

PAYWARD CANADA INC.

CRYPTO ASSET STATEMENT

Liquid Staked Solana (LsSOL)

Last updated on August 27, 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 LsSOL 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 LsSOL. 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 Liquid Staked Solana and how does it work?

Liquid Collective is a liquid staking protocol first launched on Ethereum with its token Liquid Staked ETH (LsETH) and has since expanded to Solana with the introduction of Liquid Staked SOL (LsSOL). Liquid staking enables users to contribute directly to the security of proof of stake blockchains while maintaining access to the value of their staked assets. Users receive a fungible receipt token that represents ownership of the staked assets and reflects any associated rewards, fees, or penalties. These receipt tokens can be used in supported DeFi applications, allowing for increased liquidity and capital efficiency compared to traditional staking methods, which often involve lock-up periods. This structure allows users to participate in network staking while maintaining the flexibility to use their receipt tokens across various DeFi platforms.

LsSOL launched on July 16, 2025, as a fungible receipt token based on the Solana SPL token model, with day one support from Anchorage Digital, Coinbase, Fireblocks, Galaxy, and Kraken. When a user deposits Solana (SOL) into the Liquid Collective protocol, they receive an equivalent amount of LsSOL, which represents the staked SOL. The value of LsSOL reflects any network rewards earned by the staked SOL, minus service fees and network penalties.

Who is behind the project?

The Liquid Collective Protocol was launched in March 2023. Alluvial was the software development company that supported the development of the Liquid Collective protocol until its acquisition by Galaxy Digital in December 2025, after which Galaxy assumed the role of Development Company for Liquid Collective. Alluvial was cofounded by Mara Schmiedt, who served as Chief Executive Officer, and Matt Leisinger, who served as Cofounder and Chief Product Officer.

Tokenomics of Liquid Staked Solana

LsSOL does not have a fixed maximum supply because it is minted on demand when users deposit SOL into the Liquid Collective protocol for staking. The supply of LsSOL increases as more users stake SOL and mint receipt tokens, and it decreases when users redeem their staked SOL by returning LsSOL to the protocol. This mint and burn mechanism ties the token supply directly to staking activity.

General Risks

Like all other digital assets, there are some general risks to investing in LsSOL. 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 Liquid Staked Solana

Depegging Risk

LsSOL is designed to be redeemable with SOL, taking into account staking rewards accrued over time, minus applicable fees and potential slashing penalties. However, this redeemability is not guaranteed in all scenarios, as risks such as smart contract vulnerabilities, exploits, or other unforeseen technical issues could negatively affect the ratio of SOL backing LsSOL.

Due Diligence

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