DIGITAL CREDIT COMPASS

Risk Scoring Methodology

Public Reference Document

Document Title	DCC Risk Scoring Methodology
Version	v1.0
Effective Date	March 2026
Document Status	Public Reference Document — Website Publication
Scope	Planner 1A: BTC Income · Planner 1B: Fiat Income · Planner 1C: Stablecoin Income
Determinism	Deterministic within Methodology v1.0 and verified evidence pack as of the date shown
Score Versioning	Append-only — revisions create new versioned entries; prior scores permanently retrievable

IMPORTANT NOTICE

Digital Credit Compass (DCC) is an independent data and analytics platform, not a licensed investment adviser or regulated financial service. The scores, outputs, and documents produced by DCC are analytical tools only. They are not regulated financial advice or investment recommendations. Always seek qualified financial advice before making investment decisions.

Full regulatory notices and disclaimers appear in Part III and Part IV of this document.

Executive Summary

Digital Credit Compass (DCC) is a Software-as-a-Service (SaaS) analytics platform built to fill a structural gap in the digital asset information market: transparent, deterministic risk scoring for income products that traditional rating agencies do not cover. The 2022 collapse of Celsius, BlockFi, and Voyager exposed the cost of trusting platforms without independent structural analysis. DCC exists to ensure that never happens to an informed user again.

This document defines the DCC Risk Scoring Methodology in full. Every weight, sub-criterion, formula, and data source is set out with precision. Any score published on the DCC platform can be independently replicated by any investor using the same publicly available inputs and the methodology described herein.

Document Architecture

Section	Title	Purpose
Platform Overview	§3–4	How DCC works; three planners; scenario output types
Glossary	§5	All defined terms used in this document
Part I	DCC vs Agencies	How DCC differs structurally from Fitch, S&P, and Moody's
Part II	Universal Architecture	Score bands, duration multiplier, and scoring formula — common to all planners
Part II — 1A	BTC Income Planner	Five criteria, weights, and scoring tables for BTC-collateralised lending platforms
Part II — 1B	Fiat Income Planner	Five criteria for BTC treasury preferred shares (STRC, STRK, STRF, STRD, SATA, STRE)
Part II — 1C	Stablecoin Income Planner	Six criteria for CeFi and DeFi stablecoin yield products
Part III	Important Notices	Regulatory notice, conflict of interest disclosure, and user guidance
Part IV	Disclaimers	Seven amended legal disclaimers applicable to all Risk Analysis Reports
Part V	Methodology Versioning	Version history and update policy

Platform Overview

Digital Credit Compass (DCC) is a Software-as-a-Service (SaaS) analytics platform that publishes structured, deterministic risk scores for every income product displayed across its three planners. This document defines precisely how those scores are computed, what each criterion measures, and how DCC's methodology differs structurally from traditional credit agency ratings.

Every score produced by DCC is deterministic within Methodology v1.0 and the verified evidence pack as of the date shown. All weights, sub-criteria, formulas, and data sources are published in full. Any score can be independently replicated by an investor using the same publicly available inputs.

3.1 The Three Planners

Planner	Asset Type	What It Scores	Target User
Planner 1A — BTC Income	Bitcoin (BTC)	BTC-collateralised lending platforms: structural quality, custody, liquidation mechanics, jurisdiction	Bitcoin HODLer seeking income without selling
Planner 1B — Fiat Income	BTC Treasury Preferred Shares	Six instruments (STRC, STRK, STRF, STRD, SATA, STRE): price volatility, dividend reliability, capital stack, complexity	Careful capital allocator seeking 6–12% annual yield
Planner 1C — Stablecoin Income	USDC / USDT and equivalents	CeFi and DeFi stablecoin yield products: reserve quality, peg stability, yield source, counterparty risk	DeFi-adjacent user managing depeg and counterparty risk

3.2 Scenario Output Architecture

The DCC platform generates two categories of scenario output. These categories differ fundamentally in construction, purpose, and responsibility attribution.

Scenario Type	Label	Construction	Responsibility
Reference Scenario	Reference Scenario (Illustrative)	Built by the DCC scoring engine as an illustrative benchmark. Cap and exclusion rules apply: ELEVATED RISK instruments capped at 30%;	DCC algorithm. Not a personalised recommendation.

Scenario Type	Label	Construction	Responsibility
		HIGH RISK instruments excluded.	
User-Constructed Scenario	My Scenario	Built entirely by the user. All allocation weights, provider selections, and inputs are the user's own choices.	User. DCC provides scoring data only.

Glossary of Defined Terms

All abbreviations and defined terms used in this document are listed below. Terms are also defined at their first point of use. Regulatory body references include the jurisdiction of that body.

