

Valuation of Digital Tokens: Best Practices and Regulatory Guidance



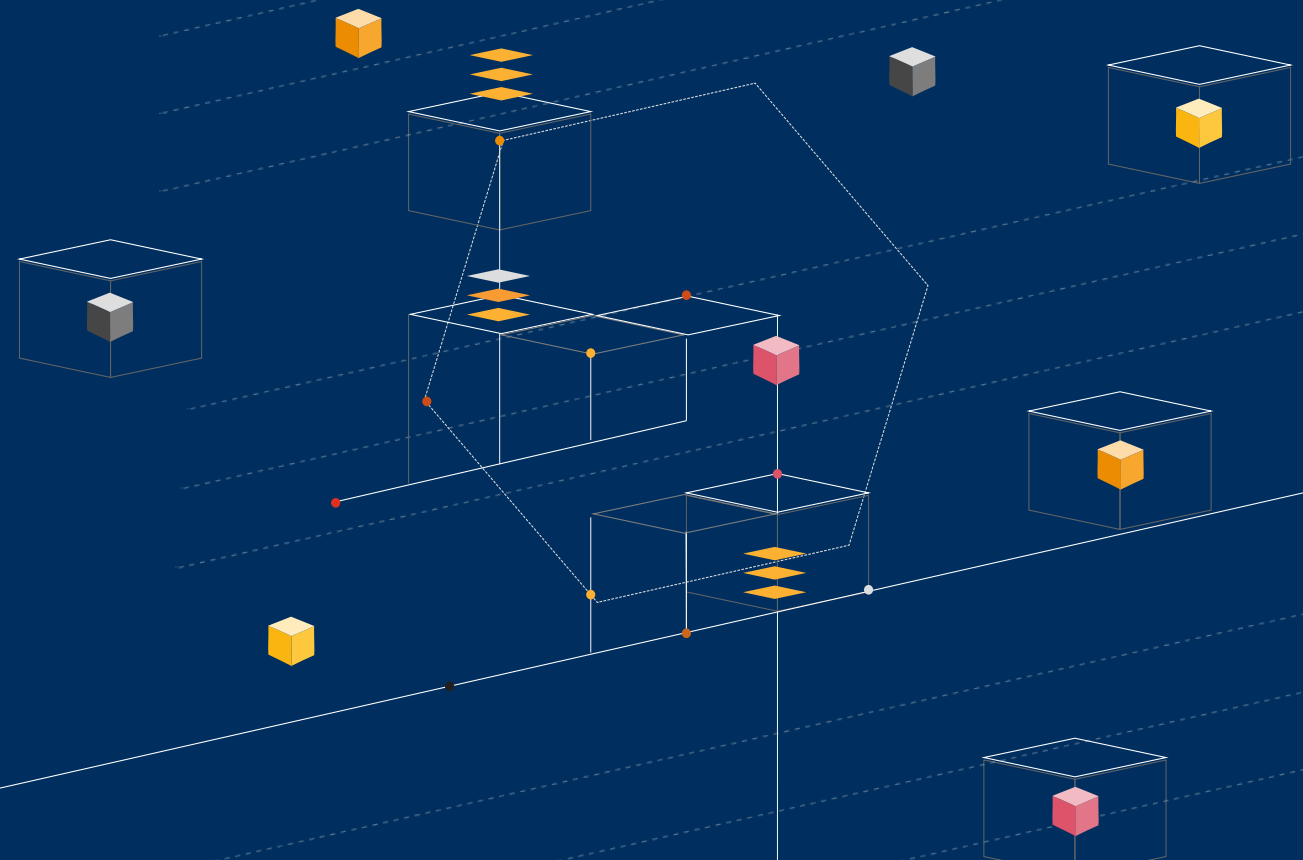
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Speakers: Antonella Puca, CFA, CPA/ABV

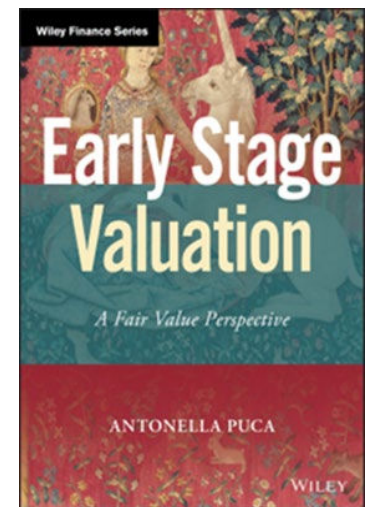
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Antonella Puca is the Managing Partner of BlueVal in New York. Antonella specializes in the business valuation portfolio valuation and the valuation of digital assets for private equity and venture capital funds for financial and tax reporting, M&A transactions, buy-sell agreements, gift/estate planning, and litigation purposes. Prior to joining BlueVal, Antonella held positions at various valuation advisory firms, KPMG & EY in San Francisco and in New York. Antonella is the author of *Early Stage Valuation* (Wiley: 2020) and a frequent speaker on the valuation of VC- and PE-backed companies. She is qualified as an expert witness in the State of California.

Antonella is a member of the CFA Institute and the American Institute of Certified Public Accountants (AICPA). She holds the CFA charter and is licensed as a CPA in California and in New York. She served as a member of Alternative Investment Management Association (AIMA)'s research committee, a director and treasurer of the Board of the CFA Society of New York, as a judge on the CFA Institute Research challenge, and as a director and consultant on industry standards, practice analysis and curriculum review at CFA Institute. Antonella is currently serving on the Forensics and Valuation Services Executive Committee of the AICPA and as a consultant on the CFA exam development team. She received the 2021 Business Valuation Volunteer of the Year Award of the AICPA and is listed in Forbes' 2025 America's Top CPAs for Valuation and Forbes' 2026 America's Best-in-State CPAs for New York State. She is a founding member of the Certified Digital Asset Valuation Credential Community of EACVA. Antonella earned a degree in Economics, with honors, from the University Federico II of Naples, Italy and a Master in Law Studies in Taxation from NYU School of Law. She served as a research fellow at the Hebrew University of Jerusalem.



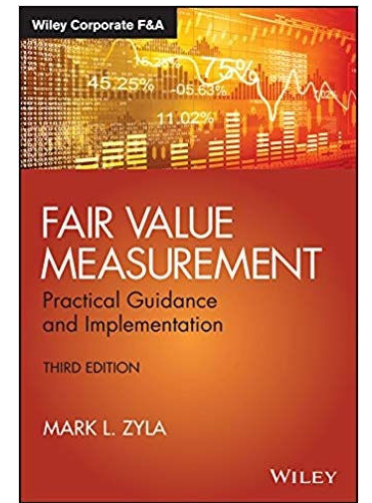
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Mark received a BBA degree in Finance from the University of Texas at Austin and an MBA degree with a concentration in Finance from Georgia State University. Mark also completed the *Mergers and Acquisitions Program* at the Aresty Institute of The Wharton School of the University of Pennsylvania and the *Valuation Program* at the Harvard Business School. He recently completed the *Preparing to be a Corporate Director Program* at Harvard.

