



Digital Asset Classification Standard (DACS) Methodology

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Introduction

Objective

The Digital Asset Classification Standard (“DACs”) is designed to define and organize the industries of digital assets to enable each of the top 250 eligible digital assets by market capitalization to be assigned to an industry based on its use case and technology. Then each industry is assigned to an industry group, and each industry group is assigned to a sector to create a three-tiered hierarchy. The industry, industry group and sector definitions in the DACs glossary provide a common language for the industry, and the definitions set the framework for the standard taxonomy of digital assets.

Highlights

DACS was created by CoinDesk Indices (“CDI”) and launched in December 2021.

The DACs structure is currently comprised of 7 Sectors, 26 Industry Groups and 40 Industries.

The 7 DACs Sectors are:

- Computing
- Culture & Entertainment
- Currency
- Decentralized Finance (“DeFi”)
- Digitization
- Smart Contract Platform
- Stablecoin

For a complete list of Sectors, Industry Groups, and Industries along with their definitions, please refer to the [DACs Glossary](#).

This methodology was created by CDI to achieve the Objective stated above. There may be circumstances or market events which require CDI, in its sole discretion, to deviate from these rules to ensure DACs continues to meet the Objective.

Eligibility Criteria

Universe eligibility

Digital assets must be covered by CoinMarketCap.com to be eligible for DACs. Digital assets are excluded from DACs if any of the following criteria applies to them:

- Digital assets with significantly contested or disputed circulating supply data.

- Digital assets which lack sufficient transparency and/or documentation.
- Digital assets that are no longer in operation or have been restructured.
- Digital assets categorized as any one of the following:
 - Gas token (where the tokens sole function is for transaction fees)
 - Staked asset
 - Wrapped asset
 - Pegged assets other than stablecoins

Construction

Digital asset selection

All digital assets that meet the eligibility criteria are ranked by market capitalization in descending order. The top 250 digital assets are selected for inclusion in DACS subject to the following buffer designed to reduce turnover:

Step 1: Select the top 200 assets.

Step 2: From the remaining assets, select all current constituents ranked in the top 300 until 250 assets are selected.

Step 3: If step 2 results in fewer than 250 assets, the highest ranked non-constituents are selected until the total asset count reaches 250 assets.

Digital asset classification

Each digital asset in DACS is assigned to an Industry. Once assigned to an Industry, the digital asset will automatically be classified into the appropriate Industry Group and Sector based on the DACS hierarchy.

The assignment of an Industry to a digital asset is based on the asset's actual or intended use case or application. This is determined by reviewing the information available on the project's website, such as the project's white paper, as well as reviewing its social media channel, on-chain activity, third party audits, peer reviews and other publicly available information.

Once the use case or application has been determined, the digital asset will be assigned to the most appropriate Industry, using the definitions in the *Glossary*. This is typically accomplished by first determining the appropriate broad Sector and then drilling down to the Industry Group and Industry.

Given a digital asset may not fit precisely into a defined Industry, there may be subjectivity in determining the appropriate Industry. In this case, as well as situations in which a digital asset crosses multiple Industries, the Industry assignment will be guided by the following principles:

1. For established digital assets with one or more current use cases or applications, assign according to its primary use case.
2. For digital assets whose primary use case or function is not yet implemented, assign to its intended, primary use case.
3. Identify digital assets with similar use cases or applications and use the same classification.

A digital asset’s classification may be modified during periodic reviews as described in the Maintenance section.

Maintenance

Quarterly review

DACS is reconstituted quarterly in March, June, September and December based on the *Eligibility* and *Selection* criteria. New digital assets that were not previously classified are researched and classified into the appropriate Industry as defined in the *Classification* section.

Previously classified digital assets may also be reviewed based on challenges to a classification or in the event CoinDesk Indices becomes aware of a material change to its use case or application.