Term	Full Form	Definition / Context
APY	Annual Percentage Yield	Annualised rate of return inclusive of compounding effects.
API	Application Programming Interface	Software interface enabling DCC to retrieve real-time market data from external providers (e.g. CoinGecko, Polygon.io).
BMA	Bermuda Monetary Authority	Financial services regulator of Bermuda. Tier 2 jurisdiction in the DCC framework.
BTC	Bitcoin	The Bitcoin cryptocurrency, used as collateral in Planner 1A.
CeFi	Centralised Finance	Financial products delivered through a centralised intermediary.
CIMA	Cayman Islands Monetary Authority	Financial services regulator of the Cayman Islands. Tier 2 jurisdiction.
DCC	Digital Credit Compass	The SaaS platform publishing this methodology. Not a licensed credit rating agency or investment adviser.
DeFi	Decentralised Finance	Financial products delivered via on-chain smart contracts without a centralised intermediary.
FCA	Financial Conduct Authority	Financial services regulator of the United Kingdom. Tier 1 jurisdiction.
HV30	30-Day Historical Volatility	StdDev(ln(Pt/Pt-1) for last 30 trading days) × √252. Primary automated input for Planner 1B (C1 criterion).
LTV	Loan-to-Value Ratio	Ratio of loan amount to market value of pledged BTC collateral. Key liquidation trigger threshold.
MAS	Monetary Authority of Singapore	Central bank and financial regulator of Singapore. Tier 1 jurisdiction.
MiCA	Markets in Crypto-Assets Regulation	EU regulatory framework for crypto-asset service providers, effective 2024. Tier 1 jurisdiction.
My Scenario	User-Constructed	Scenario in which all allocation weights and inputs are constructed and

Term	Full Form	Definition / Context
	Scenario	owned by the user.
NYDFS	New York Dept of Financial Services	Financial services regulator of New York State. Tier 1 jurisdiction.
OCC	Office of the Comptroller of the Currency	US federal banking regulator. Tier 1 jurisdiction.
OFAC	Office of Foreign Assets Control	US Treasury agency administering sanctions. Entities on OFAC lists are classified Tier 4.
OHLC	Open-High-Low-Close	Standard daily price data format used for automated peg stability scoring in Planner 1C.
Reference Scenario (Illustrative)	Engine-Generated Benchmark Scenario	Illustrative benchmark generated by the DCC algorithm. Not a personalised recommendation.
Risk Analysis Report	DCC Scenario Output Report	Report generated by DCC containing scenario analysis outputs. Not a regulated suitability assessment.
SaaS	Software-as-a-Service	Software delivery model where applications are hosted and provided over the internet on subscription.
SEC	Securities and Exchange Commission	US federal securities regulator. Tier 1 jurisdiction.
SPV	Special Purpose Vehicle	Legally separate entity used to segregate user collateral from a platform's balance sheet.
SRI	Scenario Risk Index	DCC proprietary composite metric combining the adjusted provider score, user LTV relative to liquidation threshold, and duration multiplier. Not a regulated credit rating.
TOS	Terms of Service	Publicly available contractual document governing the relationship between a platform and its users.
TVL	Total Value Locked	Aggregate value of assets deposited into a DeFi protocol. Used as proxy for liquidity depth in Planner 1C (C4 criterion).
USDC	USD Coin	US Dollar-pegged stablecoin issued by Circle, backed by cash and short-duration US Treasuries.
USDT	Tether	US Dollar-pegged stablecoin issued by Tether Limited.
UST	TerraUSD	Algorithmic stablecoin that lost its peg in May 2022. Primary historical

Term	Full Form	Definition / Context
		reference for algorithmic stablecoin failure risk.
VARA	Virtual Assets Regulatory Authority	Financial regulator for virtual assets in the UAE. Tier 1 jurisdiction for UAE recipients.

Part I — How DCC Differs from Fitch, S&P, and Moody's

Fitch, S&P, and Moody's were designed to assess the creditworthiness of sovereign debt, corporate bonds, and structured finance vehicles. Their methodologies rely on audited financial statements, issuer interviews, and models calibrated against decades of traditional finance default data.

DCC scores a distinct risk universe using a purpose-built framework. The digital asset income products it covers — BTC-collateralised lending platforms, stablecoin yield protocols, and BTC treasury preferred shares — are not addressed by traditional agency methodologies. The risk factors that govern them (collateral liquidation mechanics, on-chain reserve verification, stablecoin peg behaviour, governance structures) are absent from frameworks built for traditional finance.

Dimension	Fitch / S&P / Moody's	DCC
What is rated	Corporate issuers, sovereign debt, structured products	Digital asset income products: BTC lending platforms, stablecoin protocols, BTC treasury preferred shares
Primary data source	Audited financial statements, private issuer disclosures	Public on-chain data, regulatory registries, prospectuses, Terms of Service, real-time market APIs
Rating scale	Letter grades (AAA to D) — analyst consensus	Numeric 0–100 — deterministic formula with published weights
Transparency	Methodology summaries published; individual issuer inputs confidential	Every weight, sub-criterion, and formula published in full. Scores are independently replicable.
Conflict of interest	Issuers pay for ratings — issuer-pays model	No issuer pays DCC. Scores computed from public evidence only.
Crypto / DeFi coverage	None or highly limited — not designed for this asset class	Native coverage: BTC lending, stablecoin protocols, BTC treasury equity structures
Update frequency	Annual or event-driven; may lag material changes by months	Market data refreshed weekly. Structural data reviewed within 30 days of material change.
BTC collateral liquidation	Not assessed	Central criterion in BTC planner scoring (Collateral Control, 25% weight)
Stablecoin peg stability	Not assessed	Automated daily scoring via live price APIs; auto-flag if 90-day depeg > 1.5%

IMPORTANT DISTINCTION

DCC is not a credit rating agency and does not compete with Fitch, S&P, or Moody's. It fills a structural gap those agencies do not — and are not positioned to — address: transparent, deterministic risk scoring for digital asset income products.

