

Recalculation Policy and Guidelines – Digital Assets Indices

v1.0



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FTSE Russell Digital Assets Index Recalculation Policy

This document sets out the FTSE Russell¹ Digital Assets Index Recalculation Policy. This policy and the FTSE Russell Digital Assets Index Recalculation Guidelines below apply only to those digital assets indices where the relevant index Ground Rules and other methodology documents indicate that this policy and the guidelines apply.

FTSE Russell makes every effort to maintain its indices to high standards. However, investors, licensees and other market participants should be aware that inaccuracies may arise in the index level and/or constituent data from time to time. A range of events may contribute to the inaccuracy, including, but not limited to the following examples: Token, pricing or FX rate errors, external disruptions or market distortions, incomplete or late data input whether occurring internally or externally to FTSE Russell, incorrect classification such as benchmark or non-benchmark or consensus mechanism, and incorrect application of index criteria.

Where an inaccuracy is identified, FTSE Russell will follow the steps set out in the FTSE Russell Index recalculation guidelines – Digital Assets Indices below when determining whether an index or index series should be recalculated and/or associated data products reissued as a result of an inaccuracy. Because of the unpredictable nature of the issues that could arise, these guidelines should not be construed as definitive rules that determine the steps FTSE Russell will take action whenever an inaccuracy is identified. In addressing inaccuracies, FTSE Russell reserves the right to consult market participants in complex cases as to the appropriate course of action, including the decisions on whether to recalculate indices and/or reissue its associated data products.

Please note that FTSE Russell does not accept any responsibility to investors, licensees or other market participants for the accuracy of the index or its constituent data and accepts no liability for any losses, damages, claims or expenses suffered by any person as a result of any errors or inaccuracies in the compilation or calculation of the index or any constituent data, whether arising as a result of negligence or otherwise.

Table 1: FTSE Russell Digital Assets Recalculation Guidelines

Table 1 below sets out the general categories of errors and guidelines that FTSE Russell will follow when determining whether an index or index series should be recalculated and/or associated data products reissued. The terms of the FTSE Russell Index Recalculation Policy apply to these guidelines.

In interpreting these guidelines, FTSE Russell will consider all relevant factors including, but not limited to: the asset class of the index constituents; the nature of the incident, the impact on the total return of the broad, top-level index and sub-indices; the impact on constituent weights; the rebalance frequency of the index; the time elapsed since the incident occurred; the implications for products known to track the index; and the impact on index users should a recalculation and/or reissue take place. Because of the individual circumstances of an incident may be complex, FTSE Russell reserves the right to recalculate, or not to recalculate, an index when these general guidelines might suggest otherwise.

If a decision to recalculate an index is taken, all affected sub-indices and custom indices will also be recalculated. Following such an event, index users will be notified of the products affected through standard communication channels (including the publication of a FTSE Russell client notice), index values will be updated on the FTSE Russell website, and associated data products will be reissued.

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If an inaccuracy is discovered prior to client delivery, the index will be recalculated and clients will be notified of any delay to file deliverables.

For custom or bespoke indices and indices that are only tracked by a single index user, FTSE Russell may consult the index user on the appropriate course of action.

Recalculation threshold

A performance error greater than 55% in any of the indices listed in Appendix A will necessitate an index recalculation. This list however is not exhaustive and if extenuating circumstances exist for a particular index other than those listed in the table (e.g. if the index is a basis for a passive ETF or due to the estimated size of assets under management tracking the index), a restatement may be conducted.

Pricing, eligible exchanges and FX rate issues, name and identifier changes

Identified issue	Corrective action	Recalculation	Data file reissue
Individual digital asset incorrect price or currency	Recalculation if threshold is breached	Y	Y
Whole eligible exchanges incorrectly priced (regardless of reason)	Recalculation regardless of impact	Y	Y
Incorrect FX rates	Recalculation regardless of impact	Y	Y
Index not calculated (outside of market holiday)	Recalculation regardless of impact	Y	Y
Name or identifier change missed/incorrect	Applied the next trading day	N	N

Review changes, token and free float updates

During the quarterly review lock-down period, starting on Wednesday before the 2nd Friday and ending at close of 3rd Friday, FTSE Russell will generally avoid implementing corrections to ensure stability during the period prior to the review implementation. However, egregious tokens in issue and free float errors discovered within the lock-down period or during the week following the review may be corrected if an erroneous change compromises the replicability of the index OR if the change places potential price pressure on the token. Any errors discovered and requiring correction during the lock-down period or the week following the review will be implemented with appropriate notice (in accordance with the notice requirements of the impacted indices). All other tokens in issue and free float errors will be corrected at the following quarterly index review.

Identified issue	Corrective action	Recalculation	Data file reissue
Token incorrectly added to/omitted from the index	Remove/add (and replace where necessary) with a minimum of two trading days' notice	N	N
Token incorrectly added to/omitted from an upcoming review	Correct for the review effective date if appropriate notice allows or with a minimum of two trading days' notice, regardless of being discovered during the review lock-down period	N	N
New or existing constituent with incorrect weight	Tokens in issue and free float corrections are generally implemented at the next quarterly review (unless an error made in the index review is deemed to be egregious) or earlier where in accordance with index rules, in which case the correction would be implemented with a minimum of two days' trading notice	N	N
Digital asset incorrectly categorized by classification or DAR taxonomy	Correct with a minimum of two trading days' notice	N	N
Digital asset added to the wrong index/sector	Correct with a minimum of two trading days' notice	N	N

Appendix A

Index family	Indices impacted
FTSE Single Digital Asset Index	FTSE Bitcoin Index FTSE Ethereum Index FTSE Cardano Index
FTSE Global Digital Asset Index Series	FTSE Digital Asset Total Cap Index (Large, Mid, Small and Micro) FTSE Digital Asset All Cap Index (Large, Mid and Small Cap) FTSE Digital Asset Index (Large and Mid Cap) FTSE Digital Asset Large Cap Index FTSE Digital Asset Mid Cap Index FTSE Digital Asset Small Cap Index FTSE Digital Asset SMID Cap Index (Small and Mid Cap) FTSE Digital Asset Micro Cap Index

Further information

For further information on FTSE Russell indices please visit www.lseg.com/en/ftse-russell/ or e-mail info@ftserussell.com.

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