

Announcement

Methodology change of the Indxx Pure Blockchain Index

New York – December 06, 2022 - Effective December 06, 2022 the following are the changes in the methodology of the Indxx Pure Blockchain Index:

- Weighting (Section 1.5)

Below is the amended methodology which will be effective from December 06, 2022.

December 2022

**INDXX PURE
BLOCKCHAIN INDEX
METHODOLOGY**

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1. INDXX PURE BLOCKCHAIN INDEX

1.1 INDEX DESCRIPTION

The Indxx Pure Blockchain Index is designed to track the performance of exchange listed companies that are in the business of developing and selling Blockchain-based technology solutions. It intends to include companies that are powering the global decentralized financial economy along with the companies that aim to manage or develop the digital assets.

The index has a base date of March 15, 2019, with an initial value of 1,000.

The index is currently available in the following version:

- Total Return
- Price Return
- Net Total Return

1.2 CREATION OF MASTERLIST

1.2.1 Initial Universe

To be eligible for inclusion in the Initial Universe the securities must have:

- Their listing either in Canada or United States.
- A minimum total market capitalization of \$100 million.
- A 3-month average daily turnover greater than or equal to \$1 million.
- The security must have traded on 90% of the eligible trading days in the last 6 months. In case a security does not have a trading history of 6 months (only IPOs), such a security must have started trading at least 3 months before the start of the Reconstitution/ Rebalancing Process and should have traded on 90% of the eligible trading days for the past 3 months.
- IPOs derived from SPACs will be eligible for inclusion if they have been listed at least 10 calendar days prior to the 'Reconstitution Selection Day'.

1.2.2 Free Float

All securities must have a minimum free float equivalent to 10% of shares outstanding.

1.2.3 Price

Securities trading at a price less than \$1 and \$10,000 or above are ineligible for inclusion in the Index.

1.2.4 Security Type

The following security types are eligible for inclusion:

- Common Stock
- ADR
- GDR
- DR

1.2.5 Share Classes

- The existing share class/listing in the portfolio is retained if it satisfies all the eligibility criteria of the index.
- The most liquid share class/listing is considered for inclusion.

1.3 SECURITY SELECTION

Based on extensive research, Indxx has defined Blockchain Technology as being comprised of the following sub-themes:

Cryptocurrency Trading and Exchanges	Companies that are involved in the acquisition, management, and sale of digital currencies. Also, cover companies that provide platform for buying, selling, and transferring cryptocurrencies.
Cryptocurrency Mining	Companies that are involved in the provision of validating digital currency transactions or cryptocurrency mining.
Blockchain Technology	Companies that are involved in the development or management of blockchain Infrastructure fall under this category.
Multi-Type Business and Personal Systems	Companies that are involved in the business of providing chips and advance computing solutions that are required in blockchain technology.

Companies involved in business activities associated with these sub-themes shall be eligible for inclusion. These eligible companies are further classified into the below category:

- **Pure-Play:** Companies from the Master List that derive greater than or equal to 50% revenue from the above sub-themes are considered as 'pure-play' companies.

These Pure Play companies are included in the 'Selection List' for the index.

The sub-themes identified through this research-based approach are subject to change at the time of the reconstitution.

IPO derived from SPACs are eligible for inclusion in the portfolio if the business description of the company related to Sub-themes.

1.4 FINAL COMPOSITION

From the Selection List:

- All the 'Pure-Play' companies will form the final index

1.5 WEIGHTING

The index is weighted as follows:

- Components are weighted based on their free-float adjusted security market capitalization.
- A single security floor of 3% is applied. The required weight is derived proportionately from the uncapped securities.
- A single security cap of 7% is applied. The excess weight is redistributed across all other components in proportion to their free-float adjusted security market capitalization to get the final weights.

Note: In case the above weighting scheme cannot be applied due to less number of securities, a single security cap of 10% is applied instead of 7%.