Part II — Universal Scoring Architecture

Two structural components are common to all three DCC planners: the Score Band classification system and the Duration Multiplier. They apply to every score, regardless of product type or planner.

6.1 Score Bands — All Planners

Score Range	Risk Band	Badge	Platform Behaviour
80 – 100	LOW RISK	● Strong	Full inclusion eligible in Reference Scenario (Illustrative)
60 – 79	MEDIUM RISK	● Moderate	Eligible with risk disclosure note displayed
40 – 59	ELEVATED RISK	● Caution	Maximum 30% allocation cap in Reference Scenario (Illustrative)
0 – 39	HIGH RISK	● Avoid	Excluded from Reference Scenario; included in My Scenario only with mandatory full-screen warning

6.2 Duration Multiplier — All Planners

After a raw score is derived from weighted criteria, a duration multiplier is applied to reflect incremental structural exposure associated with longer investment commitments. The multiplier is strictly downward-adjusting: it can only reduce a score, never increase it. The floor is zero.

Investment Duration	Multiplier	Rationale
< 3 months	× 1.00	Current observable facts dominate; no additional structural discount applied

Investment Duration	Multiplier	Rationale
3 – 6 months	× 0.97	One market cycle phase; moderate forward confirmation risk
6 – 12 months	× 0.93	Full cycle exposure; adverse event probability accumulates
1 – 2 years	× 0.87	Multiple cycles; regulatory and issuer risk compounds
> 2 years	× 0.80	Maximum duration discount; structural terms may change materially

6.3 Scoring Formula

SCORING FORMULA

Raw Score = Σ (criterion_score_i × weight_i) for all i in planner criteria

Final Score = clamp(round(Raw Score × Duration Multiplier), 0, 100)

Where: criterion_score_i ∈ [0, 100] · Σ weight_i = 1.00 per planner · DurationMultiplier ∈ {1.00, 0.97, 0.93, 0.87, 0.80}

Planner 1A — BTC Income Planner

BTC-Collateralised Lending Platform Risk Score

7.1 Scope

This framework applies to Bitcoin (BTC) collateralised lending platforms where users pledge BTC to receive a fiat or stablecoin loan. The score measures the structural quality of the lending provider. BTC price risk is displayed separately in the planner output and is not embedded in this score. The framework does not apply to BTC staking, wrapped BTC, or exchange margin products.

7.2 Scenario Risk Index (SRI) — Definition at Point of Use

SCENARIO RISK INDEX (SRI) — DEFINITION

The SRI is a DCC proprietary composite metric combining the adjusted provider score, the user LTV relative to the provider liquidation threshold, and the duration multiplier. It reflects the structural risk of this specific scenario only — not a general credit assessment of the provider.

Risk Bands: 80–100 LOW | 60–79 MEDIUM | 40–59 ELEVATED | 0–39 HIGH

The SRI is not a regulated credit rating and does not correspond to any external rating scale.

7.3 Scoring Criteria Overview

Historical lending platform failures (Celsius, BlockFi, Voyager) demonstrated that investor losses arose not solely from BTC price decline, but from structural deficiencies: hidden rehypothecation, commingled funds, opaque LTV thresholds, and inadequate legal enforceability. The five criteria below are designed to surface those failure modes.

#	Criterion	Primary Failure Mode	Weight	Key Historical Examples
C1	Transparency & Disclosure	Hidden rehypothecation / undisclosed LTV rules	30%	Celsius, BlockFi
C2	Collateral Control & Liquidation Mechanics	Forced liquidation at unfavourable LTV	25%	Primary BTC holder loss vector
C3	Jurisdiction & Legal	Recovery rights determined by	20%	Offshore entities, 2022 collapses

#	Criterion	Primary Failure Mode	Weight	Key Historical Examples
	Enforceability	jurisdiction, not reputation		
C4	Structural & Custody Risk	Commingling of user funds	15%	Celsius, Voyager
C5	Track Record & Operational Resilience	History is necessary but insufficient as standalone	10%	—

C1 — Transparency & Disclosure | Weight: 30%

Scored 0–100. Measures whether the platform provides users with sufficient information to understand the safety conditions governing their pledged BTC. Evidence: Terms of Service, Proof of Reserves disclosures, fee schedule documentation. Penalties apply for active regulatory enforcement actions or undisclosed TOS changes.

