

PAYWARD CANADA INC.

CRYPTO ASSET STATEMENT

Rarible (RARI)

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Last updated on September 01, 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 RARI 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 RARI. 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 Rarible and how does it work?

Rarible is a platform where digital artists and other creators issue and trade non-fungible tokens (NFTs) that represent ownership of digital items such as artwork, memes and virtual land. It functions both as an NFT marketplace and as a set of smart contracts originally deployed on Ethereum that enable peer-to-peer transfers without intermediaries. Users mint NFTs by submitting metadata through the Rarible interface, which then creates new ERC-721 or ERC-1155 tokens on-chain. Each NFT's code records its entire ownership and transaction history. Buyers and sellers pay network transaction fees when trades settle, and creators can embed royalty percentages (for example, 10 %) that are automatically paid on every subsequent sale.

Since 2023 the Rarible Protocol has expanded to multiple chains, including Polygon, Tezos and an L3 called RARI Chain built on Arbitrum. RARI Chain enforces creator royalties at the node level and offers lower gas costs, while the protocol continues to supply open-source tooling so developers can build white-label marketplaces and other NFT applications.

Central to the ecosystem is the RARI governance token. Holders propose and vote on protocol upgrades, marketplace parameters and treasury spending. Tokens may be locked to obtain veRARI, amplifying voting power and earning protocol rewards, but RARI is not a proof-of-stake consensus asset.

Who is behind the Project?

Rarible is a company founded by Alex Salnikov and Alexei Falin and based in Moscow. Salnikov has worked in cryptocurrency since 2013, while Falin previously co-founded a marketplace for digital stickers that can be used on chat platforms. In 2020, Rarible raised its first round of funding from the New York-based venture capital firm CoinFund.

Tokenomics of RARI

RARI has a total supply of 25 million tokens and the current circulating supply is approximately 18 million RARI.

The initial token distribution was as follows:

Category	Allocation
Platform incentives	60%
Company, investors and Rarible Founding team	30%
Airdrop	10%
Total	100%

General Risks

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

Competition

The Rarible platform faces competition from the many other NFT marketplace platforms such as Origin Protocol, Openseas, and Joepegs. RARI's value derives from Rarible's broader adoption in the market. If the Rarible network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of RARI.

Developer Dependence

Although there are many developers working on the Rarible platform, there are no guarantees that they will continue to contribute. RARI could be negatively affected by an inability to retain and/or attract developers to continue to maintain and build out its marketplace platform as well as attract users to use the applications of Rarible.

Due Diligence

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