



Ontario
Securities
Commission

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Terms and Conditions on the Registration of Payward Canada Inc.

Payward Canada Inc. (the **Firm**) currently enters into Crypto Contracts (as defined in the decision *In the Matter of Payward Canada Inc. and Payward, Inc.* dated April 1, 2025 (the **Decision**)) with clients that allow clients to deposit, purchase, hold, stake, withdraw and sell Crypto Assets (as defined in the Decision). The Firm is registered as a restricted dealer and is subject to terms and conditions contained in the Decision.

The Firm offers a new type of service, which it calls “flexible staking”, to its clients resident in each of the provinces and territories of Canada (the **Flexible Staking Services**).

Under the Flexible Staking Services, clients will allocate Crypto Assets to a pool with the Crypto Assets of other clients participating in the Flexible Staking Service. The Firm will stake a portion of the Crypto Assets in the pool and will hold the remaining portion of the Crypto Assets in the pool unstaked. The unstaked Crypto Assets in the pool will be used by the Firm to make its best efforts to facilitate the immediate return of the Crypto Asset to a client upon a request to unstake their Crypto Assets despite any Lock-Up Period (as defined in the Decision) for the Crypto Asset (i.e., the client may be able to receive their Crypto Assets that are allocated to the Flexible Staking Assets back without waiting for the end of the Lock-Up Period). The Firm will determine in its sole discretion (subject to its liquidity management protocols) the portion of the Crypto Assets in the pool that will be staked and the portion that will be held to facilitate requests to remove Stakeable Crypto Assets from the Flexible Staking Service during a Lock-Up Period.

As the provision of the Flexible Staking Services is novel and raises investor protection concerns, the Firm’s registration as a dealer in the category of restricted dealer is subject to the following additional terms and conditions. Notwithstanding conditions EEE and FFF of the Decision, the Firm may offer the Flexible Staking Services to new and existing clients in Canada provided that:

1. The Flexible Staking Services are offered in relation to Stakeable Crypto Assets (as defined in the Decision) that are subject to a Crypto Contract between the Firm and a client and are subject to a Lock-Up Period.
2. The Firm is proficient and knowledgeable about staking Stakeable Crypto Assets.
3. The Firm itself does not act as a Validator. The Firm has entered into written agreements with its Staking Affiliates and third-party Validators to stake Stakeable Crypto Assets, and each such Staking Affiliate and third-party Validator is proficient and experienced in staking Stakeable Crypto Assets.
4. The Firm’s KYP Policy includes a review of the Stakeable Crypto Assets made available to clients for staking and staking protocols related to those Stakeable Crypto Assets prior to

offering those Stakeable Crypto Assets as part of the Flexible Staking Services. The Firm's review includes the following:

- a) the Stakeable Crypto Assets that the Firm proposes to offer for the Flexible Staking Service;
 - b) the operation of the proof of stake blockchain for the Stakeable Crypto Assets that the Firm proposes to offer for the Flexible Staking Service;
 - c) the staking protocols for the Stakeable Crypto Assets that the Firm proposes to offer for the Flexible Staking Service;
 - d) the risks of loss of the staked Stakeable Crypto Assets, including from software bugs and hacks of the protocol;
 - e) the Validators engaged by the Firm or the Firm's Acceptable Third-party Custodians, including, but not limited to, information about:
 - (i) the persons or entities that manage and direct the operations of the Validator;
 - (ii) the Validator's reputation and use by others;
 - (iii) the amount of Stakeable Crypto Assets the Validator has staked on its own nodes;
 - (iv) the measures in place by the Validator to operate the nodes securely and reliably;
 - (v) the financial status of the Validator;
 - (vi) the performance history of the Validator, including but not limited to the amount of downtime of the Validator, past history of double signing, and double attestation, or double voting;
 - (vii) any losses of Stakeable Crypto Assets related to the Validator's actions or inactions, including losses resulting from slashing, jailing, or other penalties incurred by the Validator; and
 - (viii) any guarantees offered by the Validator against losses including losses resulting from slashing or other penalties and any insurance obtained by the Validator that may cover this risk.
5. The Firm has policies and procedures to make a suitability determination for a client, except for permitted clients who have requested in writing that the Firm not make suitability determinations for their accounts, that includes consideration of the Flexible Staking Services to be made available to that client.
6. The Firm applies the suitability policies and procedures to evaluate whether offering the Flexible Staking Services is suitable for a client, except for permitted clients who have requested in writing that the Firm not make suitability determinations for their accounts,

before providing access to an account that makes available the Flexible Staking Services and on an ongoing basis.

