allocations are subject to vesting schedules.</p>
D.10	Planned Use of Collected Funds or Crypto-Assets	<p>The initial seed and strategic proceeds finance core engineering, recurring security audits, Layer-2 migration work and legal/compliance services.</p> <p>No official plan is available for token allocation after genesis.</p>
<p>Part E - Information about the offer to the public of crypto-assets or their admission to trading</p>		
E.1	Public Offering or Admission to trading	ATTR
E.2	Reasons for Public Offer or Admission to trading	Making secondary trading available to the consumers on the Kraken Trading platform in compliance with the MiCA regulatory framework
E.3	Fundraising Target	N/A
E.4	Minimum Subscription Goals	N/A

E.5	Maximum Subscription Goal	N/A
E.6	Oversubscription Acceptance	N/A
E.7	Oversubscription Allocation	N/A
E.8	Issue Price	N/A
E.9	Official currency or other crypto-assets determining the issue price	N/A
E.10	Subscription fee	N/A
E.11	Offer Price Determination Method	N/A
E.12	Total Number of Offered/Traded crypto-assets	100 000 000 maximum supply
E.13	Targeted Holders	ALL
E.14	Holder restrictions	N/A
E.15	Reimbursement Notice	N/A

E.16	Refund Mechanism	N/A
E.17	Refund Timeline	N/A
E.18	Offer Phases	N/A
E.19	Early Purchase Discount	N/A
E.20	Time-limited offer	N/A
E.21	Subscription period beginning	N/A
E.22	Subscription period end	N/A
E.23	Safeguarding Arrangements for Offered Funds/crypto-assets	N/A
E.24	Payment Methods for crypto-asset Purchase	N/A
E.25	Value Transfer Methods for Reimbursement	N/A
E.26	Right of Withdrawal	N/A

E.27	Transfer of Purchased crypto-assets	N/A
E.28	Transfer Time Schedule	N/A
E.29	Purchaser's Technical Requirements	N/A
E.30	Crypto-asset service provider (CASP) name	N/A
E.31	CASP identifier	N/A
E.32	Placement form	NTAV
E.33	Trading Platforms name	N/A
E.34	Trading Platforms Market Identifier Code (MIC)	N/A
E.35	Trading Platforms Access	N/A
E.36	Involved costs	N/A
E.37	Offer Expenses	N/A

E.38	Conflicts of Interest	All listings decisions made by Payward Global Solution Ltd are made independently by staff of the entity in line with internal policies. PGSL publishes a conflicts of interest disclosure on its website advising of potential conflicts that may arise.
E.39	Applicable law	Any dispute relating to this white paper shall be governed by and construed and enforced in accordance with the laws of Ireland without regard to conflict of law rules or principles (whether of Ireland or any other jurisdiction) that would cause the application of the laws of any other jurisdiction, irrespective of whether TERM tokens qualify as right or property under the applicable law.
E.40	Competent court	Any disputes or claims arising out of this white paper will be subject to the exclusive jurisdiction of the Irish courts.
Part F - Information about the crypto-assets		
F.1	Crypto-Asset Type	TERM is classified as a crypto-asset other than an asset referenced token or e-money token under MiCA, (EU) 2023/1114.
F.2	Crypto-Asset Functionality	TERM is a fungible ERC-20 token freely transferable on Ethereum. Holders can use it as a standard asset in wallets, DEXs and custody solutions. Beyond transferability, no on-chain utility is live today: there is no voting, staking, redemption, dividend or fee-share mechanism active in the deployed contracts.
F.3	Planned Application of Functionalities	The project plans to introduce staking-based on-chain governance so TERM holders can lock or delegate tokens to vote on protocol upgrades, treasury spending and parameter changes. Bridged versions of TERM are expected to carry the same voting weight on future Layer-2 deployments.
A description of the characteristics of the crypto-asset, including the data necessary for classification of the crypto-asset white paper in the register referred to in Article 109 of Regulation (EU) 2023/1114, as specified in accordance with paragraph 8 of that Article		
F.4	Type of white paper	OTHR
F.5	The type of submission	NEWT
F.6	Crypto-Asset Characteristics	TERM is a fixed-supply ERC-20 token that gives holders forthcoming governance voting power within the Term Finance ecosystem and can be transferred freely.