Disclosure Item	Max Points	Scoring Logic
Public TOS available (full, unambiguous)	0 – 20	20 = full & clear | 10 = partial/gated | 0 = absent
Liquidation LTV published (exact threshold)	0 – 20	20 = exact | 10 = range only | 0 = absent
Margin call rules published (trigger + timeline)	0 – 20	20 = full | 10 = partial | 0 = absent
Fee schedule disclosed (origination, service, exit)	0 – 17	17 = full | 8 = partial | 0 = absent
Collateral handling disclosed (custody model)	0 – 16	16 = segregated + disclosed | 8 = partial | 0 = absent
Proof of Reserves (methodology + recurrence)	0 – 7	7 = monthly+ | 4 = quarterly | 0 = absent
PENALTY: Active regulatory enforcement action	−10 per action	Deducted per active enforcement event. Floor = 0.
PENALTY: Undisclosed TOS change	−7 per event	Detected via archived TOS comparison

C2 — Collateral Control & Liquidation Mechanics | Weight: 25%

Scored 0–100. Assesses the degree of control a borrower retains over pledged BTC and the transparency and fairness of liquidation mechanics. Platforms offering instant top-up capability, partial repayment, and defined margin call grace periods score materially higher.

Attribute	Max Points	Scoring Buckets
Collateral top-up speed	0 – 28	28 = Instant | 20 = Same-day | 8 = Delayed | 0 = Not allowed
Partial loan repayment	0 – 24	24 = Anytime | 12 = Limited | 0 = Not allowed
Early loan closure	0 – 20	20 = Anytime free | 12 = Stated penalty | 0 = Locked
Margin call grace period	0 – 16	16 = ≥24h | 8 = 1–12h | 0 = Immediate liquidation
Automated protective tools (auto-repay, auto-top-up, alerts)	0 – 12	4 pts each: Auto-repay / Auto-top-up / Real-time alerts
BONUS: Liquidation price simulator in UI	+5 max	Observable in product screenshots or demo

C3 — Jurisdiction & Legal Enforceability

Weight: 20%

Collateral safety is ultimately determined by the legal system governing a dispute. DCC tiers jurisdictions based on the quality of regulatory oversight and enforceability of investor rights.

Tier	Score Range	Qualifying Jurisdictions	Evidence Source
Tier 1 — Major Regulated	80 – 100	USA (NYDFS / OCC / SEC), UK (FCA), EU (MiCA), Singapore (MAS)	Official licence register
Tier 2 — Established Offshore	50 – 79	Cayman Islands (CIMA), BVI, Bermuda (BMA)	Corporate registry
Tier 3 — Emerging / Ambiguous	20 – 49	Seychelles, Marshall Islands, Panama	Corporate registry
Tier 4 — Anonymous / Sanctioned	0 – 19	No public record or listed on OFAC / UN sanctions lists	OFAC / UN lists
BONUS: Separate SPV or trust for user collateral	+10 max	—	Corporate docs / user agreement

Tier	Score Range	Qualifying Jurisdictions	Evidence Source
PENALTY: Governing law conflicts with user domicile	−10	—	TOS / legal section

C4 — Structural & Custody Risk

Weight: 15%

Commingling of user funds and unconstrained rehypothecation were direct structural contributors to investor losses in several 2022 platform failures.

Attribute	Best Score	Worst Score	Evidence Source
Custody model	Segregated (40 pts)	Commingled (0 pts)	TOS / custody page
Rehypothecation permitted	No (30 pts)	Yes or Unknown (0 pts)	Loan agreement
BTC lent to third parties	No (20 pts)	Yes (0 pts)	TOS / institutional page
Counterparty concentration	Single qualified custodian (10 pts)	Multiple unspecified (0 pts)	Custody disclosures
PENALTY: Known commingling incident	—	−30 per event	Public incident records

C5 — Track Record & Operational Resilience

Weight: 10%

Operational history is included as a necessary but intentionally low-weighted signal. A platform may operate successfully for years while carrying undisclosed structural risks. Track record is one input among many, not a primary safety indicator.

Factor	Max Points	Scoring Logic
Years operating continuously	0 – 50	50 = ≥5 yrs | 30 = 3–4 yrs | 10 = 1–2 yrs | 0 = <1 yr
Independent audit (last 12 months)	0 – 30	30 = Big-4 | 20 = Mid-tier | 10 = Self-attested | 0 = None
Known security incidents	0 – 20	20 = None | 10 = Minor resolved | 0 = Major or unresolved

Factor	Max Points	Scoring Logic
PENALTY: Withdrawal freeze event	−30 per event	Public records / archived news
PENALTY: Regulatory enforcement (historical)	−20 per event	Regulatory database

Planner 1B — Fiat Income Planner

BTC Treasury Preferred Shares: STRC · STRK · STRF · STRD · SATA · STRE

8.1 Critical Scope Note

This planner covers only preferred share instruments issued by BTC treasury companies. It is not a generic fixed income or traditional finance credit analysis framework. The six eligible instruments are: STRC, STRK, STRF, STRD, SATA, and STRE. These are equity-adjacent perpetual preferred shares. Standard traditional finance credit methodology does not apply to their structure or risk profile.

