

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

Reference ID: C2025040900

OVERVIEW

April 9, 2025: Cboe Global Indices, LLC (“CGI”) is conducting a consultation with members of the financial community regarding potential changes to the Cboe Bitcoin U.S. ETF Index (“the Index”). This consultation follows a recent [update](#) on our [earlier consultation](#). The proposed changes relate to weighting rules and treatment for spin-off events in the Index.

IMPACTED INDEX

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

SUMMARY OF PROPOSED CHANGES

1. Modification to section 1.2 Index Objectives

Summary: CGI proposes to amend the Index to be equal-weighted as of the June 2025 rebalance onwards. CGI also proposes to perform an ad hoc re-weighting to equally weight the Index effective May 1st, 2025. The proposed 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.
- **Proposed 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 proposes to amend the Index to be equal-weighted as of the June 2025 rebalance onwards. CGI also proposes to 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 would be replaced in its entirety by the proposed methodology language stated below)

- **Proposed 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 proposes to amend the Index to be equal-weighted as of the June 2025 rebalance onwards. CGI also proposes to 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.

- **Proposed 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 proposes to 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.
- **Proposed 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

TIMING OF CONSULTATION AND POTENTIAL CHANGES

The consultation period will end at the close of business on **Friday, April 25, 2025**.

Following the close of the consultation period, all feedback will be reviewed and considered. The Index Committee will decide whether to implement any of the proposed changes and announce the consultation results. An additional consultation may be initiated if CGI has additional questions.

Consultation results and updated methodology (if any proposals are adopted) are currently expected to be available the week of **April 28, 2025**. If proposals 1, 2 and 3 would be adopted, the changes would be

effective from May 1st, 2025 onwards. If proposal 4 would be adopted, the change would be effective immediately.

CONSULTATION QUESTIONS

In responding to this consultation, please address the following questions. Additionally, please include other information you feel would be helpful for assessing the subject matter of this consultation.

Modifications to section 1.2 Index Objective, section 3.4 Weighting and section 3.5 Ad-Hoc Capping

1. Do you agree with the proposed changes to amend the Index to be equal-weighted?
2. Do you agree with the proposal to have the changes (if adopted) effective from the June 2025 rebalancing onwards?
3. Do you agree with an ad-hoc reweighting on 1st May 2025 to amend the Index to be equal-weighted?
4. Any additional comments or suggestions?

Modification to section 5. Corporate Actions Treatment

5. Do you agree with the proposed methods to calculate the Theoretical Price (TP) for the spun-off component?
6. Do you agree with the proposed Spin-off treatment?
7. Do you agree with the proposal to have the changes (if adopted) effective immediately?
8. Any additional comments or suggestions?

To participate in this consultation, please send responses to: IndexConsultation@cboe.com.

Please include ***“Index Consultation: Potential Changes to the Cboe Bitcoin U.S. ETF Index Methodology”*** in the subject line of any response.

We appreciate your participation in this consultation and will publish a summary of feedback in the results announcement. No feedback will be attributed to a particular respondent in the summary published.

Consultation documents can be accessed [here](#).

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.

Cboe Operations Support Center

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