MEMORANDUM

To: Crypto Task Force Meeting Log
From: Crypto Task Force Staff
Re: Meeting with Representatives of Douro Labs LLC, Multicoin Capital Management, LLC, and Jump Crypto

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On May 20, 2025, Crypto Task Force Staff met with representatives from Douro Labs LLC, Multicoin Capital Management, LLC, and Jump Crypto.

The topic discussed was approaches to addressing issues related to regulation of crypto assets. Douro Labs LLC, Multicoin Capital Management, LLC, and Jump Crypto representatives provided the attached documents, which were discussed during the meeting.

April 15, 2025

SEC Crypto Task Force
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-0213

Re: Meeting with SEC Crypto Task Force

Dear Members of the Crypto Task Force:

We submit this letter on behalf of Douro Labs LLC, a Delaware limited liability company ("***Douro Labs***"), in accordance with the Commission's procedure for requesting meetings with the Crypto Task Force. Douro Labs is a "Web3" development company working to decentralize data services and enhance access to real-time, once-exclusive market data for all blockchain participants. Douro Labs contributes to some of the most important projects in the Web3 data industry, such as the Pyth Network, where founders of Douro Labs were initial contributors.

Our goal is to advocate for the issuance of guidance in connection with the adoption and use of decentralized price oracles as financial benchmark tools and describe how the use of such data could affect certain SEC-regulated entities. This letter presents an overview of decentralized price oracle technologies, including the Pyth Network, their relationship to blockchain and crypto assets, and the regulatory considerations surrounding their integration into traditional financial markets. The requested regulatory guidance could include integrating the following guidelines related to decentralized oracle networks into the IOSCO Principles for Financial Benchmarks (the "***Framework***"):[1]

a. **Governance Structures of Decentralized Oracle Networks:** Guidance that addresses the unique governance structures of decentralized oracle networks, including the potential benefits (elimination of conflicts of interest, transparency of governance decisions, use of third-party audits, immutable control processes built into the system, cost efficiencies, etc.), as well as updates to requirements related to internal oversight and other governance principles that, where applicable, may not pertain as directly to the governance and management of decentralized oracle networks as they do to traditional data providers;
b. **Best Practices for Ensuring Data Quality:** Guidance concerning best practices that should be used to ensure the best possible data quality related to the use of decentralized oracle networks, such as standards for measuring the size and activity of markets and the establishment of clear guidelines regarding the hierarchy of data inputs to ensure data sufficiency;
c. **Quality and Integrity of Methodologies:** Guidance concerning the use of public open-access networks to ensure the quality, transparency, and integrity of the methodologies used;
d. **Reliability of Data:** Guidance noting that, in the absence of clearly written policies and procedures related to the methodology (including changes to the methodology, the possible cessation of the benchmark, guidelines for submitters, etc.), procedures that are built into the publicly available code will suffice;

[1] See Principles for Financial Benchmarks, Final Report, The Board of International Organization of Securities Commissions, July 2013); available at https://www.iosco.org/library/pubdocs/pdf/IOSCOPD415.pdf.

e. **Accountability Standards:** Guidance stating that the open-source nature of a permissionless blockchain (or permissionless protocol deployed onto a permissionless blockchain) means its use should satisfy accountability standards, provided control is adequately distributed among enough unique participants to ensure no single person or group of persons under common control can manipulate or update the system (this should be a principles-based guidance based on the type of consensus mechanism used as well as the type and quantity of nodes, and the number of unique node operators); and
f. **Rules and Regulations Updates:** Updates to any SEC Rules or Regulations that may need to be modified to include, where appropriate, the use of decentralized price oracles (such as Form PF, Rule 15c3-1, Rule 22e-4, Rule 18f-4, etc.).

Integrating decentralized oracles into traditional finance could enhance market efficiency and resiliency, but it requires careful regulatory accommodations to ensure investor protection and systemic stability. Our suggestions aim to balance innovation with safeguards, in line with the Crypto Task Force's mission to protect investors while fostering market integrity and modernization. Below, we provide context to the topics we wish to discuss during our requested meeting.

