VERSION 1.0

DERIVATIVES & MARKET STRUCTURE MONITOR

EDITORIAL & RESEARCH METHODOLOGY

01 PURPOSE AND SCOPE

The BitBullNews Derivatives & Market Structure Monitor is a weekly research publication that reads the crypto derivatives stack — perpetual and dated futures, options and the venues that trade them — as a signal of leverage and positioning. It interprets how much leverage is in the system, which way it leans, and how market structure is shifting, without forecasting price.

The Monitor does not simply report whether price rose or fell. It reads positioning: whether leverage is building or being flushed, whether the leveraged crowd leans long or short, whether the term structure is stretched, where liquidations are clustering, and how volume and open interest are migrating between venues. This document sets out how that data is gathered, validated and turned into research, the open and proprietary sources behind every figure, and the legal terms that govern the work.

RESEARCH PRINCIPLES

- **Data-first.** No figure is published without an underlying funding, open-interest, options or volume reading that has been retrieved and checked.
- **Source-first.** No single exchange or dashboard is treated as final truth; every material figure is corroborated across venues.
- **Positioning, not prediction.** Derivatives data is read as positioning and risk, never as a directional trade signal.
- **Causal caution.** A move that coincides with a positioning shift is reported as coincidence until the cause is verified.
- **Reproducibility.** Each edition can be rebuilt from its logged sources, raw figures and timestamps.
- **Time discipline.** Every figure is tied to a defined window and a stated funding interval, measured in UTC.

Publication	Weekly derivatives and market-structure research
Primary objective	Turn derivatives and microstructure data into a structured positioning and leverage read
Update frequency	Weekly
Reporting window	

	Fixed weekly window measured in UTC; funding normalized to a common interval
Maintained by	BitBullNews Research Desk
Review cadence	Quarterly, and after any major venue or market-structure change
Methodology version	Version 1.0

> POSITIONING
>
> The Monitor treats derivatives data as a positioning and leverage signal, not a standalone forecasting tool. Every conclusion is tied to observable, sourced evidence; where the evidence is incomplete, the Monitor says so instead of inferring direction.

02 WHAT THE MONITOR MEASURES

Consistent definitions prevent the most common errors in derivatives analysis — most often reading open interest as direction, or summing it across venues that report it differently. The metrics below are measured the same way every edition, and the Monitor always states which variant it is using.

LEVERAGE AND POSITIONING

- **Open interest (OI)** — the total value of outstanding contracts, reported in US dollars and, where it matters, in coin terms. Rising OI with price means leverage is being added; falling OI with price means it is being flushed.
- **Funding rate** — the periodic payment between longs and shorts on a perpetual swap, reported both per interval and annualized, and normalized to a common interval across venues.
- **Funding regime** — whether funding is persistently positive (long-biased), neutral, or negative (short-biased), read over time rather than from a single print.
- **Long/short and top-trader positioning** — exchange-reported ratios used as a directional cross-check, with their self-reported limits noted.

TERM STRUCTURE AND BASIS

- **Futures basis** — the annualized spread between dated futures and spot; positive basis is contango, negative is backwardation.
- **Cash-and-carry basis** — the basis available to a market-neutral long-spot, short-future trade; a compressing basis removes the incentive to run it.
- **Regulated versus offshore** — CME term structure read separately from offshore perpetual venues, because the participant base differs.

OPTIONS AND VOLATILITY

- **Implied volatility (IV)** — the market's expected volatility priced into options, read at the money and across tenors.

- **Skew** — the price of downside protection relative to upside, typically the 25-delta put-versus-call gap; a pronounced put skew signals demand for hedges.
- **Put/call ratio and max pain** — positioning and the strike at which the most options expire worthless, used as context around large expiries.
- **Open interest and expiries** — notional options outstanding and the size of upcoming expiries, with gamma effects discussed qualitatively rather than precisely.

LIQUIDATIONS AND MICROSTRUCTURE

- **Liquidations** — forced closures, split into longs and shorts, distinguishing a controlled flush from a cascading capitulation, and noting the largest single event.
- **Spot-versus-derivatives volume** — the balance between the two, a read on whether a move is derivatives-led.
- **Venue share and concentration** — how volume and open interest are distributed across centralized and on-chain venues, and how concentrated they are.
- **Liquidity depth** — order-book depth and slippage around prevailing price, because a thin book turns a small flow into a large move.

03 INSTRUMENT AND VENUE CLASSIFICATION

A funding print on an offshore perpetual is not the same signal as basis on a regulated future or skew on an options venue. The Monitor never aggregates across instrument or venue types without flagging the mix.

TYPE	WHAT IT IS AND EXAMPLES	PRIMARY SIGNAL FOCUS
Perpetual swap	A futures contract with no expiry, tethered to spot by funding (offshore CEX perps).	Funding and open interest as leverage and positioning.
Dated futures	Expiring contracts, regulated or offshore (CME and offshore venues).	Basis and term structure; participant base.
Options	Calls and puts on the underlying (Deribit-style venues).	Implied volatility, skew and expiry positioning.
Perpetual DEX	On-chain perpetuals, order-book or AMM-based (Hyperliquid and peers).	On-chain leverage and venue-share shift; self-custody trade-offs.
Spot	The underlying market itself.	Volume balance and liquidity depth as confirmation.