He is a Certified Public Accountant, Accredited in Business Valuation (“CPA/ABV”), Certified in Financial Forensics (“CFF”) by the American Institute of Certified Public Accountants (“AICPA”), a Chartered Financial Analyst (“CFA”), and an Accredited Senior Appraiser with the American Society of Appraisers certified in Business Valuation (“ASA”). Mark is also a member of the National Association of Corporate Directors (“NACD”). Mark is the former Chairman of the Standards Review Board of the International Valuation Standards Council (“IVSC”). He recently served on the AICPA’s Forensic and Valuation Services Executive Committee. Mark also served as a member of the Business Valuations Committee of the ASA where he also served as a member of the Business Valuation Standards and Technical Issues subcommittees. Mark is a member of the Faculty of the Master of Science in Finance program at the University of Texas at Austin. In 2013, he was inducted into the AICPA Business Valuation Hall of Fame.

Mark is a frequent presenter and author on valuation issues. He has served on the faculty of the Federal Judicial Center and the National Judicial College teaching business valuation concepts to judges. Mark is author of *Fair Value Measurement: Practical Guidance and Implementation 3rd. ed.* published by John Wiley & Sons, Inc. (2020). He is also the author of the course, “*Fair Value Accounting: A Critical New Skill for All CPAs*” published by the AICPA. Mark is also co-author of several portfolios related to Fair Value Measurement published by Bloomberg BNA.



BlueVal is a provider of business valuation services with a specialty in the valuation of interests in privately-held companies and portfolio investments. BlueVal provides valuations for:



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BlueVal has offices in New York City, San Francisco and Manila.

Zyla Valuation Advisors, LLC

Zyla Valuation Advisors, LLC (ZVA) is an Austin, Texas based consulting firm which provides valuation and dispute analysis for clients both domestically in the United States and internationally. Our firm specializes in providing valuation services and assisting with disputes.

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Agenda

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- Introduction: A Market Overview
- Stablecoins
- Regulatory Overview
- Digital Token Valuation: A Fair Value Perspective
- Digital Tokens: Special Valuation Issues
- Valuation of Simple Agreements for Future Tokens (SAFTs)
- SEC Enforcement: Market Manipulation
- References
- Q&A

Market Overview

Total Global Cryptomarket Capitalization



16,368 tokens tracked
1,468 total exchanges tracked

CoinGecko as of May 12, 2026

Types of Digital Tokens

Digital Currencies

Utility Tokens:

- Financial Tokens
- Infrastructure Tokens
- Governance Tokens
- Service Tokens
- Media and Entertainment Tokens

Stablecoins

Central Bank Digital Currencies (CBDC)

