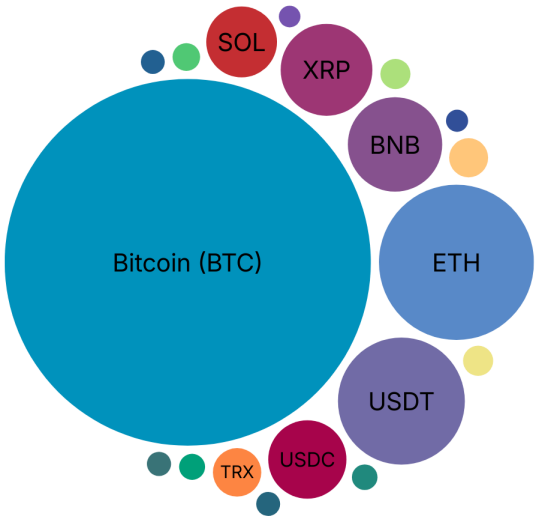
The Index Approach to Digital Assets

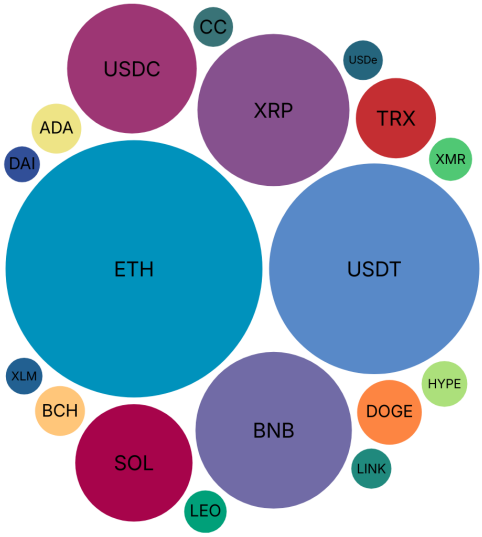
Index Insights, Nasdaq Global Indexes

Digital assets began with the launch of Bitcoin in 2009. Bitcoin is a peer-to-peer electronic payment system that utilizes open-source code and cryptographic proofs rather than relying on centralized intermediaries for transfers of value. Bitcoin was the world's first public blockchain, relying on participants called "nodes" around the world to contribute to its operations ongoing. Seventeen years later, millions of digital assets have launched and the total industry market capitalization is ~2.65 trillion as of February 1, 2026[1]. The majority of those assets emerged after 2022[2], though only a subset represents active projects with significant market capitalizations.

Top 20 Digital Assets by Market Capitalization



Top 20 Digital Assets by Market Capitalization ex-BTC



Source: Coinmarketcap.com top 20 digital assets by market capitalization on 2/1/26

For most of this seventeen-year history, the only way to gain exposure to the asset class was by investing in individual assets. Obtaining and safeguarding digital assets requires a certain degree of technological savvy, and selecting the assets to engage in the first place requires time spent researching the digital asset space, blockchains, individual assets, and developing personal criteria. The workflow for purchasing and safely storing individual digital assets requires knowledge, where the risks for doing this incorrectly are significant and might include losing the asset altogether. For this reason, digital asset custodial services have emerged, where an exchange or custodian safeguard assets on behalf of an individual, entity or institution.

[1] Source: Coinmarketcap.com
[2] Source: Coinmarketcap.com/charts/number-of-cryptocurrencies-tracked/ reports tracking 33.40 million digital assets as of 2/10/26

Deciding which assets to engage with requires an understanding of the market, research around individual blockchains and their protocol designs and ambitions, research into how the digital asset itself fits into those larger frameworks, and whether an asset's functionality may reasonably be expected to support or contribute value to the project it was created for. In the absence of a thoughtful approach to assessment, a fast-moving asset class with millions of assets and high volatility becomes very difficult to parse and derive meaning from.

The first U.S. futures-based Bitcoin ETF launched in 2021, making the asset class more accessible to traditional investors, and the first 11 U.S. spot Bitcoin ETFs began trading in January 2024, which offer exposure to the underlying asset itself[3]. In July 2024, spot Ether ETFs were approved for trading in the U.S, after Ether-futures had been trading in the U.S since October 2023[4].

While it is possible to invest in single assets directly or through traditional products, indexes tracking multiple digital assets may offer a way to gain broader exposure to the asset class without requiring the time and technical savvy of researching and engaging with each individual asset ongoing. Basket indexes may offer a way to diversify portfolios, where declines in some assets may be offset by gains in others over time.

