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CFB xStocks Corporate Action Feed

Methodology & Application Guide

Version:

1.0

Version Date:

7 May 2026

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1 Version History

Version	Version Date	Changes to Previous
V1.0	7 May 2026	Initial publication

2 Overview

The CFB xStocks Corporate Action Feed (the "Feed") is a standardized, event-driven data product published by CF Benchmarks Ltd ("CF Benchmarks" or the "Administrator"). It translates raw Corporate Action information from the xStock issuer into explicit, actionable instructions that can be consumed directly by downstream systems without requiring independent interpretation of event types, timing or tax logic.

xStocks Token Mechanics

xStocks are tokenized representations of real equity exposure issued by Backed Finance, implemented using rebasing/scaled-balance token standards on the chains they are issued on. Two distinct units exist for each xStock:

Raw Balance: the fixed, immutable on-chain base unit count per wallet. Raw Balance changes only via minting, burning or transfer. Corporate Actions never change it.

Token: the user-facing representation of an xStock (e.g. AAPLx). Token balance = Raw Balance × Multiplier. This is what users see, trade and hold.

The Multiplier is a global on-chain scaling factor maintained by Backed Finance that connects each Raw Balance unit to its current custody share entitlement. When a Corporate Action occurs, Backed Finance updates the Multiplier once. Every holder's effective economic exposure updates automatically.

Price Behavior

Corporate actions move the underlying equity's price (e.g. a cash dividend causes the ex-dividend price drop; a stock split divides the price). xStocks track this price path. The Multiplier adjusts the Token's economic unit so that total holder value remains unchanged: when the Multiplier rises, the Token price drops by a corresponding amount, and vice versa.

Feed Purpose & Underlying Economic Reality

The Feed is intended to describe the underlying economic reality of Corporate Action events affecting xStocks. Each entry captures the economic effect of a Corporate Action on the relationship between the on-chain base unit and the user-facing Token balance, as determined by the Multiplier adjustment applied by Backed Finance. The Feed translates these on-chain mechanics into standardized adjustment instructions (cashflow amounts, scale factors and settlement prices) that allow consuming systems to maintain economically accurate position accounting without independent interpretation of the underlying event. Entries progress through a defined lifecycle (Pending → Effective) and may be revised after initial publication via a versioned correction mechanism.

3 Definitions

Administrator: CF Benchmarks Ltd, responsible for producing and publishing the Feed.

Backed Finance: The issuer of xStocks, responsible for maintaining the on-chain Multiplier and holding Custody Shares.

Base Position: The Raw Balance held by a participant. Unchanged by corporate actions; modified only by trades, deposits, withdrawals or minting and burning.

Business Day: A day on which the primary listing exchange of the underlying equity is open for regular trading.

Cash Amount: The per-Token cash value associated with a Cashflow event, net of any applicable issuer-level deductions.

Corporate Action (CA): Any event originating from the underlying equity that requires an adjustment to the Multiplier or the Termination of the xStock product.

Custody Shares: The actual equity shares held in custody by Backed Finance, which back xStock Tokens.

Effective Position: The economically meaningful Token exposure of a participant, derived from the participant's Base Position and the Effective Scale Factor.

Effective Scale Factor: The scaling coefficient that connects a participant's base unit balance to current Token exposure.

Effective Time: The time at which consuming systems apply the adjustment associated with an event.

Ex-Date: The first trading day on which a buyer of the underlying equity is no longer entitled to receive a declared distribution or participate in a Corporate Action. For xStocks, the corresponding Multiplier adjustment is applied one Business Day before the Ex-Date.

Feed: The CFB xStocks Corporate Action Feed as defined in this document.

Index: The reference price series for an xStock, calculated by the Administrator from contributing spot prices. Published in Price Return and Total Return variants.

Multiplier: The global on-chain scaling factor maintained by Backed Finance, connecting each Raw Balance unit to its current custody share entitlement. Adjusted when a Corporate Action occurs.

Perpetual Futures: A derivative contract that tracks the price of an underlying asset without an expiry date, using periodic funding payments to keep the contract price aligned with the spot price.

Price Return (PR): A measure of an asset's price appreciation only, excluding any cash distributions or reinvestment of distributions.

Raw Balance: The immutable on-chain base unit count in a wallet. Unchanged by corporate actions.

Settlement Price: The final per-Token price at which open exposure is closed out on Termination events.

Token: The user-facing representation of an xStock (e.g. AAPLx). The Token balance of a participant reflects the participant's Base Position scaled by the current Multiplier.

Total Return (TR): A measure of an asset's total economic performance, including both price appreciation and reinvestment of cash distributions.

xStock: A tokenized equity product issued by Backed Finance, representing 1:1 economic exposure to an underlying listed share via on-chain Raw Balance and Multiplier mechanics.