HARD CAP RULE — Market Price Volatility

Any instrument with a 30-Day Historical Volatility (HV30) exceeding 35% receives a maximum C1 contribution of 5/30, capping its total achievable score at approximately 58 (ELEVATED band). This rule is applied by the scoring engine and overrides all other weighted criteria outcomes. HV30 is always displayed in the primary Yield Board row and is never hidden in an expanded view.

8.2 Criteria & Weights Overview

#	Criterion	Description	Weight	Data Feed
C1	Market Price Volatility (HV30 + Max Drawdown)	Automated daily market API — no human input at this layer	30%	100% automated
C2	Income Mechanism Reliability	Dividend type, frequency, contractual binding	25%	Evidence reviewed
C3	Capital Stack Seniority	Recovery priority in issuer stress scenario	15%	Prospectus
C4	Structural Complexity	Number of dependency layers for income delivery	15%	Prospectus
C5	Provider Quality Score	DCC master engine score for the issuing company	15%	DCC master engine

C1 — Market Price Volatility (HV30 + Max Drawdown) **Weight: 30% — 100%**

Automated Daily

Formula: $HV30 = \mathrm{StdDev}(\ln(P_t / P_{t-1}) \text{ for last 30 trading days}) \times \sqrt{252}$. Data sources: Nasdaq Data Link, Yahoo Finance API, Polygon.io. API failure freezes the score and displays a "Data Under Review" banner until data is restored.

HV30 Range	Raw pts /20	Scaled /100	Mar 2026 Reference Instruments
< 10%	18 – 20	90 – 100	STRC (~7%)
10% – 20%	12 – 17	60 – 85	STRF (~15–20%), STRE (~15%)
20% – 30%	6 – 11	30 – 55	STRD (~25%+), SATA (~20–30%)
30% – 40%	2 – 5	10 – 25	STRK (~32%)
> 40%	0 – 1	0 – 5	Hard cap triggers — total score capped at ~58

Max Drawdown (90-day)

90-Day Max Drawdown	Raw pts /10	Scaled /100
Better than −5%	9 – 10	90 – 100
−5% to −15%	5 – 8	50 – 80
−15% to −30%	2 – 4	20 – 40
Worse than −30%	0 – 1	0 – 10

C1 Final Score = ((HV30 raw pts + Drawdown raw pts) / 30) × 100. Floor = 0.

C2 — Income Mechanism Reliability

Weight: 25%

Quantifies the contractual certainty of dividend payment. A fixed dividend bound by prospectus language carries materially greater income reliability than a board-discretionary distribution. Classifications are derived from prospectus disclosure language and SEC filings.

Dividend Type	Score /15	Instruments	Key Signal
Fixed contractual (rate bound by prospectus)	13 – 15	STRF	"Fixed dividend of X% per annum"
Fixed with FX variable layer	11 – 13	STRE	Fixed in EUR; USD equivalent varies with FX rate
Variable with published reset formula	9 – 12	STRC	"Adjusts monthly based on [formula]"
Stated target, no binding formula	5 – 8	SATA	"Targeted annual dividend of 12%"
Board-declared, fully discretionary	2 – 4	STRK, STRD	"When and if declared by the board"
PENALTY: Historical dividend suspension	−5	—	Source: SEC 8-K filings

C3 — Capital Stack Seniority

Weight: 15%

Position	Score /100	Instruments	Key Signal
Senior preferred equity	67 – 100	STRF	"Senior to all other preferred series"
Preferred equity (pari passu)	40 – 66	STRC, STRK, SATA, STRE	"Preferred stock, senior to common equity"
Junior preferred equity	13 – 39	STRD	"Junior preferred" / "Subordinated preferred"

C4 — Structural Complexity

Weight: 15%

Assessed as the number of discrete dependency layers between an investor and their income. Greater complexity introduces additional conditional failure points. Simpler structures score higher.

Structure	Score /100	Instruments	Failure Points
Fixed straight preferred	87 – 100	STRF	1: Board declares known dividend
Fixed preferred + FX layer	73 – 86	STRE	2: Fixed dividend + FX conversion
Variable formula preferred	60 – 72	STRC	2: Rate computation + board declaration
Variable target (non-binding)	40 – 59	SATA	3: Target + board + issuer financial health
Junior multi-series preferred	27 – 39	STRD	3: Senior series priority + board + junior ranking
Convertible preferred	13 – 26	STRK	4: Dividend + conversion trigger + equity price + board timing

C5 — Provider Quality **Weight: 15%**

Provider Quality is sourced directly from the DCC master company scoring engine (0–100), reflecting the platform's overall assessment of the issuing entity. All Strategy Inc. instruments (STRC, STRK, STRF, STRD, STRE) share a common provider score. SATA uses the Strive Inc. score independently.