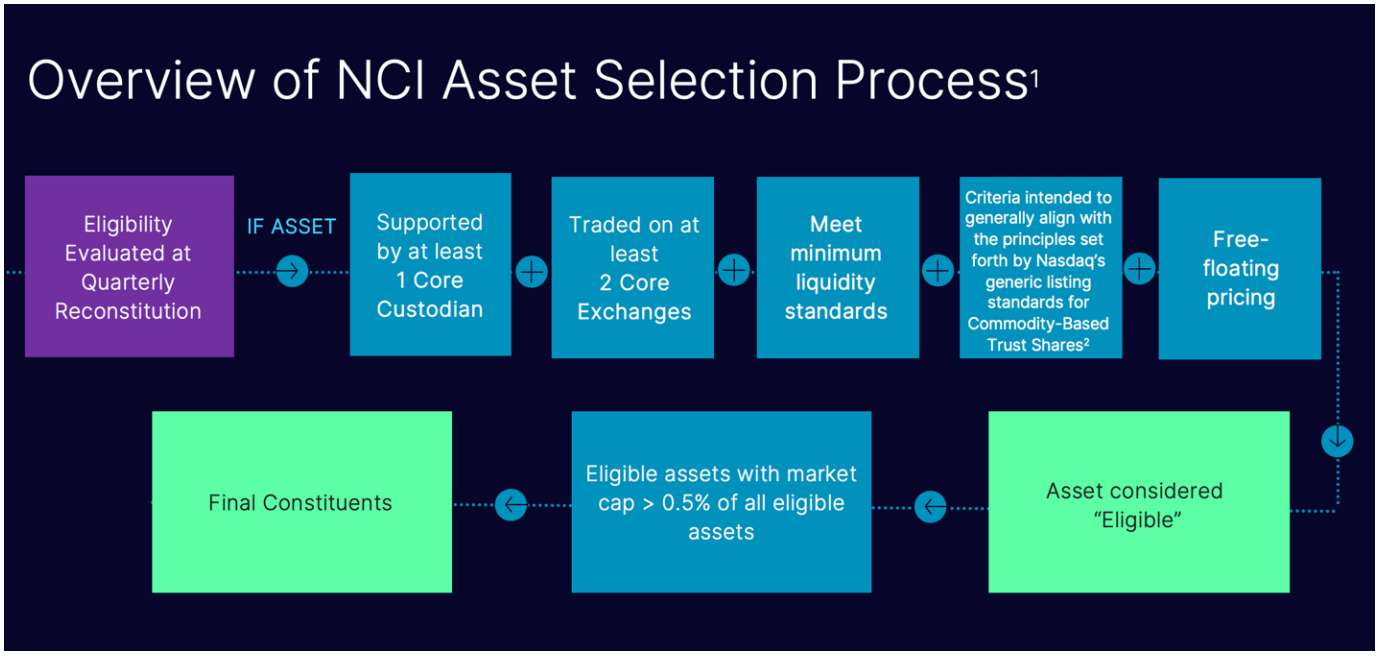
Several multi-asset indexes exist, each with their own methodologies, cadence of reconstitutions and rebalances, governance, and rules around asset eligibility, composition, and weighting. All of these factors come together to determine how assets are evaluated, added, or removed from an index over time.

Often digital asset indexes establish a minimum or maximum cap on the number of constituents based on one or more factors such as market capitalization. Many indexes cap the number of constituents between 5 and 20, and reconstitute on either a monthly or quarterly basis. Introducing caps to an index, whether applied to constituents or to constituent weights, is useful when sculpting a particular index view of the market, but if the objective is for an index to be truly representative of the asset class, caps may interfere by introducing unwanted distortion.

Nasdaq offers its own suite of crypto indexes, with the Nasdaq CME Crypto™ Index (NCI™) being the flagship index launched in 2021. The NCI is based on a robust asset eligibility criteria and there is no fixed, minimum or maximum number placed on the number of constituents in the index. Rather, the NCI accepts all assets that meet the eligibility criteria on a quarterly basis[5]. Similarly, the NCI does not put any cap on the weighting of those constituent assets and instead utilizes their free-float market capitalizations.