F.7	Commercial name or trading name	Terminal 0 Ltd.
F.8	Website of the issuer	https://app.term.finance/
F.9	Starting date of offer to the public or admission to trading	2025-03-26
F.10	Publication date	2025-07-17
F.11	Any other services provided by the issuer	N/A
F.12	Identifier of operator of the trading platform	PGSL
F.13	Language or languages of the white paper	English
F.14	Digital Token Identifier	Not available
F.15	Functionally Fungible Group Digital Token Identifier	N/A
F.16	Voluntary data flag	Mandatory

F.17	Personal data flag	true
F.18	LEI eligibility	N/A
F.19	Home Member State	Ireland
F.20	Host Member States	Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Iceland, Liechtenstein, Norway
Part G - Information on the rights and obligations attached to the crypto-assets		
G.1	Purchaser Rights and Obligations	<p>Rights</p> <p>Holding TERM currently grants the purchaser only the right to store, transfer and trade the token freely. Once the planned on-chain governance module is deployed, staked TERM will give holders governance voting power over on protocol upgrades, treasury spending and parameter changes; no redemption, dividend or fee-share rights exist, and TERM does not entitle holders to any share of protocol revenue.</p> <p>Transferability and trading</p> <p>TERM can be transferred on-chain between Ethereum addresses or traded on any exchange or DEX that lists it. All eventual governance rights move automatically with the token; the sender loses them and the recipient acquires them at settlement.</p> <p>Obligations</p> <p>There are no mandatory obligations imposed on TERM purchasers beyond the general terms of use of the platform.</p>
G.2	Exercise of Rights and obligations	<p>TERM's only active right is free transferability. Holders exercise it by signing an ERC-20 transfer transaction from their Ethereum wallet and paying the required gas; once the block is confirmed, the recipient address immediately gains possession of the tokens and all associated rights. No other on-chain actions are live, so there are presently no additional procedures or conditions to exercise.</p>

G.3	Conditions for modifications of rights and obligations	The rights and obligations attached to TERM as described in this white paper reflect information available at the time of issuance. This white paper is issued by Kraken and does not constitute a commitment or guarantee by Term Finance or any other party regarding future modifications. No promises, warranties, or assurances are made herein regarding future token functionality, and this section is provided solely for informational purposes.
G.4	Future Public Offers	The team has not announced any future public offers of TERM
G.5	Issuer Retained Crypto-Assets	Founders 22 100 000 TERM (22,1% of maximum supply)
G.6	Utility Token Classification	false
G.7	Key Features of Goods/Services of Utility Tokens	false
G.8	Utility Tokens Redemption	N/A
G.9	Non-Trading request	This white paper reflects a request to admit the token to trading.
G.10	Crypto-Assets purchase or sale modalities	N/A
G.11	Crypto-Assets Transfer Restrictions	Kraken may, in accordance with applicable laws and internal policies and terms, impose restrictions on buyers and sellers of these tokens.
G.12	Supply Adjustment Protocols	false

G.13	Supply Adjustment Mechanisms	N/A
G.14	Token Value Protection Schemes	false
G.15	Token Value Protection Schemes Description	N/A
G.16	Compensation Schemes	false
G.17	Compensation Schemes Description	N/A
G.18	Applicable law	Any dispute relating to this white paper shall be governed by and construed and enforced in accordance with the laws of Ireland without regard to conflict of law rules or principles (whether of Ireland or any other jurisdiction) that would cause the application of the laws of any other jurisdiction, irrespective of whether TERM tokens qualify as right or property under the applicable law.
G.19	Competent court	Any disputes or claims arising out of this white paper will be subject to the exclusive jurisdiction of the Irish courts.
Part H – information on the underlying technology		
H.1	Distributed ledger technology	<p>TERM is implemented on Ethereum.</p> <p>Ethereum is a public, open-access blockchain that reaches consensus through Proof-of-Stake (PoS).</p> <p>This technology ensures that TERM transactions can be recorded, validated, and secured in a decentralized manner.</p>
H.2	Protocols and technical standards	The TERM token is based on the Ethereum protocol, which utilizes decentralized Distributed-Ledger Technology. This protocol provides the foundation for secure transactions and smart contracts. ERC20 Token Standard: The ERC20 standard is a technical protocol for issuing and

