



CoinDesk Indices – Index Consultation Proposed Changes to the CoinDesk Single Digital Asset Indices Methodology

July 25, 2024: CoinDesk Indices is seeking feedback on proposed changes to the methodology for its Single Digital Asset Indices, including the CoinDesk Bitcoin Price Index (XBX). The changes aim to:

- 1. Expand contributing exchanges:** Allow additional exchanges to contribute to the calculation of the indices to improve the representativeness of the spot price of the underlying asset and further reduce the risk of price manipulation.
- 2. Remove exchange watchlist requirement:** Eliminate the waiting period for exchanges that meet the inclusion criteria.
- 3. Update review schedule:** Change the quarterly review of contributing exchanges to align with the end of each quarter.

Overview of Proposed Changes:

Proposal 1: Expand contributing exchanges

Current Process to Select Contributing Exchanges:

- Minimum of 3 and maximum of 5 contributing exchanges
- Contributing exchanges must have at least 4% of the total 90-day USD volume
- Non-contributing exchanges must have at least 5% of the total 90-day USD volume
- Only USD-denominated pairs are considered
- Minimum of two Category 1 exchanges as defined in the Policy [Methodology](#) (see Appendix 1)

Proposed Process to Select Contributing Exchanges:

- Minimum of 3 and maximum of 8 contributing exchanges
- Contributing exchanges must have at least 2% of the total 90-day USD volume
- Non-contributing exchanges must have at least 3% of the total 90-day USD volume
- Only USD-denominated pairs are considered
- Minimum of two Category 1 exchanges as defined in the Policy [Methodology](#) (see Appendix 1)

Background of change:

In March 2024, CoinDesk Indices [announced](#) changes to its Exchange Eligibility Criteria to begin including non-US licensed exchanges, which has been defined in the Policy [Methodology](#) and incorporated into the Single Digital Asset Index [Methodology](#). This expanded the list of eligible exchanges that can be used as contributing exchange for the Indices. Proposal 1



improves the ability for Single Digital Asset Indices to source and include prices from more of these exchanges.

Proposal 2: Remove exchange watchlist requirement

Current Process:

- A non-contributing exchange must meet certain standards for two quarters in a row to be eligible for inclusion.
- A fast-entry rule allows non-contributing exchanges to be eligible at the upcoming quarterly review period if it represents at least 10% of the total volume.

New Process:

- Remove watchlist criteria
- If a non-contributing exchange meets the requirements outlined in Proposal 1, it will be eligible for inclusion at the next quarterly review.

Background of change:

CoinDesk Indices publishes the current list of Eligible Exchanges in its CoinDesk Indices Digital Asset Policy [Methodology](#) as well as the eligibility criteria used to evaluate each exchange. This provides a transparent process to ensure clients are informed about which exchanges may be used to calculate its Indices and Reference Rates. In addition, the volume lookback period for selecting contributing exchanges for the Indices is 90 days which helps ensure a non-contributing exchange has sustained a level of volume over an extended period before it is added.

Proposal 3: Update quarterly review schedule

Current Process:

- Review results are announced on the second Friday of January, April, July and October.
- Changes are implemented over the weekend after the fourth Friday of January, April, July and October.

New Process:

- Review results are announced on the first Friday of March, June, September and December.
- Changes are implemented the weekend after the third Friday of March, June, September and December.

Background of change:

The proposed schedule ensures changes are announced and made just before the end of each quarter.



Summary of Current / Proposed Methodology

Inclusion Criteria	Current Methodology	Proposed Methodology
Minimum # of Contributing Exchanges	3	3
Maximum # of Contributing Exchanges	5	8
Contributing Exchanges % of Aggregate USD volume	4.0%	2.0%
Non-Contributing Exchanges % of Aggregate USD volume	5.0%	3.0%
Watchlist Period	One quarter w/ fast entry	None
Eligible Trading Pairs	USD only	USD only
Minimum # of U.S. Licensed ("Category 1") Exchanges	2	2
Review Schedule: Announcement	2nd Friday of Jan/Apr/Jul/Oct	1st Friday of Mar/Jun/Sep/Dec
Review Schedule: Implementation	Sunday after 4th Friday of Jan/Apr/Jul/Oct	Sunday after 3rd Friday of Mar/Jun/Sep/Dec



Index Impact

To illustrate the impact of the changes resulting from the Proposals above, the July 2024 reconstitution was simulated using the new rules and the results are provided in the table below:

Index	Index Name	Exchange Count Current	Exchange Count Simulated	Exchange Addition(s) Simulated
XBX	CoinDesk Bitcoin Price Index	5	6	Bitfinex
ETX	CoinDesk Ether Price Index	4	4	N/A
ADX	CoinDesk Cardano Price Index	3	4	Bitfinex
BTX	CoinDesk Basic Attention Token Price Index	3	3	N/A
BCX	CoinDesk Bitcoin Cash Price Index	4	4	N/A
EOSX	CoinDesk EOS Price Index	3	4	Crypto.com
ECX	CoinDesk Ether Classic Price Index	3	3	N/A
LNK	CoinDesk Chainlink Price Index	3	4	Bitstamp
LTX	CoinDesk Litecoin Price Index	4	5	Bitstamp
SLX	CoinDesk Solana Price Index	3	4	Crypto.com
UNX	CoinDesk Uniswap Price Index	3	5	itBit; Bitstamp
XTX	CoinDesk Tezos Price Index	3	4	Crypto.com
ZCX	CoinDesk Zcash Price Index	3	4	Gemini

Based on volume data from July 5, 2024

Timing of Changes

Any changes resulting from this consultation will be implemented at the next scheduled reconstitution, ensuring sufficient lead time.

Consultation Questions:

1. Do you agree with Proposal 1 to expand the list of contributing exchanges used to calculate each Single Digital Asset Index?
2. Do you agree with Proposal 2 to remove the watchlist requirement for exchange inclusion?
3. Do you agree with Proposal 3 to modify the quarterly review schedule?
4. Do you agree with the suggested timing for implementation?



All responses to this consultation should be sent to indexservices@coindesk-indices.com. This consultation will close on August 15, 2024. Once closed, the Index Committee will review the feedback and announce the results within 30 days.

Regards,

CoinDesk Indices



Appendix 1

The table below provides the list of exchanges that pass the Exchange Eligibility criteria. Exchanges are categorized into those that are licensed in the U.S. (Category 1) and those that are not licensed in the U.S. (Category 2).

Category 1 U.S. Licensed	Category 2 Non-U.S. Licensed
Bitflyer	Bitfinex
Bitstamp	Bullish
Coinbase	Bybit
Crypto.com	
Gemini	
itBit	
Kraken	
LMAX Digital	
Okcoin	



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