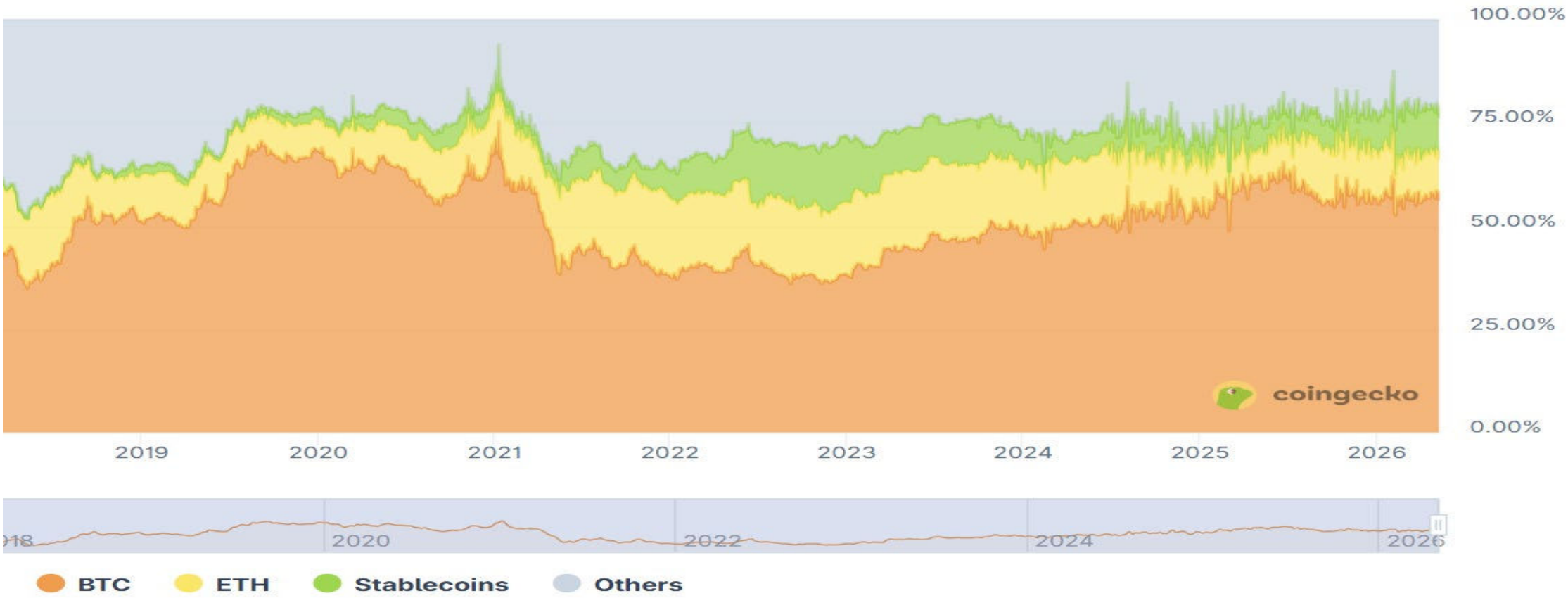
Market Overview

Top 10 Cryptocurrencies by MarketCap

| # | Name | Price | 1h % | 24h % | 7d % | Market Cap | Volume(24h) | Circulating Supply |
|----|--|-------------|---------|---------|---------|---------------------|-----------------------------|--------------------|
| 🚩 | CoinMarketCap 20 Index DTF CMC20 Buy | \$160.55 | ▼ 0.20% | ▼ 1.22% | ▲ 2.59% | \$16,536,400 | \$2,299,366 14.30K | 102.99K CMC20 |
| 1 | Bitcoin BTC Buy | \$79,761.75 | ▼ 0.62% | ▼ 1.39% | ▲ 1.77% | \$1,597,342,780,589 | \$38,354,422,693 479.96K | 20.02M BTC |
| 2 | Ethereum ETH Buy | \$2,277.75 | ▼ 0.69% | ▼ 1.96% | ▼ 1.50% | \$274,895,331,198 | \$22,848,640,263 10.00M | 120.68M ETH |
| 3 | Tether USDT Buy | \$0.9998 | ▼ 0.01% | ▼ 0.01% | ▼ 0.01% | \$189,681,092,745 | \$87,922,476,920 87.94B | 189.71B USDT |
| 4 | BNB BNB Buy | \$638.74 | ▼ 0.23% | ▼ 1.56% | ▲ 2.82% | \$86,094,313,409 | \$1,566,873,061 2.44M | 134.78M BNB |
| 5 | XRP XRP Buy | \$1.38 | ▼ 0.40% | ▼ 1.72% | ▼ 0.26% | \$85,645,496,073 | \$1,772,615,064 1.27B | 61.79B XRP |
| 6 | USDC USDC Buy | \$0.9997 | ▼ 0.01% | ▼ 0.00% | ▼ 0.03% | \$78,331,322,583 | \$12,400,766,935 12.40B | 78.34B USDC |
| 7 | Solana SOL Buy | \$88.32 | ▼ 0.31% | ▼ 0.95% | ▲ 4.48% | \$51,000,707,657 | \$4,153,368,281 46.94M | 577.45M SOL |
| 8 | TRON TRX Buy | \$0.3488 | ▲ 0.13% | ▲ 0.59% | ▲ 6.79% | \$33,072,076,766 | \$787,148,686 2.25B | 94.79B TRX |
| 9 | Dogecoin DOGE Buy | \$0.1065 | ▼ 0.78% | ▼ 4.07% | ▼ 3.45% | \$18,092,885,750 | \$1,512,167,666 14.16B | 169.86B DOGE |
| 10 | Hyperliquid HYPE Buy | \$42.48 | ▼ 0.21% | ▼ 0.97% | ▲ 3.73% | \$10,830,988,462 | \$214,327,219 5.04M | 254.92M HYPE |

CoinMarketCap as of May 8, 2026

BTC Dominance in the Global Markets



CoinMarketCap as of May 8, 2026

Access to Markets and Benchmarks

Spot Cryptocurrencies

Crypto Futures: CME, BitMEX, Kraken and Other

Exchange Traded Funds on Spot Currencies

BlackRock iShares Bitcoin Trust (IBIT)

Greyscale Bitcoin Trust (GBTC)

Crypto Indexes

Binance CoinMarketCap (CMC) Top 10 Equal-Weighted Index: Performance of the top 10 digital assets by market capitalization, relative to the base currency of USD.

S&P Cryptocurrency Indexes and Other

Drivers of Value

- Market Confidence and Adoption
- Regulatory Framework
- Technology
- Supply & Demand / Liquidity

Stablecoins

Tether (USDT) – 1Y Chart



CoinMarketCap as of May 7, 2026

Tether (USDT) is designed to maintain a 1:1 peg to the U.S. dollar. Tether states that all Tether tokens are pegged 1-to-1 with a matching fiat currency and are backed 100% by Tether's reserves, with reserve assets intended to match or exceed the amount required to redeem all tokens in circulation.

Stablecoin holders generally do not receive interest directly from the issuer. Stablecoin issuers typically generate revenue by investing reserve assets in interest-bearing instruments, such as U.S. Treasury bills and other liquid reserve assets. The GENIUS Act also prohibits payment stablecoin issuers from paying interest or yield to holders solely for holding, using, or retaining payment stablecoins.

Tether (EURT) – 1Y Chart



CoinMarketCap as of May 7, 2026

Tether EURt was designed to maintain a 1:1 peg to the euro. However, Tether discontinued support for EURt and asked holders to redeem their tokens by November 27, 2025, partly in response to the evolving European regulatory environment under MiCAR. Following the wind-down, EURt has materially depegged, highlighting redemption, liquidity, issuer wind-down, and regulatory risks associated with stablecoins.

Tether Holdings Limited – Consolidated Reserves

US\$ millions

| Asset Category | 12/31/2023 (USD) | % Total | 12/31/2024 (USD) | % Total | 12/31/2025 (USD) | % Total |
|---|------------------|---------------|------------------|---------------|------------------|---------------|
| U.S. Treasury Bills | 63,086 | 65.0% | 94,472 | 65.7% | 122,326 | 63.4% |
| Overnight Reverse Repurchase Agreements | 9,359 | 9.6% | 14,102 | 9.8% | 19,279 | 10.0% |
| Money Market Funds | 8,339 | 8.6% | 6,506 | 4.5% | - | 0.0% |
| Non-US Treasury Bills | 69 | 0.1% | 69 | 0.0% | - | 0.0% |
| Term Reverse Repurchase Agreements | 815 | 0.8% | 3,077 | 2.1% | 5,548 | 2.9% |
| Cash and Bank Deposits | 395 | 0.4% | 109 | 0.1% | 35 | 0.0% |
| Subtotal | 82,064 | 84.6% | 118,335 | 82.3% | 147,188 | 76.3% |
| Corporate Bonds | 44 | 0.0% | 14 | 0.0% | 3 | 0.0% |
| Precious Metals | 3,515 | 3.6% | 5,319 | 3.7% | 17,450 | 9.0% |
| Bitcoin | 2,820 | 2.9% | 7,858 | 5.5% | 8,430 | 4.4% |
| Other Investments | 3,772 | 3.9% | 3,985 | 2.8% | 2,763 | 1.4% |
| Secured Loans | 4,805 | 5.0% | 8,194 | 5.7% | 17,044 | 8.8% |
| Total | 97,020 | 100.0% | 143,705 | 100.0% | 192,878 | 100.0% |

Source: BDO Independent Auditor's Reports on the Consolidated Reserves Reports and Financial Figures (YE 2023, YE 2024, YE 2025).

Tether Startup Investments

Tether's 2026 startup investments have diverged from crypto CVC norms

| Company | Deal value | Round date | Sector |
|-------------------|---------------|----------------|-----------------------------------|
| Neura Robotics | €1 billion | TBD (reported) | Machinery/Robotics and drones |
| Replit | \$400 million | Mar. 11, 2026 | Software development applications |
| Whop | \$200 million | Feb. 25, 2026 | Ecommerce |
| Eight Sleep | \$150 million | Mar. 4, 2026 | Electronics (B2C) |
| Gold.com | \$150 million | Feb. 5, 2026 | Brokerage |
| Anchorage Digital | \$100 million | Feb. 4, 2026 | Fintech/Cryptocurrency |
| Ark Labs | \$5.2 million | Mar. 12, 2026 | Fintech/Cryptocurrency |
| Axiym | Undisclosed | Mar. 5 2026 | Fintech/Cryptocurrency |
| LayerZero Labs | Undisclosed | Feb. 10, 2026 | Fintech/Cryptocurrency |
| T-0 Network | Undisclosed | Feb. 6, 2026 | Fintech/Cryptocurrency |

Source: PitchBook, Tether, Bloomberg • As of Mar. 12,

Regulatory and Accounting Framework

European Union: Markets in Crypto Assets Regulation (MiCAR)

Token Taxonomy and Regulation

The MiCAR Act (Markets in Crypto Assets Regulation) was adopted in 2023 and has been fully applicable since December 2024. MiCAR applies directly in all 27 EU member states without the need for transposition into national law.