The NCI was designed to be a representative benchmark for the asset class, investible by utilizing vetted Core Exchanges and Core Custodians, and adaptable by adjusting index composition at each reconstitution on a quarterly basis. The design of its eligibility criteria is particularly unique, where assets must meet 5 criteria to be considered "eligible," and then a 6th criteria around market capitalization is required to become a constituent.

[3] https://www.reuters.com/technology/decade-long-journey-us-spot-bitcoin-etf-2024-01-10/
[4] Source: Investopedia
[5] The Nasdaq Index Management Committee reserves the right to further exclude any additional assets based on one or more factors, as outlined in detail in the Nasdaq Crypto Indexes methodology: https://indexes.nasdaqomx.com/docs/Nasdaq_Crypto_Indexes_Methodology.pdf



[1] This page provides an overview of the NCI™ asset eligibility criteria. For an exhaustive list and description, please review the NCI™ Methodology: https://indexes.nasdaqomx.com/docs/Nasdaq_Crypto_Indexes_Methodology.pdf.

[2] On October 30, 2025, the NCI™ asset eligibility criteria was updated to generally align with the principles set forth by Nasdaq's generic listing standards for Commodity-Based Trust Shares to ensure such U.S. listed ETPs can effectively track the index.

The first part of the NCI eligibility criteria, which requires that assets be supported by at least one Core Custodian, ties asset eligibility to custodial platforms that have been evaluated for their policies, procedures and security practices. The second part of the eligibility criteria, requiring that assets be traded on at least two Core Exchanges, ties eligibility to exchanges that have been evaluated for proper licensing, policies and procedures, and considers whether the asset has been on-boarded by a critical mass of "institutional-ready" infrastructure.

As of February 2026 there are 6 Core Custodians and 6 Core Exchanges that have met Nasdaq's criteria, which is further detailed in the Nasdaq Digital Assets Indexes Guidelines for Core Exchanges and Core Custodians document. The NCI eligibility criteria continues with rules around meeting minimum liquidity standards, criteria intended to generally align with the principles set forth by Nasdaq's generic listing standards for Commodity-Based Trust Shares to ensure such U.S. listed ETPs can effectively track the index, maintaining free-floating pricing, and meeting minimum market capitalization requirements. The purpose of these rules is to approach the selection of constituents as thoughtfully as possible by considering multiple aspects of an asset.

Multi-asset crypto indexes are composed under different designs. The table below offers a high-level look at the Nasdaq CME Crypto Index as compared with other indexes in the digital asset space, highlighting the key difference that the NCI places no minimum or maximum cap on the number of constituents, while many other indexes do. The NCI doesn't implement caps on constituents or weights so that the index is positioned to represent the asset class, relying on a dynamic eligibility criteria to select assets. The number of NCI constituents may increase or decrease over time, adjusting according to the number of assets that meet the criteria each quarter[6].

While there are many considerations when it comes to multi-asset indexes, the table below may jump start your own research of indexes in the digital asset space.

[6] Please see the NCI Methodology for a detailed description of the eligibility criteria: https://indexes.nasdaqomx.com/docs/Nasdaq_Crypto_Indexes_Methodology.pdf

