



# Venionaire Layer-1 Select Index

Methodology



August 26<sup>th</sup>, 2025

## Version History

Readers can access other versions of the methodology for the Venionaire Layer-1 Select Index online when they become available on Compass Financial Technologies website ([www.compass-ft.com](http://www.compass-ft.com)).

Date	Version	Change
26/08/2025	1.0	Methodology Publication

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## 1 Introduction

The Venionaire Layer-1 Select Index (the *Index* or the *Indices*) is a diversified digital asset index designed with the objective to offer exposure to the cryptoassets space.

The Index is composed of most representative and liquid cryptocurrencies, having their own blockchains and satisfying eligible requirements defined in Section 3.2. Weightings are based on multiple criteria including Liquidity, Price, Market capitalization and sector-specific quality criteria, such as Network Performance Adoption, Technology Innovation, Governance. For full criteria details, see details below.

The components have to be selected within the Compass Crypto References Indices (CCRI) registered as benchmarks under the EU benchmark regulations (BMR).

The Venionaire Layer-1 Select Index combines expertise in cryptocurrencies and index engineering to offer investors a sector-specific and diversified exposure to the digital assets industry.

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

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

## 2 Data Sources

### 2.1 Volume Data Providers

The daily volumes are sourced from the eligible exchanges.

### 2.2 Market Capitalization Data Provider

The Circulating Supply is provided by CoinGecko. (<https://www.coingecko.com/>).

**CoinGecko:** CoinGecko is a cryptocurrency data aggregation and tracking web site that provides 360 degree overview of digital currencies and provides tools for users to fundamentally analyze the market. In addition to tracking price, volume, and market capitalization, CoinGecko tracks community growth, open-source development, major events and on-chain metrics. It was founded in 2014 and is based in Malaysia.

### 2.3 Sector Performance Data Provider

The Sector Performance data used to define the Weights are provided by Venionaire Capital.

## 3 Index Underlying Components

### 3.1 Underlying Components

The Venionaire Layer-1 Select Index invests in single digital asset crypto indices, called Underlying Components. The prices used to compute the Index are the Underlying Component Closing Prices. They are based on the Compass Crypto Reference Indices prices.

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

More details on the CCRI indices including their methodology are available on the Compass website ([www.compass-ft.com](http://www.compass-ft.com))

### 3.2 Underlying Component Eligibility requirements

To be considered as an Eligible Underlying Component, a cryptoasset linked to a *CCRI* Index needs to satisfy the following criteria:

- Trades in USD
- Is not a stablecoin or serves as derivative of other digital assets. This includes staked, wrapped, and pegged digital assets
- Has no known security vulnerabilities and must have at least one positively completed and publicly available security audit by an industry-known and reputable security auditor.
- Candidate coins must comply with relevant laws and regulations, ensuring legality and regulatory adherence within the applicable legal framework.
- Is traded on at least one of the Eligible Exchanges (Section 3.3) with a minimum listing period of 30 calendar days and supported by qualified (and/or MiCA-compliant) custody service providers
- Must have an existing Compass Reference price available representing the Coin price
- Liquidity Requirements: For all coins and tokens in the market that meet the above criteria, calculate the 30-day average daily trading volume (Exponential Moving Average, EMA) and rank them in descending order, excluding the bottom 20%.
- Market Cap Requirements: For all coins and tokens in the market that meet the above criteria, calculate the 30-day average market cap (Exponential Moving Average, EMA) and rank them in descending order, excluding the bottom 20%.

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

### 3.3 Eligible Exchanges and Custodians

The lists of Eligible Exchanges as of August 26<sup>th</sup> 2025 are:

<b>Eligible Exchanges</b>
Bitstamp
Bitfinex
Coinbase
Gemini
Kraken
LMAX

Table 1: Eligible Exchanges

## 4 Index Mechanisms

### Index Description - Motivation

The Venionaire Layer-1 Select Index is a sector-specific digital asset index designed to offer broad exposure to the performance of top Layer 1 blockchain protocols based on qualitative and quantitative criteria, while capping market cap exposure of each constituent to 15%.