MiCA establishes a clear taxonomy with three main categories of tokens, each subject to different regulatory requirements:

- Asset-referenced tokens (ARTs) are tokens that aim to achieve value stability by referencing a basket of assets.
- E-money tokens (EMTs) are tokens that function as electronic money with a single currency peg and are subject to MiCAR regulation. Their public offering requires a license as a credit institution or money institution, full reserve requirements at par value above a certain size, a right of redemption for holders at any time at par value (1:1) in the reference currency, and segregation of customer funds.
- Other crypto assets include all other tokens such as payment tokens, utility tokens or governance tokens, which generally require a notified white paper but do not require prior approval.

Significant tokens: a token is considered significant if it has a customer base of over 10 million users, a reserve value of over EUR 5 billion, a transaction volume of over EUR 2.5 billion per day, or cross-border use in at least seven member states. Such tokens are subject to direct supervision by the European Banking Authority (EBA), increased capital requirements of 3% of average reserve assets, stricter liquidity requirements and stress tests, and additional governance and reporting obligations.

European Union: MiCAR – White Paper

MiCAR has standardized White Paper requirements in content and form as central information information tools.

A White Paper is generally mandatory under MiCAR when a public offering of digital assets are made or admission to trading is applied for.

The White Paper is a critical document for valuation and must contain, among others:

- Detailed information about the issuer and, when applicable, the provider, including registration and company history, ownership structure and management team, as well as the financial situation and business model
- Rights and obligations of token holders, including governance rights, economic claims, and transferability provisions.
- Technical architecture of the project, intended use of the funds raised, and development roadmap with milestones
- Comprehensive risk disclosures, including technical risks such as smart contract vulnerabilities, perational risks such as liquidity and volatility, and regulatory risks and uncertainties

USA: Genius Act

The GENIUS Act (Guiding and Establishing National Innovation for U.S. Stablecoins Act) was signed into law on July 18, 2025, and is the first major U.S. crypto legislation focused on payment stablecoins.

The Act creates a federal and state regulatory framework for stablecoin issuers, including licensing, reserve, custody, reporting, and compliance requirements. It is expected to become effective no later than January 18, 2027, unless final regulations make it effective earlier.

Key purpose: to make stablecoins safer, more transparent, and more reliable for payments and settlement. Sustain demand of U.S. government securities, enhance profitability of U.S. stablecoin market.

Key provisions include:

- Only approved issuers may issue payment stablecoins in the U.S.
- Stablecoins must be backed at least 1:1 by permitted reserve assets. A large portion of these can be invested in short-term U.S. Treasury bills.
- Issuers must publish monthly reserve reports reviewed by a public accounting firm.
- Issuers cannot pay interest or yield to stablecoin holders. The float remains almost entirely with the issuer.
- Foreign stablecoin issuers may operate in the U.S. only if they meet comparable regulatory standards.
- Certain permitted payment stablecoins are excluded from securities and commodities definitions.

AICPA Digital Assets Practice Aid

The AICPA Practice Aid provides nonauthoritative guidance on accounting for digital assets under U.S. GAAP. There is no single accounting model for all digital assets; classification depends on the asset's specific terms, form, rights, and obligations. Digital assets may be classified as cash or cash equivalents, financial assets, or intangible assets depending on their legal and economic characteristics.

Qualifying crypto assets are measured at fair value, with changes in fair value recognized in net income. To qualify, the asset generally must be blockchain-based, cryptographically secured, fungible, not issued by the reporting entity or related parties, and not provide enforceable rights to underlying goods, services, or other assets. NFTs are generally outside ASC 350-60 because they are not fungible.

Important valuation considerations include:

- Initial measurement at cost for crypto assets acquired for cash, generally including direct transaction costs
- Subsequent fair value measurement for in-scope crypto intangible assets.
- Impairment testing for certain out-of-scope indefinite-lived crypto intangible assets.
- Stablecoin accounting based on the holder's rights, redemption features, collateral, and legal structure.

Digital assets measured at fair value require careful evaluation of the market data used to support valuation.

Valuation of Digital Tokens: A Fair Value Perspective

Fair Value Perspective: Key Features

- Reference to Market
- Orderly market v. market manipulation
- Fair Value v. Intrinsic Value
- Our presentation v. CFA Valuation of Cryptoassets Whitepaper

Token Description

- Description of Token
- Total Supply and Amount in Circulation
- Volume Traded, Volatility
- Reference to Whitepaper
- Initial Coin Offering Characteristics
- Information on Underlying Network
- Main Markets
- Characteristics of Holding: Quantity Held, Restrictions to Marketability
- Regulatory Environment

Fair Value: What is the Principal Market?

Top 10 Markets for Bitcoin

| # | Exchange | Pairs | Price | +2% / -2% Depth ⓘ | Volume (24h) ⓘ | Volume % |
|----|---|----------------------------|-------------|---------------------------|-----------------|----------|
| 1 |  Binance | BTC/USDT ⓘ | \$80,461.38 | \$20,330,559/\$29,110,365 | \$1,135,524,141 | 3.45% |
| 2 |  Binance | BTC/USDC ⓘ | \$80,472.53 | \$6,946,484/\$9,983,824 | \$433,770,729 | 1.32% |
| 3 |  Coinbase Exchange | BTC/USD ⓘ | \$80,466.42 | \$11,874,886/\$41,391,377 | \$466,021,952 | 1.42% |
| 4 |  Upbit | BTC/KRW ⓘ | \$81,659.89 | \$40,454/\$162,761 | \$124,532,918 | 0.38% |
| 5 |  Aster | BTC/USDT ⓘ | \$80,474.08 | \$198,530/\$204,503 | \$1,005,265 | <0.01% |
| 6 |  OKX | BTC/USDT ⓘ | \$80,428.15 | \$6,637,886/\$5,235,263 | \$317,673,336 | 0.97% |
| 7 |  Bybit | BTC/USDT ⓘ | \$80,485.42 | \$17,737,393/\$18,586,909 | \$561,945,476 | 1.71% |
| 8 |  Bitget | BTC/USDT ⓘ | \$80,480.62 | \$5,101,704/\$4,100,260 | \$290,065,497 | 0.88% |
| 9 |  Gate | BTC/USDT ⓘ | \$80,423.25 | \$7,643,294/\$10,501,587 | \$432,823,236 | 1.32% |
| 10 |  KuCoin | BTC/USDT ⓘ | \$80,432.65 | \$3,496,184/\$3,504,585 | \$215,885,327 | 0.66% |

CoinMarketCap as of May 7, 2026

- Multiple Stablecoins also within the same Exchange
- Typically, a composite average is acceptable
- Define process in valuation policies and procedures

What is the “Exit” Price?

