

PAYWARD CANADA INC.

CRYPTO ASSET STATEMENT

RAILS

Last updated on January 19, 2026

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 RAILS 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 RAILS. 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 Rails and how does it work?

Rails is a cryptocurrency perpetual trading platform that aims to combine the performance of centralized exchanges (CEXs) with the custody principles of decentralized finance (DeFi). It is designed to allow self-custody of user assets while using a centralized matching engine for high-speed trade execution.

Users interact with Rails by depositing assets into audited smart contracts. These assets are then accessible to the centralized engine for trading, while custody remains on-chain. This model aims to deliver CEX-like execution speeds (sub-millisecond) with DeFi-level transparency, as trades and balances are verifiable on-chain. Rails supports interaction through web interfaces and APIs, catering to both retail and professional traders.

The native digital asset of the platform is RAILS. According to the project documentation, RAILS serves several purposes within the Rails ecosystem:

- Platform rewards: Distributed to users who engage with the platform.
- Governance and participation: May be used in future protocol decisions.
- Trading incentives: Fee discounts and other benefits may be available for holding or using RAILS.
- Buy-and-burn mechanism: 10% of trading profits from the Pro platform are allocated to buying and burning RAILS tokens until 50% of the total supply is removed from circulation.

Who is behind Rails?

Rails was co-founded by Satraj Bambra (CEO) and Megha Bambra (CTO). Other key team members include Richard Marini (COO) and Brent Vegliacich (CFO & General Counsel).

Tokenomics of RAILS

Rails has a total supply of 65 million tokens. They are allocated as follows:

Category	Tokens	Amount
Shareholders (Investors & Team)	23,075,986	35.50%
Liquidity Provisionin	17,245,000	26.53%
Institutional Partnerships	12,000,000	18.46%
Early User Rewards	6,500,000	10.00%
Foundation	6,179,014	9.51%
Total	65,000,000	100.00%

General Risks

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

Competition

Rails faces competition from other DeFi projects such as dYdX, Hyperliquid, and many others. RAILS's value derives from the project's broader adoption in the market. If Rails fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of RAILS.

Due Diligence

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