

# PAYWARD CANADA INC.

## CRYPTO ASSET STATEMENT

### BNB

#### **BNB (BNB)**

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 BNB (BNB) 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 BNB (BNB). 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 BNB (BNB) and how does it work?**

BNB is the native cryptocurrency of the BNB Chain ecosystem. Launched in July 2017 as an ERC-20 token on Ethereum, it migrated in 2019 to Binance's own dual-chain architecture of BNB Beacon Chain (governance and staking) and BNB Smart Chain (EVM-compatible smart-contract execution). The network uses a Proof-of-Staked-Authority (PoSA) consensus model in which 21 active validators, elected by the amount of BNB staked, take turns producing blocks and validating transactions. Validators and their delegators earn a share of transaction fees as staking rewards.

BNB functions as the gas token on the BNB Chain, provides discounts on trading fees within the Binance ecosystem, grants access to token sales on Binance Launchpad and Launchpool, and is locked in numerous DeFi protocols for liquidity, collateral, and yield. The token follows a deflationary model: every

block permanently burns a portion of gas fees, and a quarterly “auto-burn” algorithm removes additional tokens until the total supply is reduced to 100 million.

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

BNB was created by the cryptocurrency exchange Binance. Richard Teng serves as Chief Executive Officer of Binance, while He Yi serves as Chief Marketing Officer. Development of the BNB Chain software stack is coordinated by the BNB Chain Core Development Team together with an open-source community of independent contributors.

### **Tokenomics of BNB (BNB):**

BNB employs a deflationary supply model in which quarterly auto-burns will continue until the circulating supply reaches 100 million. Percentages refer to the initial 200 million maximum supply as of August 8 2025.

Category	Percentage
Founding Team	40 %
Angel Investors	10 %
Public Sale	50 %

### **General Risks**

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

#### *Competition*

BNB faces competition from other Layer 1 blockchain projects such as Ethereum, Solana, and Polygon. BNB’s value derives from the project’s broader adoption in the market. If BNB fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of BNB.

#### *Risk of Asset Freezing*

Binance reserves the right to ‘block’ certain BNB addresses. Additionally, if BNB is deemed illegal in certain jurisdictions, the associated BNB tokens could be frozen resulting in the owner of the wallet not being able to transfer BNB.

### *Developer Dependence*

While there are many developers who contribute to BNB Chain, there are no guarantees that they will continue to contribute. BNB, BNB Chain'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-exchange tooling when necessary.

### **Due Diligence**

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