

PAYWARD CANADA INC.

CRYPTO ASSET STATEMENT

SWELL

Swell (SWELL)

Last updated on September 8, 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 SWELL 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 SWELL. 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 Swell (SWELL) and how does it work?

Swell Network is a decentralized Ethereum liquid-staking and restaking protocol. It allows users to stake any amount of ETH and receive swETH, a liquid token that represents the staked ETH plus rewards. swETH can be traded or used in DeFi applications for lending, borrowing, and liquidity provision. Swell also offers rswETH, which enables users to restake and earn additional yield by securing services such as EigenLayer's AVSs. The protocol has launched a Layer-2 rollup called Swell L2, built with Polygon CDK and secured by restaked assets. On this rollup, swETH derivatives like rswETH are used as gas tokens, reducing fees and improving scalability. The system includes validator marketplaces, has undergone independent security audits, and is transitioning to DAO-based governance.

The SWELL token serves as the protocol's governance and incentive asset. Holders can vote on upgrades, treasury use, and ecosystem decisions through the Swell DAO. SWELL can also be restaked to help secure Swell L2 and earn rewards, sometimes through rSWELL. In addition, it is used for transaction fees on Swell L2. Token emissions are limited and distributed mainly through restaking incentives and ecosystem growth programs, keeping inflation in check.

Who is behind the Project?

Swell Network was co-founded in 2021 by Daniel Dizon (Chief Executive Officer) and Lecky Lao. The team is based in Sydney, Australia. Other key members include Aaron Alderman (Chief Technology Officer) and Kevin Chee (Chief Product Officer). The project operates under Swell Labs.

Tokenomics of SWELL:

Swell has a fixed total supply of 10 billion SWELL tokens. At the time of the Token Generation Event (TGE), approximately 13% of the supply was in circulation, distributed as follows:

Category	Percentage (%)
Ecosystem and Community	35%
Team / Core Contributors	25%
Private / Strategic Investors	25%
Foundation / Treasury	15%
Total	100%

As of September 2025, the circulating supply is approximately 2.6 billion SWELL (~26% of the total supply).

General Risks

Like all other digital assets, there are some general risks to investing in SWELL. 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 Swell:

Competition

The Swell Network faces competition from other Ethereum liquid-staking protocols such as Lido, Rocket Pool, and Stader Labs, among others. SWELL's value derives from its broader adoption in the market. If the Swell Network fails to achieve sufficient adoption compared to other available options, this could negatively impact the value of SWELL.

Due Diligence

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