- Cryptocurrencies trade around the clock and typically have high intra-day volatility.
- Various answers are possible
 - Price at a particular point in time, based on location
 - Average daily price (simple or weighted average)
 - “Close price” per Coinmarketcap, or other data providers
 - Average of daily high and low
- Discuss with auditors.
- Policies and procedures should specify how to define reference price for financial reporting.
- Make sure policies agree to Fund legal documents (PPM or other) and actual practice.
- Under GAAP, blockage discounts are not available.
- DLOM are available if they would transfer with the currency from the seller to the buyer.

Which Level in the Fair Value Hierarchy?

- Level 1: quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. [IFRS 13:76]
- Level 2: inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. [IFRS 13:81] Level 2 inputs include:
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets or liabilities in markets that are not active;
 - inputs other than quoted prices that are observable for the asset or liability, for example: interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads.
- Level 3: unobservable inputs.

Which Level in the Fair Value Hierarchy? (continued)

- Considerations:
 - Evaluated pricing (averages, multiple markets).
 - Stablecoin conversion.
 - Lack of transparency/consensus on market price at “close”.
 - Is the market active? IFRS 13 defines an active market as one “in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.”
 - Reliability of data.
 - Average daily turnover ratio: ratio that is calculated by dividing the average daily trading volume by the total amount of cryptographic assets outstanding.

Valuation of Digital Tokens: Special Challenges

Lock-Up Provisions

| Timeframe (Days) | Date | Vesting Percentage (%) | Cumulative Vesting Percentage (%) |
|------------------|------------|------------------------|-----------------------------------|
| 0 | 3/31/2025 | 0.00% | 0.00% |
| 30 | 4/30/2025 | 8.33% | 8.33% |
| 61 | 5/31/2025 | 8.33% | 16.67% |
| 91 | 6/30/2025 | 8.33% | 25.00% |
| 122 | 7/31/2025 | 8.33% | 33.34% |
| 152 | 8/30/2025 | 8.33% | 41.67% |
| 182 | 9/29/2025 | 8.33% | 50.00% |
| 213 | 10/30/2025 | 8.33% | 58.34% |
| 243 | 11/29/2025 | 8.33% | 66.67% |
| 274 | 12/30/2025 | 8.33% | 75.01% |
| 304 | 1/29/2026 | 8.33% | 83.34% |
| 335 | 3/1/2026 | 8.33% | 91.67% |
| 365 | 3/31/2026 | 8.33% | 100.00% |

Val Date: 3/31/2026

| | Valuation Date |
|------------------------|----------------|
| Holding Period (Low): | 0.00 |
| Holding Period (Mid): | 0.37 |
| Holding Period (High): | 0.88 |

“Seller shall transfer the tokens to two new Vesting Smart Contracts for the tokens to be unlocked beginning on the Transaction date and continuing over a 12-month period ending 31 March 2026.”

Results of Put Option Model

| | | Time to Vesting (Years) | | |
|------------|--------|-------------------------|-------|-------|
| | | 0.00 | 0.37 | 0.88 |
| Volatility | 80.0% | 0.1% | 11.0% | 16.4% |
| | 100.0% | 0.0% | 13.5% | 19.8% |
| | 120.0% | 0.1% | 16.0% | 22.8% |

Which Put Option Model?

| Model | Pros | Cons |
|---|---|---|
| Black-Scholes-Merton (“BSM”) Model | Simple, transparent, and widely recognized. Easy to apply and explain because it relies on standard option-pricing inputs such as volatility, risk-free rate, dividend yield, and expected holding period. Useful as a baseline or benchmark indication of DLOM. | May oversimplify the marketability issue because it assumes a European-style put option and liquid market conditions. It may not reflect sale constraints, transaction costs, negotiation delays, or investor-specific liquidity needs. Results can be highly sensitive to volatility and holding-period assumptions. |
| Finnerty Average-Strike Put Model | Average-strike Asian put option model. The seller is not assumed to have any special market timing ability and would be equally likely to exercise the hypothetical liquid security at any given point in time. The Finnerty model also addresses the issue of assuming protection on the downside while still realizing appreciation on the upside in the BSM model. | The Finnerty model caps the discount at 32.3% and may understate the DLOM at high volatilities, particularly for volatilities exceeding 75%. |
| Ghaidarov Model | Similar to Finnerty in its pros relative to the BSM model. Average-Strike Put Option Model that eliminates the DLOM cap embedded in the Finnerty model and that can be used also at higher volatilities for long holding periods | Less intuitive for non-technical audiences. Like other option-based models, it still depends on subjective inputs and may not fully reflect the real-world process of selling illiquid digital tokens. |

How do we select volatility for our Put Option Models?

- Historical volatility.
- Custom index of similar tokens with adequate trading.
- Custom index of tokens from inception of trading to 1Y/2Y.
- Proxy historical volatility of comparable.
- Volatility of new tokens tends to be significantly higher than current volatilities of tokens such as Bitcoin or Ethereum. For new tokens, consider using an average of Y1 or Y2 volatilities observed from issuance of current tokens.

