

# PAYWARD CANADA INC.

## CRYPTO ASSET STATEMENT

Cartesi (CTSI)

Last updated on September 30, 2026

### 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 CTSI 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 CTSI. 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 Cartesi and how does it work?

Cartesi is a blockchain-agnostic layer-2 and modular execution environment that lets developers build application-specific optimistic rollups (“Cartesi Rollups”) on Ethereum and other networks while coding in mainstream languages such as Python, Rust or C. At its core is the Cartesi Machine, a Linux-based virtual machine that executes complex dApp (decentralized application) logic off-chain and then anchors verifiable results on-chain to preserve decentralization and security.

Rollups built with Cartesi combine on-chain state commitments with off-chain computation, giving projects freedom to customize data-availability, settlement and consensus layers. Since Cartesi’s HoneyPot dApp reached mainnet in 2024, multiple production rollups have demonstrated throughput gains without compromising Ethereum-level security. Originally, short-term data was stored on Noether, a CTSI-secured sidechain. In practice, the ecosystem has shifted to external data-availability services (for example through a 2024 integration with Avail), while Noether continues to act as the staking gateway for node operators. The native token CTSI powers Cartesi’s proof-of-stake system. Node operators stake CTSI to participate in block-producer selection, are rewarded for acting honestly and pay network fees denominated in CTSI. Holders can delegate their stake and via on-chain governance, help steer protocol upgrades and treasury spending.

**Who is behind the project?**

Cartesi was founded in 2018 by Augusto Teixeira, Erick de Moura, Diego Nehab and Colin Steil. It was originally conceived as a trustless artificial intelligence marketplace, but it evolved into a layer 2 project aimed at solving blockchain scalability and infrastructure limitations.

**Tokenomics of Cartesi**

CTSI supply is capped at 1 billion tokens and the circulating supply is approximately 962.98 million CTSI according to CoinMarketCap.

**General Risks**

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

The Cartesi network faces competition from other layer-2 and modular execution platforms such as Arbitrum, OP Mainnet and zkSync. Cartesi's value derives from broader market adoption; if the Cartesi network fails to achieve sufficient adoption relative to competing options, the value of CTSI could be negatively affected.

*Developer Dependence*

While many developers contribute to Cartesi, there is no guarantee they will continue to do so. CTSI, Cartesi's native asset, could be negatively affected by an inability to retain and/or attract developers to keep up with market needs and improve its decentralized-application tooling when necessary.

**Due Diligence**

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