		managing tokens, ensuring that the TERM token is compatible with most wallets, exchanges, and decentralized applications (DApps).
H.3	Technology Used	The TERM token uses the existing ERC-20 fungible token standard on Ethereum
H.4	Consensus Mechanism	Ethereum uses a Proof-of-Stake (PoS) consensus mechanism, where validators are selected based on ETH stake to propose and attest to new blocks. Transactions on Ethereum typically take 12 seconds, with strong decentralization and security guarantees.
H.5	Incentive Mechanisms and Applicable Fees	TERM relies on the existing incentive mechanisms and fee structures of the Ethereum blockchain.
H.6	Use of Distributed Ledger Technology	False
H.7	DLT Functionality Description	N/A
H.8	Audit	true
H.9	Audit outcome	<p>Apr 2023 Core Protocol v3.0 (Sigma Prime)</p> <p>10 Critical-severity issues (solved)</p> <p>5 High-severity issues (solved)</p> <p>5 Low-severity issues (4 solved, 1 acknowledge)</p> <p>7 Informational issues (3 solved, 4 acknowledge)</p> <p>May 2023 Core Contracts v2.0 (Sigma Prime)</p> <p>1 Critical-severity issue (solved)</p> <p>2 High-severity issues (1 open, 1 acknowledge)</p> <p>1 Medium-severity issue (1 acknowledge)</p> <p>1 Informational issue (1 acknowledge)</p>

		<p>Nov 2023 Contract Changes v2.1 (Sigma Prime)</p> <p>1 Medium-severity issue (solved)</p> <p>2 Low-severity issues (1 acknowledge, 1 solved)</p> <p>1 Informational issue (solved)</p> <p>Oct 2024 Listing-Queue Contract (ChainLight)</p> <p>2 High-severity issues (1 Solved, 1 mitigated)</p> <p>1 Medium-severity issue (mitigated)</p> <p>1 Low-severity issue (acknowledged)</p> <p>1 Informational issue (solved)</p> <p>Jun 2023 Code Addendum (Dedaub)</p> <p>2 Informational issues (acknowledged)</p> <p>Runtime Verification's 2023 algorithm review did not publish numeric severity counts; therefore no line is included here.</p>
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Part J - Information on the suitability indicators in relation to adverse impact on the climate and other environment-related adverse impacts

S.1	Name	Payward Global Solutions Limited
S.2	Relevant legal entity identifier	9845003D98SCC2851458
S.3	Name of the crypto-asset	term_finance
S.4	Consensus Mechanism	<p>The crypto-asset's Proof-of-Stake (PoS) consensus mechanism, introduced with The Merge in 2022, replaces mining with validator staking. Validators must stake at least 32 ETH every block a validator is randomly chosen to propose the next block. Once proposed the other validators verify the block's integrity.</p> <p>The network operates on a slot and epoch system, where a new block is proposed every 12 seconds, and finalization occurs after two epochs (~12.8 minutes) using Casper-FFG. The Beacon Chain coordinates validators, while the fork-choice rule (LMD-GHOST) ensures the chain follows the heaviest accumulated validator votes. Validators earn rewards for proposing and verifying blocks, but face slashing for malicious behavior or inactivity. PoS aims to improve energy efficiency, security, and scalability, with future upgrades like Proto-Danksharding enhancing transaction efficiency.</p>
S.5	Incentive Mechanisms and Applicable Fees	The crypto-asset's PoS system secures transactions through validator incentives and economic penalties. Validators stake at least 32 ETH and earn rewards for proposing blocks, attesting to valid ones, and participating in sync committees. Rewards are paid in newly issued ETH and transaction fees.

		<p>Under EIP-1559, transaction fees consist of a base fee, which is burned to reduce supply, and an optional priority fee (tip) paid to validators. Validators face slashing if they act maliciously and incur penalties for inactivity.</p> <p>This system aims to increase security by aligning incentives while making the crypto-asset's fee structure more predictable and deflationary during high network activity.</p>
S.6	Beginning of the period to which the disclosure relates	2024-05-28
S.7	End of the period to which the disclosure relates	2025-05-28
S.8	Energy consumption	43.19826 kWh/a
S.9	Energy consumption sources and methodologies	<p>The energy consumption of this asset is aggregated across multiple components:</p> <p>To determine the energy consumption of a token, the energy consumption of the network(s) ethereum is calculated first. For the energy consumption of the token, a fraction of the energy consumption of the network is attributed to the token, which is determined based on the activity of the crypto-asset within the network. When calculating the energy consumption, the Functionally Fungible Group Digital Token Identifier (FFG DTI) is used - if available - to determine all implementations of the asset in scope. The mappings are updated regularly, based on data of the Digital Token Identifier Foundation. The information regarding the hardware used and the number of participants in the network is based on assumptions that are verified with best effort using empirical data. In general, participants are assumed to be largely economically rational. As a precautionary principle, we make assumptions on the conservative side when in doubt, i.e. making higher estimates for the adverse impacts.</p>