

Consultation Results Regarding Changes to Weighting Rules and Spin-Off Treatment to the Cboe Bitcoin U.S. ETF Index Methodology

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OVERVIEW

April 29th, 2025: Cboe Global Indices, LLC (“CGI”) conducted a [consultation](#) with members of the financial community regarding proposed changes to the Cboe Bitcoin U.S. ETF Index (“the Index”), in relation to the weighting rules and treatment for spin-off events in the Index.

The consultation closed on **April 25th, 2025**, and two responses supportive of the proposed changes and timeline were received.

The Index Committee has determined the proposed changes will be adopted. The spin-off treatment will be effective immediately, whereas the remaining changes will be effective on **May 1st, 2025**. The ad hoc re-weighting to equally weight the Index will also occur on **May 1st, 2025**. The methodology [webpage](#) will be updated to reflect the changes on April 29th, 2025.

IMPACTED INDEX

Index Name	Index Ticker	Methodology Document
Cboe Bitcoin U.S. ETF Index	CBTX	Cboe Bitcoin U.S. ETF Index Methodology

SUMMARY OF CHANGES

1. Modification to section 1.2 Index Objectives

Summary: CGI will amend the Index to be equal-weighted as of the June 2025 rebalance onwards. CGI will also perform an ad hoc re-weighting to equally weight the Index effective May 1st, 2025. The changes are expected to support the trading interest in products related to the Index, while continuing to achieve its objectives. With this change, the Index will continue to reflect its main objective, which is to track the price return performance of spot Bitcoin exchange-traded funds (ETFs) listed on U.S. exchanges.

- **Current Methodology:** The Cboe Bitcoin U.S. ETF Index (CBTX) is designed to reflect the price return performance of spot Bitcoin exchange-traded funds (ETFs) listed on U.S. exchanges. The ETFs are weighted by their market capitalizations and capping is applied as described in section 3.4 of this document.
- **New Methodology:** The Cboe Bitcoin U.S. ETF Index (CBTX) is designed to reflect the price return performance of spot Bitcoin exchange-traded funds (ETFs) listed on U.S. exchanges.

2. Modification to section 3.4 Weighting

Summary: As stated above, CGI will amend the Index to be equal-weighted as of the June 2025 rebalance onwards. CGI will also do an ad hoc re-weighting to equally weight the Index effective May 1st, 2025.

- **Current Methodology:** Section 3.4: Weighting

Please see the current Section 3.4 of the methodology. (The full section will be replaced in its entirety by the methodology language stated below)

- **New Methodology:**

On the Weighting Reference Date (as defined in section 3.1), the Index Constituents are equal weighted.

3. Modification to section 3.5 Ad-Hoc Capping

Summary: As stated above, CGI will amend the Index to be equal-weighted as of the June 2025 rebalance onwards. CGI will also do an ad hoc re-weighting to equally weight the Index effective May 1st, 2025.

- **Current Methodology:**

On a semi-annual basis, Constituent weights for the Index are monitored. An exceptional ad-hoc capping event will be triggered if either of the below thresholds are breached:

1. A single Constituent has a weight greater than 25% in the Index on the third to last Business Day in June or December, or
2. If the aggregate weight of the top 5 highest weighted Constituents is greater than or equal to 59% in the Index on the third to last Business Day in June or December.

An exceptional recapping triggered by the monitoring will be effective on the open of the last Business Day of December or June, with a Weighting Reference Date as of the close of the third to last Business Day of the month. The recapping event will follow the same method as described in Section 3.4 of this methodology, except that the top Constituent will be capped at 19%. CGI will notify clients if an exceptional recapping event is triggered.

- **New Methodology:**

On a semi-annual basis, Constituent weights for the Index are monitored. An exceptional ad-hoc capping event will be triggered if either of the below thresholds are breached:

1. A single Constituent has a weight greater than 25% in the Index on the third to last Business Day in June or December, or
2. If the aggregate weight of the top 5 highest weighted Constituents is greater than or equal to 59% in the Index on the third to last Business Day in June or December.

An exceptional recapping triggered by the monitoring will be effective on the open of the last Business Day of December or June, with a Weighting Reference Date as of the close of the third to last Business Day of the month. The recapping event will follow the same method as described in Section 3.4. of this methodology, except that the top Constituent will be capped at 19%. CGI will notify clients if an exceptional recapping event is triggered.

4. Modification to section 5. Corporate Actions Treatment

Summary: CGI will expand the methodology for corporate actions treatment to include the treatment for spin-offs by the Index Constituents.

- **Current Methodology:** None specific to spin-offs.
- **New Methodology:**

A new section, titled '5.8 Spin-offs,' will be added to the methodology, containing the following details:

A spin-off occurs when a portion of an ETF's holdings is separated to create a new ETF. During such events, shareholders of the original ETF automatically receive a distribution of shares in the new ETF. The original ETF is referred to as the 'Parent' while the new ETF is known as the 'Spun-off' company.

When a Constituent undergoes a spin-off, CGI calculates a Theoretical Price (TP) for the Spun-off company using below method.

- a. Calculate TP based on spun-off component's value/NAV if such value can be determined in advance prior to the ex-date; else proceed to the method in b. below.
- b. Calculate TP based on spun-off component's open price on the relevant Eligible Exchange in the event that the spun-off component begins to trade on the ex-date; else proceed to the method in c. below.
- c. Calculate TP based on the drop in Parent constituent's open price on the ex-date; else proceed to the method in d. below.
- d. If Parent's price does not drop on the ex-date, value the spun-off component at zero price.

Below treatment will be applied based on when the TP is determined.

Scenario	Treatment
#1: TP known prior to the Ex-date.	<ul style="list-style-type: none">• Ex-date Open:<ul style="list-style-type: none">➢ Treat Spin-offs as a distribution based on TP and adjust the Parent constituent shares to account for the value of the distribution.• Ex-date Close: No action• Index Divisor adjustment: No
#2: TP is not known prior to the Ex-date.	<ul style="list-style-type: none">• Ex-date Open:<ul style="list-style-type: none">➢ Include spun-off component at TP into the Index.• Ex-date Close, effective Ex+1 Open:<ul style="list-style-type: none">➢ Remove the spun-off component at last trade price or TP if Spun-off component has not traded on the ex-date.➢ Adjust the Parent constituent's shares, to account for the closing value of the Spun-off constituent (representing the value of the distribution).• Index Divisor adjustment: No

ADDITIONAL INFORMATION

Please contact the Cboe Operations Support Center with technical questions, or the Cboe Index Data Group with market data questions.

We appreciate your business. Our trading community inspires and drives our purpose of building trusted markets.

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