7. If, after making a suitability determination, the Firm determines that providing the Flexible Staking Services is not suitable for the client, the Firm will include prominent messaging to the client that this is the case and the Firm will not make available the Flexible Staking Services to the client.
8. The Firm only stakes the Stakeable Crypto Assets of those clients who have agreed to the Flexible Staking Services and have allocated Stakeable Crypto Assets to the Flexible Staking Service.
9. Before the first time a client allocates any Stakeable Crypto Assets to the Flexible Staking Service, the Firm delivers to the client the Risk Statement that includes the risks with respect to staking and the Staking Services described in condition 10 below, and requires the client to provide electronic acknowledgement of having received, read, and understood the Risk Statement.
10. The Firm clearly explains in the Risk Statement the risks with respect to staking and the Flexible Staking Services in plain language, which include, at a minimum:
 - a) the details of the Flexible Staking Services and the role of all Staking Affiliates or other third parties involved;
 - b) the due diligence performed by the Firm with respect to the proof of stake consensus protocol for each Crypto Asset for which the Firm provides the Flexible Staking Services;
 - c) the details of the Validators that will be used for the Flexible Staking Services and the due diligence performed by the Firm with respect to the Validators;
 - d) the details of whether and how the custody of staked Stakeable Crypto Assets differs from Crypto Assets held on behalf of the Firm's clients that are not engaged in staking or that are engaged in the Bonded Staking Service (as defined in the Decision);
 - e) the general risks related to staking and any risks arising from the arrangements used by the Firm to offer the Flexible Staking Services (e.g., reliance on third parties, risk of loss due to technical errors or bugs in the protocol, hacks or theft from the crypto assets being held in hot wallets, etc.) and how any losses will be allocated to clients;
 - f) whether the Firm will reimburse clients for any Stakeable Crypto Assets lost due to slashing or other penalties imposed due to Validator error, action, or inactivity, or how any losses will be allocated to clients;
 - g) the Stakeable Crypto Assets eligible for the Flexible Staking Services are subject to a Lock-Up Period and, while the Firm will only stake a portion of the pool of Stakeable Crypto Assets allocated to the Flexible Staking Service, there is no guarantee the Firm will be able to fulfill all requests to remove assets from the Flexible Staking Service prior to the end of the Lock-Up Period; and

- h) how rewards are calculated on the staked Stakeable Crypto Assets, including any fees charged by the Firm or any third party, how rewards are paid out to clients, and any associated risks.
11. Immediately before each time that a client allocates Stakeable Crypto Assets to the Flexible Staking Service, the Firm requires the client to acknowledge the risks of the Flexible Staking Service, including, but not limited to:
- a) that the client's Stakeable Crypto Assets will be allocated to a pool with the assets of other clients participating in the Flexible Staking Service;
 - b) that the Firm will determine in its sole discretion what portion of the Stakeable Crypto Assets in the pool will be staked and such proportion will not exceed a maximum of fifty per cent (50%) of the pool, measured at the time of the determination and rebalanced weekly;
 - c) that the portion of the Stakeable Crypto Assets in the pool that is not staked will be used to facilitate the sale or withdrawal of Stakeable Crypto Assets prior to the expiry of the Lock-up Period by other clients participating in the Flexible Staking Service;
 - d) that a portion of the Stakeable Crypto Assets held in the pool will be staked on-chain by the Firm and subject to a Lock-up Period, so although participation in the Flexible Staking Service is intended to allow the client to withdraw or trade their Stakeable Crypto Assets prior to the end of the Lock-up Period, there may be circumstances in which liquidity will not be available and the client will not be able to withdraw or trade their Stakeable Crypto Assets prior to the end of the Lock-up Period for that Stakeable Crypto Asset;
 - e) how rewards will be calculated and paid out to clients, any risks inherent in the calculation and payout of any rewards and that, since only a portion of the total Stakeable Crypto Assets in the pool will be staked, the maximum amount of rewards that a client can earn by participating in the Flexible Staking Service is fifty per cent (50%) of rewards they would have received if they staked the same assets under the Bonded Staking Services;
 - f) that given the significant volatility of Crypto Assets, the value of a client's Stakeable Crypto Asset when they are able to sell or withdraw, and the value of any Stakeable Crypto Assets earned through staking, may be significantly less than the current value;
 - g) that there is no guarantee that the client will receive any rewards on the Stakeable Crypto Asset that it allocated to the Flexible Staking Service, and that past rewards are not indicative of expected future rewards;
 - h) whether rewards may be changed at the discretion of the Firm;
 - i) unless the Firm guarantees any Stakeable Crypto Assets lost to slashing, that the client may lose all or a portion of the client's staked Stakeable Crypto Assets if the Validator does not perform as required by the network;