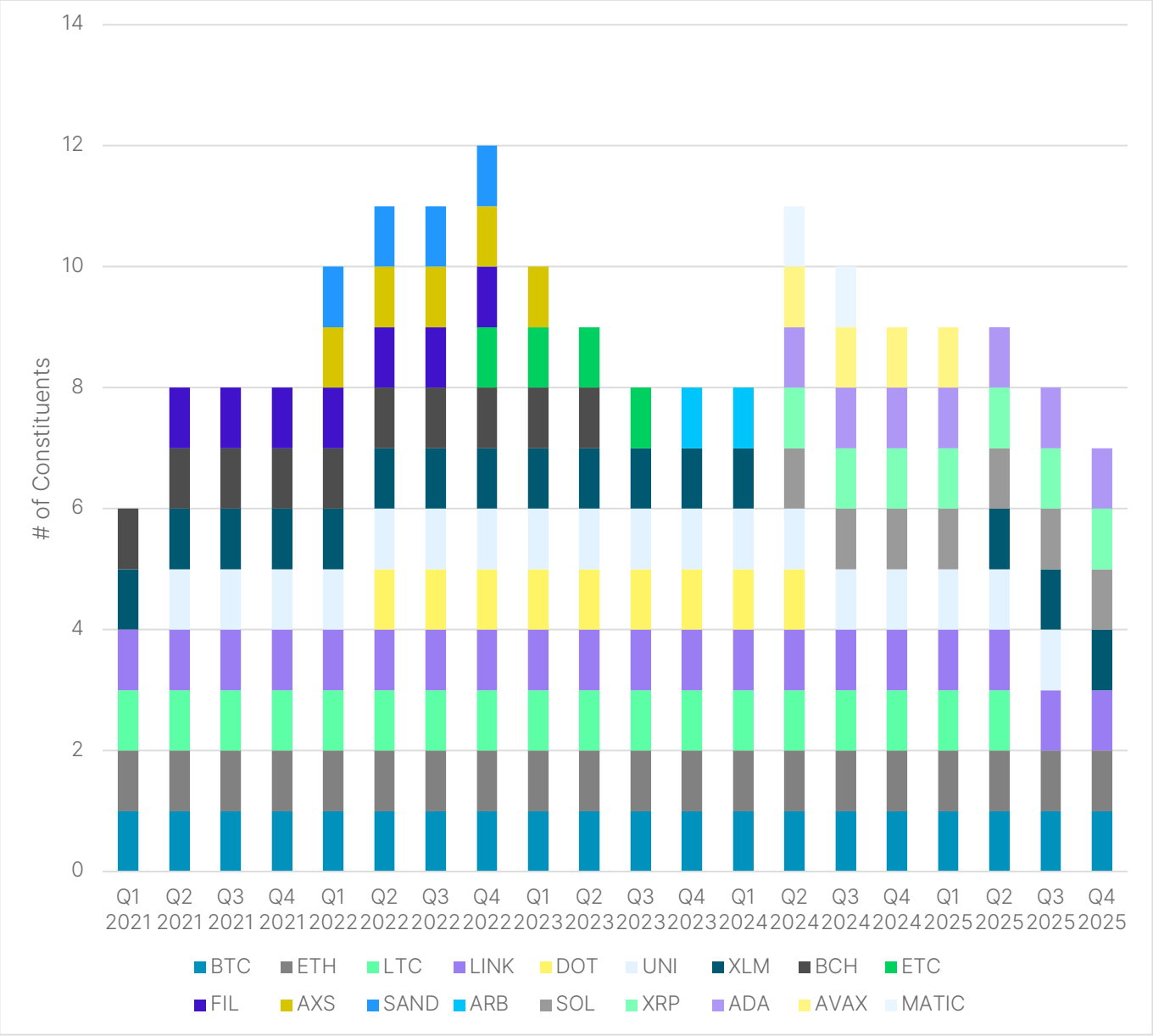
Multi-Asset Crypto Indexes: Comparison as of February 1, 2026

Index Name / Administrator	# of Constituents / Type of Cap Placed on # of Constituents	Weighting Methodology	Reconstitution Rebalance Frequency
Nasdaq CME Crypto™ Index (NCI) / Nasdaq	7 / None	Free-float market capitalization weighted	Quarterly
The CMBI 10 (CMBI10) / Coin Metrics	10 / "Represents the 10 largest cryptoassets, defined by an asset's expected 10 year future market capitalization, are selected as the index constituents."	Free-float market capitalization weighted	Monthly
CoinMarketCap 20 Index DTF (CMC20) / CoinMarketCap	20 / "Designed to track the performance of the top 20 cryptocurrency projects by CoinMarketCap ranking, excluding stablecoins, asset-backed wrapper tokens, and tokens with limited investability."	Market capitalization weighted	Monthly
CoinMarketCap 100 Index (CMC100) / CoinMarketCap	100 / "Designed to track the performance of the top 100 cryptocurrency projects by CoinMarketCap ranking, excluding stablecoins and asset-backed wrapper tokens."	Market capitalization weighted	Monthly
The Kaiko Hashdex Risk Parity Momentum Crypto Index (VHASHMOM) / Vinter	12 / "Top 12 by current market capitalization."	Proportional to the multiplication of the momentum score and the risk parity weights	Monthly
Coindesk20 (CD20) / Coindesk	20 / "Measures the performance of the largest twenty digital assets by market capitalization, excluding stablecoins, memecoins, and certain other classifications and that meet certain exchange listing, custody and liquidity requirements"	Market capitalization weighted with weight caps: 30% cap on largest member, 20% cap on all other members	Quarterly
21Shares Crypto Basket Index (HODL5) / MarketVector Indexes	5 / "The five digital assets with the largest market capitalization are selected for inclusion in the index subject to the following selection buffers: The top 3 digital assets by market capitalization automatically qualify for inclusion. Existing constituents ranked in the top 7 by current market capitalization are then selected in order until the constituent count reaches 5"	"Weighted by their forecasted 2050 market capitalization"	Quarterly
Bitwise 10 Large Cap Crypto Index (BITX) / Bitwise	10 / "Captures the 10 largest eligible crypto assets by free-float-adjusted market capitalization."	"First weighted based on free-float-adjusted market capitalization, then evaluate the weighting to ensure at least 87.5% of the index is allocated to crypto assets for which the U.S. SEC has approved single-asset ETPs"	Monthly