04 DATA SOURCES: OPEN AND PROPRIETARY

No single venue is final truth. Every material figure is corroborated across at least two independent sources, and each metric has a designated source of record. Sources fall into open (public, free-to-access) data and proprietary (licensed or paid) data; the Monitor uses both but treats them differently.

OPEN AND PUBLIC SOURCES

- **Derivatives aggregators** — Coinglass and similar for funding, open interest, long/short ratios and liquidations across venues.
- **Exchange data** — public APIs and statistics pages from the major perpetual and futures venues.
- **Regulated-market data** — CME figures for futures volume, open interest and basis.
- **Options venue data** — Deribit public metrics for implied volatility, open interest and expiries.
- **On-chain and DEX data** — DefiLlama for perpetual-DEX volume and open interest, and chain explorers and public dashboards for on-chain venues.
- **Editorial context** — reputable reporting and named-analyst commentary, used to frame events rather than to source headline figures.

PROPRIETARY AND LICENSED SOURCES

Some figures rely on commercial datasets accessed under licence and not redistributed in raw form; the Monitor publishes only the derived metrics and the analysis built on them.

- **Premium derivatives analytics** — Glassnode, CryptoQuant and Coin Metrics for cleaned funding, open-interest and basis series.
- **Options analytics** — services such as Velo, Laevitas and Amberdata for volatility surfaces, skew and gamma context.
- **Institutional market data** — licensed feeds such as Kaiko for cross-venue trade and order-book data, and paid tiers of Dune and Flipside for on-chain reconstruction.

Where a number depends on a single proprietary source, the Monitor states this explicitly and, where possible, cross-checks the direction of the move against an open source.

SOURCE OF RECORD BY METRIC

METRIC	PRIMARY SOURCE OF RECORD	CORROBORATING SOURCE
Funding rate	Exchange API	Aggregator (Coinglass), normalized
Open interest	Derivatives aggregator	Exchange data or CME
Futures basis	CME / exchange data	Premium analytics series
Options IV / skew	Options venue (Deribit)	Options analytics platform
Liquidations	Derivatives aggregator	Second aggregator or exchange
Perp-DEX volume / OI	DefiLlama / contract	Project dashboard or Dune query

05 DATA VALIDATION AND CROSS-CHECKING

Before any figure is published it passes a validation protocol designed to catch venue disagreement, double-counting and interval mismatch.

- **Two-source rule.** Every material figure is confirmed across at least two independent venues or providers; where only one exists, the Monitor states this explicitly.
- **Interval normalization.** Funding is converted to a common interval before any cross-venue comparison, because venues settle on different schedules.
- **Open-interest reconciliation.** OI is reported in consistent terms and never naively summed across providers that may double-count the same contracts; the direction of change is emphasized over a single aggregate.
- **Window reconciliation.** The reporting window is fixed in UTC; where a source snapshots on different boundaries, the nearest snapshot to the window edges is used and timestamps are logged. Windows are never silently mixed.
- **Reproducibility log.** Each edition records its sources, retrieval timestamps, raw figures and any adjustments, so the analysis can be reconstructed after publication.

> DISCLOSURE
>
> The Monitor discloses disagreement between venues rather than hiding it. Example: "Aggregators show different open-interest totals because of how they include or exclude certain venues; the direction and scale of the change were consistent across sources."

06 CAUSAL-ATTRIBUTION FRAMEWORK

A positioning shift can be observed with confidence even when its cause is not. The Monitor separates the two and grades every causal claim by the strength of the evidence. Supporting evidence may include a dated macro release, an exchange statement, a large disclosed position, liquidation data, a corroborating venue or reputable reporting.

CONFIDENCE TIER	EVIDENCE REQUIRED	PERMITTED LANGUAGE
Confirmed	Two or more independent evidence types pointing to the same cause.	State the cause directly ("the flush was driven by …").
Likely	One strong piece of evidence with supporting context.	Hedged ("the move coincided with …", "a likely driver is …").
Unconfirmed	Direction is clear but the cause is not.	State that the cause is not yet established; list candidates.

> HARD RULE
>
> The Monitor never writes "this happened because" unless the cause meets the Confirmed tier, and never presents a positioning read as a trade recommendation.

Worked example. Open interest fell sharply while funding flipped neutral. Whether the cause was long liquidations, voluntary de-risking by quant funds or a basis unwind is not yet established, so the cause is recorded as unconfirmed and the candidates are listed.

07 HOW A RESEARCH EDITION IS PRODUCED

Each weekly edition is built through the same repeatable pipeline. The steps describe how the research is assembled from data to interpretation, independent of any publishing format.

01 **Step 1 — Define the window.** Fix a clear period in UTC and state the funding interval used for normalization.

02 **Step 2 — Gather the snapshot.** Open interest and its weekly change; the funding regime; the futures and cash-and-carry basis; options implied volatility, skew and upcoming expiries; liquidations; and venue volume and share.