8.7 Reference Calibration Scores

The following scores reflect a 12-month investment duration with the × 0.93 duration multiplier applied. These are provided as an illustrative benchmark only and do not constitute investment recommendations.

Ticker	C1 /30	C2 /25	C3 /15	C4 /15	C5 /15	Raw	Final	Risk Band
STRF	21	22	13	14	10.5	80.5	75	MEDIUM ●
STRC	28	20	9	11	10.5	78.5	73	MEDIUM ●
STRE	21	19	9	12	10.5	71.5	66	MEDIUM ●
SATA	14	13	9	8	9.8	53.8	50	ELEVATED ●
STRD	14	7	5	7	10.5	43.5	40	ELEVATED ●
STRK	7	7	9	5	10.5	38.5	36	HIGH ●

Planner 1C — Stablecoin Income Planner

Stablecoin Yield Product Risk Score

9.1 Scope & Hard Rules

This framework applies to Centralised Finance (CeFi) and Decentralised Finance (DeFi) products where users hold or deposit a stablecoin — including USDC, USDT, and equivalents — and earn yield on that position. Two automatic overrides apply to all products regardless of weighted criteria outcomes.

HARD RULE 1 — Algorithmic Stablecoin Score Ceiling

Algorithmic stablecoins (e.g. UST/LUNA-type instruments with no direct collateral backing) are subject to a hard score ceiling of 20/100 under DCC Methodology v1.0. This rule overrides all other criteria while Methodology v1.0 is in force and is subject to formal revision only under the published methodology update process. The TerraUSD (UST) / LUNA collapse of May 2022 demonstrated that algorithmic stability mechanisms cannot substitute for reserve-backed collateral under stress conditions.

HARD RULE 2 — Automatic HIGH RISK Classification for Peg Deviation

Any stablecoin with a 90-day maximum peg deviation exceeding 1.5% from USD $1.00 is automatically classified HIGH RISK, overriding all other criteria. This rule overrides the total weighted score. Peg stability is assessed on a continuous automated basis via live market APIs.

9.2 Criteria & Weights Overview

#	Criterion	Primary Failure Mode	Weight	Historical Example
C1	Reserve Quality & Peg Stability	Reserve fraud; algorithmic collapse; peg loss	28%	LUNA / UST 2022
C2	Yield Source Transparency	Opaque or structurally unsustainable yield	22%	Anchor Protocol
C3	Counterparty & Protocol Risk	CeFi insolvency; DeFi smart contract exploit	20%	Celsius, Euler hack
C4	Liquidity & Redemption	Capital inaccessible during	15%	—

#	Criterion	Primary Failure Mode	Weight	Historical Example
	Architecture	market stress		
C5	Jurisdiction & Regulatory Clarity	Recovery rights; enforcement ambiguity	10%	—
C6	Operational Track Record	Platform age; incident history	5%	—

C1 — Reserve Quality & Peg Stability

Weight: 28%

Sub-A: Reserve Backing (60 pts max)

Backing Type	Score Range	Evidence Source
100% cash / T-Bills (attested monthly or better)	85 – 100	Issuer attestation page
Mixed: cash + money market + corporate bonds	50 – 84	Reserve composition report
Crypto-backed ≥ 150% overcollateralisation	40 – 65	On-chain collateral dashboard
Crypto-backed < 150% overcollateralisation	15 – 39	On-chain data
Algorithmic — no direct collateral	0 – 10 (total score capped at 20)	Auto-flag applied

Sub-B: Peg Stability (40 pts max) — Automated Daily

Automated daily via CoinGecko / CoinMarketCap. 90-day OHLC price data used to calculate maximum peg deviation from USD $1.00.

90-Day Max Depeg from $1.00	Score	Automated Source
< 0.2%	32 – 40	CoinGecko 90-day OHLC — daily refresh
0.2% – 0.5%	20 – 31	Same source

90-Day Max Depeg from $1.00	Score	Automated Source
0.5% – 1.5%	8 – 19	Same source
> 1.5% or data unavailable	0 – 7	AUTO HIGH RISK FLAG — overrides total score

C2 — Yield Source Transparency — Weight: 22%

Yield that cannot be verified against a disclosed, sustainable source represents structural risk independent of the current rate level. The Anchor Protocol case — offering 20% APY on UST without a credible underlying mechanism — is the reference failure mode. Undisclosed or "proprietary" yield sources incur the maximum penalty.

Factor	Max Points	Evidence Source
Yield source explicitly stated (lending fees, protocol fees, etc.)	0 – 35	Platform documentation / whitepaper
Yield rate mechanism published (formula or rate-setting logic)	0 – 25	FAQ / rate methodology page
Historical yield data available (≥ 6 months)	0 – 20	Platform dashboard / DeFiLlama
Yield sustainability analysis published (stress scenario)	0 – 20	Research / docs page
PENALTY: Yield source undisclosed or stated as "proprietary"	−40	—
PENALTY: APY > 150% of 90-day category median	−20	DeFiLlama / aggregator

C3 — Counterparty & Protocol Risk — Weight: 20%

CeFi and DeFi products are assessed on comparable dimensions using evidence sources appropriate to each structure.

