PAYWARD CANADA INC.
CRYPTO ASSET STATEMENT
Maple Finance

Last updated on May 14, 2024

Disclaimer

Please note that this Crypto Asset Statement is not exhaustive of all risks associated with trading MPL. Investors should perform their own assessment to determine the appropriate level of risk for their personal circumstances. Be sure to do your own research and due diligence while taking into account your own financial situation and risk tolerance. Please review the Risk Statement for additional discussion of general risks 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 that may be inaccurate, incomplete, or change at any time.

What is Maple Finance?

Maple operates as an institutional capital marketplace on the blockchain, facilitating credit professionals in managing lending businesses and distributing capital to institutional borrowers. Its primary aim is to cater to both institutional and individual accredited investors by offering lending opportunities that align with their liquidity, risk, and return preferences.

Who is behind the project?

Sid Powell, CEO & Co-Founder, and Joe Flanagan, Co-Founder, established Maple Labs Pty Ltd in 2018. The Maple protocol became operational on the Ethereum mainnet on May 12, 2021. Following the protocol launch, Maple distributed 5% of the MPL token through the Balancer Liquidity Bootstrapping Pool, raising over $10M USDC in proceeds. Orthogonal trading became the first pool delegate managing Maple's $15M USDC pool a week later. In June 2021, Maple launched the Maven 11 capital pool.

How does it work?

Liquidity Providers (LPs) deposit funds into a Liquidity Pool to support loans and earn yield, receiving an LP token representing their share of the pool.

Pool Delegates manage each pool, conducting due diligence and agreeing on terms with Borrowers via smart contracts. They must stake a specified reserve amount decided by the protocol Governor to cover defaults, aligning their incentives with Liquidity Providers.

Borrowers request capital by creating a Loan with collateral, inputting loan terms. Upon agreement with a Pool Delegate, Borrowers can withdraw funds for a fixed term, rate, and collateralization level.

Tokenomics of MPL

The Maple Finance protocol is governed by MPL, which enables token holders to participate in governance, share in fee revenues, and stake insurance to Liquidity Pools.

Ecosystem Grants: Provide seed funding to a new Delegate business, or see an initial capital allocation deposited into a pool to help a Delegate and their novel strategy to move from 0-1.

Pool Delegate alignment: Require that Delegates allocate a portion of their fees to buying and staking MPL and to actively participate in Maple DAO Governance.

Borrower fee rebates: Borrowers that hold and stake MPL become eligible for rebates which reduce the cost of capital.

The initial distribution of MPL was as follows:

Category	**Distribution**
Seed Investors	26%
Team & Advisors	25%
Liquidity Mining	30%
Treasury	14%
Public Auction (via Balancer Pool)	5%

General Risks

Like all other digital assets, there are some general risks to investing in MPL. These include short history risk, volatility risk, 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 Maple Finance

Competition

Maple Finance faces competition from other capital and credit marketplaces like Ondo. MPL's value derives from its broader adoption in the market. If Maple Finance fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of MPL.

Developer Dependence

Although there are many developers working on Maple Finance, there are no guarantees that they will continue to contribute. Maple Finance could be negatively affected by an inability to retain and/or attract developers to continue to continue supporting its product.

Due Diligence

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

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 MPL 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.