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# THE FUTURE OF CRYPTO INVESTMENT

We believe that digital currencies will revolutionize our legacy economic, political, and social systems. With that transformation comes a meaningful generational shift in how institutions and individuals approach investing.

That's where **iVi CRYPTO INTELLIG3NCE** comes in.

# IVI MIAX CRYPTO QUANT INDEX

## DESCRIPTION

The iVi Miac Crypto Quant Index (“Index”) selects digital assets that are part of the top 10 cryptocurrency (“crypto”) assets by market capitalization. Crypto assets are eligible for inclusion in the Index if they satisfy the criteria set forth under the Eligibility Requirements listed below. The selection of portfolio components and each crypto asset weight within the Index are done by iVi Capital Management Ltda. (“iVi”) proprietary quantitative software that uses artificial intelligence and machine learning technology and varies according to crypto market conditions and calculation.

With this, the Index seeks to outperform the valuation of the crypto asset market that is available to investors.

This Index provides a more diversified and lower risk way of investing in the crypto market.

The index is administered by Miami International Holdings, Inc. (“MIH” or “Administrator”) and is co-branded with iVi Capital Management LTDA (“iVi”).

## ELIGIBILITY REQUIREMENTS

The Index draws core components from a list of eligible crypto assets, which must meet each of the following Eligibility Requirements:

- 1) Listing on Main Exchanges: The crypto asset must be listed and traded on at least 2 (two) selected crypto asset exchanges (“Main Exchanges”) throughout the period since the last rebalancing. The crypto asset exchanges considered for this rule are selected by the Crypto Index Committee (“Committee”) based on strict criteria involving the verification of various factors, such as the use of strict policies to prevent money laundering and market manipulation, as well as being authorized to operate or be supervised by regulatory authorities in the jurisdictions in which they operate.
- 2) Custody: The crypto asset must be custodied by a third-party custodian (“Custodian”) regulated as a federally chartered bank or as a state trust company, and meets additional security practices, insurance requirements and business practice requirements as determined by the Committee.

*This rule exists to ensure that crypto assets can be custodied in a manner that, in the view of the Committee, would align with the goals of professional investors and meets the operational requirements of a crypto asset fund.*

The Committee will review new Custodian candidates throughout the year and announce any new additions when approved. The list of existing Custodians will be recertified by the Committee at minimum on an annual basis. Changes to the list of Custodians may be made by approval of the Committee and announced accordingly in the case of exceptional events or in order to maintain the integrity of the Index.

- 3) Security: The crypto asset must have no known security vulnerabilities, including critical bugs, undue exposure to 51% attacks, or other factors.

This requirement exists to ensure the crypto asset is not knowingly exposed to a critical security risk that could lead to a significant loss in value.

4) Market Capitalization: The crypto asset must be in the top 10 list by market capitalization\*.

**\*NOTE:** The top 10 list by market capitalization must consider all exclusions of the Index Eligibility Requirements, so it is possible to find a crypto asset that becomes eligible even though it is not in the top 10 by market capitalization.

5) Liquidity: To be considered for entry to the Index at any reconstitution, the crypto asset must have a median daily trading volume in the USD pairs conducted across all Main Exchanges that is no less than 0.5% of the crypto asset that has the highest median daily trading volume. This is measured during the first 30 calendar days immediately following the previous reconstitution day. Where an existing index constituent falls below this threshold, its trading volume shall be assessed by the Committee for potential removal from the Index. The liquidity rule is meant to improve investability, thereby putting funds replicating the Index in a better position to find enough liquidity in the Main Exchanges to trade all desirable crypto assets without having much impact on pricing, i.e., it ensures a minimum level of price discovery and liquidity for the crypto asset to be considered tradable and priced in a way that should accurately reflect its market value.

6) Stable-coins (dollar-paired crypto assets): The Index excludes all stable-coins except for USDT (USD Tether) and USDC (USD Coin).

7) Exclusions: The Index excludes all crypto assets that do not offer utility, do not facilitate novel use cases, or that do not exhibit technical, structural or crypto economic innovation (e.g., assets inspired by memes or internet jokes).

If a crypto asset meets requirements (1) through (7), it will be considered eligible for Index inclusion (an “Eligible Crypto Asset”). Notwithstanding inclusion in the eligible list, the Committee reserves the right to further exclude any additional crypto assets based on one or more factors, including but not limited to its risk of being deemed a security by United States Securities laws along with its review of general reputational, fraud, manipulation, or security concerns connected to the crypto asset. The Index will assess any crypto assets resulting from a hard fork or an airdrop under the same criteria as established crypto assets and will only include a new crypto asset if it meets the eligibility criteria set forth above.

