



# Compass Staking Yield Reference Index

## Benchmark Statement

September 10<sup>th</sup>, 2024

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## 1 General Information

**Index Family Name :** Compass Staking Yield Reference Indices

**Initial Date of Publication :** March 1<sup>st</sup>, 2023

**Index Owner :** Compass Financial Technologies SA

**Index Administrator :** Compass Financial Technologies (France)

**Index Calculation Agent :** Compass Financial Technologies (France)

## 2 Index Description Objective

The Compass Staking Yield Reference Index (the *STY*, the *Indices* or the *Index*) measures the annualized staking yield obtained when staking on a blockchain.

Staking involves holding digital assets in a wallet to become a "validator" and support the security and operations of the blockchain.

Staking gives the network participants an economic incentive to act in the best interests of the network. Validators are rewarded for carrying out validator duties, but lose varying amounts of the respective digital asset if they misbehave. Staking uses a consensus mechanism called Proof of Stake, in which the network ensures that all transactions are verified and secured without a trusted third party in the middle.

## 3 Regulatory Information

The Compass Staking Yield Reference Indices are non-significant benchmarks according to EU Regulation 2016/1011 given:

1. they are not used directly or indirectly within a combination of benchmarks as a reference for financial instruments or financial contracts or for measuring the performance of investment funds having a total average value of at least EUR 50 billion on the basis of all the range of maturities or tenors of the benchmark, where applicable, over a period of six months; and
2. they have market-led substitutes and, in the event that the one of the benchmarks ceases to be provided or is provided on the basis of input data no longer fully representative of the underlying market or economic reality or unreliable input data, the benchmark administrator do not anticipate a significant and adverse impact on market integrity, financial stability, consumers, the real economy or the financing of households or businesses in the EU.

## 4 Index Methodology

### 4.1 Methodology Summary

Each day, Compass Staking Yield Reference Indices are calculated based on the data extracted from each respective blockchain.

For each calculation date  $t$ , the *Compass Staking Yield Reference Index*, *STY* corresponds to the annualised staking yield based on the net staking rewards generated on the respective network (or blockchain) between 4pm London time on  $t - 1$  and 4pm London time on  $t$ .

### 4.2 Data Sources

In order to avoid potential conflict of interest or the risk of using incomplete information, Compass has decided to extract information directly from the each respective blockchain by connecting to a node without

the use of an external data provider. The staking computation implements specifications as described by respective blockchain core developers, meaning that rewards are the same as those computed by the network, and therefore earned by network participants.

### 4.3 Potential Limitations

The issues presented in the following non-exhaustive list may obstruct the computation of the Indices or may limit the ability of some of the Indices to represent the market they are intended to measure, the ease of replication by investors, and the general usefulness of the Indices to users.

- Input data used to compute the index may become unavailable due to disruption or outage of the related blockchain.
- The market the Index is meant to measure may be volatile. In particular, staking yield may be subject to abnormal market movements much more than traditional asset classes like stocks and bonds as a consequence of illiquidity, market trends and market structure changes.
- Lastly, the publication of the Indices may cease. Should this occur, the regulation regarding user transitions will be followed, but the existence of a suitable substitute is not assured.

## 5 Amendment to the Index methodology

The Index methodology may be supplemented, amended in whole or in part, revised or withdrawn at any time. Supplements, amendments, revisions and withdrawals may also lead to changes in the way the Index is compiled or calculated or affect the Index in another way. In the absence of exceptional circumstances affecting the Index calculation or methodology, the Index is reviewed annually. Changes in Index methodology decided during the annual review will be published on the Compass website (<https://www.compass-ft.com>).

The Index Administrator shall inform Index licensees of any amendment to the Index methodology with reasonable prior notice. The notification document shall provide Index licensees with the amendments, the reasons for making such amendment and the effective date of the changes.

## 6 Cessation of the Index

The Index Administrator has established procedures to be followed for termination of a Compass Staking Yield Reference Index. Any termination of a Compass Staking Yield Reference Index must be approved in advance by the Index Committee. A notice to licensees will be published in advance of the termination. Before disactivating an index, the Index Administrator always determines whether there are any listed financial products issued on that index as the underlying. The Index Administrator terminates indices only provided that:

- All existing commercial customers have been consulted, and commercial relationships have been terminated or transitioned accordingly.
- Consultations with stakeholders have not led to the decision to continue the index.

The Index Administrator is not responsible for determining or offering an alternative index to its subscribers or other stakeholders when the Index is terminated. However, the Index Administrator may recommend an alternative index if it considers, based on various criteria, that this alternative index could be a credible substitute index.

## 7 Disclaimer

Nothing contained herein shall constitute or shall be deemed to constitute a financial, legal, tax or other advice of any kind, or a solicitation to purchase, sell or invest in any financial products or to engage in any financial strategy. Compass Financial Technologies SA or any of its affiliates (“Compass”) (i) does not guarantee the adequacy, the accuracy, the timeliness, the completeness, the evolution and/or the movements of its indices or any data included therein (the “Indices” or the ”Index”), (ii) shall not have any liability for any errors, omissions, delays or interruptions therein and (iii) makes no warranty, express or implied, as to results to be obtained by owners of any securities, or by any other person or entity from the use of the Indices. Compass does not make any express or implied warranties, and expressly disclaims, all warranties of merchantability or fitness for a particular purpose or use with respect to the Indices. Without limiting any of the foregoing, in no event shall Compass have any liability for any lost profits or indirect, punitive, special or consequential damages or losses, even if notified of the possibility thereof.



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