



CoinDesk Indices Announces Results of its CoinDesk 20 Index Consultation

June 17, 2024 – CoinDesk Indices’ internal governance committee has completed its review of stakeholder feedback to its [public consultation](#) held between May 20, 2024 and June 7, 2024.

Consultation Results:

Here is a summary of the results of the consultation with additional details below.

Proposal Topic	Consultation Results	Timing
Constituent Weighting	No changes will be made to the constituent weighting methodology for the CoinDesk 20 Index at this time, though additional analysis will be performed.	To be announced
Eligibility Criteria	Meme coins and privacy tokens will be excluded from the CoinDesk 20 Index	July 2024 Reconstitution
Spot Index Calculation	A new ticker CD20SPOT will be introduced which uses the new "Spot" Reference Rates	Q3 2024

Proposal 1 – Constituent Weighting: The consultation proposed an update to the weighting of CoinDesk 20 constituents to reduce the capping for the largest constituent from 30% to 20% and all other constituents from 20% to 10%.

In addition to lowering the combined weight of BTC + ETH from 50% to 30%, this proposal also resulted in several constituents being at, or near, the 10% cap, alongside ETH.

Feedback from the consultation varied but the overall sentiment was to maintain a differentiation in the weight of BTC, ETH, and the other 18 constituents and to ensure the combined weight of BTC and ETH remained a significant portion of the index.

Based on this feedback, CoinDesk Indices will perform additional analyses on the constituent weighting prior to announcing and implementing any changes. The objectives of CoinDesk 20’s constituent weighting include to 1) promote greater diversification than an unaltered market capitalization weighting would allow, 2) promote liquidity and retain some proportionality of constituents’ market capitalization, and 3) produce a “broad-based” index, adopting the framework used to help establish regulatory oversight of certain derivatives in the United States.



To achieve these objectives, our analyses will employ these guiding principles:

1. Maintain a 35-45% weight for the top two constituents (currently BTC and ETH),
2. Ensure the two largest constituents (currently BTC and ETH) remain the two largest constituents after capping is performed,
3. Ensure no constituent exceeds 30% of the index,
4. Ensure the aggregate weight of the largest 5 constituents does not exceed 60%

Example weighting methodology: The CoinDesk 20 Index is market capitalization weighted subject to the following capping rules applied at each reconstitution:

1. *The largest constituent is capped at 25%*
2. *The second largest constituent is capped at 15%*
3. *All other constituents are capped at 6%*
4. *Excess weight is redistributed proportionally to all uncapped constituents*

Summary of Proposal 1: There will be no changes to the constituent weighting methodology for the CoinDesk 20 Index for the July reconstitution. (The caps currently prescribed in the methodology will be applied.) CoinDesk Indices welcomes feedback on the approach outlined above.

Proposal 2 – Eligibility Criteria: Digital assets classified as meme coins or privacy tokens will be excluded from the CoinDesk 20 Index. Meme coins and privacy tokens currently face additional regulatory challenges in certain jurisdictions which may prevent certain exchange traded products from holding digital assets classified in these categories. CoinDesk Indices will continue to monitor the list of exclusions.

This modification to the methodology will be implemented with the July 2024 quarterly reconstitution. The reconstitution results will be announced on June 18, 2024, and implemented on July 2, 2024. An updated CoinDesk 20 Index Methodology reflecting these changes will be published on the CoinDesk Governance [webpage](#) by June 18, 2024.

Proposal 3 – Spot Index Calculation: CoinDesk Indices will introduce a Spot Index calculation of the CoinDesk 20 Index. This calculation will use the Spot Reference Rates as outlined in the consultation and will be published under the ticker CD20SPOT.

CoinDesk Indices will continue to calculate and publish the existing CoinDesk 20 Index which uses 60-minute VWAPs under the ticker CD20. The CD20 and CD20SPOT will be calculated every 5-seconds initially though the frequency of CD20 may be throttled back in the future.



The calculation and publication of the CD20SPOT index will begin in Q3 2024. CoinDesk Indices will provide a further notice once the exact timing is determined.

For questions on this announcement, please email indexservices@coindesk-indices.com.

We appreciate your feedback to the CoinDesk 20 consultation.

Regards,

CoinDesk Indices

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