Volatility Analysis - Sample Token

| Date | Term (Years)(1) | Rate 1 Period | Rate 1 | Rate 2 Period | Rate 2 | Concluded Volatility | 1-Month (2) | 3-Month (2) | 6-Month (2) | 1-Year (2) | 2-Year (2) | 3-Year (2) |
|------------|-----------------|---------------|---------|---------------|---------|----------------------|-------------|-------------|-------------|------------|------------|------------|
| 6/30/2023 | | | | | | | 161.00% | 224.00% | 227.00% | 206.00% | 181.00% | 164.00% |
| 7/11/2023 | 0.03 | 1-Month | 161.00% | 1-Month | 161.00% | 161.00% | | | | | | |
| 8/10/2023 | 0.11 | 1-Month | 161.00% | 3-Month | 224.00% | 171.96% | | | | | | |
| 9/9/2023 | 0.19 | 1-Month | 161.00% | 3-Month | 224.00% | 203.03% | | | | | | |
| 10/9/2023 | 0.28 | 3-Month | 224.00% | 6-Month | 227.00% | 224.32% | | | | | | |
| 11/8/2023 | 0.36 | 3-Month | 224.00% | 6-Month | 227.00% | 225.31% | | | | | | |
| 12/8/2023 | 0.44 | 3-Month | 224.00% | 6-Month | 227.00% | 226.29% | | | | | | |
| 1/7/2024 | 0.52 | 6-Month | 227.00% | 1-Year | 206.00% | 226.02% | | | | | | |
| 2/6/2024 | 0.61 | 6-Month | 227.00% | 1-Year | 206.00% | 222.57% | | | | | | |
| 3/7/2024 | 0.69 | 6-Month | 227.00% | 1-Year | 206.00% | 219.12% | | | | | | |
| 4/6/2024 | 0.77 | 6-Month | 227.00% | 1-Year | 206.00% | 215.67% | | | | | | |
| 5/6/2024 | 0.85 | 6-Month | 227.00% | 1-Year | 206.00% | 212.21% | | | | | | |
| 6/5/2024 | 0.93 | 6-Month | 227.00% | 1-Year | 206.00% | 208.76% | | | | | | |
| 7/5/2024 | 1.02 | 1-Year | 206.00% | 2-Year | 181.00% | 205.59% | | | | | | |
| 8/4/2024 | 1.10 | 1-Year | 206.00% | 2-Year | 181.00% | 203.53% | | | | | | |
| 9/3/2024 | 1.18 | 1-Year | 206.00% | 2-Year | 181.00% | 201.48% | | | | | | |
| 10/3/2024 | 1.26 | 1-Year | 206.00% | 2-Year | 181.00% | 199.42% | | | | | | |
| 11/2/2024 | 1.35 | 1-Year | 206.00% | 2-Year | 181.00% | 197.37% | | | | | | |
| 12/2/2024 | 1.43 | 1-Year | 206.00% | 2-Year | 181.00% | 195.32% | | | | | | |
| 1/1/2025 | 1.51 | 1-Year | 206.00% | 2-Year | 181.00% | 193.26% | | | | | | |
| 1/31/2025 | 1.59 | 1-Year | 206.00% | 2-Year | 181.00% | 191.21% | | | | | | |
| 3/2/2025 | 1.67 | 1-Year | 206.00% | 2-Year | 181.00% | 189.15% | | | | | | |
| 4/1/2025 | 1.76 | 1-Year | 206.00% | 2-Year | 181.00% | 187.10% | | | | | | |
| 5/1/2025 | 1.84 | 1-Year | 206.00% | 2-Year | 181.00% | 185.04% | | | | | | |
| 5/31/2025 | 1.92 | 1-Year | 206.00% | 2-Year | 181.00% | 182.99% | | | | | | |
| 6/30/2025 | 2.00 | 2-Year | 181.00% | 3-Year | 164.00% | 180.95% | | | | | | |
| 7/30/2025 | 2.08 | 2-Year | 181.00% | 3-Year | 164.00% | 179.56% | | | | | | |
| 8/29/2025 | 2.17 | 2-Year | 181.00% | 3-Year | 164.00% | 178.16% | | | | | | |
| 9/28/2025 | 2.25 | 2-Year | 181.00% | 3-Year | 164.00% | 176.76% | | | | | | |
| 10/28/2025 | 2.33 | 2-Year | 181.00% | 3-Year | 164.00% | 175.36% | | | | | | |
| 11/27/2025 | 2.41 | 2-Year | 181.00% | 3-Year | 164.00% | 173.97% | | | | | | |
| 12/27/2025 | 2.50 | 2-Year | 181.00% | 3-Year | 164.00% | 172.57% | | | | | | |
| 1/26/2026 | 2.58 | 2-Year | 181.00% | 3-Year | 164.00% | 171.17% | | | | | | |
| 2/25/2026 | 2.66 | 2-Year | 181.00% | 3-Year | 164.00% | 169.78% | | | | | | |
| 3/27/2026 | 2.74 | 2-Year | 181.00% | 3-Year | 164.00% | 168.38% | | | | | | |
| 4/26/2026 | 2.82 | 2-Year | 181.00% | 3-Year | 164.00% | 166.98% | | | | | | |

