



# Compass Crypto Basket Fundamental DeFi Index

## Benchmark Statement

February 21<sup>st</sup>, 2022

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## 1 General Information

**Index Name :** Compass Crypto Basket Fundamental DeFi Index

**Initial Date of Publication :** February 21<sup>st</sup>, 2022

**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 Crypto Basket Fundamental DeFi Index (the *CCBFDEFI* or the *Index*) is a diversified digital asset index designed with the objective to offer a broad exposure to the Decentralized Finance (DeFi) sector while capping each component exposure to 35% .

The Index is to be composed of the 10 most representative and liquid DeFi tokens satisfying eligible requirements defined in section 4.2. Weightings are based on liquidity, market capitalization and protocol revenue metrics.

The Compass Crypto Basket Fundamental DeFi Index combines expertise in cryptocurrency and index engineering to offer investors a diversified exposure to the crypto DeFi world.

The *CCBFDEFI* Index will be accessed online on the Compass Financial Technologies website ([www.compass-ft.com](http://www.compass-ft.com)) or on Bloomberg or Refinitiv.

The Compass Crypto Basket Fundamental DeFi Index is part of the Compass Crypto Family Indices.

The Index Administrator and Calculation Agent is Compass Financial Technologies (France).

## 3 Regulatory Information

The Compass Crypto Basket Fundamental DeFi Index is a non-significant benchmarks according to EU Regulation 2016/1011 given:

1. it is 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 investments 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. it has market-led substitutes and, in the event that the benchmark 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 Underlying Component

The Compass Crypto Basket Fundamental DeFi Index invests in single digital asset DeFi indices, called Underlying Components.

The prices used to compute the *CCBFDEFI* are the Underlying Component Closing Prices. Underlying Component Closing Prices are calculated as the average of the 4 hourly fixings of Compass Crypto References Indices (*CCRI*) between 1pm and 4pm London Time.

## 4.2 Underlying Component Eligibility requirements

To be eligible as a *CCBFDEFI* Underlying Component, each cryptoasset linked to a *CCRI* Index need to satisfy the following criteria:

- Classified as a ‘DeFi token’ by CoinGecko. A DeFi token is a native asset of a blockchain-enabled application that uses smart contracts to execute decentralize financial services.
- Trades in USD
- Is not a stablecoin or a fixed currency token
- Not deemed a security by the US Securities and Exchange Commission
- Favorable protocol tokenomics: the Committee will take into consideration supply issuance, distribution of tokens and any parameter which could affect the behaviour of the token.
- Has at least a 1 month history of trading
- Has no known security vulnerabilities
- Is traded on at least one of the Eligible Exchanges (or equivalent) and supported by one of the Eligible Custodians (or equivalent)

Outside of exceptional circumstances, Underlying Components are selected every month based on eligibility requirements described above.

## 4.3 Index Mechanism

The Index is rebalanced once a month on the first business day of the month (the Rebalancing Date) on new weights computed two business days before the Rebalancing Date.

Weights are based on 3 metrics: volume, market capitalization and protocol revenues. Weightings between metrics to determine the final weights are equally distributed. In addition no final weight may exceed 35%.

## 4.4 Market Disruption Adjustments

A Market Disruption event occurs when the trading activity of an Index constituent is disrupted or the fair determination of its price is obstructed. Such scenarios take place when:

- An Index constituent listed on an eligible exchange is not open for trading on the specific day
- An Index constituent listed on an eligible exchange that suspends its trading at a time prior to the published closing time with no prior notice

The occurrence of a Market Disruption Event is determined by the *CCBFDEFI* Steering Committee.

If a Market Disruption Event occurs during a rebalancing date, the constituents involved are not rebalanced and their respective weights are equal to those they had on the first business day preceding the Market Disruption Event. The rebalancing period for the involved constituents will be postponed until the next available business day upon which no Market Disruption Event occurs them.

## 4.5 Exceptional Circumstances

In exceptional circumstances, the Committee governing the Index may trigger an exceptional rebalancing to adjust the composition of the Index if it considers that some of the Underlying Components do break one or more of the eligibility requirements.

The calculation of the Compass Crypto Basket Fundamental DeFi Index is obstructed when there are no price available for the Underlying Component *CCRI* at the official time of publication. If no closing price is available for the calculation date  $t$ , the Compass Crypto Basket Fundamental DeFi Index will use the last available closing price for its Underlying Component.

The *CCRI* methodology outlines management of extraordinary circumstances where data used in the *CCRI* computation is delayed or missing. In the event of failure to retrieve the official closing prices for the Underlying Components, Compass Crypto Steering Committee will do its best effort to determine relevant Underlying Component prices from alternative providers that are readily available.

## 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 ([www.compass-ft.com](http://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 the Compass Crypto Basket Fundamental DeFi Index. Any termination of the Compass Crypto Basket Fundamental DeFi Index must be approved in advance by the Index Committee. A notice to licensees will be published in advance of the termination. Before disactivating the 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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