



Kaiko Indices Benchmark Statement

Kaiko Single Asset Benchmark
Reference Rates Family

Version 1.0
June 2024



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Introduction

Kaiko Indices SAS (the **Administrator**) is the authorised benchmark administrator of all Kaiko benchmarks, including the Kaiko Benchmark Reference Rates (as listed below and as updated from time to time), and is registered with the Autorité des Marchés Financiers (**AMF**) under Article 34 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 (**EU BMR**).

This document is published by the Administrator and is a ‘benchmark statement’ created in accordance with Article 27 of EU BMR. This benchmark statement should be read in conjunction with other documentation available on the Kaiko [website](#) including but not limited to the [Digital Assets Rates Rulebook](#) (the **Methodology**). The Administrator shall review and update this benchmark statement in the event of any changes to the information provided herein and at least every two years.

Objective of the Kaiko Benchmark Reference Rates

The benchmarks within the Kaiko Benchmark Reference Rates family seek to reflect the value of digital assets and cryptocurrencies relative to fiat currencies. The Administrator does this by measuring the price of the relevant base asset in the denomination of the quote asset by observing the economic reality of activity across certain centralised exchanges.

Methodology

Overview

The process of benchmark determination is detailed in the Methodology, which provides a step-by-step methodology for calculating the Benchmark Reference Rates. The Methodology complies with Article 12 of EU BMR and:

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

The Kaiko Benchmark Reference Rates are calculated on the basis of trade data collected by Challenger Deep SAS (**Kaiko Data**) from a list of curated centralized digital asset exchanges. In order to be eligible for inclusion in a Kaiko Benchmark Reference Rate, exchanges are subject to the Exchange Selection Model described in the Methodology. Exchanges are vetted firstly on an asset agnostic basis, which takes a holistic view of the exchange and its operations. The second stage is asset specific vetting, which considers the base asset-quote asset pair (for example BTC-USD) - in particular, consideration is given to liquidity and volume. Further optimization techniques are applied in order to identify which exchanges have, when combined together, deliver a high level of liquidity coverage.

Once the eligible constituent exchanges have been identified, all executed trades from the relevant calculation window are collected. The Benchmark Reference Rate Calculation Window is variable and depends on the liquidity of the asset. The duration is quarterly reviewed and ranges from 15 to 300 seconds for Real-Time rates, and from 300 to 3600 seconds for Fixing Rates (the more liquid the pair is, the shorter the time window is). The calculation window is then broken down into partitions, each of which is then subject to a Volume Weighted Median, which is by definition resistant to outliers. Each partition is assigned a weighting based on recency (i.e. the partition closest to the end of the calculation window is given greater weight). The weighted prices are then aggregated to obtain the headline Kaiko Benchmark Reference Rate.

The Kaiko Benchmark Reference Rates are calculated in real-time (every 5 seconds) and are also published as daily fixings covering three different time zones - namely London (16:00 UTC), New York (08:00 UTC) and Singapore (20:00 UTC).

The Kaiko Benchmark Reference Rates are calculated based on tick-by-tick trade data from the market data business of Kaiko Data. Kaiko Data collects transaction information and data from centralised digital asset exchanges, normalises and standardises it, before distribution to Kaiko Data customers and Kaiko Indices. Kaiko Data is therefore the only provider of data used in the Kaiko Benchmark Reference Rates.

The Methodology is reviewed by the Administrator and approved by the Kaiko Indices Oversight Committee (KIOC) at least annually.

Publication Schedule

The Kaiko Benchmark Reference Rates are calculated and published in real-time (every 5 seconds) and are also published as daily fixings covering three different time zones - namely London (16:00 UTC), New York (08:00 UTC) and Singapore (20:00 UTC).

Scheduled Rebalancing

Rebalancing is a scheduled, regular process designed to ensure that the Kaiko Benchmark Reference Rates are composed of the most relevant price data feeds and comply with the methodology, including initial vetting of exchanges, liquidity and optimization requirements. The Kaiko Benchmark Reference Rates will follow the same quarterly rebalancing calendar (March, June, September and December) with cut off and effective dates structuring the data collection and processing periods followed by publication periods.

Event	Date	Description	Example with June 2024 rebalancing
Cut-off Date	Last day of the month preceding the Rebalancing Month	Data collection for composition determination stops on that day.	<i>31st of May, 2024</i>
ER Effective Date	First business day of the Review Month	Publication of the new version of the Exchange Ranking (ER)	<i>3rd of June, 2024</i>
Effective Date	Monday after the third Friday of the Rebalancing Month	The new exchange composition becomes effective in the calculation of the rates.	<i>24th of June, 2024</i>

Discretion & Expert Judgement

The Administrator does not utilise discretion or expert judgement in the day to day calculation and publication of the Kaiko Benchmark Reference Rate. In exceptional market conditions, Expert Judgment may be exercised by Kaiko in accordance with internal policies. Please contact the Administrator for further information.

Restatements

The Administrator maintains a Restatement Policy that has been reviewed and approved by the Kaiko Indices Oversight Committee.

Changes to and Cessation of Benchmarks

Changes to, or the cessation of, the Kaiko Benchmark Reference Rates may have an impact upon any financial contracts, instruments and investment funds that reference the Kaiko Benchmark Reference Rates. In the event that Kaiko is considering a material change to an index methodology, there is a clear process that will be followed. This process is outlined in the Kaiko Benchmarks Changes and Cessations policy.

Use of Kaiko Benchmark Reference Rates

The Kaiko Benchmark Reference Rates have been designed to be appropriate for use as a benchmark, as defined in EU BMR. Specifically, the Kaiko Benchmark Reference Rates can be used in the valuation and settlement of financial instruments, products and funds. Use of the Kaiko Benchmark Reference Rates is strictly subject to licence by the Administrator or Kaiko Data. For all licence enquiries please contact Kaiko Data [here](#)

Governance

The Kaiko Benchmark Reference Rates are overseen by the KIOC. The high level terms of reference of the KIOC are available on the Kaiko [website](#). In addition to the KIOC, the Administrator operates an Index Operations Committee which has day to day responsibility for managing the operational aspects of benchmark determination and dissemination.

Generic Disclosures

The Kaiko Benchmark Reference Rates are currently deemed non-significant benchmarks in accordance with Articles 24 and 26 of EU BMR

Version History

Version	Publication Date	Comments
1.0	Jun 28, 2024	