1. Overview of Decentralized Price Oracles and the Pyth Network

Decentralized price oracles are systems that feed external (off-chain) price data into blockchain networks with internal validation processes that optimize for accuracy in real-time. They serve as bridges between blockchains and real-world data, allowing smart contracts to react to events like asset price changes that the blockchain itself cannot observe. Accurate off-chain data is critical for smart contracts – for example, a lending protocol needs the correct market price of collateral to know when to liquidate a loan. This reliance on external data creates the "oracle problem," where a decentralized blockchain can be undermined by a faulty or malicious centralized data source. To address data integrity and trust, decentralized oracles eliminate single points of failure by using multiple data sources and validation mechanisms, minimizing the risk that a single party's failure or manipulation can corrupt the feed. In short, they aim to provide reliable real-world inputs to smart contracts without requiring users to trust any single third party.

Multiple independent data providers feed into the decentralized oracle network, which then delivers a validated data feed onto the blockchain. Decentralized oracles generally pull data from numerous independent sources and aggregate it to ensure accuracy and prevent manipulation. Each oracle node might retrieve price quotes from different exchanges, APIs, or other data providers; the network then uses an aggregation algorithm (such as a median or weighted average) to reconcile these inputs into a single reliable price feed. Additionally, oracle networks often employ cryptographic signatures and other verification methods so that consuming smart contracts can validate that the data is authentic and untampered. By distributing trust across many nodes and sources, decentralized oracles provide robust, tamper-resistant price data to blockchains, which is essential for the secure operation of DeFi applications.

The Pyth Network is a decentralized oracle network that delivers real-time market data from institutional sources to smart contracts across multiple blockchains. Pyth aggregates data from over one-hundred first-party data providers, including major exchanges and market makers, to offer high-fidelity price feeds for cryptocurrencies, equities, foreign exchange pairs, registered investment companies, and commodities. Pyth runs its own blockchain called "Pythnet," where data publishers

(exchanges and traders) submit their price updates. An on-chain aggregation program on Pythnet consolidates these inputs into a single price and a confidence interval (an error bound) for each asset.[2]

These aggregated prices are then transmitted to external blockchains via the Wormhole cross-chain messaging protocol: Pythnet's validators regularly sign the latest price data and Wormhole's network transmits the data to all connected blockchains. The Wormhole network is secured by a decentralized set of nodes known as "guardians"—a diverse group of independent, professional infrastructure providers that collectively validate and attest to the authenticity of cross-chain messages. Once a quorum of guardians confirms the validity of a message (in this case, a batch of Pyth prices), the data is cryptographically signed and made available to any blockchain integrated with Wormhole. This decentralized guardian model ensures that no single entity controls the flow of data between chains, enhancing the trust and resilience of the system.

Any consumer on a supported blockchain can retrieve the latest Pyth price by submitting a transaction that includes the latest Wormhole guardian-attested price update. The Pyth smart contract on that blockchain then verifies the guardian signatures and, upon confirmation, accepts the new price data for use in applications such as DeFi protocols, derivatives, or asset pricing. This on-demand publication mechanism is highly scalable – it avoids constant on-chain transactions, pushing the cost to the consuming user only when a price is pulled, and thereby enabling Pyth to support frequent updates across many feeds and chains without bloating network fees.

To ensure data quality and security, Pyth employs several measures: a weighted median aggregation (so that more confident or reputable publishers influence the price more) that guards against outliers, on-chain confidence intervals to signal uncertainty, and an Oracle Integrity Staking

