

PAYWARD CANADA INC.

CRYPTO ASSET STATEMENT

QI

BENQI (QI)

Last updated on 08 August, 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 QI 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 QI. 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 BENQI (QI) and how does it work?

BENQI is a decentralized finance (DeFi) protocol on the Avalanche blockchain that facilitates liquid staking, lending, and borrowing of cryptocurrencies. Through BENQI Liquid Staking, users can stake AVAX to receive a tokenized version called sAVAX, which accrues staking rewards while remaining usable for other DeFi activities. BENQI Markets is a platform where users can earn interest by depositing assets or borrow funds by providing over-collateralized assets. Interest rates are adjusted dynamically based on market conditions.

The QI token is the governance token for the BENQI protocol. Users can stake QI to receive veQI, which provides voting rights on protocol proposals and adjustments

Who is behind the project?

BENQI was co-founded by JD Gagnon, Hannu Kuusi, Dan Mgbor, and Alexander Szul, who also serves as Chief Investment Officer. Development is carried out in collaboration with the engineering firm Rome Blockchain Labs.

Tokenomics of BENQI

The maximum supply of QI is fixed at 7.2 billion tokens. Percentages refer to the total supply as of **August 8, 2025**.

Category	Percentage
Liquidity Mining Program	45 %
Token Sale	25 %
Treasury	15 %
Team	10 %
Exchange Liquidity	5 %

General Risks

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

Competition

The BENQI network faces competition from other decentralized-lending protocols such as Aave, Compound, and many others. BENQI's value derives from its broader adoption in the market. If the BENQI network fails to achieve sufficient adoption compared to other options in the market, this could negatively impact the value of QI.

Regulatory Scrutiny

A regulatory crackdown on decentralized finance (DeFi) could have a negative impact on DeFi activity in general and the value of QI.

Due Diligence

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