Adjacent

Event Contract Benchmarking and Indexing

Adjacent Index Corrections and Restatements Policy

2026-06

1. Purpose

This Index Corrections and Restatements Policy (the "Policy") sets forth the principles and procedures followed by Adjacent Markets, Inc. ("Adjacent") when correcting errors or restating index values for its prediction market indexes (each, an "Index"). Adjacent strives to deliver the highest-quality index data. However, inaccuracies may occur, and Adjacent retains the right to recalculate and restate an Index when appropriate circumstances have arisen.

2. Scope

This Policy applies to all identified errors in Index data, calculations, or dissemination, including but not limited to:

- Incorrect or stale pricing inputs from prediction market exchanges or data providers
- Feed outages or data gaps resulting in missed or incorrect constituent prices
- Errors in constituent weights or index composition
- Incorrect application of an Index methodology
- Index calculation errors
- Errors in back-test data published in connection with an Index

3. Identification of Errors

Errors may be identified through:

- Internal quality controls and data validation processes
- Notifications from clients, licensees, or data providers
- AIC review during routine operational oversight
- Post-publication review of Index data

All identified errors are promptly assessed by the Adjacent Index Committee ("AIC") to determine their nature, cause, and potential impact.

4. Classification of Errors

For purposes of this Policy, errors are classified based on the nature of the affected data and the timing of discovery:

- **Data input defects:** Errors in pricing inputs that do not affect Index composition or constituent weights. These are handled via the standard correction process in Section 5.
- **Composition or weight errors:** Errors that affect Index composition (which markets are included) or constituent weights. These are escalated to the full AIC for review and determination.
- **Materiality:** An error is considered material where it causes the affected Index level to deviate from the correct level by more than 1.00% of the current Index level, or where it results in a meaningful change in Index composition or weights. The AIC may apply a different materiality threshold in specific circumstances, including for back-tests or indexes in an early operational stage.

5. Corrections

Adjacent applies the following standard approach to corrections:

1. Data input defects discovered within two (2) Trading Days of the affected date are corrected and the Index is recalculated, regardless of the performance impact.
2. Data input defects discovered after two (2) Trading Days are corrected on a prospective basis unless the error is material, in which case a restatement may be required under Section 6.
3. Errors in back-test data discovered after an Index's go-live date may be corrected without convening the full AIC, provided they are limited to data input defects that do not affect Index composition or weights. Back-test errors involving incorrect methodology application or errors affecting composition or weights are escalated to the full AIC.

6. Restatements

A restatement of an Index is undertaken when a material error has occurred that, in Adjacent's judgment, warrants retroactive correction. The AIC is responsible for reviewing material errors and determining the appropriate response, which may include:

- Correction of the error on a prospective basis, with advance notice to clients where possible
- Issuance of a restatement
- Taking no action, where the error has no material impact and correction would not serve stakeholder interests

In determining the appropriate response, the AIC considers:

- Whether the error caused the Index to deviate from its stated objectives
- The impact on Index performance and on clients or licensees
- The information available to market participants at the time of the error
- Applicable regulatory requirements
- Any other relevant circumstances

In the event of a restatement, Adjacent will regenerate and republish all affected Index data and notify all impacted clients of the restatement and republication upon completion.

Any occurrence of an unprecedented error type will be assessed on a case-by-case basis by the AIC. Decisions that differ from the standard process described in this Policy are documented in AIC meeting minutes and reported to the CEO and COO.

The AIC shall report to the CEO and COO at least quarterly on any restatements, including incident reports with details on causes and associated remedial actions.

7. Prediction Market-Specific Considerations

Prediction market indexes present data quality challenges that differ from traditional equity indexes. The following scenarios are expressly covered by this Policy:

- **Stale prices:** Adjacent's standard approach is to use mid price (best bid/ask midpoint) as the primary pricing input. Where a valid mid price is unavailable (e.g., no active quotes), the AIC determines the appropriate treatment, which may include using the last valid mid price, substituting the last trade price, or temporarily excluding the constituent.
- **Exchange feed outages:** A prediction market exchange experiences a data feed disruption resulting in missing or delayed pricing data. The AIC determines whether affected constituent prices should be carried forward, substituted, or the affected Index calculation delayed pending restoration of the feed.
- **Market suspension:** A constituent contract is suspended by the exchange pending resolution or administrative review. Suspended markets are treated in accordance with the applicable Index methodology. Where the methodology does not address the specific circumstance, the AIC makes a determination and documents the rationale.
- **Resolution price errors:** A market resolves and the exchange publishes an incorrect or subsequently corrected resolution value. Adjacent reviews the impact on any Index level that incorporated the incorrect resolution price and determines whether a restatement is warranted under Section 6.

8. Communication

Adjacent endeavors to communicate material corrections or restatements to affected stakeholders in a timely manner. Where a restatement is issued, Adjacent will notify impacted clients of the restatement and data republication promptly upon completion. Adjacent will seek to give advance notice of prospective corrections where reasonably practicable.

9. Documentation

All corrections and restatements, including incident reports setting out the cause, the affected Index data, and the remedial actions taken, are documented and retained in accordance with Adjacent's recordkeeping policies.

10. Approval and Review

This Policy is reviewed by the AIC at least annually or as required if there are material changes to applicable law, regulation, or market structure. Amendments require approval by the CEO and COO of Adjacent Markets, Inc.

Questions or correspondence regarding this Policy may be directed to governance@adjacentresearch.xyz.