DLOM Calculation – Sample Token

| Date | Term (1) | Implied DLOM - Chaffe (2) | Implied DLOM - Ghaidarov (3) | Concluded DLOM (4) | Quantity (1) | Unit Price - Undiscounted (USD) (5) | Unit Price - Discounted (USD) | Fair Value (USD) |
|------------|----------|---------------------------|------------------------------|--------------------|-------------------|-------------------------------------|-------------------------------|-------------------|
| 7/11/2023 | 0.03 Yrs | 11.0% | 6.5% | 8.7% | 21,722.23 | 49.9110 | 45.5492 | 989,431 |
| 8/10/2023 | 0.11 Yrs | 22.3% | 13.4% | 17.9% | 21,722.23 | 49.9110 | 41.0013 | 890,639 |
| 9/9/2023 | 0.19 Yrs | 33.9% | 21.1% | 27.5% | 21,722.23 | 49.9110 | 36.2019 | 786,387 |
| 10/9/2023 | 0.28 Yrs | 43.4% | 28.2% | 35.8% | 21,722.23 | 49.9110 | 32.0457 | 696,105 |
| 11/8/2023 | 0.36 Yrs | 48.6% | 32.6% | 40.6% | 21,722.23 | 49.9110 | 29.6624 | 644,333 |
| 12/8/2023 | 0.44 Yrs | 52.9% | 36.6% | 44.8% | 21,722.23 | 49.9110 | 27.5729 | 598,946 |
| 1/7/2024 | 0.52 Yrs | 56.4% | 40.1% | 48.3% | 21,722.23 | 49.9110 | 25.8221 | 560,915 |
| 2/6/2024 | 0.61 Yrs | 58.7% | 42.7% | 50.7% | 21,722.23 | 49.9110 | 24.5887 | 534,122 |
| 3/7/2024 | 0.69 Yrs | 60.6% | 45.1% | 52.8% | 21,722.23 | 49.9110 | 23.5358 | 511,250 |
| 4/6/2024 | 0.77 Yrs | 62.2% | 47.1% | 54.7% | 21,722.23 | 49.9110 | 22.6286 | 491,543 |
| 5/6/2024 | 0.85 Yrs | 63.5% | 48.9% | 56.2% | 21,722.23 | 49.9110 | 21.8548 | 474,734 |
| 6/5/2024 | 0.93 Yrs | 64.5% | 50.5% | 57.5% | 21,722.23 | 49.9110 | 21.1924 | 460,345 |
| 7/5/2024 | 1.02 Yrs | 65.5% | 52.0% | 58.8% | 21,722.23 | 49.9110 | 20.5834 | 447,118 |
| 8/4/2024 | 1.10 Yrs | 66.5% | 53.7% | 60.1% | 21,722.23 | 49.9110 | 19.9139 | 432,574 |
| 9/3/2024 | 1.18 Yrs | 67.4% | 55.2% | 61.3% | 21,722.23 | 49.9110 | 19.3120 | 419,500 |
| 10/3/2024 | 1.26 Yrs | 68.2% | 56.6% | 62.4% | 21,722.23 | 49.9110 | 18.7708 | 407,743 |
| 11/2/2024 | 1.35 Yrs | 68.9% | 57.9% | 63.4% | 21,722.23 | 49.9110 | 18.2840 | 397,170 |
| 12/2/2024 | 1.43 Yrs | 69.4% | 59.0% | 64.2% | 21,722.23 | 49.9110 | 17.8466 | 387,668 |
| 1/1/2025 | 1.51 Yrs | 69.9% | 60.1% | 65.0% | 21,722.23 | 49.9110 | 17.4539 | 379,137 |
| 1/31/2025 | 1.59 Yrs | 70.4% | 61.1% | 65.7% | 21,722.23 | 49.9110 | 17.1019 | 371,491 |
| 3/2/2025 | 1.67 Yrs | 70.7% | 62.0% | 66.4% | 21,722.23 | 49.9110 | 16.7871 | 364,653 |
| 4/1/2025 | 1.76 Yrs | 71.0% | 62.8% | 66.9% | 21,722.23 | 49.9110 | 16.5064 | 358,555 |
| 5/1/2025 | 1.84 Yrs | 71.3% | 63.6% | 67.4% | 21,722.23 | 49.9110 | 16.2570 | 353,139 |
| 5/31/2025 | 1.92 Yrs | 71.5% | 64.3% | 67.9% | 21,722.23 | 49.9110 | 16.0366 | 348,351 |
| 6/30/2025 | 2.00 Yrs | 71.6% | 64.9% | 68.3% | 21,722.23 | 49.9110 | 15.8399 | 344,077 |
| 7/30/2025 | 2.08 Yrs | 71.9% | 65.7% | 68.8% | 21,722.23 | 49.9110 | 15.5786 | 338,402 |
| 8/29/2025 | 2.17 Yrs | 72.1% | 66.4% | 69.3% | 21,722.23 | 49.9110 | 15.3394 | 333,205 |
| 9/28/2025 | 2.25 Yrs | 72.3% | 67.1% | 69.7% | 21,722.23 | 49.9110 | 15.1206 | 328,454 |
| 10/28/2025 | 2.33 Yrs | 72.4% | 67.8% | 70.1% | 21,722.23 | 49.9110 | 14.9210 | 324,118 |
| 11/27/2025 | 2.41 Yrs | 72.6% | 68.4% | 70.5% | 21,722.23 | 49.9110 | 14.7392 | 320,169 |
| 12/27/2025 | 2.50 Yrs | 72.7% | 68.9% | 70.8% | 21,722.23 | 49.9110 | 14.5741 | 316,581 |
| 1/26/2026 | 2.58 Yrs | 72.8% | 69.4% | 71.1% | 21,722.23 | 49.9110 | 14.4245 | 313,333 |
| 2/25/2026 | 2.66 Yrs | 72.8% | 69.9% | 71.4% | 21,722.23 | 49.9110 | 14.2896 | 310,402 |
| 3/27/2026 | 2.74 Yrs | 72.9% | 70.4% | 71.6% | 21,722.23 | 49.9110 | 14.1684 | 307,769 |
| 4/26/2026 | 2.82 Yrs | 72.9% | 70.8% | 71.8% | 21,722.23 | 49.9110 | 14.0601 | 305,417 |
| | TOTAL | | | | <u>760,278.00</u> | | | <u>15,847,775</u> |
| | | | | | | | Per Unit | 20.8447 |
| | | | | | | | DLOM | 58.24% |

Volatility of New Tokens: Special Issues

| Token Name | Ticker | Event | Event Date (Close) | Reference Date | Reference Volatility | 1-Month Forward Volatility | 3-Month Forward Volatility | 6-Month Forward Volatility | 1-Year Forward Volatility | 2-Year Forward Volatility | 3-Year Forward Volatility |
|---|--------|----------------------|-----------------------|----------------|-------------------------|-------------------------------|-------------------------------|-------------------------------|------------------------------|------------------------------|------------------------------|
| Bitcoin | BTC | TGE and Distribution | 4/29/2013 | 9/3/2013 | 85% | 81% | 132% | 145% | 114% | 95% | 84% |
| Ethereum | ETH | TGE and Distribution | 8/8/2015 | 12/13/2015 | 182% | 55% | 162% | 145% | 129% | 131% | 124% |
| Binance Coin | BNB | TGE and Distribution | 7/26/2017 | 11/30/2017 | 271% | 212% | 235% | 187% | 146% | 121% | 113% |
| Cardano | ADA | TGE and Distribution | 10/2/2017 | 2/6/2018 | 296% | 105% | 143% | 125% | 117% | 103% | 111% |
| Solana | SOL | TGE and Distribution | 4/11/2020 | 8/16/2020 | 164% | 242% | 181% | 179% | 178% | 151% | 139% |
| Avalanche | AVAX | TGE and Distribution | 9/23/2020 | 1/28/2021 | 126% | 272% | 213% | 189% | 171% | 145% | 127% |
| Cronos (Crypto.com Coin) | CRO | TGE and Distribution | 12/15/2018 | 4/21/2019 | 239% | 81% | 135% | 109% | 107% | 107% | 111% |
| NEAR Protocol | NEAR | TGE and Distribution | 10/14/2020 | 2/18/2021 | 177% | 153% | 132% | 151% | 159% | 142% | 125% |
| Algorand | ALGO | TGE and Distribution | 6/22/2019 | 10/27/2019 | 157% | 103% | 102% | 149% | 135% | 140% | 127% |
| TRON | TRX | TGE and Distribution | 9/14/2017 | 1/19/2018 | 375% | 214% | 185% | 155% | 137% | 116% | 113% |
| High | | | | | 375% | 272% | 235% | 189% | 178% | 151% | 139% |
| 75th Percentile | | | | | 263% | 214% | 184% | 173% | 156% | 142% | 127% |
| Median | | | | | 180% | 129% | 153% | 150% | 136% | 126% | 119% |
| 25th Percentile | | | | | 159% | 87% | 133% | 145% | 120% | 109% | 112% |
| Low | | | | | 85% | 55% | 102% | 109% | 107% | 95% | 84% |
| Change in Median Volatility against Reference Volatility | | | | | | -28% | -15% | -16% | -24% | -30% | -34% |

What is a Simple Agreement for Future Tokens (SAFT)?

- Simple Agreement for Future Tokens (SAFT): investment agreement offered by crypto developers to accredited investors whereby investors provide capital to the developers in exchange for crypto tokens at a future date.
- SAFTs typically have a discount provision and may have a valuation cap.
- SAFTs may vary in terms of what happens if the trigger event does not occur. Possibilities include:
 - give capital back to investors ahead of other stakeholders in the enterprise;
 - the SAFT is worthless.