Factor	CeFi Score	DeFi Score	Evidence Source
Structure verification	0 – 40 (user funds segregated)	0 – 40 (on-chain collateral ratio)	TOS / on-chain collateral ratio
Audit quality	0 – 30 (financial audit)	0 – 30 (e.g. OpenZeppelin)	Audit firm website
Admin / governance control risk	0 – 20 (ownership structure)	0 – 20 (multisig, timelock, proxy)	On-chain data / docs
External dependencies	N/A	0 – 10 (Chainlink = 10; unknown = 0)	Protocol docs / on-chain
PENALTY: Unresolved exploit history	−50 per event	−50 per event	Rekt.news / DeFiLlama

C4 — Liquidity & Redemption Architecture | **Weight: 15%**

Liquidity Factor	Max Points	Scoring Logic
CeFi withdrawal speed	0 – 50	50 = Instant | 33 = Same-day | 17 = ≤7d | 0 = >30d or pause clause
DeFi protocol TVL	0 – 50	50 = >$500M | 33 = $100–500M | 17 = $10–100M | 0 = <$10M (DeFiLlama API)
PENALTY: Withdrawal pause clause in TOS	−30	TOS document
PENALTY: Gate clause (max withdrawal limits)	−15	TOS document

9.7 C5 & C6 — Jurisdiction (10%) & Operational Track Record (5%)

Jurisdiction is scored 0–100 using the same four-tier regulatory framework as Planner 1A: Tier 1 (FCA / MiCA / MAS / OCC) = 80–100 through to Tier 4 (Anonymous / sanctioned) = 0–19. The jurisdiction tier reflects the legal recourse available to users in the event of platform insolvency or operational failure.

Track Record is composed of an age score (0–60: 60 = ≥3 years; 30 = 1–2 years; 0 = <1 year) and an incident disclosure score (0–40: 40 = full published report; 20 = partial disclosure; 0 = undisclosed). A penalty of −30 applies per undisclosed depeg event.

Part III — Important Notices

The following notices apply to this document and to all Risk Analysis Reports generated by the DCC platform. They must be read before relying on any score, output, or analytical content produced by DCC.

Regulatory Notice

REGULATORY NOTICE

Digital Credit Compass (DCC) is an independent data and analytics platform, not a licensed investment adviser, financial adviser, or regulated financial service. DCC is not authorised or regulated by the FCA (UK), SEC (USA), MAS (Singapore), ESMA (EU), VARA (UAE), or any other financial services regulatory body.

The scores, outputs, and documents produced by DCC are analytical tools designed to help users understand and compare risk before making their own decisions about capital allocation. They are not regulated financial advice, investment recommendations, or regulated suitability assessments.

This document has not been approved by an FCA-authorised person under section 21 of the Financial Services and Markets Act 2000 (FSMA 2000). It is not directed at retail clients in the United Kingdom within the meaning of FSMA or the FCA's Conduct of Business rules.

Always seek independent, qualified financial advice before making any investment decision.

No Conflicts of Interest

NO CONFLICTS OF INTEREST

DCC does not accept payment from any provider, issuer, or platform in connection with the production or modification of any score. No DCC score is influenced by commercial relationships or issuer-paid engagement. All scores are computed deterministically from publicly available information only. DCC holds no financial interest in any instrument, provider, or allocation shown in any document it produces.

Important Things to Know Before Using DCC

- DCC scores and outputs are for informational purposes only. They do not constitute investment, financial, legal, or tax advice.
- No fiduciary duty is created by your use of DCC or any document it produces.
- Past DCC scores, provider track records, and yield histories do not guarantee, predict, or suggest future performance. Past performance is not a reliable indicator of future results.
- All scenario outputs — including yield estimates, income projections, collateral requirements, liquidation thresholds, and risk index values — are illustrative only. Actual outcomes may differ materially.
- The Reference Scenario (Illustrative) shown in DCC reports is an engine-generated benchmark, not a personalised recommendation.
- Users who build their own scenario (My Scenario) are solely responsible for their allocation choices. DCC provides scoring data only.
- DCC's liability is limited to direct losses caused solely by a material error in the DCC scoring engine demonstrably attributable to DCC. DCC is not liable for indirect, consequential, speculative, or punitive losses.
- Nothing in this document limits any statutory rights you may have under applicable consumer protection or financial services law that cannot be excluded by agreement.

Recipients in Regulated Jurisdictions

If you are accessing DCC from a regulated jurisdiction — including the United Kingdom, the United States, the European Union, Singapore, or the UAE — you should be aware that the regulatory notice set out above applies in those jurisdictions. DCC's outputs are not approved financial promotions in any of these jurisdictions.

Recipients in regulated jurisdictions must seek independent legal and regulatory advice if they are uncertain about the rules that apply to them before acting on any information provided by DCC.

Part IV — Disclaimers

The following seven disclaimers apply to all Risk Analysis Reports generated by the DCC platform. They reflect the legal basis on which DCC's scores and outputs are made available.

