

Benchmark Statement

CF Digital Asset Index Family – Regulated-Data Benchmarks

Version:

1.9

Version Date:

16th July 2024

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1 Version History

Version	Date	Changes
1.0	10 th June 2022	Initial version
1.1	28 th March 2023	Addition of new indices
1.2	13 th June 2023	<ul style="list-style-type: none"> • Addition of an update to the Introduction section “Impact of Brexit on the Benchmark Regulation and CF Benchmarks” • Updates to Contact Information
1.3	10 th October 2023	Addition of new indices
1.4	13 th November 2023	Update to logo & format
1.5	20 th November 2023	Updated logo (AKC v2)
1.6	6 th February 2024	Updated added to Section 2 and Section 7
1.7	9 th April 2024	Addition of new indices
1.8	16 th May 2024	Update to Notice and Disclaimer
1.9	16 th July 2024	Update to Section 10

2 Introduction

CF Benchmarks Ltd (CF Benchmarks) is the Benchmark Administrator for the CF Digital Asset Index Family which consists of several Sub-Families. This Benchmark Statement is for benchmarks that are identified as regulated-data.

This Benchmark Statement is published by CF Benchmarks in compliance with Article 27 of EU Regulation 2016/1011 of the European Parliament and of the Council of 8 June 2016 on Indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (the Benchmarks Regulation or BMR) and should be read in conjunction with the related documentation available on the CF Benchmarks website (www.cfbenchmarks.com) and the Administrators policies¹.

CF Benchmarks was authorised by the United Kingdom Financial Conduct Authority with an effective date of 19th August 2019 and was granted a Part 4A permission under Part 4A of the Financial Services and Markets Act 2000 ("FSMA") to carry on the regulated activity of administering a benchmark. That Part 4A permission constitutes [CF Benchmarks Ltd.'s](#) 'Registration' for the purposes of Article 34 of the BMR.

CF Benchmarks was included in the [ESMA Register of Benchmark Administrators](#) on 21st August 2019.

This Benchmark Statement was published on 10th June 2024. Any updates to this statement will be duly recorded in the version history.

Impact of Brexit on the Benchmark Regulation and CF Benchmarks

On 31st January 2020, as the EU-UK Withdrawal Agreement entered into force, the UK withdrew from the EU and officially became a third country. The Withdrawal Agreement provided for a transition period which ensured that EU law continued to apply to the UK from 1st February 2020 to 31st December 2020. At the end of the transition period, the UK left the Single Market.

Due to the expiration of the Brexit transition period on 31st December 2020 (and pursuant to ESMA's notice on 1st October 2020), CF Benchmarks, along other UK administrators, was removed from the [ESMA Register of Benchmark Administrators](#) as of 1st January 2021 and became a "third country" administrator.

CF Benchmarks becoming a "third country" administrator will not immediately impact the use of CF Benchmarks regulated indices in the EU, which can continue to be used

¹ Available upon request

by EU supervised entities through the "BMR transitional period" which was extended until the 31st December 2025.

On 17th October 2023 the European Commission (EC) launched a new proposal to review the Benchmarks Regulation, the EC proposes to introduce a new, simplified approach to EU and third-country benchmarks. The EC F&Q announcement is available [here](#), a full EC proposal can be found [here](#). The proposal removes the requirement of authorisation or registration (EU administrators) or endorsement or recognition (third-country administrators) for administrators of only non-significant benchmarks.

It is now for the European Parliament and the Council to negotiate the new proposal. The EC has proposed that the new rules apply directly in the Member States as of 1st January 2026.

CF Benchmarks will use the BMR transitional period to monitor the EC decisions and will complete its Brexit plans based on the outcome of the proposal, which will allow CF Benchmarks regulated indices to continue being used in the EU after the expiration of the BMR transitional period.

3 Benchmark Description and Aims

The benchmarks within the **CF Digital Asset Index Family- CF Volatility Series** seek to measure the underlying economic reality of creating a weighted portfolio of CME Bitcoin options contracts with a view to replicating the payoff of a Bitcoin volatility swap. It is a measure of 30 day forward looking volatility.

The benchmarks within the **CF Digital Asset Index Family- Rolling CME Futures Indices** seek to measure the USD returns that a passive strategy of holding Bitcoin or Ether Futures contracts, instead of physical Bitcoin or Ether, would generate.

4 Methodology

The **CF Digital Asset Index Family – CF Volatility Series** is a family of benchmarks that represents a daily measure of implied volatility in the CME Bitcoin Options market. It is a forward-looking measure, indicating how dispersed price movements in the underlying asset may be over a given time horizon.

The **CF Digital Asset Index Family – Rolling CME Futures Indices** is a family of benchmarks that represents USD returns of holding physical Bitcoins or Ether through Bitcoin-USD or Ether-USD futures contracts that allow investors to seek USD price exposure to Bitcoin or Ether; both long and short, where price discovery is facilitated by the GLOBEX central limit order book system and transactions are centrally cleared.

