

PAYWARD CANADA INC.
CRYPTO ASSET STATEMENT
INJ

Injective Protocol (INJ)

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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 Injective Protocol (INJ) 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 Injective Protocol (INJ). 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 Injective and how does it work?

Injective is a layer-1, proof-of-stake blockchain built with the Cosmos SDK and optimised for on-chain finance. Instead of the automated-market-maker model common to many decentralized exchanges (DEXs), Injective natively supports a fully decentralised order-book exchange that aims to deliver the speed and UX of traditional trading venues while retaining on-chain transparency.

The core chain includes modules for spot and derivatives trading, an on-chain insurance fund, an auction mechanism that weekly burns 60 % of collected fees, and Peggy bridges that bring ERC-20 assets into the Cosmos ecosystem. Upgrades since 2023 introduced:

- **Ionic Bridge (2024)** – unifies one-click bridging across Ethereum, Solana and Cosmos with near-zero fees, improving interoperability for users and dApps
- **inEVM roll-up (2024)** – an Ethereum-aligned roll-up that lets Solidity developers deploy on Injective while retaining composability with WASM smart-contracts, expanding developer reach

and network throughput

Validators secure the network by staking INJ and receive block rewards that start at ~7 % inflation but are partially offset by the weekly fee-burn auction, giving INJ net-inflation or deflation depending on on-chain activity. For more information on INJ staking and fees, please visit our [crypto staking](#) and [overview of on-chain staking](#) pages.

Who is behind the project?

Injective was founded by Eric Chen and Albert Chin. Chen earned a degree in Finance from New York University's Stern School before working as a Venture Partner at Innovating Capital, an early Injective Protocol investor.

Chin previously worked as a Software Development Engineer at Amazon after earning a masters degree in Computer Science from Stanford University.

Injective has raised tens of millions of dollars in capital from notable investors including Pantera Capital and Mark Cuban.

Tokenomics of INJ

INJ serves as the backbone of the Injective ecosystem, with utility spanning governance, network security, and economic incentives. It is central to:

- **Governance:** INJ holders can participate in on-chain proposals and voting.
- **Network Security:** Through Tendermint-based Proof-of-Stake, token holders stake INJ to validate and secure the network.
- **Fee-Burn Auctions:** INJ is used as the bidding currency in weekly auctions, where fees collected from dApps are redistributed and the winning bids are permanently burned.

The genesis supply of 100 million INJ was minted on 21 Oct 2020, with only \approx 15 million (15%) unlocked at launch. The remaining supply vested on a fixed schedule and completed unlocking in Jan 2024.

New INJ is minted as block rewards under a moving-inflation model whose upper bound began at 10% but is being lowered each quarter to reach 7% by mid-2026 (INJ 3.0). All INJ paid by the highest bidder in every weekly auction is permanently burned, while 60% of dApp fees are routed into the auction's prize pool.

The initial allocation of Injective's (INJ) token supply was distributed across various categories to support long-term ecosystem growth and stakeholder alignment:

Allocation Category	Percentage of Initial INJ Supply
Ecosystem Development	36.33%
Injective Team	20.00%
Private (Early) Token Sale	16.67%

Community Growth	10.00%
Binance Launchpad (Public Sale)	9.00%
Seed Funding Round	6.00%
Advisors	2.00%

As of August 2025, the circulating supply of INJ is approximately 98 million tokens.

General Risks

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

Some blockchains on which staked Crypto Assets are maintained may prescribe bonding and/or unbonding periods, which are waiting periods after a token holder has transmitted an instruction to stake or un-stake a token prior to the beginning or ending of the staking process. During this waiting period, no Staking Rewards are earned and a holder cannot access their staked Crypto Assets (e.g. for a sale or transfer).

Risks specific to INJ

Competition

Injective faces competition from other decentralized derivative and exchange platforms such as Synthetix, Uniswap, 0x and many others. Failure to capture sufficient adoption compared to other options in the market could negatively impact the value of INJ.

Developer Dependence

Although there are many developers working on the Injective ecosystem, there are no guarantees that they will continue to contribute. INJ could be negatively affected by an inability to retain and/or attract developers to continue to build out its platform.

Regulatory Scrutiny

A regulatory crackdown on DeFi could regulate decentralised exchanges similar to their centralised counterparts effectively curtailing the growth of DeFi. This could have a negative impact on the value of INJ.

Staking Risk

Staking INJ does not divorce the holder from the same market and technical risks of merely holding INJ. The yield earned through staking is denominated and earned in INJ. Over time, the total balance of INJ will increase for stakers but this does not guarantee its market value also increases in tandem. Lackluster

market adoption and unforeseen technical problems can negatively impact a holder's return on staked INJ. For more information on staking risks associated with smart contracts and digital assets, see [Kraken's Risk Statement](#).

Due Diligence

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

In addition to performing due diligence on INJ and prior to making INJ available to clients for staking on the Kraken platform, Kraken performed a review of the following:

- the operation of the Proof of Stake blockchain for INJ;
- the staking protocols for INJ ;
- the risk of loss of staked INJ, including from software bugs and hacks of the protocol;
- due diligence with respect to the staking infrastructure operated by Kraken's affiliate, Staked Cayman Ltd., including but not limited to, information about:
 - the persons or entities that manage and direct the operations of the affiliate,
 - the affiliate's reputation and use by others,
 - the approximate amount of crypto assets the affiliate has staked on its own nodes,
 - the measures in place by the affiliate to operate the nodes securely and reliably,
 - the quality of the affiliate's work (i.e., the amount of downtime of the staking infrastructure, any past history of "double signing" and "double attestation/voting", etc.),
 - any losses of Crypto Assets related to the affiliate's actions or inactions, including losses resulting from slashing, jailing or other penalties incurred by the affiliate,
 - any guarantees offered by the affiliate against slashing or other penalties and any insurance obtained by the affiliate that may cover this risk, and
 - the financial status of the affiliate.