

PAYWARD CANADA INC.

CRYPTO ASSET STATEMENT

BABY

Babylon (BABY)

Last updated on August 08, 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 Babylon (BABY) 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 Babylon (BABY). 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 Babylon and how does it work?

Babylon is a decentralized protocol that enables non-custodial Bitcoin staking. It allows BTC holders to stake directly from the Bitcoin chain and help secure external Proof-of-Stake (PoS) blockchains, known as Bitcoin Secured Networks (BSNs). The protocol uses a combination of Bitcoin timestamping, staking vaults, and a shared security client to link Bitcoin with PoS chains, allowing users to earn rewards without bridging or wrapping BTC.

The BABY token is Babylon's native utility token. It is used to pay transaction fees, participate in governance, and stake. BABY staking helps secure the network and allows stakers to earn rewards.

Who is behind the project?

Babylon is developed by the Babylon Foundation. David Tse serves as Co-Founder and Chief Scientist, and Fisher Yu serves as Co-Founder and Chief Technology Officer.

Tokenomics of *Babylon (BABY)*:

The initial supply of BABY is 10 billion tokens. BABY is an inflationary token with an annual inflation rate of 8%, split evenly between BABY stakers (4%) and Bitcoin stakers (4%). This rate is subject to change through governance voting. The initial supply is distributed as follows:

Category	Percentage
Community Incentives	15 %
Ecosystem Building	18 %
Research & Development + Operations	18 %
Early Private Investors	30.5 %
Team	15 %
Advisors	3.5 %

General Risks

Like all other digital assets, there are some general risks to investing in BABY. 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 Babylon (BABY)

Competition

The Babylon network faces competition from other crypto-assets such as Chainlink, EigenLayer, and many others. Babylon's value derives from its broader adoption in the market. If the Babylon network fails to achieve sufficient adoption compared with other options, this could negatively impact the value of BABY.

Regulatory Scrutiny

A regulatory crackdown on decentralised finance (DeFi) could have a negative impact on DeFi generally and the value of BABY.

Due Diligence

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