Within these families there are both Settlement Prices and Spot Rates. To date, the benchmarks within the family are:

Settlement Prices	Spot Rates
CF Bitcoin Volatility Index Settlement Rate (Methodology here)	CF Bitcoin Volatility Real Time Index (Methodology here)
CF Rolling CME Bitcoin Futures (Methodology here)	N/A
CF Rolling CME Bitcoin Futures (Methodology here)	N/A
CF Rolling CME Bitcoin Ether Basket Futures Index (Methodology here)	N/A

The methodologies referred to comply with the criteria set out in article 12 of the BMR and:

- are robust and reliable
- have clear rules identifying how and when discretion may be exercised in the determination of the benchmark(s)
- are rigorous, continuous and capable of validation including, where appropriate, back-testing against available transaction data
- are resilient and ensures that the benchmark can be calculated in the widest set of possible circumstances, without compromising its integrity
- are traceable and verifiable.

The methodologies are reviewed by the Administrator and approved by the Oversight Function on a no less than annual basis.

Republishing and Restatement

The Administrator operates a Republishing and Restatement Policy that has been approved by the CF Cryptocurrency Index Family Oversight Function. This policy is implemented for the CF Digital Asset Settlement Prices through section 6 of the methodologies.

Expert Judgement

The Administrator does not utilise expert judgment in the day to day calculation of the Settlement Prices and Settlement Prices. In extraordinary circumstances Expert Judgement may be exercised by the Administrator in accordance with its codified policies and processes which are available upon request.

The CF Digital Asset Spot Rates are not restate or republished under any circumstances due to their high frequency nature.

5 General disclosure

The *CF Volatility Series* and *Rolling CME Futures Indices* of benchmarks are deemed Regulated-data Benchmarks in accordance with article 17 of the BMR.

CF Benchmarks as the administrator of the CF Digital Asset Index Family has applied all applicable provisions of the BMR, including but not limited, to the below articles:

- CF Benchmarks Conflict of Interest Policy² (Article 4)
- Oversight function (Article 5) - please see [here](#) for the CF Digital Asset Index Family Oversight Function Specification
- CF Benchmarks Control Framework³ (Article 6), and CF Benchmarks Accountability Framework⁴ (Article 9)
- CF Benchmarks Input data Policy⁵ (Article 11)
 - Code of Conduct and Requirements for Contributors (Article 15 & 16) – the CF Digital Asset Index Family does not utilise contributed data as input data. The Administrator has therefore not applied the provisions contained in these Articles to the CF Digital Asset Index Family

6 Usage of the Benchmark

The **CF Volatility Series** have been specifically designed to provide arbitrage opportunities by identifying variances in implied volatility. The series are also intended to be used for hedging purposes by portfolio managers.

The **Rolling CME Futures Indices** have been specifically designed to provide a strategic (or long-term) allocation to bitcoin price performance, without the need to invest into bitcoin itself. Indices are also intended to be used for the creation/ redemption and valuation of investment funds and products.

Further information on the CF Digital Asset Index Family is published on the CF Benchmarks website at <http://www.cfbenchmarks.com/>

7 Publication Timings

The usual publication time for:

- The CF Volatility Series Settlement Prices is between 16:00 and 16:30 London Time on all CME Trading Days
- The Rolling CME Futures Indices is between 15:15 and 15:20 Central Time on all CME Trading Days

CF Bitcoin Volatility Real Time Indices are published every second, in accordance with predetermined CF Benchmarks procedures, as described in the methodology.

² Available upon request

³ Available upon request

⁴ Available upon request

⁵ Available upon request

Any exceptions to the provisions of the Methodology such as Delayed Calculation & Publication; Calculation Failure; Restatement & Republishing and Market Failure Events shall be clearly communicated to all licensees via Statuspage.

8 Changes to or Cessation of the Benchmarks

There may be circumstances where CF Benchmarks determines a change is required to be made to the published methodology to ensure the integrity of the benchmark. In these instances, CF Benchmarks, in accordance with the relevant provisions of Article 27 and 28 of the BMR will conduct a Benchmark Consultation Process as described in the CF Benchmarks Governance and Oversight Framework which is available upon request to interested parties. All relevant information pertaining to the Benchmark Consultation Process will be published on its website.

There may also be circumstances where the CF Benchmarks determines that cessation of a benchmark may be necessary, this could be due to input data becoming unavailable. In these instances, CF Benchmarks, in accordance with the relevant provisions of Article 27 and 28 of the BMR will conduct a Benchmark Cessation Process as described in the CF Benchmarks Governance and Oversight Framework which is available upon request to interested parties. All relevant information pertaining to the Benchmark Cessation Process will be published on its website.

Where methodology changes or cessation do occur, this could impact the market for financial instruments and investment funds that utilise the benchmark in the manner described in Article 3 (7) of the BMR.

9 Oversight

The CF Digital Asset Index Family – *CF Volatility Series* and *Rolling CME Futures Indices* have an Oversight Function, with minutes of the meetings made publicly available. In addition, membership criteria and the Oversight Function Specification are also available on the CF Benchmarks website www.cfbenchmarks.com

10 Updates to this Statement

CF Benchmarks shall update this benchmark statement in the event of any changes to the information provided hereunder, including but not limited to any updates to the Methodology.

