

# PAYWARD LTD

## CRYPTO ASSET RISK DISCLOSURE

### Marinade Staked SOL(mSOL)

#### Marinade Staked SOL(mSOL)

Last updated on 21 September, 2023

#### Disclaimer

***Please note that this risk disclosure is not exhaustive of all risks associated with trading mSOL. 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 Summary](#) for additional discussion of general risks associated with the assets made available in the 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 risk disclosure is based on publicly available information that may be inaccurate, incomplete, or change at any time.***

#### What is Marinade Finance?

Marinade.Finance is a non-custodial liquid staking protocol built on Solana. By utilizing automated staking strategies, you can stake your SOL tokens with Marinade and earn "marinated SOL" tokens (mSOL), which can be utilized in Solana's decentralized finance ecosystem (DeFi).

#### Who is behind the project?

Marinade was founded by Lucio Tato, a technology entrepreneur and developer.

#### How does it work?

When you stake SOL on the Marinade protocol, you will receive mSOL, which is a liquid staking token. These mSOL tokens represent your staked SOL tokens within Marinade's stake pool and serve as a receipt. You can use mSOL in DeFi while its value accrues compared to the price of your SOL, and you can exchange them later on for your staked SOL and earned rewards. Staking rewards are earned based on the SOL staked in Marinade.

The total staked amount increases in the protocol because new mSOL cannot be created without exchanging SOL for them. For every new mSOL minted, an equivalent amount of SOL must be staked at the current mSOL price, contributing to the total staked amount. Consequently, as long as staking rewards are distributed for the SOL staked in the protocol, the price of mSOL rises relative to SOL with each epoch.

You have the option to withdraw your SOL at any time by unstaking and waiting for the unlock period (1-2 epochs), or you may choose to pay a small fee to withdraw immediately.

## **Tokenomics of mSOL**

mSOL tokens have various uses in the growing ecosystem of Marinade Finance. These tokens can be used to access decentralized finance (DeFi) protocols while earning staking rewards and supporting the network.

Within DeFi, mSOL is relevant in borrowing and lending activity, as it can be used as collateral or borrowed on several platforms. Another option is liquidity provision, where many liquidity pools in DeFi use mSOL. These liquidity pools can be divided into two categories.

The first category is mSOL/SOL pools, which allow you to use mSOL in DeFi while avoiding impermanent loss. The second category is mSOL/XXX pools, which are subject to impermanent loss but allow liquidity provision on several pairs. It's also possible to stake mSOL to earn MNDE, Marinade's governance token.

## **General Risks**

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

### **Depegging Risk**

At any given point in time, the price of mSOL may not accurately reflect the value of the underlying staked SOL tokens. This risk arises because the price of mSOL is determined by supply and demand in the secondary market, rather than the actual value of the staked SOL. If demand for mSOL exceeds the available supply, the price of mSOL may increase, leading to a higher price relative to staked SOL. Conversely, if there is a surplus of mSOL tokens due to for example a bug, the price may decrease, causing mSOL to be worth less than the staked SOL. This can result in a loss of value of mSOL.

### **Network Outages**

The Solana blockchain has halted on numerous occasions over its lifetime. Future network outages could negatively impact the value of mSOL in the market.

## **Due Diligence**

Prior to listing on the Kraken platform, Kraken performed due diligence on mSOL and determined that Kraken was permitted to make mSOL available for trading to UK users, in compliance with UK law. This process generally consists of reviewing publicly available information on the following:

- The creation, governance, usage and design of mSOL, including the source code, security and roadmap for growth in the developer community and, if available, the background of the developer(s) that created mSOL;
- The supply, demand, maturity, utility and liquidity of mSOL;

- Material technical risks associated with mSOL, including any code defects, security breaches and other threats concerning mSOL 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 mSOL, including (i) any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of mSOL, and (ii) consideration of statements made by any regulators or securities regulatory authorities in the UK, other regulators of the International Organization of Securities Commissions, or the regulator with the most significant connection to mSOL about whether mSOL, or generally about whether the type of crypto asset, is a security and/or derivative.

**Don't invest unless you're prepared to lose all the money you invest. This is a high-risk investment and you should not expect to be protected if something goes wrong. [Take 2 mins to learn more.](#)**

Payward Ltd (trading as Kraken) is registered as a cryptoasset firm with the Financial Conduct Authority (FRN: 928768) registered office at 6th Floor, One London Wall, London, EC2Y 5EB. Cryptoasset services offered by Payward Ltd are unregulated and not covered by the Financial Services Compensation Scheme as well as the FCA's consumer protection regulations. Note the value of cryptoassets can go down as well as up, gains may be subject to Capital Gains Tax and there may be extra charges when paying via credit card from your provider.