

BNC PRICING SOURCE ELIGIBILITY CRITERIA

Brave New Coin has developed this Pricing Source Eligibility Criteria in line with the Principles for Financial Benchmarks provided by the International Organization of Securities Commissions (“IOSCO”), and in particular Principle 7, ‘Data Sufficiency’. To ensure transactions used in BNC pricing and volume data are formed by the competitive forces of supply and demand, particular attention is applied to the quality of exchange venues from which these transactions are sourced.

Qualified Pricing Sources

As well as ensuring sufficient data provision, qualified pricing sources must demonstrate the existence of an active market, consisting exclusively of observable bona fide, arms-length transactions. Exchanges where a majority of transactions are suspected to be wash trades are disqualified, and therefore excluded from use in BNC pricing services and aggregate volume statistics. These criteria are maintained by the BNC Research & Integrations team.

Criteria	Eligible pricing sources are used in:
<p>Arms-length transactions Show no evidence of wash-trading. This criteria is determined using in-spread & volume sensitivity analysis. Qualified pricing sources must claim some ‘cost-to-trade’; for example trading fees; and not employ any trade mining schemes or like practises.</p> <p>Transparent Data Provision Provide a stable REST API with live ticker and 24 hour volume. The quality of pricing source data feeds are cause for disqualification in the case of frequent outages or incorrect reporting of 24 hour volume.</p> <p>Sufficient data integrity In some cases the BNC Research team will apply their expert judgement to disqualify exchanges suspected of manipulative practises or a lack of controls to mitigate such practises by market participants.</p>	<ul style="list-style-type: none"> ● BNC XchangeFeed ● BNC GWA and asset 24hr volume ● BNC MWA and market 24hr volume

Tier 1 Pricing Sources

This is a subset of those qualified exchanges which have passed an extra layer of screening. Only BNC Tier 1 pricing sources are considered for inclusion in commercial and client indices. The list of Tier 1 Pricing Sources is reviewed periodically by the Index Governance Committee.

Criteria	Eligible pricing sources are used in:
<p>Compliance Show compliance with applicable law and regulation, including but not limited to client money custody, anti-money-laundering (AML), know-your-customer (KYC) and money transmission regulations.</p>	<ul style="list-style-type: none"> ● BNC Liquid Index Series ● BNC-tFOSE Index Series

<p>Trade Surveillance Transparent policies and evidence, such as a Trading Rulebook and Trade Surveillance systems that monitor transactions for market manipulation or fraud, and prevent illegal trading practices.</p> <p>Operations Exhibit a track record of uninterrupted customer deposits & withdrawals, identity verifications, wire transfers & payment methods, wallet maintenance, network upgrades and connectivity issues.</p> <p>Transparent Data Provision Provide a stable REST and web-socket API for live and historical ticker, raw gapless trades and unaggregated order book data. Proof of solvency or reserves of hot and cold wallet addresses is also required to determine solvency.</p>	<ul style="list-style-type: none"> ● BNC-BTSE Composite Index Series ● Other commercial Indices
--	---

Alongside these generic criteria applied to all BNC Indices, each index family may include additional eligibility criteria which can be found in the Index Methodology.

Definitions

GWA

Global Weighted Average (e.g. the price of BTC). A BNC reference rate service with vast coverage of crypto assets.

MWA

Market Weighted Average (e.g. the price of BTC/EUR). A BNC reference rate service with vast coverage of crypto asset markets.

Pricing Source

Any platform which facilitates the trade of assets between third party users. BNC uses the transactional data from these venues to determine asset pricing. The most common pricing sources are electronic, centralized exchanges, but may also include decentralized exchanges (DEX) or over-the-counter (OTC) brokerages.

24 Hour Volume

The aggregate of trade amounts in a 24hr period. Quoted in the base asset by default (e.g. BTC), but often converted to USD for comparison to other assets.

Arms-Length Transaction

A transaction where abouts the buyer and seller act independently of each other, in their own self interest and without collusion between parties.

Wash trade

A transaction in which an individual or (two parties in collusion) simultaneously sell and buy the same asset or instrument to create the illusion of trading activity and misleading market participants.

Trade Mining

A fee rebate structure employed by some cryptocurrency exchanges to incentivise trading by reimbursing users their trading fee (usually in a platform or native token).

About Brave New Coin Index Services

Brave New Coin (BNC) has been a leading provider of market data and index solutions to the cryptographic asset industry since 2014. Our focus is on transparency, timeliness and compliance. BNC has adopted a consistent approach to methodology, governance and compliance. BNC's core index methodology for the Liquid Index series has been independently audited and is aligned with IOSCO benchmark principles.

For further information on BNC Indexes or BNC data, please visit our web site at www.bravenewcoin.com, or contact:

Rory Manchee

Phone: +61 408 626 544

Email: rory@bravenewcoin.com