## EXCHANGES

To be eligible for Index inclusion, a crypto asset must trade on at least two selected crypto asset exchanges that meet the criteria set forth by the Committee. At a minimum, to be considered eligible for designation as a Main Exchange, an exchange should:

- 1) Include strong forking controls. Forks should be handled via a consistent framework and strong governance. Effective forking governance controls should include clear and documented policies that address:
  - a. Forking criteria
  - b. Product and service impacts
  - c. Technology and security impacts (including two-way replay protection to prevent the possibility of a new chain being wiped out by the original chain):
  - d. Operational impacts
  - e. Market risk

f. Liquidity demands

- 2) Not be domiciled in a country, region, or locality that its activities are or may be prohibited, causing meaningful interferences or unjust capital controls on international investors.

*This requirement exists to eliminate crypto assets or price inputs from exchanges that are not accessible by international investors.*

- 3) Have a functioning, secure, and reliable application programming interface (“API”) allowing for the timely ingestion of trade and volume data.

*A functioning, secure, and reliable API is required to onboard data from trading venues. In addition, it is a test of the reliability, transparency, and robustness of the exchange itself.*

- 4) Charge fees for trading and structure trading incentives that do not interfere with the forces of supply and demand.

*Prices and trading volume should be formed by competitive forces of supply and demand. However, some exchanges offer trading incentives that inflate trading volume in an uncompetitive way, making them inadequate to serve the interests of the benchmark.*

- 5) Be licensed by a public independent governing body.

- 6) Be in compliance with local regulations and not subject to extraordinary regulatory or legal action.

*This requirement exists to limit exchanges to those that are positive actors in the community, and to limit the potential for interruptions in service or unusual pricing due to government or regulatory enforcement actions.*

- 7) Evidence a robust IT infrastructure.

*The IT infrastructure should be designed to protect the operation of the exchange and the trading activity taking place on the platform. This includes Business Continuity and Disaster Recovery systems, third party auditors, and cyber security review.*

- 8) Demonstrate active capacity management.

*The platform’s technical infrastructure is designed in such a way that it is capable of accommodating a sudden, significant increase in trade volume without impacting system functionality.*

- 9) Evidence cooperation with regulators / law enforcement.

*Notwithstanding commitments to maintain the confidentiality of the platform’s users, the user agreement must allow for the sharing of confidential identifying customer information and trading data with regulators or law enforcement agencies conducting investigations in their normal course of business investigating.*

- 10) Have a minimum market representation for trading volume.

To compute an exchange's market size, we sum the USD volume of all eligible crypto asset USD pairs for the month of December each year. Exchanges with less than 0.05% of the total volume in eligible exchanges are eliminated.

If an exchange meets these standards, the Committee will conduct further diligence to assess an exchange's eligibility for designation as a Main Exchange. In the process of conducting diligence of the exchanges, the Committee will consider additional criteria, including, but not limited to, the exchange's rules for admitting crypto assets, its organizational and ownership structure, security history, and reputation. The Committee will review new Main Exchange candidates throughout the year and announce any new additions when approved. The list of existing Main Exchanges will be recertified by the Committee at minimum on an annual basis. Changes to the list of Main Exchanges may be made by approval of the Committee and announced accordingly in the case of exceptional events or in order to maintain the integrity of the Index.

## INDEX CALCULATION METHOD

Devexperts Inc. is the agent responsible for the Index calculation.

Index value at datetime  $t$ :

$$Index(t) = \sum_{c \in C} Shares_c \cdot Price_c(t)$$

Where:

- $C$  - Components of the Index, including Cash
- $Shares_c$  - Number of Shares of the Index Component  $c$
- $Price_c(t)$  - Price of the Index Component  $c$  at datetime  $t$

$Price_c(t)$  is the last TimeAndSale event at datetime  $t$ .

The Index value is rounded to 6 decimal places.  $Shares_c$  parameters are also rounded to 6 decimal places.

The Index is disseminated Monday through Friday, from 09:30:00 ET to 16:00:00 ET with the period of one second. Short days or holidays have no impact on the Index dissemination.

## INDEX MAINTENANCE

The Index will be rebalanced and reconstituted, with changes becoming effective prior to market open on the second business day of every month, but eventually it may occur in shorter periods according to the analysis of the algorithm when relevant changes to the overall market occurs.

### Rebalancing and Reconstitution during Monthly Dates

One business day prior to the monthly rebalance and reconstitution, crypto assets are evaluated by the algorithm and a new portfolio is created specifically for that evaluation. There are some rules that will be followed:

1. There is a maximum limit of 10 crypto assets in the portfolio, defined by the maximum existing assets in the asset universe (top 10 Crypto limit);

2. There is no minimum crypto asset limit for Bitcoin and USDT/USDC (stable-coins), meaning that the portfolio can be composed of just one crypto asset (i.e., 100% BTC) whenever necessary, so the algorithm may automatically rebalance and reconstitute the Index to protect it against unpredictable, steep changes in market conditions; and
3. There is a 20% maximum allocation limit for assets considered altcoins (defined as all cryptocurrencies other than Bitcoin).

On the date of the monthly rebalance and reconstitution, the closing price of each crypto asset, along with the closing price of the Index is used to calculate the new shares and weights. Monthly rebalance and reconstitution will occur on predefined dates and will be communicated according to the iVi evaluation calendar. If the rebalance and reconstitution day is a holiday or a weekend, the next first business day shall be used.

