

PAYWARD CANADA INC.

CRYPTO ASSET STATEMENT SLAY

SatLayer (SLAY)

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What is SLAY and how does it work?

SatLayer is a shared security and restaking platform that builds on Bitcoin to provide decentralised infrastructure for applications known as Bitcoin Validated Services (BVS). According to the project documentation, SatLayer allows Bitcoin holders to restake wrapped Bitcoin or liquid staking tokens (LSTs) into the protocol. These restaked assets are used as collateral by node operators who validate BVS applications. Developers of these applications can implement slashing conditions for misbehavior, thereby using the underlying Bitcoin value to secure their protocols.

The project operates using smart contracts on Babylon Chain and relies on a three-party system: restakers, node operators, and BVS developers. Restakers contribute collateral, node operators use this collateral to provide validation services, and developers build BVS applications that benefit from the security provided by this model. SatLayer's roadmap includes a phased rollout, with slashing functionality and full shared security expected in the final implementation stage. The aim is to create a Bitcoin-backed restaking infrastructure for Web3 applications.

The native token, SLAY, is designed to support the core operations of the SatLayer ecosystem. According

to official project documentation, SLAY is intended to be used for governance, allowing holders to vote on protocol-level decisions. It also plays a role in value accrual mechanisms within the network, and is central to both staking and slashing processes. These utilities are structured to incentivize secure and active participation by restakers and node operators, aligning economic incentives with network security and service delivery.

Who is behind the Project?

SatLayer was co-founded by Luke Xie, who currently serves as the project's CEO. The entity behind SatLayer is Mithril Global Ltd., based in the British Virgin Islands

Tokenomics of SatLayer:

The total token supply is reported to be approximately 2.1 billion SLAY. The token distribution will be allocated as follows:

Category	Amount
Community 10%	10%
Ecosystem 45%	45%
Foundation 10%	10%
Early Backers 15%	15%
Early Contributors 20%	20%
Total	100%

General Risks

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

Competition

The SatLayer network faces competition from other BTC staking cryptocurrency projects such as Babylon, BounceBit, and many others. SatLayer's value derives from its broader adoption in the market. If the SatLayer network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of SLAY.

Due Diligence

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