[2] Rather than a simple average, Pyth uses a confidence-weighted median approach to ensure no small subset of publishers can heavily skew the result (discussed *infra*). In the current algorithm, each publisher reports a price along with a confidence interval (which indicates the uncertainty or volatility of their price). The contract then gives each publisher's data three "votes": one at the price provided itself, and one at the extremes of its confidence interval. The oracle program takes the median of all these votes to produce the aggregate price. Intuitively, if most publishers report around $100 and one reports $80, the extra votes at $80 will lie far outside the cluster of other votes, and the median will remain near $100 – achieving robustness against outliers. This median-of-three-votes algorithm is effectively a confidence-adjusted median. Publishers with narrow confidence intervals (indicating high certainty) effectively concentrate their votes close together, whereas those with wide intervals spread votes further apart. As a result, more accurate (low-uncertainty) data providers are given higher influence on the median. In fact, the algorithm can be shown to minimize a loss function that penalizes deviation from each publisher's price, with an extra penalty if the aggregate lies outside that publisher's confidence range. This yields a solution equivalent to a weighted median where each publisher's weight is related to the inverse of their confidence width. The aggregate price will tend to land in a range that satisfies the maximum number of publishers' estimates, especially favoring those who are confident. After determining the aggregate price, the program computes an aggregate confidence interval for the consolidated feed. This is designed as a generalization of the interquartile range – essentially measuring the dispersion among publishers' inputs. Concretely, Pyth's code looks at the sorted votes and finds the 25th and 75th percentile vote distances from the median; the larger of those distances (in absolute terms) defines the half-width of the aggregate confidence interval. This means if there is disagreement among publishers, the confidence band around the aggregate price widens to reflect that uncertainty. The end result is that every update yields not just a price but also a confidence measure, which consuming applications can use to gauge the reliability of the price.

program that incentivizes accuracy.[3] In Pyth's economic design, data providers and independent stakers can earn rewards for publishing and backing correct price data, but they risk penalties (slashed stake or lost rewards) if they contribute false or low-quality data. These incentives align participants to uphold data integrity, making the Pyth Network's feeds robust against manipulation and outages.

2. Background on Current Framework

IOSCO's Board Level Task Force on Financial Market Benchmarks was created in response to investigations and enforcement actions regarding the attempted manipulation of major interest rate benchmarks. These investigations and actions highlighted the fragility of certain benchmarks and raised concerns about their integrity and continuity, which could undermine market confidence and harm investors and the real economy. Specifically, the task force's review identified several broad, generic risks to the credibility of benchmarks, including vulnerabilities in the benchmarks' methodology, transparency, and governance arrangements. The task force identified widespread issues related to the false editing of data, selective reporting, delay in information, privacy and confidentiality, and conflicts of interest.

Enforcement actions were taken by various regulators against multiple regulated financial institutions in connection with charges of manipulation, attempted manipulation, and false reporting of benchmark interest rates, including LIBOR and EURIBOR. In 2013, IOSCO published its Principles for Financial Benchmarks report, which created the Framework to act as guidance for regulators to set standards for the use of such benchmarks. The SEC, along with other US financial services regulators, has broadly adopted this Framework. However, while decentralized oracle networks align with core principles and offer significant potential for improving financial benchmarks, their unique architecture presents challenges for integration within the existing Framework.

3. Need for Updated Guidance

The existing Framework fails to address the unique characteristics of decentralized oracle networks. The Framework, as it currently exists, presupposes (and addresses risks pertinent to) centralized control, single points of failure, and relying on individuals or organizations that may have interests that conflict with the provision of the most reliable data. None of this aligns with the distributed, trustless nature of decentralized systems. Decentralized networks offer many benefits, including enhanced transparency, improved data resilience, and reduced reliance on single points of failure, all of which align with the SEC's broader regulatory objectives for market stability and integrity. Furthermore, increased competition driven by the SEC's recognition of the usefulness of decentralized oracle networks can drive innovation and lead to improvements in service quality, network security, and operational cost efficiencies—especially important for protocols and end users seeking scalable and economically sustainable solutions. Thus, the SEC should issue guidance that better exploits the regulatory benefits connected with the distributed and trustless nature of oracle networks.

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[3] Uniquely, Pyth introduces an Oracle Integrity Staking mechanism where publishers must stake PYTH tokens as collateral when publishing data, and token holders (delegators) can also stake tokens behind specific publishers. This creates a skin-in-the-game incentive: if a publisher's data causes an erroneous aggregate price (e.g., they submit bad data that significantly deviates and affects the feed beyond a threshold), a portion of the stake can be slashed (confiscated). This mechanism heavily disincentivizes publishers from ever publishing incorrect data, as it directly puts their staked tokens at risk.

