



DARA

Digital Asset Rating Agency GmbH
Transforming Investment into Sustainable Wealth

DARA Bitcoin Index

V.1.1



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1. Introduction

1.1 The documents set out the rules for the DARA Bitcoin Index.

1.2 Digital Asset

A digital Asset is a digital representation of value that can be used for payment or investment and is based on distributed ledger technologies such as blockchain.

1.3 Base Currency

The base currency of the DARA Bitcoin Index Series is US Dollars (USD).

1.4 Base Date

The base date of the DARA Bitcoin Index is 01/01/2014.

1.5 Base Value

The base value of DARA Bitcoin Index on 01/01/2014 is 100.

1.6 Return Calculation

DARA Bitcoin Index is calculated at price return levels only.

1.7 Index Service Provider

Digital Asset Rating Agency GmbH (“DARA”) is the company that provides the DARA Bitcoin Index service.

1.8 Index Constituents

The index normally consists of one constituent, Bitcoin. However, due to network events, there may be occasions when more than one constituent is included in the index.



2. Management Responsibilities

2.1 Index Rule Provider

Digital Asset Rating Agency GmbH is the company providing index data for digital asset index series. It is responsible for index methodology, index calculation and index review.

2.2 Index Data Provider

Digital Asset Rating Agency GmbH utilizes independent third-party data providers for pricing and reference data used in index calculation.

2.3 Index Committee

The Index Committee is composed of experienced professionals and is responsible for reviewing methodology changes and conducting quarterly index reviews.



3. Exchange Eligibility

3.1 Exchange eligibility criteria

Exchanges are eligible to serve as digital asset pricing sources for index reference data if they are classified as Vetted Exchanges by DAR. For details on the vetting process, please refer to the Exchange Vetting Methodology.



4. Digital Bitcoin Index Constituents

4.1 Eligibility

- 4.1.1 Bitcoin and any other instruments generated as a result of Bitcoin network events are eligible to be included as constituents of the DARA Bitcoin Index.
- 4.1.2 Any cryptocurrencies derived from Bitcoin that are pegged to other digital assets or instruments will not be included in the index.

4.2 Quarterly Review

- 4.2.1 **Cut-off Date:** The DARA Bitcoin Index is reviewed on a quarterly basis using market information based on the circulating supply as of 22:00 UTC on the last day of the month preceding the review month (the Data Cut-off Date).
- 4.2.2 **Effective Date:** The quarterly review of the DARA Bitcoin Index is implemented on the third Wednesday of the review month (the Effective Date).

4.3 Intra-review Process

4.3.1 Intra-review additions

Eligible digital assets may be added to the index constituents if a new instrument is generated as a result of a network event, such as a chain split. However, the asset may be removed from the index if it ceases to qualify as the primary investment vehicle, as defined in Section 4.3.2.

4.3.2 Intra-review deletions

A constituent shall be removed from the DARA Bitcoin Index if the new instrument generated from a network event fails to remain as the primary investment vehicle. The primary investment vehicle is defined as the digital asset that accounts for more than 50% of the combined total market capitalization of both the existing and the new digital assets. Market capitalization is determined based on the five-day average market capitalization calculated from prices obtained through vetted exchanges.



4.4 Investment Weighting

- 4.4.1 The investment weighting is a value between 0 and 1, where 1 represents 100% of the total tokens in issue. This weighting is an adjustment applied to the total tokens in issue to account for the following factors:
- 4.4.1.1 All pre-mined tokens (tokens that are allocated before the public release) that remain under the control of developers, principals, foundations, or business entities affiliated with the creation of the digital asset;
 - 4.4.1.2 Block grants of the digital asset that are given to the principals, foundations, or business entities affiliated with the creation of the digital asset;
 - 4.4.1.3 Return issuance to the investable circulation when, since the last periodic review, an event (preceded by a public announcement) that tokens have been sold into the public market.
- 4.4.2 The investable tokens in issue represent the total issued tokens of a digital asset after adjustment by the applicable investment weighting.



5. Network Events

5.1 Definition

A network event is an action affecting digital asset holders that occurs on a specified effective date. The price of the digital asset may be subject to adjustment on that effective date. Network events include, but are not limited to, the following:

- i. Token issues/token burns;
- ii. Forks
- iii. Chain splits
- iv. Airdrops;
- v. Emissions;
- vi. Token conversion;
- vii. Token Governance Event

5.2 Token issuance/ token burns

5.2.1 A digital asset may issue new tokens, resulting in changes to the total supply and the circulating supply of the token.

5.2.2 Conversely, digital asset tokens may be burned (destroyed), thereby reducing the number of tokens in circulation and the total supply.

5.2.3 Changes to the number of tokens in issue, as updated by the data provider, are generally implemented during the quarterly review of the DARA Bitcoin Index. However, if the change in supply resulting from a new token issuance or token burn is greater than or equal to 5%, the adjustment shall be implemented on the effective date of the event.

5.3 Forks

5.3.1 Forks occur when the underlying digital asset protocol adopts new rules or policies. If the updated protocol is backward-compatible, it is referred to as a Soft Fork. If the protocol is not backward-compatible, requiring participants to



upgrade to the new software to comply with the new rules, it is referred to as a Hard Fork.

- 5.3.2 Changes in the circulating supply may occur as a result of forks. Such changes are generally implemented during the quarterly review of the DARA Bitcoin Index. However, if the change in supply caused by a fork is greater than or equal to 5%, the adjustment shall be implemented on the effective date of the fork.
- 5.3.3 Any new digital asset created as a result of the fork shall be governed by the rules outlined in Section 5.2.

5.4 Chain Splits

- 5.4.1 A Chain Split occurs when a blockchain diverges into two or more separate and competing chains due to disagreements among network participants regarding the protocol rules.
- 5.4.2 This event results in the creation of a new digital asset, which shall be governed by the rules outlined in Section 5.2.

5.5 Airdrop

- 5.5.1 An Airdrop in digital assets refers to the free distribution of tokens to users.
- 5.5.2 Changes in the circulating supply resulting from an airdrop are generally implemented during the quarterly review of the DARA Bitcoin Index. However, if the change in supply caused by the airdrop is greater than or equal to 5%, the adjustment shall be implemented on the effective date of the airdrop.

5.6 Emission

- 5.6.1 Emission refers to the process of generating and releasing new coins or tokens into circulation
- 5.6.2 Changes in the circulating supply resulting from emissions are generally implemented during the quarterly review of the DARA Bitcoin Index. However, if the change in supply caused by the emission is greater than or equal to 5%, the adjustment shall be implemented on the effective date of the emission.



5.7 Token Conversion

- 5.7.1 Token Conversion in the digital asset industry refers to the process of transforming one digital asset into another.
- 5.7.2 When a token conversion occurs, the new token will be added to the index, and the previous token will be removed from the index.

5.8 Token Governance Event

- 5.8.1 Digital assets are a subset of open-source software development projects collaboratively maintained by developers worldwide. These projects employ various mechanisms for collective collaboration and decision-making, collectively referred to as Token Governance Events. Such events may include community votes, core developer calls, and other governance meetings that determine the direction and policies of the project.