

# PAYWARD CANADA INC.

## CRYPTO ASSET STATEMENT

### Balancer (BAL)

Last updated on March 24, 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 BAL 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 BAL. 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 Balancer and how does it work?

Balancer is a decentralised exchange protocol built on Ethereum that functions as an automated market maker (AMM) for trading ERC-20 tokens. It allows users to create and manage customisable liquidity pools containing multiple tokens with adjustable weightings, earning trading fees from swaps routed through those pools. The protocol is deployed across multiple networks including Ethereum, Arbitrum, Optimism, Polygon, and Base.

BAL is the governance token of the Balancer protocol. Holders use BAL to vote on protocol governance proposals.

#### Who is behind the project?

Balancer was founded by Fernando Martinelli, Mike McDonald, and Nikolai Mushegian.

#### Tokenomics of BAL

BAL has a maximum total supply of 100,000,000 tokens enforced at the smart contract level. Of the total allocation, up to 65 million was designated for liquidity providers, 22.5 million for founders, options, advisors, and investors (fully vested), 5 million for the Treasury, 5 million for the Balancer Labs Fundraising Fund, and 2.5 million for the Contributors Incentives Programme. All BAL emissions have been permanently halted, and approximately 22.7 million BAL (~35% of circulating supply) is set to be burned through a buyback program at net asset value.

### **General Risks**

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

#### *Competition*

The Balancer network faces competition from other decentralised exchanges and AMM protocols such as Uniswap, Curve, and SushiSwap. Balancer's value derives from its broader adoption in the market. If the Balancer network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of BAL.

### **Due Diligence**

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