

PAYWARD CANADA INC.

CRYPTO ASSET STATEMENT

Augur (REP)

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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 REP 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 REP. 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 Augur and how does it work?

Augur is open-source software that maintains a decentralized prediction-market protocol on Ethereum. Users create markets on real-world events, trade shares that reflect possible outcomes and settle those positions without relying on a central counterparty. The platform's upgrade to Augur v2 (July 2020) introduced the REPv2 token, DAI-denominated markets, faster 24-hour dispute windows and a more intuitive interface. In 2021 the project launched Augur Turbo on the Polygon (Layer 2) network, enabling lower-cost, high-frequency markets such as daily sports and crypto wagers.

Every market passes through four sequential phases. First, a creator deploys a market contract and sets a resolution source and creator fee. Second, traders buy and sell outcome shares, prices move continuously according to supply and demand. Third, once the event ends, reporters stake REP to disclose the real-world result. Reporters whose submission matches the majority retain their stake and earn a portion of settlement fees, while dissenting reporters forfeit the REP they posted. Finally, traders close positions and receive payouts according to the reported outcome.

The incentive structure relies on the REP token (now issued exclusively as REPv2) to align market integrity with economic self-interest, accurate reporting is rewarded, dishonest reporting is penalised, and the system remains self-governing without a trusted administrator.

Who is behind the Project?

Augur is developed by the Forecast Foundation, which was founded in 2014 by developer Jack Peterson and computer scientist Joey Krug, among others.

In 2015, Augur became one of the first cryptocurrency projects to raise funding in an Initial Coin Offering (ICO), in which the Forecast Foundation sold 8.8 million REP tokens, raising \$5.5 million.

Tokenomics of REP

As of August 2025, the token's max supply is 8,058,121 REP and at genesis, the token allocation was as follows:

Category	Allocation
Public sale, 2015	80%
Founding team, advisors & Forecast Foundation	20%
Total	100%

General Risks

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

Competition

The Augur network faces competition from other prediction-market protocols. Augur's value derives from its broader adoption in the market. If the Augur network fails to achieve sufficient adoption compared with alternative platforms, this could negatively impact the value of REP.

Developer dependence

While many developers contribute to Augur, there are no guarantees they will continue to do so. REP, Augur's native asset, could be negatively affected by an inability to retain and/or attract developers to maintain and improve the protocol in line with user needs.

Due Diligence

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