Layer 1 protocols represent the foundational blockchains that underpin the decentralized economy, serving as the base infrastructure of the crypto ecosystem and enabling smart contracts, decentralized applications, and the transfer of digital value. As such, they represent a core segment of the digital asset market with long-term structural relevance.

This index aggregates the most prominent and liquid Layer 1 cryptocurrencies into a single, rules-based benchmark. By capturing the performance of the leading Layer 1 protocols, the index allows investors to gain diversified exposure to a key sub-sector of crypto without needing to pick individual winners.

The Venionaire Layer-1 Select Index is a compelling product for institutional and retail investors alike, providing a capital-efficient way to express a strategic view on blockchain infrastructure while benefiting from professional index design, liquidity screening, and transparent governance. The Index is composed of the most representative and liquid crypto assets.

Weightings are based on liquidity, market capitalization, and price performance. In addition, sector-specific quality criteria (provided by Venionaire) represent the final component for weighting calculation. The Venionaire Layer-1 Select Index combines expertise in cryptocurrency, index engineering, and expert analysis to offer investors dynamic diversified exposure to the fundamental layer of the crypto industry.

### Index Base Date

Janaury 2<sup>th</sup>, 2020

### Index Code

Compass : VLONE      Bloomberg : VLONE Index      Refinitiv : .VLONE

### Index Components Weights and Selection

On each Rebalancing Determination Date  $RD(t)$ , the Selected Underlying Components are defined following the steps below:

1. Select all Eligible Underlying Components
2. Compute the four primary weights, aggregate them to get intermediary weights  $w_{int, RD(t)}$
3. The Final Selected Underlying Components and weights  $w_{final, i, RD(t)}$  correspond to all the components with  $w_{int, i, RD(t)}$  higher or equal to 0.5%. Otherwise they will be excluded and have their weights set to 0.

### Weightings definition

- Market Capitalization Weights

Market Capitalization Weights,  $w_{MktCap}$ , are computed on every Rebalancing Determination Date using the average Market Capitalization over the last 30 days ( $RD(t)$  excluded) for the set of Selected Underlying Components.



On each day, Market Capitalization is the USD Market Capitalization based on Circulating Supply provided by CoinGecko. For each Selected Underlying Component  $i$ , Rebalancing Determination Date  $RD(t)$  and the number of Selected Underlying Components  $N$ , we have :

$$w_{MktCap, RD(t), i} = \frac{RMC_{RD(t), i}}{\sum_{k=1}^N RMC_{RD(t), k}} \quad (1)$$

where,

$RMC_{RD(t), k}$  is computed as the rolling average USD Market Capitalization over the last 30 days of Eligible Underlying Component  $k$ ,  $RD(t)$  excluded.

- Volume-Weighted Average Price Weights

VWAP Weights,  $w_{vwap}$ , are computed on every Rebalancing Determination Date using the exponential moving average volume-weighted price over the last 30 days ( $RD(t)$  excluded) for the set of Selected Underlying Components.

On each day, the Volume used is the total sum of the USD Volume sourced directly on the Eligible Exchanges. For each Selected Underlying Component  $i$ , Rebalancing Determination Date  $RD(t)$  and the number of Selected Underlying Components  $N$ , we have :

$$w_{vwap, RD(t), i} = \frac{VWAP_{RD(t), i}}{\sum_{k=1}^N VWAP_{RD(t), k}}$$

where,

$$VWAP_{RD(t), i} = \frac{EMA(CCRI_i \times V_i)_{RD(t)-1}}{EMA(V_i)_{RD(t)-1}}$$

and,

$$EMA(P)_t = \alpha \times P_t + (1 - \alpha) \times EMA(P)_{t-1}, \quad \alpha = \frac{2}{M+1}, \quad M = 30$$

where,

- $CCRI_{RD(t)-k, i}$  is the CCRI of Eligible Underlying Component  $i$ , at the  $k$ -th calendar day prior to  $RD(t)$ .
- $V_{RD(t)-k, i}$  is the total USD Volume across all Eligible Exchanges of Eligible Underlying Component  $i$ , at the  $k$ -th calendar day prior to  $RD(t)$ .

