



Compass Crypto Reference Indices

Benchmark Statement

April 22nd, 2021

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1 General Information

Index Family Name : Compass Crypto Reference Indices

Initial Date of Publication : April 22nd, 2021

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 Reference Indices measure hourly crypto exchange rates against US Dollars for the main cryptocurrencies.

Indices are computed hourly, every day of the year. They are calculated at the end of every hour and are published around 5 minutes after the end of the hour.

The Compass Crypto Reference Indices can be accessed online on the Compass Financial Technologies website (www.compass-ft.com) or on Bloomberg or Refinitiv.

The Compass Crypto Reference Indices have been designed to provide institutional investors with independent and robust cryptocurrency reference prices. Based on a resilient and BMR compliant methodology, they serve as independent and transparent reference prices to value cryptocurrency portfolio or as benchmarks for investors willing to issue investment products tracking cryptocurrencies prices.

3 Regulatory Information

The Compass Crypto Reference Indices are 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 Methodology Summary

Each day, Compass Crypto Reference Indices are calculated based on the collection of all observable transactions of all respective Eligible Exchanges. The calculation methodology of the Compass Crypto Reference Index follows the steps below:

1. For each Eligible Exchange, we create a dataset of all USD denominated trades occurring during the last hour

2. Each dataset is divided in 12 time-equally sized partitions of trade records.
3. Volume-weighted median of trade prices are calculated for each partition and each Eligible Exchange.
4. For each partition, if the absolute percentage deviation of the Volume-weighted median price of a Eligible Exchange from the median price computed on all Eligible Exchanges is above 5%, the data of that exchange is considered anomalous. The exchange is then excluded from the Eligible Exchanges for this partition.
5. For each partition, a Partition Reference Price is computed as the exchange volume weighted average over the partition of the volume-weighted median prices computed in step above.
6. The final Compass Crypto Reference Index level is given by the arithmetic average of the computed Partition Reference Prices.

4.2 Eligible Exchanges

The Compass Crypto Reference Indices pricing methodology is performed through tracking a subset of exchanges. Eligible market places must offer Crypto Currency against USD markets and be approved by the Compass Crypto Steering Committee. The list of eligible exchanges is approved by the Compass Crypto Steering Committee and are described on the Compass Crypto Reference Indices methodology available at www.compass-ft.com.

4.3 Data Sources

The hourly and daily price levels of the crypto-constituents in the Indices are calculated using historical tick-by-tick trade data provided by Kaiko (www.kaiko.com). Kaiko is an independent digital assets market data provider based in Paris since 2014. Kaiko collects, normalizes, stores, and delivers raw, normalized trade and quote data on 74 exchanges and more than 9'000 pairs. Kaiko has worked with over 300 customers globally, including, funds, institutions, regulators, academics and crypto start-ups. Kaiko's methodology is fully public and can be found on their website. Their data collection runs on multiple redundant global centers, which ensures the consistency of data delivery and their data is versioned to avoid being impacted by breaking changes.

4.4 Index Disruption - Extraordinary events

“Index Disruption Event” or “Extraordinary Event” means, in the determination of the Index Administrator, the occurrence of any of the following events affecting the Index:

1. Temporary loss of sufficient data
2. Index Contributor default to provide the input data on time
3. The Index Administrator considers that the Index Contributor cannot pursue its role as Index Contributor

If an Index disruption or an Extraordinary event occurs, the Index Administrator will take any appropriate action to remedy the disruption.

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).

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 Crypto Reference Index. Any termination of a Compass Crypto Reference Index must be approved in advance by the Index Committee. A notice to licensees will be published in advance of the termination. Before deactivating 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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