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INDXX US FINTECH AND DECENTRALIZED FINANCE INDEX METHODOLOGY

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1. INDXX US FINTECH AND DECENTRALIZED FINANCE INDEX

1.1 INDEX DESCRIPTION

The Indxx US Fintech and Decentralized Finance Index includes companies offering technology-driven financial services and facilitating a decentralized finance infrastructure that are disrupting existing business models in the financial services industry in the United States.

The index has a base date of April 29, 2016 with an initial value of 1,000.

The index is currently available in the following version:

- Price Return
- Total Return
- Net Total Return

1.2 CREATION OF MASTER LIST

1.2.1 Initial Universe

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

- Their listing is in the United States.
- A minimum total market capitalization of \$500 million.
- A 6-month average daily turnover greater than or equal to \$2 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 Maximum 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

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 PROCESS

Based on extensive research, Indxx has defined US Fintech and Decentralized Finance as being comprised of the following sub-themes:

Sub-Theme	Description
Digital Payments	This sub-theme seeks to cover companies that provide digital modes of payments, such as mobile, online, and digital wallets. Includes prepaid cards, money transfer services and clearing houses. Companies providing software/solutions that enable digital payment are also considered.
Point-of-Sale (POS)	This sub-theme seeks to cover companies that facilitate the point-of-sale infrastructure such as POS machines and payment gateways. Includes companies offering enterprise solutions for payment services or integrated system for mobile commerce and eCommerce payments along with POS.
Personal Finance Software and Credit/debit card issuers	This sub-theme seeks to cover companies that provide software related to personal finance such as loans, wealth management, financial markets, and trading. Issuers of credit and debit cards are also considered.
Tax Compliance Software and Backend Payment Processing	These are companies that offer solutions and software for backend payment process such as e-invoicing, supplier/payment management, and resource allocation; and tax compliance.
Decentralized Finance	This sub-theme seeks to cover companies that facilitate the blockchain infrastructure or involved in developing blockchain technology. This sub-theme also covers companies that provide services related to cryptocurrencies, such as crypto mining, crypto trading, and crypto wallets.
Financial Enterprise Solutions	These are companies that provide scalable technology solutions focused on disrupting traditional areas of financial services for enterprises such as treasury/investment management, consumer finance, accounts/asset management, and banking operations.
Peer-to-Peer Lending and Crowdfunding	This sub-theme seeks to cover companies that facilitate peer to peer finance/lending and crowdfunding. Includes companies that offer supply chain finance solutions.

Companies involved in business activities associated with these sub-themes will be eligible for inclusion. Eligible companies deriving a minimum of 50% of their total revenue from these sub-themes will form the selection list.

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

1.4 FINAL COMPOSITION

From the selection list:

- Top 50 'Pure-Play' companies by largest market capitalization will form the final index.
- If fewer than 50 companies qualify inclusion in the index, all of the qualifying 'Pure-Play' companies will comprise the 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 can have a maximum weight of 8%. The excess weight is redistributed proportionately amongst the uncapped securities.
- A single security must have a minimum weight of 1%. The required weight is derived proportionately from the uncapped securities.
- The aggregate weight of securities with weight greater than or equal to 5% must not exceed 45%. In case the aggregate weight exceeds 45%, a secondary cap of 4.5% is applied. The excess weight is redistributed proportionately amongst the uncapped securities.

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 6-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 an annual reconstitution and quarterly rebalancing schedule. The reconstituted portfolio becomes effective at the close of last trading day of April each year. This day is called the 'Reconstitution Effective Day.' The rebalanced portfolio becomes effective at the close of last trading day of July, October and January each year. This day is called the 'Rebalance 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 'Selection Day.' The selection list is created based on the data as of the Selection Day.

- Weights are calculated at the close of the Seventh trading day prior (six trading days prior) to the Reconstitution Effective Day (or the Rebalance Effective Day). Index Shares are frozen using weights as of this day.

1.8 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 August 2021 are as follows:

Section	Previous Value	New Value	Effective Date
1.7	<ul style="list-style-type: none"> The index follows an annual reconstitution and annual rebalancing schedule. The reconstituted portfolio becomes effective at the close of last trading day of April each year. This day is called the 'Reconstitution Effective Day'. 	<ul style="list-style-type: none"> The index follows an annual reconstitution and quarterly rebalancing schedule. The reconstituted portfolio becomes effective at the close of last trading day of April each year. This day is called the 'Reconstitution Effective Day'. The rebalanced portfolio becomes effective at the close of last trading day of July, October and January each year. This day is called the 'Rebalance Effective Day.' 	Aug 20, 2020

3. DISCLAIMER

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