- Time-Weighted Average Price Weights

TWAP Weights,  $w_{twap}$ , are computed on every Rebalancing Determination Date using the exponential moving average price over the last 30 days ( $RD(t)$  excluded) for the set of Selected Underlying Components.

For each Selected Underlying Component  $i$ , Rebalancing Determination Date  $RD(t)$  and the number of Selected Underlying Components  $N$ , we have :

$$w_{twap, RD(t), i} = \frac{TWAP_{RD(t), i}}{\sum_{k=1}^N TWAP_{RD(t), k}}$$

where,

$$TWAP_{RD(t), i} = EMA(CCRI_i)_{RD(t)-1}$$

Where,

$$EMA(P)_t = \alpha \times P_t + (1 - \alpha) \times EMA(P)_{t-1}, \quad \alpha = \frac{2}{M+1}, \quad M = 30$$

- Sector Performance Weights

Sector Performance Weights,  $w_{perf}$ , are computed on every Rebalancing Determination Date using the VLONE Quality Assessment Framework for Layer 1 blockchain evaluation. This multi-factor assessment incorporates both quantitative on-chain metrics and qualitative protocol analysis across six key categories:

1. **Founders, Leadership & Key Devs (15% weight)** - Team transparency, leadership track record, development team size, and advisory board quality
2. **Technology & Innovation (20% weight)** - Technical differentiation, consensus mechanism, scalability solutions, interoperability, and security architecture
3. **Network Performance & Adoption (25% weight)** - Daily active addresses, transaction volume, network uptime, developer activity, and dApp ecosystem metrics
4. **Economic Model & Tokenomics (15% weight)** - Token distribution fairness, inflation/deflation mechanisms, staking rewards structure, and utility assessment
5. **Governance & Decentralization (10% weight)** - Governance mechanisms, community participation, validator distribution, and decision implementation
6. **Ecosystem Development (15% weight)** - TVL growth, partnership quality, institutional adoption, regulatory compliance, and community engagement

Each Selected Underlying Component receives a Quality Score (0-100) based on weighted assessment across these categories. Individual parameter scores within each category are weighted according to their relative importance and aggregated using predefined scoring matrices. The Sector Performance Weight for component  $i$  is calculated as:

$$w_{perf, RD(t), i} = \frac{QualityScore_{RD(t), i}}{\sum_{k=1}^{nbComponents} QualityScore_{RD(t), k}}$$

where  $QualityScore_i$  represents the comprehensive evaluation of component  $i$  using the standardized VLONE Quality Assessment Framework. This ensures sector performance weights reflect both fundamental protocol strength and relative sector-specific performance positioning within the Layer 1 ecosystem, with normalized weights summing to 1.0 across all Selected Underlying Components. The assessment is conducted monthly by qualified analysts using verified data sources including various on-chain analytics platforms, GitHub repositories, DAO governance platforms, and protocol documentation, maintaining consistency with the methodology's focus on representative and liquid crypto assets.

- Final Weights

Final weights are computed using the following steps below :

1. Compute the intermediary weights  $w_{int, RD(t), i}$  of Eligible Underlying Component  $i$  and Rebalancing Determination Date  $RD(t)$  using the formula:

If  $t \leq \text{July } 25^{\text{th}}, 2025$ ,

$$w_{int, RD(t), i} = 0.2 \times w_{MktCap, RD(t), i} + 0.5 \times w_{vwap, RD(t), i} + 0.3 \times w_{twap, RD(t), i} \quad (2)$$

Else,

$$w_{int, RD(t), i} = 0.15 \times w_{MktCap, RD(t), i} + 0.45 \times w_{vwap, RD(t), i} + 0.3 \times w_{twap, RD(t), i} + 0.1 \times w_{perf, RD(t), i} \quad (3)$$