Disclaimer 1 — Nature of Document

This document is a scenario analysis output produced by DCC's deterministic scoring engine for informational purposes only. It does not constitute investment, financial, legal, or tax advice. It is not a regulated suitability assessment under any applicable financial services law. DCC is not a licensed investment adviser, financial adviser, broker-dealer, or credit rating agency in any jurisdiction. No fiduciary duty is created by the production or delivery of this document. This document must not be relied upon as the sole basis for any investment decision.

Disclaimer 2 — Data Basis

DCC scores are computed solely from publicly available information as of the date shown. They do not incorporate private issuer disclosures, audited financial data, or undisclosed material information. Where data gaps exist, scores reflect available evidence only; the absence of information may itself indicate a risk factor. Scores are not predictions of future performance, creditworthiness, or default probability.

Disclaimer 3 — Scope of Illustrative Outputs

All scenario outputs — including yield estimates, income projections, BTC collateral requirements, liquidation price thresholds, margin call trigger prices, LTV calculations, interest computations, Scenario Risk Index (SRI) values, Reference Scenario (Illustrative) allocation weights, and blended APY figures — are illustrative and scenario-specific. They are computed from user-supplied inputs and DCC scoring data as of the date shown. Actual outcomes may differ materially. These figures do not constitute a guarantee, warranty, or representation as to actual outcomes.

Disclaimer 4 — Independence of Scores

DCC scores are independent assessments based entirely on publicly available information. DCC has not been engaged by, has not received payment from, and has no material relationship with any provider, issuer, or platform whose products are scored. Scores reflect the output of a deterministic algorithm; they do not represent the opinion of any individual analyst.

Disclaimer 5 — Past Performance

Past performance is not a reliable indicator of future results. Past DCC scores, provider track records, yield histories, and prior methodology versions do not guarantee, predict, or suggest future scoring outcomes, yields, or investment performance.

Disclaimer 6 — Liability

Users are solely responsible for their own investment decisions. DCC's liability, where permitted by applicable law, is limited to direct losses caused solely by a material error in the DCC scoring engine demonstrably attributable to DCC. DCC shall not be liable for indirect, consequential, speculative, or punitive losses. Nothing in this document limits any statutory rights you may have under applicable consumer protection or financial services law that cannot be excluded by agreement.

Disclaimer 7 — Jurisdiction

This document is not directed at any person in any jurisdiction where such distribution would be contrary to local law or regulation. It is the responsibility of any person accessing this document to satisfy themselves as to the relevant legal and regulatory requirements of their jurisdiction. Recipients in regulated jurisdictions should seek independent legal and regulatory advice before acting on any information herein.

Part V — Methodology Versioning & Update Policy

Every DCC score references the methodology version under which it was computed. Scores produced under a prior version remain valid and permanently retrievable. Version changes require formal CRO sign-off and are announced publicly before taking effect. No retroactive score revision is permitted.

Version	Published	Summary
v1.0	March 2026	Initial public release. BTC Income (1A), Fiat Income (1B), and Stablecoin Income (1C) planner frameworks defined. Universal scoring architecture established: score bands, duration multiplier, deterministic formula. All criteria, weights, sub-criteria, and hard rules published.

Users can verify the methodology version used for any displayed score by clicking "Score Details" on any Yield Board row. The methodology URL and version number are embedded in every Risk Analysis Report generated by the platform.

Client Identity Validation & Report Integrity

All Risk Analysis Reports require validated client identity before generation. The following validation rules are enforced by the platform.

Required Field	Validation Rule	Action on Failure
Client Full Legal Name	Minimum 2 characters; not in placeholder list	Block generation; return validation error
Client Platform Reference ID	Non-blank	Block generation; return validation error
Jurisdiction of Residence	Non-blank	Block generation; return validation error
Risk Profile	Non-blank	Block generation; return validation error
Demo / Placeholder Detection	client_name not in placeholder list or length < 2	Set is_demo: true; apply full-page diagonal watermark "DEMONSTRATION ONLY — NOT FOR CLIENT USE OR DISTRIBUTION"; exclude from compliance pipeline

Closing Statement

DCC Risk Scoring Methodology v1.0 — Public Reference Document

This document is the complete public reference for all scoring criteria, weights, formulas, and data sources used by the Digital Credit Compass platform. Every score published on DCC can be independently replicated using the methodology set out herein and the same publicly available information.

DCC scores are not financial advice. They reflect structural analysis of publicly available information as of the verified date shown. Past performance is not a reliable indicator of future results. Digital Credit Compass is an independent SaaS analytics platform, not a licensed investment adviser or credit rating agency. The planner sequence throughout this document is the canonical DCC platform order: Planner 1A BTC Income → Planner 1B Fiat Income → Planner 1C Stablecoin Income.

Digital Credit Compass | Risk Scoring Methodology v1.0 | March 2026 | Public Reference Document

Deterministic within Methodology v1.0 · Append-only versioning · Not investment advice · Not a regulated suitability assessment