Disclaimer: all index data based on publicly available online information. Readers to do their own due diligence to confirm the accuracy of information in this table.

The NCI launched in February 2021 with 6 constituents. The index composition has ranged from 6 to 12 assets over its ~5 year history. BTC, ETH, and LINK have remained in the index consistently since launch.

NCI Number of Constituents per Quarter since Launch: 2021-2025

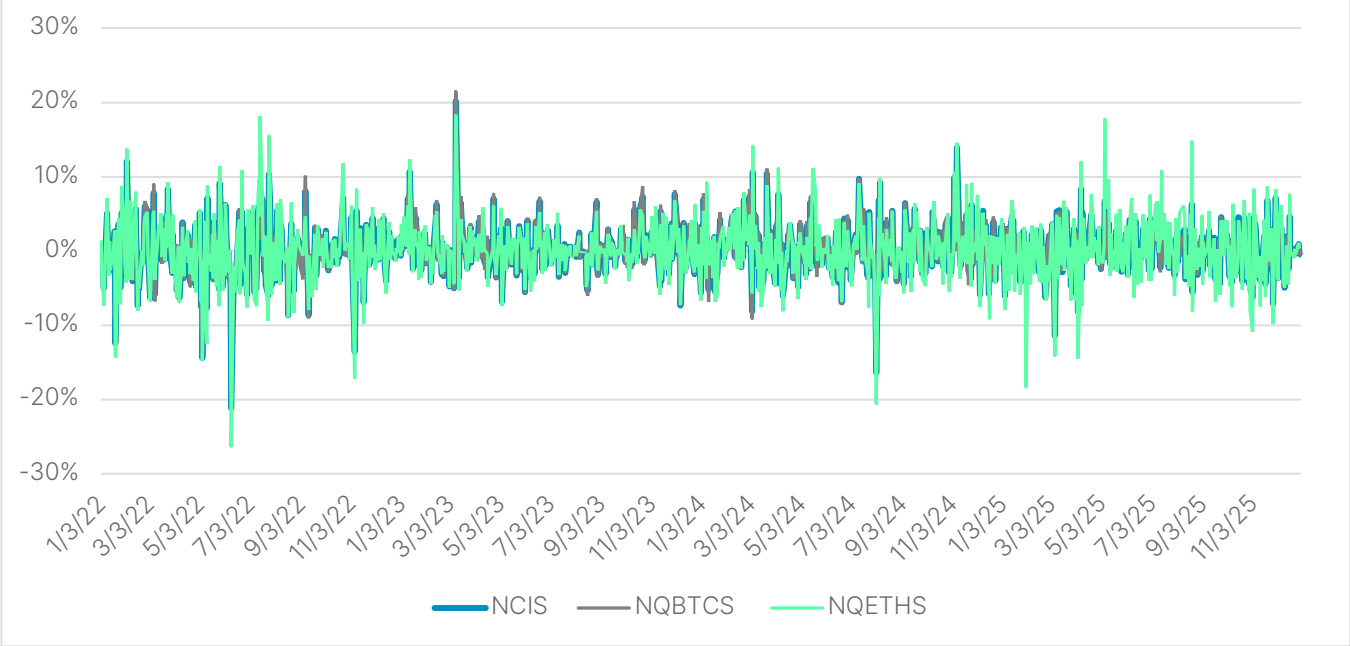


Source: https://indexes.nasdaqomx.com

Multi-asset index rates of return versus the rate of return of individual digital assets is something to consider. Below you can see the Nasdaq CME Crypto Settlement Price™ Index (NCIS™) rate of return versus returns from a subset of individual NCI constituents, as represented by Nasdaq single asset indexes. While the NCI and NCIS measure the same constituents, the NCI represents a real-time index that is calculated every second throughout a 24-hour trading day and the NCIS is calculated once a day with a settlement time at 4:00:00 PM New York Time.

