

Guide to Asset Class Coverage for FTSE Digital Asset Indices and FTSE DAR Digital Asset Prices

v1.0



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Section 1

Introduction and background

1. Introduction and background

1.1 Introduction

1.1.1 FTSE Digital Asset Indices are designed to track the investable universe of digital assets that are available to global investors. The methodology for these indices is tailored to the unique market structure, regulatory landscape and risk profile of this asset class.

1.1.2 This guide details the manner in which the full universe of digital assets is narrowed to a universe of instruments that are considered for eligibility in the FTSE Digital Asset Indices. The key considerations include market capitalization, liquidity, investability, and the availability of index pricing and reference data inputs to support index calculations.

1.1.3 The universe of digital assets that underlie the construction of FTSE Digital Asset Indices is reviewed on a quarterly basis and updated after the close on the third Friday of the Review Months, March, June, September and December.

1.2 Background

1.2.1 FTSE Russell applies an objective set of criteria to identifying the universe of digital assets that are considered for eligibility in the FTSE Digital Asset Indices. This selection process reviews and collects data for digital assets that trade on hundreds of different digital asset exchanges operated globally to capture reliable, high-quality data to support index construction.

1.2.2 The transaction data that is used as the input to the prices used in the FTSE Digital Asset Indices is sourced based on a robust vetting process which is described in the following document:

[Guide to the Vetting of Digital Assets and Digital Asset Exchanges](#)

1.2.3 In determining the underlying universe of securities for FTSE Digital Asset Indices, FTSE Russell undertake a review of market capitalization, liquidity, investability, and the availability of index pricing and reference data inputs to support index calculations. To ensure that the indices are representative of the market they are meant to track, the universe review process is undertaken on a quarterly basis. In addition to the inclusion of new assets or the removal of existing assets to this universe on a quarterly basis, FTSE Russell may also reflect intra-quarter deletion of assets with appropriate notification to index users.

1.3 FTSE Russell

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- 1.4 FTSE Russell does not make any representation or warranty, express or implied, as to the accuracy, completeness or correctness of the universe of digital assets.
- 1.5 No liability whether as a result of negligence or otherwise is accepted by FTSE Russell (or any person concerned with the preparation or publication of this methodology) for any losses, damages, claims and expenses suffered by any person as a result of:
- any reliance on this methodology, and/or
 - any inaccuracies in this methodology, and/or
 - any non-application or misapplication of the policies or procedures described in this methodology, and/or
 - any inaccuracies in the compilation of the universe of digital assets.

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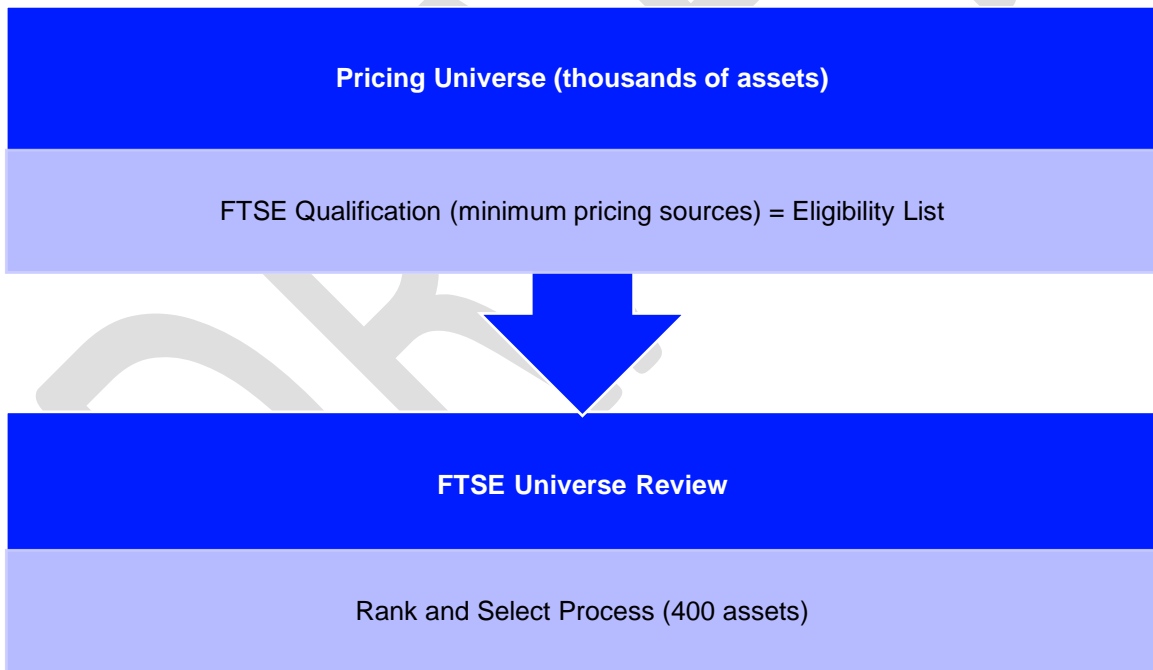
Section 2