SAFT Sample Term Sheet

| | |
|-----------------------------------|--|
| Asset Type | Simple Agreement for Future Tokens (SAFT) |
| Currency | US\$ |
| Purchase Amount | \$1,000,000 |
| Effective Date / Calibration Date | December 31, 2024 |
| Valuation Date | March 31, 2025 |
| Token | Cryptographic tokens that will be generated by the Company which will be called "ABCD Tokens". |
| Purchase Price per Token | \$2.50 |
| Number of Tokens | 400,000 |
| Evaluation Date | Date no later than 31 December 2025 and no earlier than 31 December 2024, on which the Company, in its sole discretion, will determine whether the Company or its Affiliated Entities have met the Platform Launch. |
| Delivery Schedule | <p>The purchased Tokens shall be delivered when and if the Platform Launch is satisfied during a twelve-month vesting period with a three-month cliff from the Token Issuance Date (as defined below) as follows:</p> <ul style="list-style-type: none"> - 8.37% of the purchased Tokens shall be delivered ninety (90) calendar days after the Token Issuance Date. - 8.33% of the purchased Tokens shall be delivered one hundred twenty (120) calendar days after the Token Issuance Date. - 8.33% of the purchased Tokens shall be delivered one hundred fifty (150) calendar days after the Token Issuance Date. - 8.33% of the purchased Tokens shall be delivered one hundred eighty (180) calendar days after the Token Issuance Date. - 8.33% of the purchased Tokens shall be delivered two hundred ten (210) calendar days after the Token Issuance Date. - 8.33% of the purchased Tokens shall be delivered two hundred forty (240) calendar days after the Token Issuance Date. - 8.33% of the purchased Tokens shall be delivered two hundred seventy (270) calendar days after the Token Issuance Date. - 8.33% of the purchased Tokens shall be delivered three hundred (300) calendar days after the Token Issuance Date. - 8.33% of the purchased Tokens shall be delivered three hundred thirty (330) calendar days after the Token Issuance Date. - 8.33% of the purchased Tokens shall be delivered three hundred sixty (360) calendar days after the Token Issuance Date. - 8.33% of the purchased Tokens shall be delivered three hundred ninety (390) calendar days after the Token Issuance Date. - 8.33% of the purchased Tokens shall be delivered four hundred twenty (420) calendar days after the Token Issuance Date. |
| Token Issuance Date | Upon the satisfaction of the Platform Launch, within 30 days of the Evaluation Date. |
| Return Provision | Upon 30 days after (i) the failure of the Company to meet the Platform Launch by the Evaluation Date or (ii) a Dissolution Event, the Company will refund to the Purchaser an amount equal to Hundred Percent (100%) of the Purchase Amount, net of applicable taxes and expenses associated with the SAFT Offering (such amount, the "Returned Investment"). Any Returned Investments may be paid in U.S. Dollars, Bitcoin, Ethereum, USD Coin, or USD Tether (USDT), at the discretion of the Company. The Purchaser acknowledges that there may be circumstances in which the Company will not be able to refund all or a portion of the Purchase Amount to Purchaser. |

Valuation Date: Model Update

| | Tokens Issuable | Assumed Token Price | DLOM | Discounted Token Price | Scenario 1 Value |
|---|--------------------|------------------------|----------------------|---------------------------|---------------------|
| Scenario 1 - Holding Upon Launch - ABCD | 400,000 | \$5.00 | 20.0% | \$4.00 | 1,600,000 |
| | | | Preliminary Value | Probability | Weighted Value |
| Scenario 1 - Token Launch | | | 1,600,000 | 80.0% | 1,280,000 |
| Scenario 2 - Project Failure | | | 0 | 20.0% | 0 |
| Total | | | | 100.0% | 1,280,000 |

SEC Enforcement: Market Manipulation

SEC Enforcement Case – Market Manipulation

Case: ZM Quant Investments Ltd – Market Manipulation

Case Name:

SEC v. ZM Quant Investments Ltd and Others (Filed: October 9, 2024)

Parties Involved:

- **Respondent:** ZM Quant Investments, Ltd (“ZM Quant”) and Others
- **Token:** NexFund AI and Saitama, ERC-20 standard tokens on the Ethereum blockchain.
- **Individuals:** CEO of both SIM and SDM; Portfolio Manager of SSSMF
- **Business Context:**

The case centers on **ZM Quant Investments Ltd**, a company registered in the BVI that operates both inside and outside the United States. ZM Quant offers various services for crypto asset projects, including investment and consulting services, and “market making”. ZM Quant purports to have offices in Hong Kong, Singapore, London and Seoul. Starting in **May 2024**, ZM Quant facilitated trading of NexFund AI and Saitama on crypto exchanges. The SEC found that ZM Quant **created artificial trades** in its clients’ crypto assets to artificially inflate their price and trading volume, falsely suggesting that there were multiple parties interested in the tokens. ZM Quant received a “gas fee” on the trades it generated on various crypto trading platforms.

SEC Enforcement Case – Market Manipulation

Case: Valuation Issues

1. Pricing Manipulation

ZM Quant's trading activity had effects on token prices, resulting in prices that did not reflect arms' length transactions.

2. Volatility and Volume Manipulation

Volatility and Volume manipulation affect DLOM analysis.

Market Manipulation: Valuation Implications

- Wash Trading: Critically evaluate market data; if necessary, question the choice of exchange/venue; check whether price/volume indicates an active market (ASC 820/IFRS 13)
- Pump and Dump: check whether the closing price is distorted; if necessary, use a smoothed price basis (e.g. VWAP over a reasonable time window) or adjust for outliers.
- Spoofing: Order book not “at face value”; for large positions, perform market depth analysis; check for blockage discounts (especially for position sizes close to/above typical daily volume)
- Front-running / MEV: validate market price vs. realizable proceeds; check transaction cost/slippage buffer; document assumptions regarding execution.

Source: EACVA, Certified Digital Asset Valuator (CDAV) Module 3: Regulation, Accounting and Taxes

References

References: From Presenters

- ✓ [CFA Article](#): How to value digital tokens: A 5-step fair value framework (2025)
- ✓ [BVR Webinar](#): Valuation of crypto companies: challenges and opportunities (2024)
- ✓ [AICPA Crypto Podcast](#): Valuation of crypto assets and crypto companies (2023)

References: Other Sources

- ✓ CFA Valuation of Crypto Assets: A Guide for Investment Professionals (2023)
- ✓ American Institute of Certified Public Accountants: Digital Assets Practice Aid
- ✓ European Association of Certified Valuators and Analysts: Certified Digital Assets Valuator Credential materials

Q&A

Thank you!

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