1.6 BUFFER RULES

Buffer Rules are employed to reduce Portfolio Turnover. The following buffer rules apply:

1.6.1 Market Capitalization

A constituent shall continue to be included in the Initial Universe if its market capitalization is greater than or equal to 80% of the previously defined market capitalization limit. To illustrate, if an existing index member qualifies all other selection criteria but doesn't qualify the market capitalization criteria to the extent of 20% deviation then it will be retained in the investible universe.

1.6.2 Liquidity

A constituent shall continue to be included in the Initial Universe if its 3-month ADTV is greater than or equal to 70% of the previously defined liquidity limit. To illustrate, if an existing index member qualifies all other selection criteria but doesn't qualify liquidity criteria to the extent of 30% deviation then it will be retained in the investible universe.

1.7 RECONSTITUTION AND REBALANCING RULES

- The index follows a quarterly reconstitution and rebalancing schedule. The new portfolio becomes effective at the close of the third Friday of March, June, September, and December each year. This day is called the 'Reconstitution Effective Day.'
- The security selection and portfolio creation process start on the close of the nearest Friday falling at least one month before the Reconstitution Effective Day, called the 'Reconstitution Selection Day.' The selection list is created based on the data as of the Reconstitution Selection Day.
- Weights are calculated at the close of the seventh trading day prior (six trading days prior) to the Reconstitution Effective Day. Index Shares are frozen using weights as of this day.

1.8 PERIODIC REVIEW

To aptly capture companies that are actively investing resources into products or services that utilize blockchain technology, the Selection Process will be reviewed and can be modified at the time of reconstitution.

1.9 CORPORATE ACTIONS

The corporate action guidebook is present in the Announcements section of our website, under 'Index Documents'.

2. APPENDIX

2.1 METHODOLOGY CHANGES

Methodology changes since January 2022 are as follows:

Section	Previous Value	New Value	Effective Date (Close)
1.1	Indxx Blockchain Technology Index	Indxx Pure Blockchain Index	Jan 21, 2022
1.1	The Indxx Blockchain Technology Index is designed to track the performance of exchange listed companies that are in the business of developing and selling Blockchain-based technology solutions. It intends to include companies that are powering the global decentralized financial economy along with the companies that aim to manage or develop the digital assets.	The Indxx Pure Blockchain Index is designed to track the performance of exchange listed companies that are in the business of developing and selling Blockchain-based technology solutions. It intends to include companies that are powering the global decentralized financial economy along with the companies that aim to manage or develop the digital assets.	Jan 21, 2022
1.3	<p>Companies involved in business activities associated with these sub-themes shall be eligible for inclusion. These eligible companies are further classified into the below category:</p> <ul style="list-style-type: none"> • Pure-Play: Companies from the Master List that derive greater than or equal to 50% revenue from the above sub-themes are considered as 'pure-play' companies. • Quasi-Play: Companies from the Master List that derive greater than 20% revenue and less than 50% revenue from the above sub-themes are considered as 'quasi-play' companies. These companies are included in the 'Selection List' for the index. 	<p>Companies involved in business activities associated with these sub-themes shall be eligible for inclusion. These eligible companies are further classified into the below category:</p> <ul style="list-style-type: none"> • Pure-Play: Companies from the Master List that derive greater than or equal to 50% revenue from the above sub-themes are considered as 'pure-play' companies. <p>These Pure Play companies are included in the 'Selection List' for the index.</p>	Jan 21, 2022

Section	Previous Value	New Value	Effective Date (Close)
1.4	From the Selection List: <ul style="list-style-type: none"> • All the 'Pure-Play' companies will form the final index. • If there are fewer than 15 'Pure-Play' companies in the selection list, 'Quasi-Play' companies will be added by their highest total market capitalization till the count reaches 15. 	From the Selection List: <ul style="list-style-type: none"> • All the 'Pure-Play' companies will form the final index. 	Jan 21, 2022
1.5		Note: In case the above weighting scheme cannot be applied due to less number of securities, a single security cap of 10% is applied instead of 7%.	Dec 06, 2022

3. DISCLAIMER

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