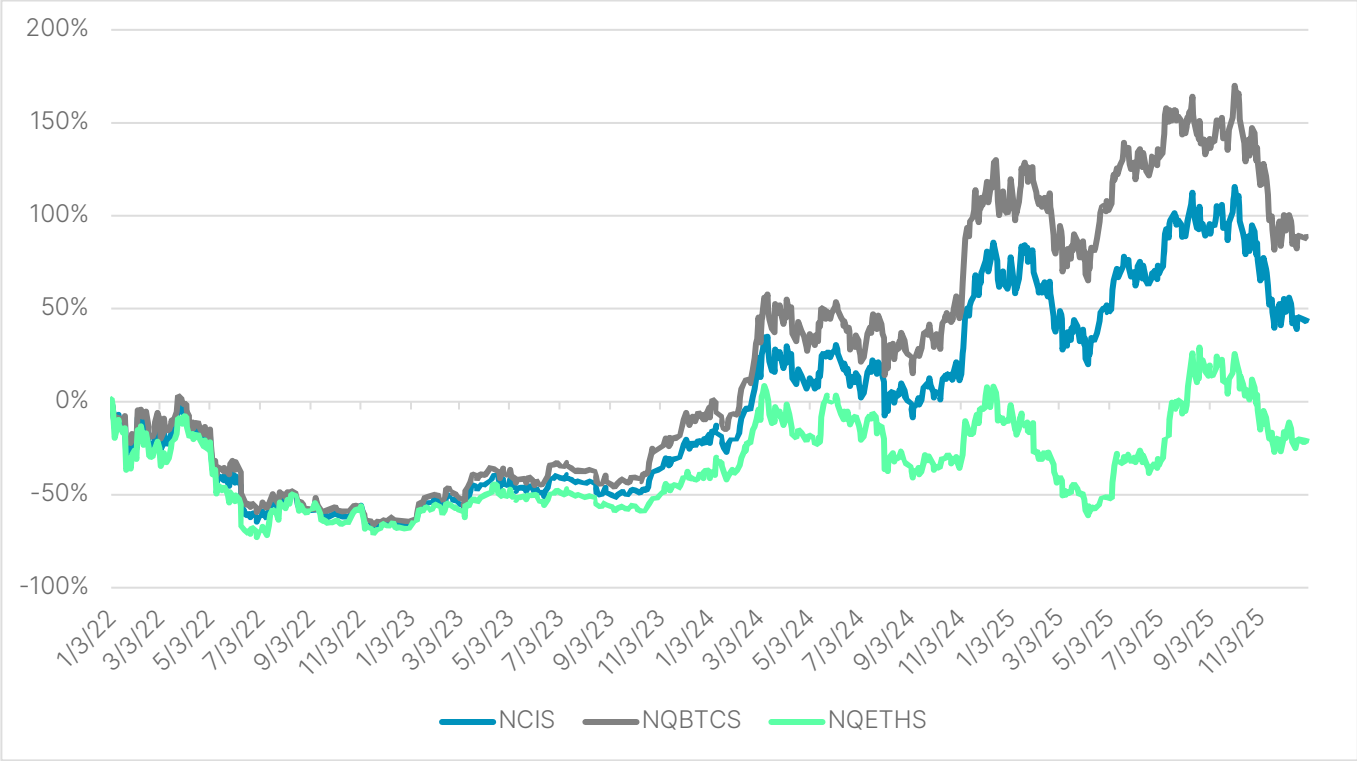
The charts below show the NCIS performance from 2022 through the end of 2025 versus the two largest NCI constituents since launch: BTC and ETH.

Daily Performance: NCIS vs. NQBTCS vs. NQETHS, 2022-2025



Source: https://indexes.nasdaqomx.com, 1/3/22 – 12/31/25. The digital assets in this table represent a subset of NCI constituents via Nasdaq single asset reference price indexes and are not comprehensive. Index reconstitutions and rebalances are conducted quarterly.

