

# PAYWARD CANADA INC.

## CRYPTO ASSET STATEMENT

### Derive (DRV)

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Last updated on August 11, 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 DRV 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 DRV. 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 Derive and how does it work?

Derive is a decentralised exchange and derivatives network tailored to professional and institutional traders. Formerly known as Lyra Finance, the protocol now runs on Derive L2, an OP-Stack roll-up that settles to Ethereum. Its infrastructure supports on-chain options, perpetual futures and soon spot trading, with features such as cross-portfolio risk management, multi-asset collateral, capital-efficient spreads and variable-rate lending.

The exchange's generalized risk-engine allows users to deposit multiple ERC-20 tokens (e.g., ETH, wBTC or USDC) as collateral. Positions are subject to partial liquidations that reduce exposure incrementally rather than liquidating the entire position at once, a design intended to minimise loss severity.

DRV is the native utility token. Holders can stake DRV to mint non-transferable stDRV, delegate voting power and earn protocol rewards. Staked DRV governs fee parameters, treasury spending and future upgrades, while 25% of protocol revenue is earmarked for DRV buy-backs. A 28-day un-staking period, or instant exit with a 20% haircut, helps align long-term incentives and protect governance from short-horizon attacks.

### **Who is behind the Project?**

Lyra Foundation is the entity behind the Derive protocol and DRV token. The co-founders are Jake Fitzgerald, Michael Spain, and Nick Forster who founded the company in 2021. The project is largely decentralised and has many individual core contributors and is governed by the Derive DAO.

### **Tokenomics of DRV**

DRV's total supply is 1,000,000,000 DRV with a circulating supply of around 818,851,221 DRV as per CoinGecko, August 2025.

### **General Risks**

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

#### *Competition*

Derive faces competition from other decentralised advanced trading protocols such as Siren (SI) and dYdX (DYDX). DRV's value derives from its broader adoption in the market. If DRV fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of DRV.

#### **Due Diligence**

Prior to listing on the Kraken platform, Kraken performed due diligence on DRV and determined that DRV 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 DRV, including the source code, security and roadmap for growth in the developer community and, if available, the background of the developer(s) that created DRV;
- The supply, demand, maturity, utility and liquidity of DRV;

- Material technical risks associated with DRV, including any code defects, security breaches and other threats concerning DRV 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 DRV, including (i) any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of DRV, 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 DRV about whether DRV, or generally about whether the type of crypto asset, is a security and/or derivative.