Specifically, this guidance should emphasize open and available on-chain data verification, robust, publicly auditable consensus mechanisms, and transparent and decentralized governance models. This approach will recognize that it is possible to ensure data integrity and accountability without traditional, centralized oversight. Guidance should also address the dynamic and evolving nature of these networks, encouraging modularity and interoperability to facilitate the integration of new technologies and data sources. This guidance should prioritize the development of clear standards for data quality, security, and auditability, ensuring that financial institutions' use of data from decentralized oracle networks can be done in compliance with existing regulatory requirements. By proactively adapting the Framework, the SEC can foster responsible innovation and promote the safe and efficient adoption of decentralized data solutions within the financial sector.

a. Issue Guidance on the Governance Structures of Decentralized Oracle Networks

We propose the SEC issues guidance related to workable governance structures for decentralized oracle networks that are used for financial benchmarks. The original Framework highlights that to ensure oversight and accountability, there should be an entity responsible for the integrity of the benchmark. Additionally, proper governance requires the adoption of clearly written policies setting out the roles and obligations of specific individuals within that organization. For decentralized networks, the accountability mechanism must be structured differently and therefore minimum standards for decentralized oracle networks must be different. Accountability in decentralized networks is distributed democratically across a wide range of participants. This means that to meet the broader goals of data quality and reliability, decentralized oracle networks must focus on transparency, security, and participation.

We suggest that SEC guidance related to governance include that decentralized oracles must operate on a public, open-source blockchain networks. The public, open-sourced nature of the blockchain helps to ensure adequate oversight from third parties, including regulators, can occur in real time. Additionally, guidance should focus on on-chain governance mechanisms, which should permit participants to propose and vote on a wide range of critical decisions such as protocol upgrades and data source selection.

b. Issue Guidance Concerning Best Practices for Ensuring Data Quality

We propose the SEC issues guidance related to best practices that emphasize a multi-layered approach to ensure data quality. This should include rigorous, transparent, and inclusive source selection and data validation requirements. Networks should prioritize diverse, reputable data providers vetted and selected by network participants and implement robust validation mechanisms, such as consensus algorithms and statistical outlier detection to identify and mitigate inaccuracies. Data provenance should be meticulously tracked and made transparent, allowing users to trace the origin and processing of information. When dealing with a more liquid asset, data should be aggregated and validated on a continuous basis. Additionally, independent audits and assessments of data feeds and network performance should be conducted regularly to detect potential vulnerabilities, and mechanisms should be introduced to encourage continuous monitoring and reporting. This guidance should also establish standards for measuring the size and activity of markets and the establishment of clear guidelines regarding the hierarchy of data inputs to ensure data sufficiency, based on the specific markets measured. For example, networks that draw pricing on highly liquid

assets from the largest major exchanges would be more reliable than those with a less liquid market or one that draws from fewer sources.

c. Issue Guidance on Quality and Integrity of Methodologies

We propose the SEC issue guidance related to the quality and integrity of methodologies used in determining the asset prices through decentralized oracles. Best practices should focus on transparency, rigor, and continuous evaluation. Methodologies, whether for data aggregation, outlier detection, or consensus mechanisms should be clearly documented and publicly accessible. This allows for peer review, scrutiny, and ongoing improvement by the community. Furthermore, methodologies should be designed to be modular and adaptable, allowing for updates and refinements as new data sources, market conditions, or security threats emerge. Regular audits can help identify potential biases or vulnerabilities in the methodologies, fostering a culture of continuous improvement and accountability.

Moreover, the process of developing and updating methodologies should be governed by a transparent and inclusive framework. Community participation, through governance mechanisms like voting or proposal systems, can ensure that methodologies reflect the collective wisdom and needs of the network's stakeholders. This distributed approach to methodology development can mitigate the risks associated with centralized decision-making or conflicts of interest and ensure that the methodologies remain robust and relevant over time.

d. Issue Guidance Related to the Reliability of Data

We suggest the SEC issue guidance on the best practices in connection with the reliability of using decentralized oracle networks. Specifically, instead of a traditional "complaints policy," decentralized oracle networks should focus on establishing robust dispute resolution and data challenge mechanisms. Given the distributed nature of these networks, formal complaints processes may be impractical. Instead, a transparent system for users to challenge data accuracy or methodology should be implemented, including where prices are economically secured by slashing mechanisms. This could involve on- or off-chain mechanisms for submitting challenges, providing evidence, and triggering community-driven or automated reviews. Clear guidelines for data validation, outlier detection, and consensus mechanisms should be established, allowing users to understand how data is processed and to identify potential discrepancies. Documentation standards should also remain crucial, ensuring that all data sources, methodologies, and audit findings are meticulously recorded and publicly accessible. Audit reviews, conducted by independent parties or automated systems, should focus on assessing data integrity and adherence to established protocols, rather than addressing individual complaints. These reviews should be transparently reported, enabling the community to evaluate the network's performance and identify areas for improvement.