4 Methodology

This section defines the economic representation of the Feed. It describes how Corporate Action events affecting xStock tokens are classified and represented as standardized Feed outputs. The objective is to provide users with sufficient transparency to understand the Feed and assess the treatment of Corporate Action events, while the full Methodology & Application Guide provided to Feed users sets out the detailed application rules for the different use cases.

xStocks are issued against fixed Raw Balance units, while the economically meaningful Token exposure is determined by the Multiplier maintained by Backed Finance. A Corporate Action may change that relationship, give rise to a cash entitlement, or terminate the product altogether. The Feed translates those effects into standardized adjustment instructions so that consuming systems are not required to interpret the underlying issuer event or derive adjustment values independently.

The Feed operates as follows:

1. Backed Finance identifies and shares the source Corporate Action data for an xStock.

2. The Administrator reviews and standardizes the event and classifies it into one of three economic categories: Cashflow, Structural, or Termination.

3. The Administrator determines the standardized economic outputs relevant to that event. Depending on the event, these may include an Effective Scale Factor, a Cash Amount per Token and/or a Settlement Price.

4. The event is published through a two-stage lifecycle. Pending entries provide advance notice of an expected event. Effective entries provide the actionable adjustment to be applied at the Effective Time.

5. If event details change, a new version of the event is published rather than altering the prior record. §6 and §8 describe the lifecycle and correction framework that determines which version is active at any given moment.

6. At the Effective Time, consuming systems apply the active Effective-stage record so that positions, cashflows and final settlement remain economically aligned with the xStock Token.

All adjustment values are pre-calculated by the Administrator. Consuming systems are not required to independently derive adjustment values from raw Corporate Action data, on-chain Multiplier observations or underlying equity event terms. The economic interpretation of the three Corporate Action categories is summarized below:

Corporate Action Category	Economic Interpretation	Standardized Output(s)
Cashflow	The event gives rise to a distributable cash effect while the xStock product continues.	Effective Scale Factor and a Cash Amount per Token
Structural	The event changes the economic unit of the xStock Token without requiring a separate cash transfer.	Effective Scale Factor
Termination	The xStock product ceases and open exposure must be closed out.	Settlement Price

The Effective Scale Factor is the primary output of the Feed and is sufficient to maintain economically accurate exposure. Additional outputs are published where the relevant market design requires explicit cashflow handling or final close-out. §5 sets out how different market operators apply these outputs in practice.

5 Market Instructions

This section provides a public summary of market instructions for venues that consume the Feed. Each subsection addresses one market type. The full Methodology & Application Guide provides detailed application instructions for the different use cases, including venue-specific treatment where relevant.

CF Benchmarks publishes each xStock in two Index variants, both calculated from spot prices observed on contributing exchanges. Where a contributing exchange quotes only one of the two conventions, the Administrator converts the feed to the other before aggregating.

PR: tracks the Token spot price, which in turn tracks the underlying equity's nominal market price. When a Corporate Action causes the on-chain Multiplier to change, the spot price, and therefore the PR Index, adjusts accordingly (a dividend causes the price to drop; a stock split divides it). Preferred where anchoring to the TradFi market quote matters, for example so that option strikes correspond to the equity's familiar quoted price.

TR: absorbs Multiplier effects into a continuous price path, so Corporate Action events cause no discontinuity on the TR level. Preferred where operational simplicity matters, because open positions referencing a TR series need no per-event balance or strike adjustment.

Venues choose one per market based on the economics of their product and the user experience they intend to provide.

The Effective Time is authoritative. All adjustments are applied at the Effective Time published in the active Effective-stage record. The operator does not derive the moment of application independently.

5.1 Perpetual Futures Markets

This section summarizes methodology considerations for exchanges listing Perpetual Futures contracts on xStock tokens.

5.1.1 Design Rationale

The xStock Token uses an on-chain Multiplier mechanism that gives holders TR-style economics by design: when a Corporate Action occurs, Backed Finance adjusts the on-chain Multiplier, automatically updating each holder's Token balance. The holder's total economic value is preserved because the price per Token moves inversely to the Multiplier change.

Perpetual Futures contracts cannot replicate this behavior directly. A Perpetual Futures position is a synthetic exposure to the price of the underlying asset; there is no mechanism for a position to autonomously generate or absorb value in response to a Multiplier change. If a dividend causes the xStock Token price to drop while the long's position size remains unchanged, the long suffers a mark-to-market loss with no offsetting gain, and the short captures the corresponding mark-to-market gain. Without compensating intervention, this asymmetry would create a deterministic arbitrage opportunity between the spot Token and the Perpetual Futures contract.

xStocks Perpetual Futures are accordingly designed as PR instruments. Cashflow and Structural events are handled by distinct mechanisms appropriate to each.