### **Rebalancing and Reconstitution between Monthly Dates**

A special rebalance and reconstitution may occur between monthly evaluations due to unpredictable, steep changes in market conditions that exceptionally demands the algorithm to preserve the Index integrity.

A special rebalance and reconstitution can be considered as part of the strategy and will be broadly announced if it ever happens.

## **GOVERNANCE**

The Index is governed by the Committee, which is responsible for administration, and oversight of the Index, including its cessation. The Committee is composed by members of MIH and iVi.

### **Internal reviews of methodology**

The Committee shall approve any material changes to the methodology and will review the index methodology at least on an annual basis.

### **Discretionary adjustment**

This Index Methodology was created by iVi to achieve the aforementioned objective of measuring the underlying purpose of this quantitative Index governed by this methodology document. Any deviations from this methodology are made in the sole judgment and discretion of iVi so that the Index continues to achieve its objective. In addition to its maintenance of Index Methodologies, the Committee reviews, at least once within any 12-month period, or at any other times when deemed necessary, this methodology to ensure that the Index continues to achieve the stated objectives, and that the eligibility of the crypto assets, data and methodology remain effective. If at any time, any crypto asset no longer meets the eligibility criteria to be considered eligible for index inclusion, - including but not limited to general reputational, fraud, manipulation, flaws in the code or broader regulatory concerns, the Committee will have the right to replace or remove the crypto asset from the Index at its discretion. iVi provides appropriate transparency over significant decisions affecting the compilation of the Index and any related determination process, including contingency measures in the event of absence of or insufficient inputs, market stress or disruption, failure of critical infrastructure, or other relevant factors impacting the eligibility of crypto assets. Any contingency measures that are not directly addressed in the Methodology shall be subject to Committee governance processes.



## DISCLAIMER

“Index Administrator” means Miami International Holdings, Inc. (“MIH”), a Delaware corporation, and/or one or more of its subsidiaries, affiliates, or agents. MIH owns Miami International Securities Exchange, LLC (MIAX<sup>®</sup>), MIAX PEARL, LLC (MIAX Pearl<sup>®</sup>), MIAX Emerald, LLC (MIAX Emerald<sup>®</sup>), Minneapolis Grain Exchange, LLC (MGEX<sup>™</sup>), and The Bermuda Stock Exchange (BSX<sup>™</sup>). MIAX, MIAX Pearl and MIAX Emerald are national securities exchanges registered with the Securities and Exchange Commission (SEC) that are enabled by MIAX’s in-house built, proprietary technology. MIAX offers trading of options on all three exchanges as well as cash equities through MIAX Pearl Equities<sup>™</sup>. The MIAX trading platform was built to meet the high-performance quoting demands of the U.S. options trading industry and is differentiated by throughput, latency, reliability and wire-order determinism. MIAX also serves as the exclusive exchange venue for cash-settled options on the SPIKES<sup>®</sup> Volatility Index (Ticker: SPIKE), a measure of the expected 30-day volatility in the SPDR<sup>®</sup> S&P 500<sup>®</sup> ETF (SPY). MGEX is a registered exchange with the Commodity Futures Trading Commission (CFTC) and offers trading in a variety of products including Hard Red Spring Wheat Futures and also serves as the exclusive market for SPIKES 4 Futures. MGEX is a Designated Contract Market (DCM) and Derivatives Clearing Organization (DCO) under the CFTC, providing DCM, DCO and cash market services in an array of asset classes. BSX is a fully electronic, vertically integrated international securities market headquartered in Bermuda and organized in 1971. BSX specializes in the listing and trading of capital market instruments such as equities, debt issues, funds, hedge funds, derivative warrants, and insurance linked securities. MIAX’s executive offices and National Operations Center are located in Princeton, N.J., with additional offices located in Miami, FL, Minneapolis, MN, and Hamilton, Bermuda. To learn more about MIAX visit [www.MIAXOptions.com](http://www.MIAXOptions.com). To learn more about MGEX visit [www.mgex.com](http://www.mgex.com). To learn more about BSX visit [www.bsx.com](http://www.bsx.com).

The Index Administrator may, from time to time, exercise reasonable discretion as it deems appropriate in order to ensure Index integrity, including but not limited to, quantitative inclusion criteria. The Index Administrator may also, due to special circumstances, if deemed essential, apply discretionary adjustments to ensure and maintain the high quality of the index construction and calculation. The Index Administrator does not guarantee that any Index accurately reflects future market performance. Neither iVi Capital Management, Ltda. nor Miami International Holdings, Inc. makes any recommendation to buy or sell any crypto asset or any representation about the crypto asset suitability or appropriateness. Investors should undertake their own due diligence and carefully evaluate crypto assets before investing. The information contained herein is provided for informational and educational purposes only, and nothing contained herein should be construed as investment advice, either on behalf of a particular crypto asset or an overall investment strategy. **ADVICE FROM AN INVESTMENT PROFESSIONAL IS STRONGLY ADVISED.**