

PAYWARD CANADA INC.

CRYPTO ASSET STATEMENT

OSMO

Osmosis (OSMO)

Last updated on August 20, 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 OSMO 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 OSMO. 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 Osmosis and how does it work??

Osmosis is a specialised blockchain—built with the same open-source tools that power the Cosmos network—designed mainly to run a decentralised exchange (DEX). Think of it as a borderless trading venue where people can swap coins from more than one hundred connected blockchains without using a traditional bridge. Behind the scenes, Osmosis bundles trades into liquidity pools (similar to automated market-maker “liquidity buckets”) and, over time, has added newer features such as tighter-priced “concentrated-liquidity” pools. In July 2025, Osmosis governance passed Proposal #956 to remove Superfluid Staking and deprecate the superfluid module, simplifying future upgrades.

The OSMO token is the utility token that keeps the network running. Holders can stake OSMO with validators to help secure the chain and earn newly issued tokens. They also use OSMO to pay transaction fees and to vote on governance proposals that set trading fees, upgrade the software or spend community funds. Finally, part of the trading fees collected on the exchange is shared with stakers while another part is permanently removed (“burned”), so active use of the exchange can support the token’s value over time.

Who is behind the Project?

Osmosis Labs leads development of the protocol. The project was co-founded by Sunny Aggarwal, Josh Lee and Dev Ojha. Development is open-source, with active contributions from independent teams across the Cosmos ecosystem.

Tokenomics of OSMO

OSMO has a capped maximum supply of 1 billion. At genesis, 100 million OSMO were issued and distributed as follows:

Category	Percentage (%)
Fairdrop	50%
Strategic Reserve	50%
Total	100%

As of August 2025, the circulating supply of OSMO is approximately 740.9 million.

General Risks

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

Competition

The Osmosis network faces competition from other Cosmos-based decentralised exchanges such as Astroport and Crescent. OSMO's value derives from its broader adoption in the market. If the Osmosis network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of OSMO.

Due Diligence

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

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