The table below details the monthly review schedule:

Activity	Timing
Reference Date for digital asset universe and market capitalization	Last business day of prior month
Digital asset review and assignment of Industry	First two weeks of review month
Quarterly Publication of DACS	15th calendar day of March, June, September and December (or business day prior if the 15th is a holiday or falls on a weekend)

Periodic review

In addition to the quarterly review, each digital asset’s classification is reviewed at least once every two years to ensure it remains relevant. In the event a classification is modified during this review, the updated classification will be incorporated in the next Quarterly Review.

Definition modifications

Industry definitions as detailed in the *Glossary* may require modifications. Modifications to the definitions are intended to:

1. Account for new use cases or applications not previously considered.
2. More accurately reflect current terminology in the digital asset space.
3. Provide clarifications, increase transparency, or improve consistency.

Structure modifications

The DACS structure will be periodically reviewed and, if necessary, modified to capture the evolution of the digital asset market. These changes may include expanding or collapsing the number of Sectors, Industry Groups or Industries. The changes might also include migrating Industry Groups or Industries within the DACS hierarchy as well as material changes to existing definitions used to classify a digital asset.

Any modification to the DACS structure will be announced publicly with appropriate lead time prior to implementation. These changes will generally be determined based on market input and feedback. To facilitate these discussions, CoinDesk Indices may issue public consultations to provide analysis and proposals seeking feedback to help inform its final decision.

DACS Advisory Council

The DACS Advisory Council is composed of key digital asset market participants and other influential individuals within the digital asset space to assist CoinDesk Indices in determining potential changes to the DACS structure.

DACS Advisory Council meetings are generally held on an annual basis. While potential changes are discussed through this process, all feedback received is non-binding and all final decisions on DACS classification rules are made by CoinDesk Indices via its internal DACS governance committee. CoinDesk Indices will publicly announce changes to the DACS structure, if any, with appropriate lead time to ensure all market participants have access to this information at the same time.

DACS Governance

DACS is governed by the DACS Committee which is responsible for the oversight of the DACS structure, definitions, and classifications.

Material changes to the DACS structure and/or DACS Methodology must be reviewed and approved by the DACS Committee prior to implementation.

Appendix 1: Data sources

This section describes data sources used to maintain, reconstitute, and calculate the Indices. If data is not available for any reason from the sources described in this appendix, other data sources may be used.

Reconstitution Data

Initial DACS Universe, market capitalization and circulating supply data are provided by CoinMarketCap.com.

Appendix 2: Methodology Changes

The table below provides a summary of changes to this Index Methodology.

Effective Date	Prior Treatment	Updated Treatment	Material Change?
5/1/2024	DACS reconstituted on a monthly basis	DACS reconstituted quarterly in March, June, September and December	Yes
5/1/2024	Top 500 digital assets selected subject to 450/550 upper/lower buffer	Top 250 digital assets selected subject to 200/300 upper/lower buffer	Yes
9/1/2023	Top 500 ranked assets by market capitalization selected as constituents	Top 500 ranked assets by market capitalization selected as constituents subject to a 450/550 buffer as described in Construction section.	No
December 2022	Pegged assets eligible for inclusion	Pegged assets other than stablecoins are not eligible for DACS	Yes
December 2022	DACS Structure comprised of 6 Sectors/23 Industry Groups/36 Industries	DACS Structure comprised of 7 Sectors/26 Industry Groups/40 Industries (see DACS Glossary for more details of these changes)	Yes
9/15/2022	N/A	Inserted DACS Advisory Council section	No

Appendix 3: Document Revision History

Timing	Description
4/29/24	See Methodology Change appendix for changes effective 5/1/2024
8/23/23	Annual methodology review include minor updates/clarifications and introduction of a selection buffer to reduce turnover
12/14/22	Modification: DACS Structure and Eligibility Updates
10/9/22	Minor edits
9/15/22	Modification: Insert DACS Advisory Council section
8/5/22	Initial Version

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