

Announcement

Methodology changes of the Indxx US ETF Industry Top 10 Index

New York – October 18, 2022 - Effective November 04, 2022, the following are the changes in the methodology of Indxx US ETF Industry Top 10 Index:

- Reconstitution and Rebalancing Rules (Section 1.7)
- Monthly Review (Section 1.8)

Below is the amended methodology which will be effective from November 04, 2022.

November 2022

INDXX US ETF INDUSTRY TOP 10 INDEX- METHODOLOGY

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1. INDXX US ETF INDUSTRY TOP 10 INDEX

1.1 INDEX DESCRIPTION

The Indxx US ETF Industry Top 10 Index is tracking the performance of financial services companies that are involved in the business of issuing passive financial products, creating market indices, providing financial data, and operating regulated exchanges for financial market participants.

The index has a base date of December 30, 2016 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 in United States.
- A minimum total market capitalization of \$1 billion.
- A 6-month average daily turnover greater than or equal to \$ 5 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.

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 of \$10,000 or above are ineligible for inclusion in the Index. This rule is not applicable for existing constituents. Existing constituents shall remain in the Initial universe irrespective of their stock price.

1.2.4 Security Type

The following security types are eligible for inclusion:

- Common Stock
- ADR
- GDR
- DR

1.2.5 Share Classes

If multiple share classes exist for a company, the following preference order is followed:

- 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 'Indxx US ETF Industry Top 10 Index' as being comprised of the following sub-themes:

| Sub-Theme | Description |
|--------------------------|--|
| ETF Issuers | Companies that are involved in issuing financial investment products such as Exchange Traded Funds (ETFs), Exchange Traded Notes (ETNs) among others. |
| Index Providers | Companies that are involved in providing indexing services to financial industry. |
| Exchanges | Companies that are involved in operating regulated exchanges for financial market participants. This excludes exchanges facilitating digital currency trade. |
| Financial Data Providers | Companies that are involved in providing financial data to market participants. |

1.4 FINAL COMPOSITION

From the Selection List:

- Top security based on Asset Under Management under the 'ETF Issuers' sub-theme is selected for final composition.
- Top 2 securities based on Asset Under Management under the 'Index Providers' sub-theme are selected for final composition.
- Top 3 securities by total market capitalization under the 'Exchanges' sub-theme are selected for final composition.
- Top 4 securities by total market capitalization under the 'Financial Data Providers' sub-theme are selected for final composition.
- In case of unavailability of required number of securities from a sub-theme, next best securities by total market capitalization from other sub-themes shall be considered.

1.5 WEIGHTING

The index is weighted as follows:

- A weight of 15% is assigned to security in the final composition belonging to 'ETF Issuers' sub-theme.
- An aggregate weight of 30% is distributed equally among all securities in the final composition belonging to 'Index Providers' sub-theme.
- An aggregate weight of 30% is distributed equally among all securities in the final composition belonging to 'Exchanges' sub-theme.
- An aggregate weight of 25% is distributed equally among all securities in the final composition belonging to 'Financial Data Providers' sub-theme.

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 semi-annual reconstitution and rebalancing schedule. The new portfolio becomes effective at the close of first Friday of June 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 MONTHLY REVIEW

To effectively capture changes in the structure of a company's business due to corporate actions, the index composition will be reviewed monthly.

- Any new addition or deletion to the index becomes effective on the close of first Friday of every month. This day is called the 'Monthly Review Effective Day.'
- The selection date shall be the seven days prior to the Monthly Review Effective Day. This day is called the 'Monthly Review Selection Day.'
- The weights calculation shall take place at the close of the seventh trading day prior to the Monthly Review Effective Day. This day is called the 'Monthly Review Weight Freeze Day.'

On the 'Monthly Review Selection Day', the following evaluations are performed:

- All existing index constituents are checked for corporate actions that were announced in the last one month. These corporate actions include but not limited to Delisting, Mergers or Acquisitions and they effect in deletion of the security. The effected security shall be replaced with the next best security from the same sub-theme. In case of unavailability of next best security from the same sub-theme, next best security by total market capitalization from other sub-themes shall be considered.
- All existing index constituents are checked for spin-offs that were effective in the last one month. The spin-off security and its parent are both checked for the relevancy. Based on the relevancy check, the appropriate security shall be added/continued in the index.

Any change (addition/ deletion) in the index composition due to the Monthly Review shall result in the rebalancing of weights, where new weights shall be calculated as below.

- Weights of all the existing index constituents and added/deleted constituents shall be rebalanced as per the weighting scheme stated in section 1.5

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 November 2022 are as follows:

| Section | Previous Value | New Value | Effective Date |
|---------|--|--|-------------------|
| 1.7 | The index follows a semi-annual reconstitution and rebalancing schedule. The new portfolio becomes effective at the close of last trading day of June and December each year. This day is called the 'Reconstitution Effective Day.' | The index follows a semi-annual reconstitution and rebalancing schedule. The new portfolio becomes effective at the close of first Friday of June and December each year. This day is called the 'Reconstitution Effective Day.' | November 04, 2022 |
| 1.8 | Any new addition or deletion to the index becomes effective on the close of last trading day of every month. This day is called the 'Monthly Review Effective Day.' | Any new addition or deletion to the index becomes effective on the close of first Friday of every month. This day is called the 'Monthly Review Effective Day.' | November 04, 2022 |

3. DISCLAIMER

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