2. Apply capping mechanism: limit largest constituent to a predetermined (15%), redistribute excess weight. The excess weight is redistributed proportionately among the remaining index constituents. This distribution process requires that later allocation weights never exceed earlier ones, and the weights are assigned in descending order of combined factor scores.
3. The Final Weight  $w_{final, i, RD(t)}$  of Eligible Underlying Component  $i$  and Rebalancing Determination Date  $RD(t)$  is obtained by applying a cut-off of 0.5% to its intermediary weight :

$$w_{final, i, RD(t)} = \begin{cases} w_{int, i, RD(t)} & \text{if } w_{int, i, RD(t)} > 0.5\% \\ 0 & \text{otherwise} \end{cases}$$

### **Index Rebalancing**

We define  $R(t)$  as the Rebalancing Date preceding  $t$  and  $RD(t)$  as the Rebalancing Determination Date.  $R(t)$  is the last Friday of the month and  $RD(t)$  is the second business day strictly preceding  $R(t)$ . If the last Friday of the month is not a business day,  $R(t)$  will be the strictly previous business day.

The Index is rebalanced monthly on every Rebalancing Date. The list of Selected Underlying Components may change every month. New weights and Selected Underlying Components are determined on every Rebalancing Determination Date.

### **Underlying Components Prices**

Underlying Component Closing Prices are the official levels of Compass Crypto References Indices (*CCRI*) at 4pm, London Time.

## 5 Index Calculation

### 5.1 Calculation date - business day

A calculation date  $t$  means any calendar day.

A business day means any day other than a Saturday, a Sunday, January 1<sup>st</sup>, Good Friday, Easter Monday or December 25<sup>th</sup>.

### 5.2 Index Calculation

The Venonaire Layer-1 Select Index is computed based on the following formula.

$$\text{Index}_{t_0} = 100 \quad (4)$$

The Index price level on each calculation date  $t$  from their starting base date onwards is calculated as:

$$\text{Index}_t = \text{Index}_{t-1} + \sum_{i \in N_{c,t}} Q_{Final,i,t} \times (P_{i,t} - P_{i,t-1})$$

With,

$$Q_{Final,i,t} = \begin{cases} \text{Index}_{t-1} \times \frac{w_{Final,i,RD(t-1)}}{P_{i,t-1}}, & \text{if } R_i(t-1) = R(t-1) \\ Q_{Adj,i,t}, & \text{if } t \text{ is an Index Reconstitution Date and} \\ & i \text{ is impacted by the Index composition change} \\ Q_{Final,i,t-1}, & \text{otherwise} \end{cases}$$

Where,

- $N_{c,t}$  is the set of the Selected Underlying Components of each index on day  $t$
- $R(t)$  is the most recent date in the set  $\{R_i(t), i \text{ being a Selected Underlying Component on } RD(t) \text{ or on } RD(RD(t))\}$
- $R_i(t)$  is with respect to Selected Underlying Components  $i$  and Business Day  $t$ , the second Business Day strictly succeeding  $RD(t)$  and strictly preceding  $t$  on which the Selected Underlying Components  $i$  is unaffected by an Market Disruption Event. If such a date does not exist,  $R_i(t)$  is the second Business Day strictly following  $RD(RD(t))$  and strictly preceding  $t$  on which the Selected Underlying Components  $i$  is unaffected by a Market Disruption Event.
- $RD(t)$  is the most recent Index Rebalancing Determination Date preceding  $t$
- $P_{i,t}$  is the Underlying Component Closing Price representing the USD price of cryptocurrency or token  $i$  on day  $t$
- $w_{Final,i,RD(t)}$  is the Final Weight of Selected Underlying Component  $i$  of each index, on the last Rebalancing Determination Date preceding  $t$
- $\text{Index}_t$  is the Index price level on  $t$
- An Index Reconstitution Date is any date outside a Rebalancing Date on which the composition of the basket changes
- $Q_{Adj,i,t}$  is the new quantity of Underlying Component  $i$  which should apply after the Reconstitution Date

### 5.3 Rounding of Data

Index values are computed with all decimals available and are published with a precision of 2 decimals.

### 5.4 Calculation Frequency and Dissemination

The Venionaire Layer-1 Select Index is computed and published on every calendar day at 4:20pm London Time.

