PAYWARD CANADA INC.
CRYPTO ASSET STATEMENT
Bonk (BONK)

Last updated on December 15, 2023

Disclaimer

Please note that this Crypto Asset Statement is not exhaustive of all risks associated with trading BONK. Investors should perform their own assessment to determine the appropriate level of risk for their personal circumstances. Be sure to do your own research and due diligence while taking into account your own financial situation and risk tolerance. Please review the Risk Statement for additional discussion of general risks 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 that may be inaccurate, incomplete, or change at any time.

What is Bonk?

Bonk is a cryptocurrency inspired by a popular meme known as Doge, a picture of a Shiba Inu dog accompanied by colorful Comic Sans phrases meant to convey its inner monologue.

It is the first community meme coin launched on Solana launched as a free airdrop to the Solana community on Christmas Day 2022

Who is behind the project?

The BONK official channels state that there were 22 early contributors to the project who helped launch, and continue to advance BONK since its inception. The names of all 22 contributors are not publicly known. The BONK whitepaper names 14661346 CANADA LTD as “the company” behind BONK. The Director of 14661346 CANADA LTD, a Canada based Private Limited company, is Rudy Mitchell.

How does it work?

BONK is a Solana (SPL) token designed to be used as a decentralized, community-led medium of exchange underpinning the BONK ecosystem which includes BONKswap. BONKswap is a decentralized exchange (DEX) that is built on the Solana blockchain. Users can trade their BONK tokens for other cryptocurrencies or tokens on BONKswap.

Tokenomics of BONK

BONK token supply is capped at 100 trillion BONK.

The BONK token distribution at launch was as follows:

Distribution Category	Allocation
SOL NFT Projects	21%
Solana Market Participants and DeFi Users	15.8%
Solana NFT Artists and Collectors	10.5%
Solana Devs	5.3%
Early Contributors	21%
Bonk DAO	15.8%
Initial Liquidity	5.3%
Marketing	5.3%

General Risks

Like all other digital assets, there are some general risks to investing in BONK. These include short history risk, volatility risk, 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 Bonk

Developer Dependence

Although there are developers working on BONK, there are no guarantees that they will continue to contribute. BONK could be negatively affected by an inability to retain and/or attract developers to continue to build out its crypto-currency network.

Failure to Develop

There is the risk that the development of the Bonk ecosystem will not be executed or implemented as planned, for a variety of reasons, including without limitation the event of a decline in the prices of any digital asset, virtual currency or BONK, unforeseen technical difficulties and shortage of development funds for activities.

Risk of Dissolution

Start-up companies such as the one behind BONK involve a high degree of risk. Financial and operating risks confronting start-up companies are significant. and often experience unexpected problems in the areas of product development, marketing , financing and general management which often cannot be solved. It is possible that, due to any number of reasons, including, but not limited to, an unfavourable fluctuation in the value of cryptographic and fiat currencies, decrease in the utility of BONK due to negative adoption of the Bonk ecosystem, the failure of commercial relationships, or intellectual property ownership related challenges, the Bonk ecosystem may no longer be viable to operate and the company may be dissolved.

Due Diligence

Prior to listing on the Kraken platform, Kraken performed due diligence on BONK and determined that Kraken was permitted to make BONK available for trading to Canada users, in compliance with Canadian law. This process generally consists of reviewing publicly available information on the following:

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

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 BONK 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.