5.1.2 Mark Price Behavior

The Perpetual Futures mark price, derived from the Index via a premium adjustment, reflects Corporate Action–driven price changes automatically. No manual mark price intervention is required at the Effective Time.

5.1.3 Cashflow Events

When a Corporate Action is classified as Cashflow, the on-chain Multiplier increases and the xStock Token price falls by the value of the distribution. To preserve the intended PR economics of the contract, the Cash Amount published in the Feed provides the basis for a Corporate-Action adjustment between long and short exposure at the Effective Time. The adjustment is designed to offset the Corporate-Action-driven price movement without changing the underlying PR nature of the contract.

The amount published in the Feed reflects the Token-level economic effect of the corporate action, as standardized by the Administrator. This is important because the value reflected in the xStock Token may differ from the gross underlying-equity event amount, for example because of issuer-level deductions. Using the Feed output rather than independently interpreting the underlying event helps keep the Perpetual Futures treatment aligned with the xStock Token's actual price path.

5.1.4 Structural Events

When a Corporate Action is classified as Structural, the Multiplier changes in a way that alters the economic unit of the Token. A 2-for-1 stock split, for example, doubles the Multiplier and halves the Token price. To remain aligned with the post-event Token unit, open contract exposure needs to reflect the post-event scale state published by the Feed. Structural events are therefore treated through changes to the contract's quantity, price or risk representation rather than through a cashflow-style adjustment.

5.1.5 Termination Events

For a Termination event, the Settlement Price published in the Feed provides the standardized close-out reference for open Perpetual Futures exposure. The affected market is expected to move from ongoing trading to orderly close-out treatment at the Effective Time. After settlement, the symbol is permanently delisted.

5.2 Margin and Collateralized Lending Markets

This section summarizes market instructions for operators that accept xStock Tokens as collateral against a credit position. It applies equally to centralized margin and prime-brokerage venues that extend margin against xStock inventory, and to decentralized money-market protocols that supply or borrow xStocks through a lending pool. The same Feed outputs apply to both; the implementation differs primarily in bookkeeping and governance, not in economic substance.

5.2.1 Design Rationale

A margin or lending venue holds the xStock Token itself, whether on behalf of a depositor or as pledged collateral. The on-chain Multiplier adjustments maintained by Backed Finance therefore flow directly into the venue's collateral balance: a cash dividend automatically increases the depositor's Token balance via the rebase, and the on-chain balance update is itself the cash distribution. No separate cashflow instruction is required to make the holder whole.

For ongoing Cashflow and Structural events, xStocks collateral in these markets behaves economically as a TR instrument: the holder retains the full economic value of every Corporate Action, via Multiplier growth for Cashflow events and via Multiplier rescaling for Structural events. For Termination events, the Feed provides a deterministic Settlement Price against which the venue's standard unwind machinery marks every open position.

5.2.2 Collateral Valuation

The venue marks collateral to market against either the PR or the TR series, applied consistently across the price and balance sides of the valuation. Both yield identical mark-to-market value at any moment; the two conventions trace different paths between events but the economic valuation is always the same.

5.2.3 Cashflow Events

At the Effective Time of a Cashflow event, the on-chain Multiplier increases, the venue's xStock Token balance increases in the same proportion, and the xStock Token price falls by the value of the distribution. The Feed publishes the Cash Amount and the post-event Effective Scale Factor.

For a venue that holds the xStock Token directly, the balance-side update is automatic: the on-chain balance update flows through to the venue's collateral account without an explicit ledger write from the venue. The venue's key requirement around the Effective Time is to maintain consistency between the Token balance, reference price and risk representation used for collateral valuation. The Feed provides the standardized event timing and outputs needed to support that consistent post-event state.

5.2.4 Structural Events

At the Effective Time of a Structural event, the Multiplier changes in a way that alters the economic unit of the Token. The venue's balance, collateral and borrow representations need to remain consistent with the post-event Token unit. The Feed's Effective Scale Factor provides the standardized reference for that post-event state. Parameters expressed in absolute Token or price terms may require treatment different from parameters expressed as ratios or percentages.

5.2.5 Termination Events

At the Effective Time of a Termination event, the Settlement Price published in the Feed provides the standardized valuation reference for affected supplier, borrower and collateral positions. The event requires the market to move from ongoing collateral eligibility to close-out or unwind treatment.

5.3 Options Markets

This section summarizes market instructions for operators that list options on xStock underlyings. It is calibrated to common digital-asset options market designs, including cash-settled and collateralized structures. The Feed outputs provide the common event classification, timing and economic references used to preserve contract economics across different option market architectures.