e. Issue Guidance Related to Accountability Standards

Accountability within a decentralized oracle network is achieved through transparency and community participation. Clear documentation of data sources, methodologies, and audit findings empowers users to independently verify information and identify potential issues. On-chain governance mechanisms can facilitate community-driven dispute resolution, allowing token holders to vote on data challenges or protocol changes. Regular audits, conducted by independent parties or automated systems, should focus on assessing data integrity and adherence to established protocols.

By prioritizing transparency, data challenge mechanisms, and community governance, decentralized oracle networks can foster a culture of accountability that aligns with their decentralized nature. The open-source nature of any permissionless blockchain means its use, along with annual third-party audits, should satisfy accountability standards, provided control is adequately distributed among enough unique participants to ensure no single individual or group of individuals acting in concert can assert control over the network.

f. Issue Guidance Addressing any SEC Rules or Regulations that May Need to be Updated (Form PF, Rule 15c3-1, Rule 22e-4, Rule 18f-4, etc.)

i. Issue Guidance Concerning Form PF, NAV Calculations

We advocate for SEC interpretive guidance clarifying that decentralized oracles may serve as adequate price sources for Form PF net asset value (NAV) calculations. Form PF directs advisers on how to value private fund assets for NAV and other metrics. The Form's General Instructions permit advisers to use internal valuation methodologies and service provider data as long as the approach is consistent with what is reported to investors and internal financials, advisers act in good faith, and valuations are derived in a manner consistent with GAAP/IFRS fair value principles.

Nothing in Form PF explicitly prohibits an adviser from relying upon a decentralized data feed. That said, it is unclear whether the SEC takes the position that such data is sufficiently reliable to support advisers' obligations. Decentralized oracles aggregate and verify prices transparently, ensuring consistency with the fair value standards outlined in GAAP's ASC 820 and IFRS 13. By incorporating real-time pricing from multiple independent data sources, decentralized oracles reduce the risk of stale or biased pricing, strengthening NAV accuracy. Affirmative guidance that advisers may rely upon decentralized price oracle data feeds would provide clarity for the breadth of information upon which advisers may rely when calculating NAV.

ii. Guidance Concerning Rule 15c3-1

We propose that the SEC issue interpretive guidance clarifying that qualifying decentralized price oracles may serve as an acceptable source of calculating market value for net-capital purposes. Rule 15c3-1 ensures that every broker or dealer maintains sufficient liquid capital to promptly satisfy customer claims. Current rules require brokers and dealers to value proprietary positions and collateral at market value, typically sourced from exchange feeds, broker-dealer quotes, or third-party pricing services. However, these methods are often inadequate for digital assets. Decentralized oracle networks provide a secure, multi-source, real-time pricing mechanism that aggregates trade data from registered national securities exchanges or facility of a registered national securities association, market-makers, and other financial institutions, improving accuracy, reducing conflicts of interest, and ensuring transparency through on-chain verification. Recognizing decentralized oracles as valid market data sources would provide regulatory clarity and enhance capital efficiency without compromising investor protection.

iii. Guidance Concerning Rule 22e-4

Rule 22e-4 requires open-ended funds to implement liquidity risk management programs (LRMPs) and limits illiquid investments to fifteen percent of assets. Funds must classify each holding into liquidity categories (highly liquid to illiquid) based on how quickly it can be sold without significant price impact. For funds holding digital assets (stable-value or fluctuating) or tokenized

securities, decentralized price oracles can provide valuable data on trading volumes and price impact. We suggest providing interpretive guidance clarifying that funds are permitted to rely upon decentralized price data and on-chain liquidity metrics when classifying asset liquidity. For instance, if a token is traded actively on-chain, a fund could demonstrate that it's not "illiquid" by referencing on-chain order book depth, automated market maker pool liquidity, or trade fill information relayed to a decentralized oracle system. The guidance could even be caveated such that decentralized liquidity information may be relied upon insofar as the fund's board and LRMP verify the data's reliability. Correspondingly, the SEC could also update the haircut provisions to assign a standard haircut to crypto assets with prices from approved oracles – for instance, treating them similarly to other securities of comparable volatility and liquidity.

