



TU MEME 20

Index Methodology

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1. Introduction

The Traders Union MEME 20 Index (“TU MEME 20 Index”) is designed to measure the performance of a basket of leading memecoins representing one of the most actively traded segments of the cryptocurrency market.

During the development process, Traders Union analyzed more than 100 memecoins appearing within the top 1000 cryptocurrencies by market capitalization.

The analysis showed that many memecoins demonstrate high volatility, unstable liquidity conditions, and short market lifecycles.

Testing of different index configurations indicated that a very small basket concentrates exposure in a few dominant tokens, while a broader index introduces a large number of low-liquidity assets and increases market noise.

Following internal analysis and modeling, a basket of 20 memecoins was selected as a balanced approach that reflects market activity while maintaining sufficient liquidity and diversification.

The TU MEME 20 Index therefore tracks a selected segment of the memecoin market rather than the full memecoin universe.

2. Index Objective

The TU MEME 20 Index is designed to serve as a reference benchmark for the memecoin sector of the cryptocurrency market.

The index aims to:

- reflect performance across the most actively traded memecoins
- provide a structured benchmark for observing memecoin market trends
- capture price dynamics of community-driven digital assets
- reduce reliance on any single token through diversified composition

The Index is an analytical benchmark and does not represent an investment product.

3. Index Data and Publication

3.1 Data Sources

The TU MEME 20 Index is calculated using aggregated market data obtained from validated public sources monitored by Traders Union.

Market data is sourced from multiple validated pricing providers and liquidity-screened exchanges through an internal aggregation framework.

3.2 Pricing Framework

All constituent prices are based on **USD-denominated market prices**.

The Index itself is expressed in **index points**.

3.3 Index Publication and Timing

- Index values are refreshed every five minutes using the latest available pricing data.
- Official daily closing values are determined using pricing data available at **00:00 UTC**.

Traders Union reserves the right to update data providers or aggregation procedures when necessary to ensure reliability and continuity of index calculations.

4. Index Construction

4.1 Eligible Universe

The TU MEME 20 Index consists of **20 memecoins** selected primarily based on market capitalization ranking, subject to eligibility filters.

The following asset categories are excluded:

- stablecoins pegged to fiat currencies or reserve assets
- wrapped or derivative tokens representing other crypto assets
- tokens with extremely low liquidity or minimal trading activity
- assets that lack reliable price data across major market sources

Eligibility is assessed and approved by the **Traders Union Index Committee**.

4.2 Selection Rationale

The memecoin sector includes a large number of tokens, many of which demonstrate unstable liquidity or limited trading activity.

An excessively large index would introduce lower-quality assets and increase volatility noise.

A very small basket would concentrate exposure in a few dominant tokens.

The selection of **20 constituents** provides a balanced approach by ensuring:

- representation of the memecoin sector
- sufficient liquidity depth
- active market participation
- manageable index governance

4.3 Weighting Method

The TU MEME 20 Index is calculated as a market-capitalization-weighted benchmark.

Each constituent's weight is determined using:

- asset price
- circulating supply

Internal capping rules may be applied to prevent excessive concentration in the largest memecoins.

5. Index Calculation

5.1 Calculation Formula

The Index level at time **t** is calculated as:

$$Index(t) = \frac{\sum_{i=1}^{20} (P_{i,t} \times Q_{i,t})}{D_t}$$

Where:

- $P_{i,t}$ – price of asset *i* at time *t* (USD-denominated)
- $Q_{i,t}$ – circulating supply of asset *i* at time *t*
- D_t – Index Divisor used to preserve index continuity

5.2 Index Base Level

The Index Base Level is set at **100** on the official Base Date of **March 1, 2026, at 00:00 UTC**, as established by Traders Union.

The divisor ensures that index level changes reflect market performance rather than structural adjustments.

6. Divisor Adjustments

The divisor may be adjusted in response to:

- monthly rebalancing
- additions or removals of constituents
- significant corrections in circulating supply
- extraordinary structural events
- material market disruptions

Divisor adjustments ensure continuity and comparability of historical index values.

7. Rebalancing Policy

7.1 Monthly Review Process

The TU MEME 20 Index is reviewed and rebalanced on a **monthly basis**, effective at **00:00 UTC on the first calendar day of each month**.

7.2 Eligibility Assessment Criteria

Rebalancing decisions are not based solely on market capitalization ranking.

While capitalization changes act as a primary signal, the Traders Union Index Committee evaluates additional criteria to assess asset eligibility and market integrity.

These criteria include:

- sustained trading liquidity across major exchanges
- sufficient trading volume relative to market capitalization
- depth and stability of order books
- pricing consistency across data sources
- operational accessibility and absence of prolonged trading suspensions
- evaluation of structural or regulatory risks

7.3 Reserve Candidate List

In addition to the active 20 constituents, the Committee maintains an internal reserve list of eligible memecoins.

These candidates are continuously monitored and may replace existing constituents during scheduled rebalancing if they better satisfy index criteria.

7.4 Extraordinary Rebalancing

Between scheduled monthly reviews, the Index composition remains fixed.

An unscheduled rebalancing may occur only in exceptional circumstances, including:

- token delistings
- prolonged trading suspensions
- severe liquidity deterioration
- structural changes affecting a constituent's eligibility

8. Back-Tested Performance

Index levels prior to the official launch date may be calculated retroactively using historical market data consistent with the methodology.

Back-tested results are provided for analytical purposes only and do not represent actual historical performance.

9. Governance and Oversight

9.1 Index Committee Responsibilities

The TU MEME 20 Index is administered by **Traders Union** and overseen by the **Traders Union Index Committee**.

The Committee is responsible for:

- monitoring index integrity
- reviewing eligibility criteria
- supervising liquidity and transparency requirements
- maintaining the reserve candidate list
- approving rebalancing decisions
- addressing extraordinary events
- reviewing and updating the methodology when necessary

9.2 Methodology Review and Updates

The methodology is reviewed periodically to ensure alignment with evolving market standards.

Material changes will be publicly communicated through Traders Union channels.

10. Memecoin Market Risks

Memecoins represent a highly speculative segment of the cryptocurrency market.

Their prices are often influenced by community activity, social media trends, and market sentiment rather than traditional fundamental factors.

Common characteristics of memecoins may include:

- high price volatility
- rapid shifts in market popularity
- limited project transparency
- strong dependence on online communities

Although the TU MEME 20 Index includes actively traded memecoins, these assets remain **high-risk and speculative by nature**.

11. Risks and Limitations

Digital asset markets are inherently volatile and subject to rapid structural changes.

The TU MEME 20 Index is exposed to risks including but not limited to:

- extreme price volatility
- liquidity fragmentation
- cybersecurity incidents affecting exchanges or data providers
- regulatory changes
- operational risks associated with third-party market data

Unexpected events may influence index behavior or market performance.

12. Disclaimer, Intellectual Property, and Limitation of Liability

The TU MEME 20 Index is developed and administered by Traders Union strictly for informational, analytical, and benchmarking purposes.

The Index does not constitute financial advice, investment recommendation, or solicitation to buy or sell any digital asset.

Past performance, including back-tested results, does not guarantee future outcomes.

All methodology rules, index calculations, naming conventions, data compilation methods, and related documentation associated with the TU MEME 20 Index constitute the intellectual property of Traders Union.

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