

PAYWARD CANADA INC.

CRYPTO ASSET STATEMENT

Convex Finance (CVX)

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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 CVX 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 CVX. 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 Convex Finance and how does it work?

Convex Finance is a decentralised-finance (DeFi) protocol built on Ethereum that aggregates the liquidity provided to Curve Finance, an automated-market-maker specialising in low-slippage stable-asset trading and, more recently, Frax Finance. By depositing Curve or Frax liquidity-provider (LP) tokens into Convex, participants receive trading fees and “boosted” CRV or FXS rewards without having to lock their own CRV or FXS for long periods.

Behind the scenes, Convex funnels the CRV and FXS it harvests into the vote-escrow contracts (veCRV and veFxs). The resulting vote-escrowed positions are tokenised as cvxCRV and cvxFxs, then streamed back to users, maximising capital efficiency while preserving each depositor's control over their underlying LP tokens. Because Curve's gauge-weight mechanism determines how much freshly-minted CRV each pool earns, Convex's large veCRV balance allows the protocol and, by extension, its users, to influence those weights, a dynamic often referred to as the “Curve Wars.”

The native token, CVX, is minted pro-rata to CRV claimed on the platform until a hard cap of 100 million tokens is reached. Holders may stake CVX to receive a share of all platform fees (distributed as cvxCRV and cvxFXS) or vote-lock CVX for 16 weeks to participate in gauge-weight governance and earn additional rewards. Vote-locked CVX is automatically staked, layering governance incentives on top of fee revenue.

Who is behind the Project?

Convex Finance continues to be developed by a largely anonymous core team. A three-of-five on-chain multisig controls critical upgrade and treasury actions; its current signatories are: C2tP serves as multisig signatory representing Convex Finance, Winthorpe serves as multisig signatory representing Convex Finance, Benny serves as multisig signatory representing Llama Airforce, Tommy serves as multisig signatory representing Votium, and Sam serves as multisig signatory representing Frax Finance.

Tokenomics of CVX

The CVX cryptocurrency derives value from the role it plays mainly in Curve Finance.

CVX has a capped total supply of 100 million tokens and, at genesis, the token allocation was as follows:

Category	Allocation
Distributed as Curve LP rewards	50%
Liquidity mining	25%
Treasury	9.7%
Investors	3.3%
Convex team	10%
veCRV Voters	1.0%
veCRV Holders	1.0%
Total	100%

General Risks

Like all other digital assets, there are some general risks to investing in CVX. 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 Convex Finance

Adoption by Users

CVX's value derives from protocols building on Convex Finance. If Convex Finance fails to attract sufficient adoption, this could negatively impact the value of CVX.

Developer dependence

While there are many developers who contribute to Convex Finance, there are no guarantees that they will continue to contribute. CVX, Convex Finance's native asset, could be negatively affected by an inability to retain and/or attract developers to keep up with market needs and improve its decentralised-exchange tooling when necessary.

Due Diligence

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