5.3.1 Design Rationale

An option contract on an xStock has CA-sensitive parameters: the strike price, the contract multiplier, the expiration date, and the deliverable asset. The xStock Multiplier mechanism handles corporate actions at the Token level but does not propagate to derivative contract terms. A split that halves the Token price leaves an out-of-the-money call newly in-the-money and an in-the-money put newly out-of-the-money unless contract terms adjust accordingly.

The principle the Feed encodes is that a Corporate Action leaves the option holder economically indifferent: the option's pre-event value, conditional on the underlying's pre-event price, equals its post-event value conditional on the underlying's post-event price.

5.3.2 Settlement Convention

Each option contract is listed against either the PR or the TR series. The choice is venue-dependent and is published at listing.

Under PR, contract terms adjust at each Corporate Action to compensate the holder for the corresponding change in the underlying. Under TR, no adjustment is required on open contracts at Cashflow or Structural events because the reference series has already absorbed the economic effect; only Termination events require operator action.

5.3.3 Cashflow Events

Under a TR reference convention, Cashflow events are generally reflected in the reference series. Under a PR reference convention, the Cash Amount published in the Feed provides the standardized basis for preserving the economics of open contracts. The treatment is designed to preserve the economic value of open contracts without double-counting the same Corporate Action effect through both the reference series and the contract terms.

5.3.4 Structural Events

Under a PR reference convention, Structural events require open contract terms to remain consistent with the post-event Token unit. The Feed's Effective Scale Factor provides the standardized reference for that treatment. The treatment is designed to preserve the relationship between strike, contract size, settlement value and the post-event Token unit.

5.3.5 Termination Events

At the Effective Time of a Termination event, the Settlement Price published in the Feed provides the standardized close-out reference for affected open options. The market is expected to move from ongoing trading and exercise treatment to final settlement or close-out treatment. The treatment is designed to provide a consistent final valuation reference for contracts that can no longer reference a continuing xStock product.

6 Lifecycle and Delivery

The Feed delivers events through a defined lifecycle and a structured publication mechanism.

Each event is published in two stages. A Pending entry provides advance notice that an event is expected; the relevant adjustment values may not yet be confirmed. An Effective entry confirms the adjustment values and the precise time at which the adjustment must be applied, and is the actionable record for consuming systems.

Effective entries are published in advance of the Effective Time, with a minimum lead time sufficient for consumers to prepare for application. Where multiple versions of an event have been published, the active record at any moment is determined deterministically from the version history. The relationship between published versions and their order of effect is structured to produce identical economic outcomes for real-time and historical-replay consumers.

The Feed is currently distributed via REST API. Consumers receive all event versions as an append-only stream. Additional distribution channels, for example WebSocket or flat-file delivery, may be introduced in future versions of the methodology.

7 Contingency Calculation Rules

7.1 Delayed Data and Missing Data

The Feed relies on Corporate Action event data and issuer-confirmed information provided by Backed Finance. If required information has not been confirmed by the expected publication or effective window, the corresponding Feed entry may remain at Pending stage until confirmation is received. An Effective-stage entry is published only once the relevant adjustment values are available to the Administrator.

7.2 Erroneous and Potentially Erroneous Data

All data inputs used in the calculation of Feed entry values are subject to automated and manual screening for erroneous data. If an input is identified as erroneous:

1. The erroneous data point shall be excluded from the calculation.
2. If an Effective-stage entry has already been published with values derived from erroneous data, a Corrected version shall be published in line with the versioned correction framework described in §8.

Potentially Erroneous Data: Data inputs that deviate materially from expected values are flagged for manual review before inclusion in the Feed. If the review confirms the data is correct, the entry is published as normal. If the data cannot be confirmed, publication is delayed until the discrepancy is resolved or a corrected record can be published.

7.3 Delayed Calculation & Publication

Where for any reason the Administrator is not able to calculate and publish a Feed entry within the expected publication window, the Administrator shall use reasonable efforts to publish the entry as soon as practicable. Any delay shall be communicated to Feed consumers via the Administrator's status page.

8 Restatement & Republishing

Feed entries are subject to correction after publication via the versioned publication mechanism described in §6.

Any restatement shall be clearly communicated to Feed consumers via the Administrator's status page. The Administrator shall publish the corrected entry as soon as practicable after the error is identified.

9 Methodology Review and Changes

This methodology is subject to review by the Administrator at least annually.

All material changes to the methodology shall only be implemented after a consultation process with users and relevant stakeholders, conducted according to the Administrator's policies and procedures.

Should the Administrator deem it necessary to cease providing the Feed, it shall only do so after a consultation process with users and relevant stakeholders, conducted according to the Administrator's policies and procedures.

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