Index levels are published on the Compass Financial Technologies website ([www.compass-ft.com](http://www.compass-ft.com)) and are distributed to Bloomberg and Refinitiv.

### 5.5 Hard Fork policy

#### Hard fork policy

A hard fork occurs when a change is made to the transaction validation rules of a crypto asset's underlying blockchain protocol in a way that is not compatible with its earlier version. Nodes that wish to continue to participate are expected to upgrade to the new version of the protocol's software. Usually such a fork is planned and accepted by the overwhelming majority of nodes. However, where the fork is contentious enough that a non-negligible number of nodes continue to run the old version of the software, a chain split occurs.

The Steering Committee will evaluate all upcoming hard forks. The treatment of hard forks will be led by decisions of exchanges with respect to the ticker symbols used to represent the resulting crypto assets and the markets that they maintain. Concretely, suppose some crypto asset traded under ticker COIN is expected to undergo a hard fork resulting in an original chain Chain with crypto asset C and a modified chain Chain' with crypto asset C'. There are a few scenarios to consider:

- C continues to trade under ticker symbol COIN while C' starts trading under a newly-created ticker symbol COIN'. In this case, C continues as a constituent of the Index. C' is not eligible to become a constituent of the Index (as it does not have enough price history) and does not contribute to the Index value. C' may be sold by stakeholders tracking the Index as an excess return; the precise decision of when (or whether) to sell will be a matter of judgment for the tracking investment products.
- C' trades under ticker symbol COIN while C starts trading under a new ticker symbol COIN'. In this case, C' replaces C as a constituent of the Index. The pricing history for C' is taken as being that of C prior to the fork. C is no longer a constituent of the Index, does not contribute to the Index value and may be sold by stakeholders tracking the Index as an excess return.
- There is significant disagreement amongst exchanges as to the ticker symbols that C' and C should trade under. It is expected that this situation would apply to Index constituents only in very rare circumstances. In this case, an extraordinary meeting of the Steering Committee will be organized in order to decide on an appropriate course of action which may include replacing C by the next eligible crypto asset or rebalancing across the remaining constituent crypto assets.

For Layer-1 blockchain forks specifically, the assessment of both original and forked networks will incorporate the VLONE Quality Assessment Framework during the next monthly rebalancing cycle. This allows sufficient time for fundamental metrics such as network performance, developer activity, transaction volume, and protocol stability to establish meaningful data points. The Steering Committee will evaluate each fork situation on a case-by-case basis, considering both technical merit and industry consensus when determining final index composition

#### Airdrop policy

An "airdrop" occurs when a blockchain project distributes free crypto assets to investors in the hopes of attracting more people to use their platform. Requirements to qualify for an airdrop may vary; in some cases the participant has to hold the crypto asset in their wallet while other times they have to promote the project

on an online forum. The Index does not incorporate potential airdrop values in their computation process. Stakeholders tracking the Index may sell valuable airdrops at their earliest convenience, thus contributing to deliver excess returns over the base Index.

### Staking

A staking reward is granted to holders of a crypto asset when they lock up that asset as collateral to secure fairness when validating transactions or other network actions. Staking rewards require agency on the part of crypto asset holders and also introduce liquidity restrictions since the act of staking includes locking up coins for a period of time. The Index does not incorporate the value of staking rewards in their computation process. Stakeholders tracking the Index may use the value of the resulting staking to deliver excess returns over the base Index.

## 5.6 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:

- The trading of an Index constituent is closed on the specific day on all eligible exchanges
- All eligible exchanges suspend their trading for an Index constituent at a time prior to the scheduled Index published closing time unless the altered closing time was brought to public attention by the index closing time on the trading day prior to the day in question

The occurrence of a Market Disruption Event is determined by the Index Committees.

If a Market Disruption Event occurs during a rebalancing date, the constituents involved are not rebalanced and their respective quantities 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.

## 5.7 Exceptional Circumstances

In exceptional circumstances, the Committee governing the Index may trigger an exceptional rebalancing to adjust the composition if it considers that some of the Selected Underlying Components do break one or more of the requirements defined in Section 3.2

The calculations of the Venionaire Layer-1 Select Index is obstructed when there are no price available for one of the Underlying Component *CCRI* at the official time of publication. If no closing price is available for the calculation date  $t$ , the Venionaire Layer-1 Select Index will use the last available closing price for their Underlying Components.