03 **Step 3 — Identify the material changes.** The largest shifts in leverage, funding, basis, skew and venue share, and any divergence between positioning and price — reporting what changed rather than restating the full table.

04 **Step 4 — Cross-check.** Apply the validation protocol so every material figure clears the two-source rule and the interval and open-interest reconciliations.

05 **Step 5 — Attribute the cause.** Apply the confidence tiers; where the cause is unclear, record it as unconfirmed.

06 **Step 6 — Separate data from interpretation.** Distinguish what happened, why it may have happened, why it matters for positioning and what is still to be confirmed, preferring precise language over narrative shorthand.

07 **Step 7 — Document for reproducibility.** Log sources, timestamps, raw figures and adjustments so the edition can be rebuilt.

FOUR DISTINCTIONS

The Monitor keeps four things separate: leverage build (open interest rising into a move), leverage flush (open interest falling as positions close), positioning (which way funding and skew lean) and rotation (volume and open interest relocating between venues). Open interest alone is not treated as direction.

POSITIONING DISCIPLINE

The Monitor avoids calling the market bullish or bearish from a single funding print, because funding, basis, skew and liquidations can point in different directions, and one venue's reading is not the whole market.

THE QUESTIONS EACH EDITION ANSWERS

The pipeline answers a fixed set: whether leverage grew or was flushed and how that compares with the 30-day trend; whether the leveraged crowd leans long or short across funding and skew; whether the basis is stretched or compressing; whether liquidations were a controlled flush or a cascade; how volume and open interest are shifting between centralized and on-chain venues; and which one-off drivers — macro releases, large expiries, a single venue's outage or a notable disclosed position — must be ruled out before a conclusion is drawn.

08 VENUE, COUNTERPARTY AND DATA-INTEGRITY ASSESSMENT

Venue quality is examined whenever it matters for the week's read. For each relevant venue the Monitor reviews whether it is centralized or on-chain and the counterparty exposure that follows; whether reported volume is independently verifiable or potentially inflated by wash trading; how reliably open interest is reported; and, for on-chain venues, the oracle, liquidation-engine and bridge risks behind the contracts.

DATA-INTEGRITY HIERARCHY

LEVEL	WHAT IT IS	STRENGTH
Regulated venue data	Reporting under an exchange's regulatory obligations (e.g., CME).	Strongest
Aggregator-normalized data	Cross-venue figures reconciled by a third party.	Strong, cross-checked
Exchange self-reported data	Venue-published volume and open interest.	Useful, verified against aggregators
On-chain verifiable data	Contract-level activity readable on-chain.	Strong for what is on-chain; off-chain context still needed
Unverified single-venue data	A figure from one source with no corroboration.	Weak — labelled as single-source

The Monitor states which level applies and never presents an unverified single-venue figure as a market-wide reading.

09 POSITIONING AND LEVERAGE-STRESS ASSESSMENT

Positioning analysis is incomplete without a stress read: a market with neutral funding and flushed open interest is not the same setup as one with crowded leverage on one side. Each edition checks whether funding is at an extreme; whether open interest is building with or against price; whether the long/short balance and skew point the same way; whether liquidation clusters sit near current price; and whether the basis is stretched or unwinding.

A positioning signal carries more weight when several metrics agree — for example, persistently negative funding with rising open interest and a put skew, the classic crowded-short setup. It carries less when the metrics conflict or sit near neutral. The Monitor describes the setup and the risk it implies; it never frames that setup as a recommendation to trade.

10 ACCURACY AND INTEGRITY RULES

01 **Never rely on one venue for a material figure.** If no corroboration exists, say so.

02 **Never read open interest as direction.** Pair it with price and funding before drawing a conclusion.

03 **Never sum funding or open interest across venues naively.** Normalize the interval and avoid double-counting.

04

Always classify the instrument and venue. Perpetuals, dated futures, options, perp DEXs and spot carry different signals and are not discussed interchangeably.

05 **Always read positioning across metrics.** Pair funding with basis, skew and liquidations rather than trusting one alone.

06 **Be careful with causality.** Use "coincided with," "the data suggests" or "a possible driver is" until a cause is confirmed.

07 **Date and time-stamp every figure.** Tie numbers to the UTC window and the funding interval used.

08 **Never present a positioning read as a trade signal.** The Monitor describes risk and setup, not recommendations.

11 LIMITATIONS AND CAVEATS

Derivatives data is informative but noisy, and the Monitor is explicit about what its figures cannot show. Reported volume can be inflated by wash trading; open interest is not direction and is counted differently across providers; venue coverage is never complete; and funding and skew describe positioning, not a guaranteed outcome. A single metric in isolation says little.

Accordingly, the Monitor does not publish unsourced figures, reuse stale numbers without re-checking their date, read open interest or funding as a price forecast, aggregate across venues or instruments without explanation, treat self-reported volume as verified, or issue trade recommendations from positioning data.

12 LEGAL, COPYRIGHT AND DISCLAIMER

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