This Benchmark Statement shall in any case be subject to review at least every two years (article 27 of the BMR).

ESG Disclosure

In compliance with the Article 27 of the UK Benchmarks Regulation (UK BMR), CF Benchmarks is disclosing that this benchmark family does not integrate Environmental, Social and Governance (ESG) factors in its design and therefore does not pursue ESG objectives.

ESG Disclosures	
SECTION 1 - CONSIDERATION OF ESG FACTORS	
Item 1. Name of the benchmark administrator.	CF Benchmarks Ltd
Item 2. Type of benchmark or family of benchmarks.	Other Cryptocurrency Benchmarks
Item 3. Name of the benchmark or family of benchmarks.	CF Digital Asset Index Family – Rolling CME Futures Indices CF Digital Asset Index Family – CF Volatility Series
Item 4. Are there in the portfolio of the benchmark administrator any EU Climate Transition Benchmarks, EU Paris-aligned Benchmarks, benchmarks that pursue ESG objectives or benchmarks that take into account ESG factors?	No
Item 5. Does the benchmark or family of benchmarks pursue ESG objectives?	This benchmark family does not integrate Environmental, Social and Governance (ESG) factors in its design and therefore does not pursue ESG objectives
Item 6. Where the response to Item 5 is positive, provide below the details (score) in relation to the ESG factors listed in Annex II for each family of benchmarks at aggregated level.	
The ESG factors shall be disclosed at an aggregated weighted average value at the level of the family of benchmarks.	
List of combined ESG factors:	Not applicable
List of environmental factors:	Not applicable
List of social factors:	Not applicable
List of governance factors:	Not applicable
Item 7. Where the response to Item 5 is positive, provide below the details (score) for each benchmark, in relation to the ESG factors listed in Annex II, depending on the relevant underlying asset concerned.	
Alternatively, all of this information may be provided in the form of a hyperlink to a website of the benchmark administrator included in the benchmark statement. The information on the website shall be easily available and accessible. Benchmark administrators shall ensure that information published on their website remains available for five years.	

The score of the ESG factors shall not be disclosed for each constituent of the benchmark but shall be disclosed at an aggregated weighted average value of the benchmark.	
List of combined ESG factors:	Not applicable
List of environmental factors:	Not applicable
List of social factors:	Not applicable
List of governance factors:	Not applicable
Item 8. Data and standards used. Description of data sources used to provide information on the ESG factors in the benchmark statement. Describe how the data used to provide information on the ESG factors in the benchmark statement are sourced and whether, and to what extent, data are estimated or reported.	Not applicable
SECTION 2 - ADDITIONAL DISCLOSURE REQUIREMENTS FOR EU CLIMATE TRANSITION AND EU PARIS-ALIGNED BENCHMARKS	
Item 9. Where a benchmark is labelled as "EU Climate Transition Benchmark" or "EU Paris-aligned Benchmark", benchmark administrators shall also disclose the following information:	
forward-looking year-on-year decarbonisation trajectory;	Not applicable
degree to which the IPCC decarbonisation trajectory (1,5 °C with no or limited overshoot) has been achieved on average per year since creation;	Not applicable
overlap between those benchmarks and their investable universe, as defined in Article 1, point (e), of Commission Delegated Regulation (EU) 2020/1818, using the active share at asset level.	Not applicable
SECTION 3 - DISCLOSURE OF THE ALIGNMENT WITH THE OBJECTIVES OF THE PARIS AGREEMENT	
Item 10. By the date of application of this Regulation, for significant equity and bond benchmarks, EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks, benchmark administrators shall also disclose the following information. By 31 December 2021, benchmark administrators shall, for each benchmark or, where applicable, each family of benchmarks, disclose the following information:	
Does the benchmark align with the target of reducing carbon emissions or the attainment of the objectives of the Paris Agreement;	No
the temperature scenario, in accordance with international standards, used for the alignment with the target of reducing GHG emissions or attaining of the objectives of the Paris Agreement;	Not applicable
the name of the provider of the temperature scenario used for the	Not applicable

alignment with the target of reducing GHG emissions or the attainment of the objectives of the Paris Agreement;	
the methodology used for the measurement of the alignment with the temperature scenario;	Not applicable
the hyperlink to the website of the temperature scenario used.	Not applicable
Date on which information has last been updated and reason for the update:	16 July 2024

Contact Information

CF Benchmarks Ltd

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	Formal complaints or concerns regarding CF Digital Asset Index Family and applicable documentation must be submitted by Email: complaints@cfbenchmarks.com Further details can be found on https://blog.cfbenchmarks.com/about/

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- Payward, Inc. is the owner and operator of the Kraken Exchange, a venue that facilitates the trading of cryptocurrencies. The Kraken Exchange is a source of input data for certain CF Benchmarks indices.
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