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, the Steering Committee will do its best effort to determine relevant Underlying Component prices from alternative providers that are readily available.

## 6 Index Governance

### 6.1 Index Administrator

Compass Financial Technologies (France) is the Administrator of the Index ("the Index Administrator"). The Index Administrator is responsible for the day-to-day management of the Index and is also responsible for decisions regarding the interpretation of these rules.

### 6.2 Index Calculation Agent

Compass Financial Technologies is the Calculation Agent of the Venonaire Layer-1 Select Index. It is responsible for the day-to-day management of the Index computation according to this methodology.

### 6.3 Index Committees – Supervisor

Compass Financial Technologies has established governance functions to review and provide challenges on all aspects of the Index determination process. Governance functions are managed by the Compass Oversight Committee and by the Compass Venonaire Crypto Steering Committee.

#### **Compass Oversight Committee:**

The Compass Oversight Committee oversees all areas of the benchmark determination processes. It is responsible for supervising and controlling the Index operations team on all Compass indices. It is also responsible for:

1. Periodic review of incidents
2. Making final decisions in case the Index operations team are not capable or allowed to take decisions
3. Defining and implementing organisation procedures for the Index operations team
4. Defining and overseeing measures that allow for mitigation of operational risks
5. Supervising internal or external audit results
6. The implementation and supervision of the potential codes of conduct that have to be implemented

The Committee is comprised of senior representatives of Compass Financial Technologies and external industry experts.

#### **Compass Venonaire Crypto Steering Committee (the Steering Committee):**

The Steering Committee is responsible for:

1. Determining the calculation methodology and the rules governing the publication of the Index
2. Making periodic reviews of the Index to validate the robustness of the methodology and to analyse the impact of methodology changes
3. Organising consultation with Index stakeholders if necessary
4. Ensuring that Index offers a reliable and representative view of the market

The Steering Committee is composed of members from Compass and from other entities. The Steering Committee may include individuals or representatives of companies, academics, external counsels, or market participants.

The Steering Committee shall convene as necessary and, in particular, in the event of any material change affecting the methodology or the Index. Notwithstanding the foregoing, upon request by any member, the Steering Committee may convene at any time during the year to address potential 'market emergency' or 'force majeure' events, or any other circumstance requiring an extraordinary meeting.

All Committee decisions will be published without delay following the Committee decision.

The Steering Committee members as of August, 2025 are:

- Berthold Bauerk-Karlic, Venionaire Capital
- Igor Hadziahmetovic, Venionaire Capital
- Edouard Mouton, Compass Financial Technologies
- Guillaume Le Fur, Compass Financial Technologies

As of August 26<sup>th</sup>, 2025, Edouard Mouton chairs the Steering Committee.

Notwithstanding the eligible criteria in Section 3.2, the Steering Committee reserves the right to further exclude any assets based on one or more factors, including but not limited to, its review of general reputational, fraud, manipulation, or security concerns connected to the asset.

## 6.4 Cases Not Covered in Rules

In certain cases which are not covered by these rules, operational adjustments will take place in respect of the aim of the Index. Operational adjustments may also take place if, in the opinion of the Index Administrator, it is desirable to do so to maintain a fair and orderly market in derivatives on the Index and/or this is in the best interests of the investors in products based on the Index and/or the proper functioning of the markets. The Index Administrator will report to the Supervisor if it took a decision about a case which is not specifically covered in the rules for comments and review.



## 7 Methodology Changes - Maintenance

This 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, this Methodology is reviewed annually. The review will include, inter alia, the following points:

1. Verify if the methodology and computation are still in line with the original purpose of the Index
2. Make sure the quality and quantity of the input data remain sufficient

Changes made to this methodology are published after the review date and implemented on a reasonable time horizon.

Compass Financial Technologies may terminate any of the Indices due to certain extraordinary market circumstances.