- j) if the Firm offers a guarantee to prevent loss of any Stakeable Crypto Assets arising from the Flexible Staking Services, including due to slashing, any limits on that guarantee and requirements for a client to claim under the guarantee; and
 - k) that additional risks can be found in the Risk Statement and Crypto Asset Statement, including the names and other information regarding the Validators and information regarding Lock-up Periods and rewards, with a link to the Risk Statement and Crypto Asset Statement.
12. For clients participating in the Flexible Staking Service at the time these terms and conditions are imposed, the Firm will require the client to acknowledge the risks set out in condition 11 the next time they log in to or access their account with the Firm.
 13. Immediately before each time a client buys or deposits Stakeable Crypto Assets that are automatically part of the Flexible Staking Service pursuant to an existing agreement by the client to the Flexible Staking Services, the Firm provides prominent disclosure to the client that the Stakeable Crypto Asset it is about to buy or deposit will automatically be part of the Flexible Staking Service.
 14. The Firm will promptly update the Risk Statement and each Crypto Asset Statement to reflect any material changes to the disclosure or include any material risks that may develop with respect to the Flexible Staking Services or Stakeable Crypto Assets.
 15. In the event of any update to the Risk Statement, for each existing client that has agreed to the Flexible Staking Services, the Firm will promptly notify the client of the update and deliver to them a copy of the updated Risk Statement.
 16. In the event of any update to a Crypto Asset Statement, for each existing client that has agreed to the Flexible Staking Services in respect of the Stakeable Crypto Asset for which the Crypto Asset Statement was updated, the Firm will promptly notify the client of the update and deliver to the client a copy of the updated Crypto Asset Statement.
 17. The Firm and the Acceptable Third-party Custodians remain in possession, custody and control of the staked Stakeable Crypto Assets at all times.
 18. The Firm holds the Stakeable Crypto Assets that clients have allocated under the Flexible Staking Service in one or more wallets in the name of the Firm for the benefit of the Firm's clients with the Acceptable Third-party Custodians, or otherwise in accordance with Conditions G through L of the Decision, or segregated wallets held by the Firm on behalf of clients (because such Crypto Assets cannot be held by the Acceptable Third-party Custodians), and the Stakeable Crypto Assets that clients have allocated under the Flexible Staking Service are held separate and distinct from (i) the assets of the Firm, the Acceptable Third-party Custodians and the Acceptable Third-party Custodians' other clients; (ii) the Crypto Assets held for its clients that have not agreed to staking those specific Crypto Assets; and (iii) the Crypto Assets that are staked under the Bonded Staking Service (as defined in the Decision).
 19. The Firm has established policies and procedures that manage and mitigate custodial risks for staked Stakeable Crypto Assets, including but not limited to, an effective system of controls and supervision to safeguard the staked Stakeable Crypto Assets.

20. In connection with the Flexible Staking Service in which the Firm permits clients to remove Stakeable Crypto Assets from the Flexible Staking Services prior to the expiry of any Lock-up Period, the Firm has established and applies appropriate liquidity management policies and procedures to fulfill withdrawal or trade requests made, which include limiting the portion of the pool that is staked to fifty per cent (50%), using its and its affiliates own Stakeable Crypto Assets that it holds in inventory and ceasing to allow clients to sell or withdraw prior to the expiry of any Lock-up Period . The Firm holds clients' Stakeable Crypto Assets in trust for its clients and will not use Stakeable Crypto Assets of those clients who have not agreed to the Staking Services or of those clients who participate in the Bonded Staking Service for fulfilling such withdrawal or trade requests.
21. The Firm will provide written notice to clients promptly in circumstances where liquidity is not available and the Firm had made the decision to pause clients' ability to withdraw or trade their Stakeable Crypto Assets prior to the end of the Lock-up Period for that Stakeable Crypto Asset under the Flexible Staking Service.
22. If the Firm provides a guarantee to clients from some or all of the risks related to the Flexible Staking Services, the Firm has established, and will maintain and apply, policies and procedures to address any risks arising from such guarantee.
23. In the event of bankruptcy or insolvency of the Firm, the Firm will assume and will not pass to clients any losses arising from slashing or other penalties arising from the performance or non-performance of the Validator.
24. The Firm monitors its Validators for downtime, jailing, and slashing events and takes any appropriate action to protect Stakeable Crypto Assets staked by clients.
25. The Firm has established and applies policies and procedures to address how staking rewards, fees and losses will be calculated and allocated to clients that have staked Stakeable Crypto Assets under the Staking Services.
26. The Firm regularly and promptly determines the amount of staking rewards earned by each client that has staked Stakeable Crypto Assets under the Flexible Staking Services and distributes each client's staking rewards to the client promptly after they are made available to the Firm.
27. The Firm clearly discloses the fees charged by the Firm for the Flexible Staking Services and provides a clear calculation of the rewards earned by each client that agrees to the Flexible Staking Services.

Payward Canada Inc.

July 23, 2025
Date

By: *Cynthia Del Pozo*
Signature

CEO, President and Ultimate Designated Person
Title