iv. Guidance Concerning Rule 18f-4

We request that the SEC issue guidance clarifying that decentralized price oracles may be used by registered investment companies as part of their Derivatives Risk Management Programs (DRMPs) under Rule 18f-4. Rule 18f-4 requires funds engaging in derivatives transactions to implement robust risk management measures, including daily value-at-risk (VaR) calculations, stress testing, and independent risk oversight. Currently, Rule 18f-4 does not explicitly mention data sources or oracles – it is technology-neutral. In principle, nothing in the rule prohibits a fund from using a decentralized data feed as part of its risk management program. We believe that interpretive guidance would provide funds with an additional layer of comfort as they continue to adopt and interact with on-chain technologies and derivatives strategies.

* * *

We believe that these discussions will provide valuable insights into the potential benefits and considerations of integrating decentralized price oracle technologies within the existing regulatory framework. We, and those organizations copied below, look forward to the opportunity to engage with the Task Force on these matters.

Sincerely,

Brandon H. Ferrick
General Counsel
Douro Labs LLC

cc: Michael Cahill, Douro Labs LLC
Kyle Samani, Multicoin Capital Management, LLC
Greg Xethalis, Multicoin Capital Management, LLC
Bill DiSomma, Jump Crypto
Daniel Gerhardstein, Jump Crypto

PYTH

THE PRICE OF EVERYTHING

PYTH NETWORK

Enabling Secure, Transparent Market Data for the Digital Age

Mike Cahill
Douro Labs
Co-Founder & CEO

PYTH

Critical financial systems depend on centralized, opaque data infrastructure

- Centralized market data is a single point of failure
- Data opacity and latency create systemic risks
- Traditional price feeds struggle to cover crypto assets and tokenized securities
- Lack of reliable, on-chain data blocks innovation in DeFi and digital asset markets

> An oracle is essentially a way to bring information from the outside world (the real world, or just the internet) onto the blockchain
>
> Matt Levine

PYTH

Bridging real-world data and blockchains securely

Decentralized oracles

Networks that fetch and verify off-chain data for blockchain applications

Role

Enable smart contracts to interact with real-world data, ensuring reliability in digital asset markets

Advantages

Transparency, resilience, and trust-minimization

PYTH

Pyth delivers real-time institutional-grade market data across blockchains

120+

Top Institutions Are Already Contributing Data

1200+

Real-Time Prices For Crypto, Equities, FX, ETFs, Energies, And Metals

On-Chain Aggregation And Cross-Chain Data Delivery

Scalable And Cost-Efficient Via On-Demand Price Updates

PYTH

Pyth specializes in bridging traditional finance and blockchain

> Pyth has persuaded traditional rivals such as Jump Trading, Jane Street, GTS, Hudson River Trading and Two Sigma — some of the biggest traders in financial markets — to join crypto-native traders such as, DV Chain and Genesis in supplying data to the price feed
>
> FINANCIAL TIMES

Trading Firms	TradFi Exchanges	Crypto Exchanges
Jane Street	Cboe	BINANCE
SIG SUSQUEHANNA	LMAX EXCHANGE	BYBIT
TOWER RESEARCH CAPITAL	MEMX	OKX
WINTERMUTE	iex	coinbase

akuna capital · [α] alpha_lab · ALTONOMY · AMBER · amberdata · APIFINY · aquanow · Argamon · AUROS · BELVEDERE DIGITAL ASSETS LLC · bitbank

BitMart · Bitso · bsx · BTSE · BYBIT · CDAP · chiliz · CMS · COINMETRICS · CoinShares · CTC

DV chain · DWF LABS · D2X · FLOW TRADERS · flowdesk · galaxy · Gate.io · GEMINI · GENEVA TRADING · GHCO · Genesis