Changes or termination will be subject to the review and approval of the Steering Committee which will receive all the information related to the change or termination. In case of material changes, a notice will be provided at least two weeks in advance.

The results of the Steering Committee meetings will be published in a press release on Compass Financial Technologies website and distributed timely to data vendors and major news sources.

## 8 Expert Judgment

The Index is based on written and transparent rules and procedures with the purpose of minimising as much as possible the exercise of discretion and expert judgment.

The Index is built from input data that is not interpolated, extrapolated or adjusted. In case of lack of data, the last available data is employed.

Nevertheless, the exercise of expert judgment may become necessary in case of errors and Index restatements, delayed and missing data, hard forks, airdrops, or unexpected situations arising from market stress.

In the event that expert judgment is exercised, this will be done by resorting to the written procedures reported in the methodology and by communicating the decisions taken to the Steering Committee and the Internal Compliance Function in order to prevent conflicts of interest and to protect the integrity and the independence of the Index determinations. In addition, the interest of the Index users and the market integrity will be taken into account.

## 9 Errors and Recalculations

Even though the process of each Index calculation is completely automated and pre-defined, an error can be discovered after the publication of the Index.

In case of a material error, the Index will be redetermined, and the Index clients will be notified about the error and the date of the publication of the redetermined Index. An error is considered material on the basis of its size, the dates of its discovery and of its occurrence, and the impact of the Index redetermination on the users. The discovery of any error is reported to the Steering Committee.

In the case where a material error is discovered and the Administrator recognises a manipulation or an attempted manipulation of any of the Index level or the input data, it will be reported to the regulator.

## 10 Potential Limitations

The issues presented in the following non-exhaustive list may limit the ability of the Index to represent the market they are intended to measure, the ease of replication by investors, and more generally the usefulness of the Index to users.

- All the markets the Index is meant to measure are volatile. In particular, cryptocurrencies may be subject to much more market movements than traditional asset classes such as stocks and bonds as a consequence of illiquidity, market trends and changes to market structure.
- The input data providers may fail to provide accurate and timely data.
- Cryptocurrency prices are derived from several trading venues, each of which is characterised by a different market structure and the price of a cryptocurrency may sometimes be different across different trading venues. In addition, cryptocurrency exchanges may suffer problems that usually do not affect regulated asset exchanges, such as distributed denial-of-service, trading halt, hacking of private keys, lack of standards comparable to those of regulated exchanges, rapidly evolving technology and uncertain legal frameworks. Finally, the publication of the Index may cease. Should this occur, the regulation regarding user transitions will be followed, but the existence of a suitable substitute is not assured.

## 11 Cases not covered in rules

In cases which are not expressly covered in these rules, operational adjustments will take place along the lines of the aim of every Index. Operational adjustments may also take place if, in the opinion of the Index Administrator, it is desirable to do so to maintain a fair and orderly market in derivatives on the Index and/or this is in the best interests of the investors in products based on the Index and/or the proper functioning of the markets. The Index Administrator will report to the Supervisor if it took a decision about a case which is not specifically covered in the rules for comments and review.

## 12 Liability

The Index Administrator and the Supervisor are not liable for any losses resulting from supplementing, amending, revising or withdrawing the rules for every Index. The Administrator will do everything within its power to ensure the accuracy of the composition, calculation, publication and adjustment of the Index in accordance with relevant rules. However, neither the Index Administrator, nor the Supervisor are liable for any inaccuracy in the Index composition, calculation and the publication of the Index levels, the information used for making adjustments to the Index and the actual adjustments. Furthermore, the Index Administrator and the Supervisor do not guarantee the continuity of the composition of any of the Index, the continuity of the method of calculation of the Index, the continuity of the dissemination of the Index levels, and the continuity of the calculation of the Index.

## Appendix - Venionaire Layer-1 Select Index

Venionaire Layer-1 Select Index				
Index	Compass API Code	Bloomberg Code	Refinitiv Code	Round
Venionaire Layer-1 Select Index	VLONE	VLONE	.VLONE	2

Table 2: Venionaire Layer-1 Select Index - Publication Codes and Rounding policy

## 13 Disclaimer

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