



CoinDesk Indices Announces Results of its Consultation on Index Eligibility for Digital Assets Designated as Securities

July 21, 2023 – CoinDesk Indices (“CDI”) announces the results of its consultation regarding index eligibility for digital assets designated as securities. The update will be reflected in the latest CoinDesk’s Digital Asset Indices Policy Methodology and will be implemented in impacted indices at their next scheduled reconstitution.

Consultation Results:

User feedback was generally supportive of the proposal and approved pursuant to our internal governance processes. As proposed in the consultation, the new Security Designation language will be as follows:

CDI’s Indices are primarily intended to be replicable by investors, particularly from the perspective of a U.S.-based investor given the utilization of USD pricing pairs, which predominantly trade in the U.S. currently.

Digital assets that are determined to be unregistered securities under the U.S. securities laws may be delisted by Eligible Exchanges and not available for investment by U.S. persons. Accordingly, this Policy Methodology seeks to exclude such digital assets (“Excluded Digital Assets”) from most CDI Indices. CDI may solicit feedback from stakeholders in certain circumstances. Exceptions may exist for certain indices, such as the CoinDesk Market Indices (CMI) Family, which do not have “Excluded Digital Assets” as part of the eligibility criteria and so are not impacted by a digital asset being designated as a security.

Digital assets that have been alleged to be securities by regulatory authorities but whose status is subject to dispute will generally remain eligible constituents of the Indices to the extent they continue to meet all other eligibility criteria in the applicable index methodology.

Any determination under this Methodology with respect to whether a digital asset is (or is not) an Excluded Digital Asset should in no way be construed as a determination as to whether or not such digital asset is (or is not) a ‘security’ for legal purposes.

Index Impact:

Based on the updated language above, digital assets that have been alleged by U.S. authorities to be unregistered securities (as well as future assets that may be alleged to be unregistered securities by the SEC) may qualify for inclusion in CDI’s indices if they meet all other eligibility criteria as defined in the applicable index methodology. In addition, digital assets that were previously excluded based on being alleged by U.S. authorities as being unregistered securities, may now qualify for inclusion in CDI’s indices if they meet all other eligibility criteria as defined in



the applicable index methodology. Any addition of such digital asset to an index will follow the applicable index methodology including being subject to inclusion on a watchlist prior to inclusion.

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

Regards,

CoinDesk Indices

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