PYTH

Multi-layered security for financial integrity

Economic Incentives For Correct Data

Penalties For Low-Quality Or Manipulated Prices

On-Chain Aggregation With Confidence Intervals For Transparency

Staking + Validation = Trusted Price Feeds

PYTH

Pyth enhances market efficiency, risk management, and innovation

Real-Time, Global Price Discovery

Reduces Reliance On Single Data Providers

Enables NAV Calculation, Risk Assessment, And Liquidity Analysis In Real Time

Facilitates Tokenization And Regulated Digital Asset Adoption

PYTH

Pyth enables compliance-ready integration into traditional finance

NAV calculations ↓

Transparent valuation for Form PF

Broker-dealer net capital ↓

Rule 15c3-1 valuations

Fund liquidity risk ↓

Rule 22e-4 real-time metrics

Risk management ↓

Rule 18f-4 data support

PYTH

Balanced regulation can unlock safe adoption of decentralized data

- → Recognize decentralized price feeds under existing frameworks
- → Establish reliability criteria for oracles (multi-source, transparent, tamper-resistant)
- → Provide interpretive guidance for regulated market participants
- → Support innovation while safeguarding investors and stability

PYTH

Collaborate with the Pyth Network to modernize financial data infrastructure

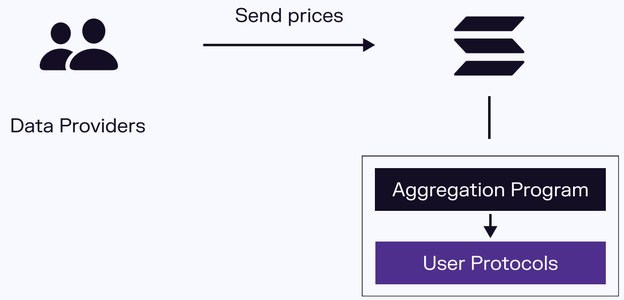
- Encourage regulatory dialogue
- Offer to brief staff, regulators, task forces
- Contact details for follow-up