Methodology

2. Methodology

2.1 Objective

2.1.1 FTSE Russell's objective is to identify the subset of digital assets that are sufficiently accessible to market participants for inclusion in investible indices. Various criteria are used to determine a digital asset's eligibility for inclusion in the underlying FTSE Digital Asset Universe which the FTSE Digital Asset Indices are based on. The key criteria include market capitalization, liquidity, investability, and the availability of index pricing and reference data inputs to support index calculations. The Eligibility List includes digital assets which meet the minimum qualifications to be included in the FTSE Digital Asset Universe.



2.1.2 Digital assets may be traded on multiple exchanges that are either centralized or decentralized, over-the-counter, in private key-to-wallet or various combinations of these that capture change in ownership. The criteria for defining the Universe of Digital Assets does not consider whether a digital asset is classified as a security by international regulatory agencies.

2.1.3 The universe is reviewed quarterly to ensure appropriate and representative coverage of the digital asset market for index construction. The Universe Review is effective at 22:00:15 UTC on the third Friday of March, June, September and December.

Section 3

Defining the FTSE Digital Asset Universe

3. Defining the FTSE Digital Asset Universe

3.1 Eligibility list

3.1.1 Availability of pricing is a core requirement for a digital asset to be included in the underlying universe of digital assets that are available for inclusion in FTSE Digital Asset Prices. Determination of availability of pricing is based on the FTSE Pricing Methodology, which requires a minimum of three vetted exchange sources to enter the FTSE Digital Asset Universe and two vetted exchange sources to remain in the universe at review time from either Participating or Watchlist Exchanges¹. All assets that qualify are included in the Eligibility List.

An example is as of 26 August 2024, the Eligibility List consisted of 523 assets using the FTSE qualification criteria. The FTSE Universe Review was implemented to rank and select the top 400 assets.

3.2 FTSE follows the following steps to screen and rank the starting universe.

3.2.1 The following criteria over the previous 12 weeks is reviewed using a data cut-off date 5 days prior to the month end before the Universe Review month.

FTSE Digital Asset Universe criteria

Name	Digital asset name
Ticker	Digital asset ticker
Number of participating exchanges	As of the previous quarter's exchange vetting
Number of watchlist exchanges	As of the previous quarter's exchange vetting
Market capitalization	Calculated as of the day prior to the data cut off prices and the previous quarter's tokens in issue
Average USD Daily Volume ²	The total volume converted to USD on both Participating and Watchlist exchanges for all assets in the FTSE Digital Asset Universe. All 8 eligible pairs, USD, GBP, EUR, JPY, BTC, ETH, USDT and USDC are included.
Price	DAR price, 6 days prior to the month end before the universe review month.

¹ Please note an asset may drop to a single vetted pricing source intra-review and will be removed if another source is not identified at the next review.

² Please note, this not used to calculate the FTSE DAR Digital Asset Price as it is a consolidated volume of both participating and watchlist Exchanges and has not been filtered.

3.2.2 Any asset under \$20M USD in Market Capitalization is ineligible and will be removed.

3.2.3 Assets are ranked in descending order based on:

- 1) Market Capitalization,
- 2) Liquidity and
- 3) Exchange Eligibility

FTSE Digital Asset Universe calculation methodology

Market capitalization	Calculated as of the day prior to the data cut off prices and the previous quarter's tokens in issue
Liquidity	Average USD daily volume divided by market capitalization
Exchange Eligibility	Participating and Watchlist exchanges

3.2.4 A Composite Rank is calculated of all three Ranks. Market Capitalization is assigned an 85% weight, Liquidity is assigned a 10% weight and Exchange Eligibility is assigned a 5% weight.