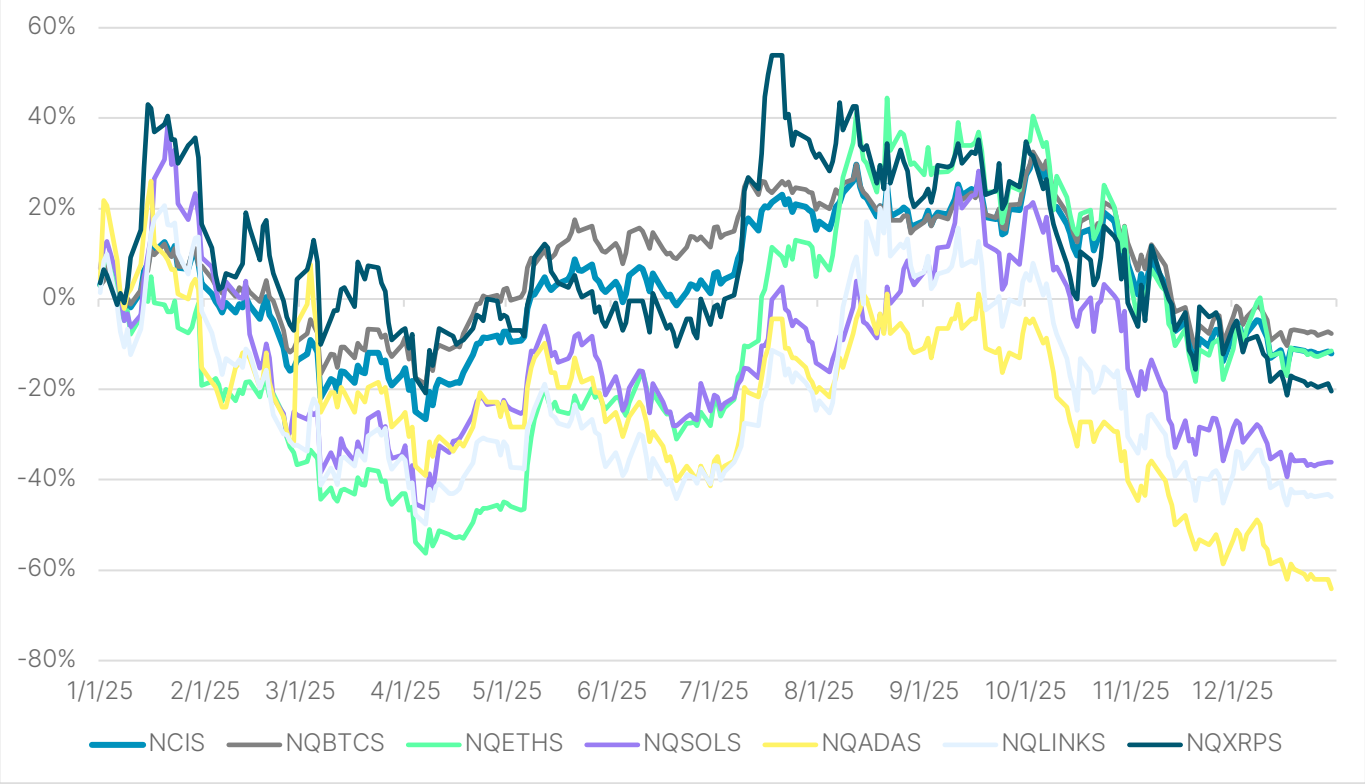
Cumulative Performance: NCIS vs. NQBTCS vs. NQETHS, 2022 -2025



Source: https://indexes.nasdaqomx.com, 1/3/22 – 12/31/25. The digital assets in this table represent a subset of NCI constituents via Nasdaq single asset reference price indexes and are not comprehensive. Index reconstitutions and rebalances are conducted quarterly.

The chart below represents the NCIS rate of return versus a broader subset of NCI constituents over the course of 2025, as represented by Nasdaq single asset reference price indexes.

Cumulative Performance: NCIS vs. Select NCIS Constituents, FY 2025



Source: https://indexes.nasdaqomx.com/, 1/1/25-12/31/25. The digital assets in this table represent a subset of NCI constituents via Nasdaq single asset reference price indexes and are not comprehensive. Index reconstitutions and rebalances are conducted quarterly.

These charts suggest that while assets may vary in terms of performance, an index approach to digital assets may help avoid the larger swings experienced by individual assets. The digital asset space is only seventeen years into its lifespan, and engaging with the asset class requires research and understanding. Multi-asset indexes may provide a useful benchmark when approaching what is a complex asset class, and each index should be considered for its unique design including eligibility criteria, approach to selection and weighting, governance, cadence of rebalances, and beyond.

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