PYTH

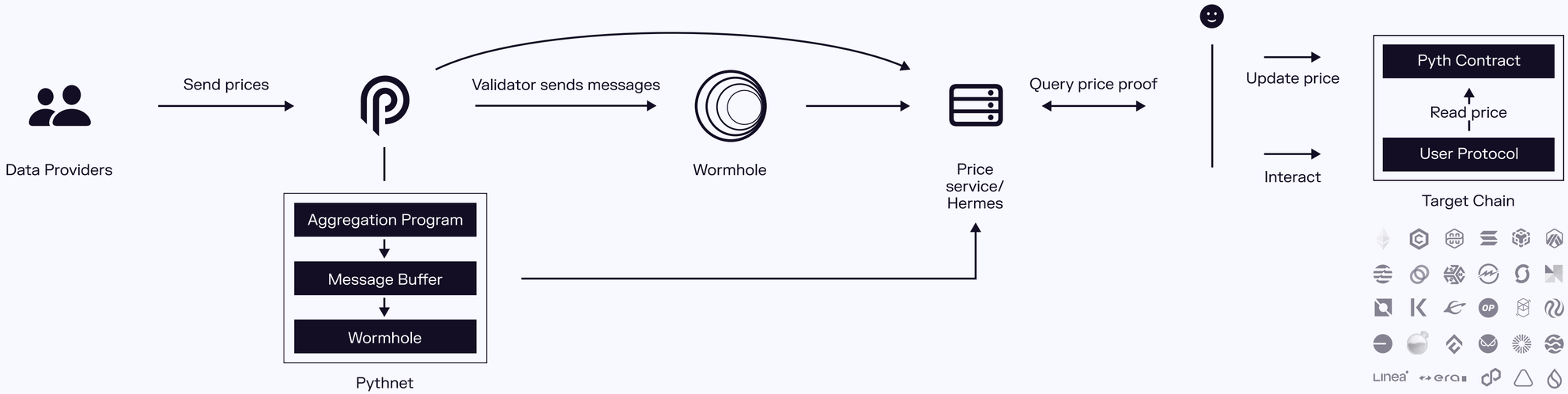
Appendix

PYTH

Pyth V1 serves protocols on Solana

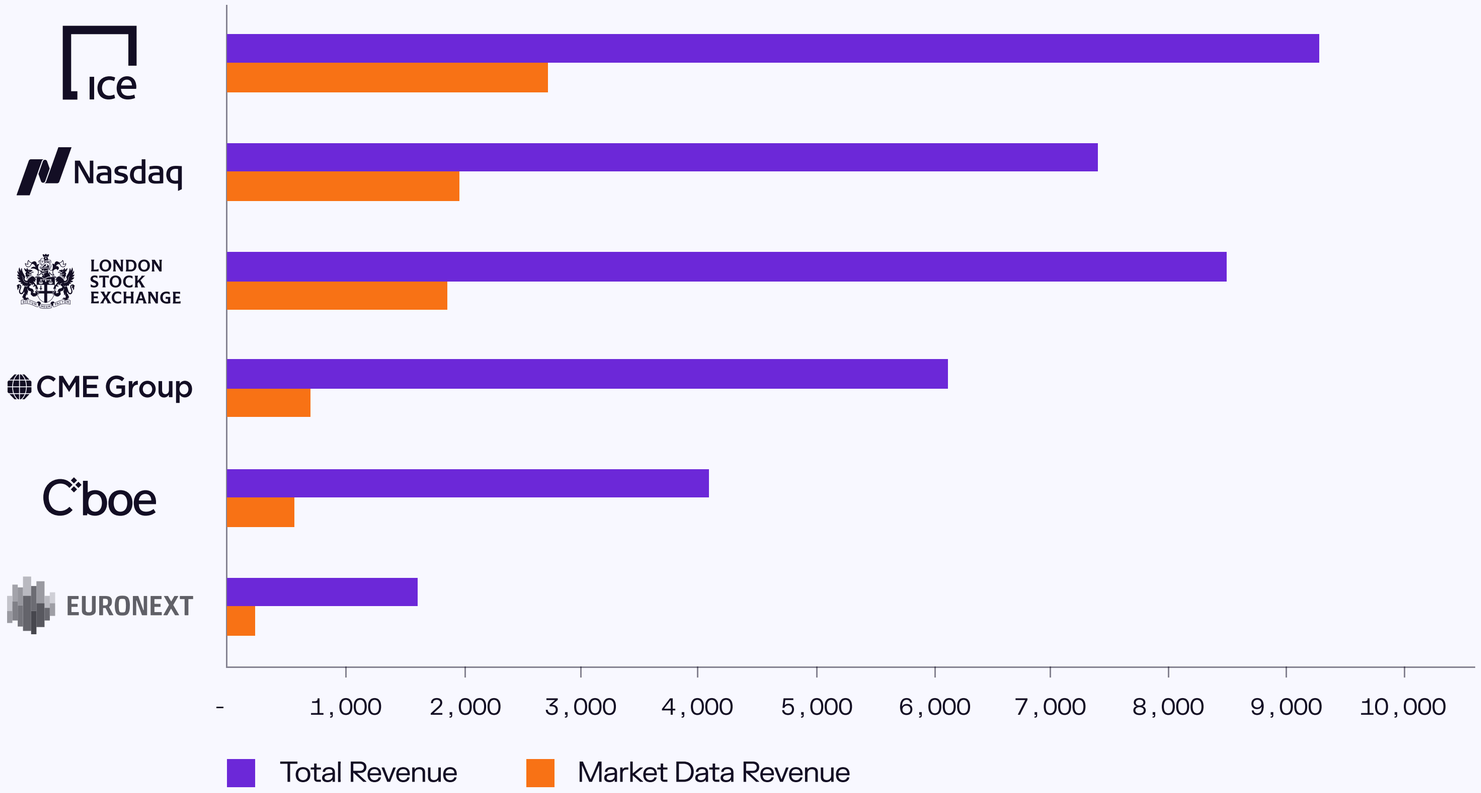


Pyth V2 serves to multiple blockchains



How Pyth Works

PYTH



1. All data is from 2025 10k annual reports

In 2025, real time financial market data is worth $8B at the 6 largest exchanges

Market Data Accounts for 20% of Exchanges Revenue[1]