Adjacent

Event Contract Benchmarking and Indexing

Adjacent Index Methodology Change Policy

2026-06

1. Purpose

This Index Methodology Change Policy (the "Policy") describes the process by which Adjacent Markets, Inc. ("Adjacent") evaluates, approves, and implements changes to the methodologies governing its prediction market indexes (each, an "Index"). Adjacent's Indexes are constructed using transparent, rules-based methodologies. Adjacent periodically reviews those methodologies to ensure that they continue to achieve their stated objectives relative to current market conditions and the evolving prediction market landscape.

2. Scope

This Policy applies to all changes to Index methodologies, including changes to:

- Constituent eligibility criteria
- Weighting methodologies
- Rebalancing and reconstitution procedures
- Calculation rules and formulas
- Data sources and pricing inputs
- Treatment of resolved, expired, or suspended markets
- Any other rule governing Index construction or maintenance

Any change made to Index construction, calculation rules, or market treatment that affects the Index's selection universe, composition, weights, or ongoing maintenance is deemed a methodology change for purposes of this Policy.

3. Classification of Methodology Changes

Methodology changes are classified as either **material** or **non-material**.

Material Changes

Material changes are those reasonably expected to have a significant impact on the objective of the Index, its constituent universe, composition, risk profile, or performance characteristics. A change is generally considered material when:

- The stated objective or target market of the Index is altered
- The eligibility criteria for constituents are modified in a way that would meaningfully change the constituent set
- The weighting methodology is changed
- The rebalancing frequency or reconstitution procedure is significantly altered
- The data source or pricing input methodology is changed in a way that could affect Index levels
- The treatment of resolved, expired, or suspended markets is modified

Non-Material Changes

Non-material changes are changes that do not materially affect the Index, such as:

- Clarifications to existing methodology language that do not alter Index outcomes
- Corrections to typographical or formatting errors
- Minor improvements to documentation that leave Index construction unchanged
- Administrative updates that have no impact on Index calculations

When the classification of a proposed change is unclear, the AIC shall determine the appropriate classification.

4. Annual Methodology Review

The Adjacent Index Committee ("AIC") conducts reviews of all live Index methodologies to ensure that they remain aligned with current prediction market structure, regulatory requirements, and Adjacent's design principles.

Ad hoc reviews may also be initiated in response to:

- Material market events or structural changes on prediction market exchanges
- Data quality issues or changes in data provider coverage
- Stakeholder feedback or complaints

- Regulatory changes affecting prediction markets or financial benchmarks
- Errors identified in an Index methodology

Methodology reviews may also be initiated at the request of market participants or other stakeholders.

5. Review and Approval

Material Changes

All material methodology change proposals are reviewed and approved by the AIC prior to implementation. Each proposal is accompanied by an impact analysis addressing:

- The rationale for the proposed change
- The expected impact on Index composition, weights, and performance
- The effect on current and prospective constituents
- The impact on market participants and licensees
- Potential costs or disruption associated with implementation
- Any relevant regulatory considerations

Non-Material Changes

Non-material changes may be approved by any AIC member pursuant to delegated authority. Approved non-material changes are reported to the full AIC at the next regular meeting and documented in meeting minutes.

6. Consultation Process

To inform the decision making process and ensure stakeholders have an opportunity to provide feedback on proposed methodology changes, the AIC may initiate a consultation process. A consultation is generally initiated for material methodology changes affecting Indexes that are in use in connection with an investable product or that are licensed to clients.

If a consultation is initiated:

1. A consultation document describing the proposed change, relevant analysis, and the intended timetable is distributed to clients and stakeholders, and published on Adjacent's website.
2. Adjacent will generally allow a minimum of two (2) weeks for stakeholders to submit feedback, though this period may be shortened in time-sensitive circumstances.
3. Feedback received is reviewed and presented to the AIC for consideration prior to a final decision.
4. Following its review, the AIC makes a final decision on the proposed change, including implementation details and rationale.

7. Communication

Where the AIC decides to proceed with a material methodology change, a methodology change statement is disseminated to clients and published on Adjacent's website simultaneously for all stakeholders. The statement will include:

- A description of the methodology change and its rationale
- The list of affected Indexes and an impact analysis, as appropriate
- A summary of any feedback received during the consultation period
- The effective date of the approved change

8. Notice and Implementation

Material changes to Index methodologies are announced to stakeholders at least one (1) month before the effective date of implementation. Adjacent aims to implement methodology changes at scheduled reconstitutions or rebalancing where possible, to minimize disruption and maintain Index continuity.

Clarifications that do not alter Index outcomes may be published without advance notice.

In exceptional circumstances, shorter notice may be given where immediate implementation is necessary to reflect sudden changes in prediction market

structure, exchange rules, data availability, or regulatory requirements, or other circumstances beyond Adjacent's control.

9. Event Contract Specific Considerations

In addition to the general methodology change framework above, the following circumstances are recognized as common triggers for methodology review given the nature of event contract indexes:

- **Exchange rule changes:** A prediction market exchange modifies its contract specifications, settlement procedures, or market structure in a way that affects Index constituents or calculations.
- **Market resolution or expiration:** A class of markets that form a recurring Index constituent type undergoes a structural change (e.g., changes to contract tenor, strike availability, or resolution criteria).
- **Data provider changes:** A data provider used for pricing inputs modifies its feed, coverage, or methodology.
- **New market types:** New categories of event contracts become available that may be relevant to an existing Index's stated objective.

10. Documentation

All methodology changes and related approvals, including the rationale for each change, any impact analysis, and any consultation documentation, are documented and retained in accordance with Adjacent's recordkeeping policies.

11. 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.

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