3.2.5 Once the Composite Ranks are assigned, the following Selection Criteria is applied:

1. Assets with over \$1B in Market Capitalization are selected first.
2. Assets requested for inclusion by FTSE Russell clients for research purposes are selected next if they are above \$20M in Market Capitalization.
3. To reduce turnover, a 10% buffer is applied. All the assets ranked above or at 360 will be selected into the FTSE Digital Asset Universe, and all the assets below rank 440 won't be selected into the universe unless they are in the 2 categories described in steps 1 and 2 above.
4. Existing universe assets in the buffer zone (rank 361 and rank 440) will be selected into the universe by rank order until the 400-asset count is achieved.
5. If it is less than 400-asset count after all the existing universe assets are selected, new assets in the buffer zone will be selected into the universe by rank order until the 400-asset count is achieved.
6. A 25-asset count Reserve List is also created by selecting the next 25 best ranked assets following the above method.

3.3 The following criteria are applied to arrive at the final universe:

1. The Asset Review is completed on a quarterly basis at each February, May, August and November month end using Classification Data³ at the close of business seven days prior to the last day of the Asset Review month. Economic Data⁴ is as of 22:00 UTC on the last day of the Asset Review month. The initial universe ranking utilizes data 6 days prior to month end, therefore exchange availability is reviewed again to ensure all existing assets have a minimum of two vetted pricing sources are still available. All new entrants are reviewed to ensure a minimum of three vetting pricing sources are available.
The top 400 assets by rank are selected for the FTSE Universe. Should an asset fail the exchange eligibility test, then assets are selected in rank order from the Reserve List to complete the universe of 400 assets.
2. All new entrants require availability of reference data, including SEDOL, DAR Taxonomy Assignment across all three levels, DeFi flag, Tokens in Issue and Consensus Mechanism .
3. The proposed FTSE Digital Asset Universe is reviewed in the FTSE DAR Technical Forum.

³ Each digital asset is classified by benchmark status (Benchmark or Non-Benchmark), Consensus Mechanism, DeFi Thematic and DAR Taxonomy. This is as of seven day prior the last day of the Asset Review months (February, May, August and November).

⁴ Is defined by each digital asset's quarterly tokens in issue and FTSE DAR Reference Price used to determine the market capitalization. This is as of the last day of the Asset Review months (February, May, August and November).

Section 4

Additional details

4. Additional details

4.1 Key dates for the universe review process

In addition to the dates outlined in the Rebalance Timetable, the dates in the table below detail the universe review process.

[Digital Asset Rebalance Timetable](#)

Timeline example		
Eligibility List	27 August 2024	The Eligibility List is produced 5 days prior to the Asset Review month end and uses the previous day's prices and the previous Rebalances Tokens in Issue to determine Market Capitalization. i.e. 26 August 2024 Price Date, 30 June 2024 Tokens in Issue.
Governance Review	10 September 2024	Proposed Universe, Benchmark and Non-Benchmark Asset Changes Reviewed at the FTSE DAR Digital Asset Technical Forum.
Public Announcement of Changes	13 September 2024	Universe is finalized and Client Inclusion and Exclusion Lists are applied. Technical Notice of Universe change release.
Implementation into Data Files	17 September 2024	Indicative Review Files Produced.
Universe Review	20 September 2024	September Quarterly Rebalance, effective at 22:00:15 UTC.

4.2 Definitions of classification status

Data sources	
Participating Exchange	Watchlist Exchange
Must meet all 21 Criteria	Minimum of 8 Criteria
Exchanges implement KYC and AML, agree to requests for information around suspicious market activity, relevant licenses in jurisdictions, data licenses, operational security	Exchanges have minimum reported volume, known leadership teams, continuous delivery of quality price data
8 Exchanges as of 30 June 2024	26 Exchanges as of 30 June 2024

Please refer to the [Guide to the Vetting of Digital Assets and Digital Asset Exchanges: Ground Rules](#) for additional information on these definitions.

Appendix A

Further information

A glossary of terms used in FTSE Russell's Ground Rule documents can be found through the following link:

[Glossary - Digital Assets.pdf](#)

Further information on the FTSE Digital Asset Staking Index Series is available from FTSE Russell.

For contact details please visit the FTSE Russell website or contact FTSE Russell client services at info@ftserussell.com.

Website: www.lseg.com/en/ftse-russell/

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