



INDEX METHODOLOGY

ISE CTA CLOUD COMPUTING INDEX™

CPQ

INDEX DESCRIPTION

The ISE CTA Cloud Computing Index is designed to track the performance of companies involved in the cloud computing industry. The companies are selected based on classification determined by Consumer Technology Association (CTA).

SECURITY ELIGIBILITY CRITERIA

Security types

A security must be classified as a common stock, ordinary share or depositary receipt.

References to a depositary receipt's "issuer" are references to the issuer of the underlying security.

Multiple securities per issuer

One security per issuer is permitted. If an issuer has multiple otherwise-eligible securities, one of which is an Index Security as of the Reconstitution Reference Date, only that Index Security may be eligible; otherwise, only the security with the highest three-month average daily traded value may be eligible.

Listing exchanges

A security must be listed on The Nasdaq Stock Market, the New York Stock Exchange, NYSE American or the Cboe BZX Exchange.

Industries and sectors

A security must be classified by CTA as a Cloud Computing company, as defined below:

- Infrastructure-as-a-Service (IaaS): Companies that deliver cloud computing infrastructure – servers, storage, and networks as an on-demand service.

- Platform-as-a-Service (PaaS): Companies that deliver a platform for the creation of software in the form of virtualization, middleware, and/or operating systems, which is then delivered over the internet.
- Software-as-a-Service (SaaS): Companies that deliver software applications over the internet enabling other companies to conduct their operations using the application.

Market capitalization

A security must have a market capitalization of at least \$500 million (USD).

Liquidity

A security must have a three-month average daily traded value of at least \$5 million (USD).

Seasoning

A security must have been traded on an index-eligible exchange at least three months prior to the Reconstitution effective date.

Float

At least 20% of a security's total shares outstanding must be publicly available for trading (float shares).

Other eligibility criteria

A security's issuer must not be identified by the U.S. Securities and Exchange Commission (SEC) as having used to audit its financial statements an accounting firm that has been identified by the Public Company Accounting Oversight Board (PCAOB) under the Holding Foreign Companies Accountable Act (HFCAA).

If, at reconstitution, Nasdaq becomes aware that an issuer or security will soon undergo a fundamental change that makes it ineligible, Nasdaq will remove the security from consideration. This includes entering into a definitive merger or acquisition agreement or other pending arrangement that would make it ineligible for Index inclusion, or a filing of bankruptcy or similar protection from creditors, or other events as described in Section 3 of **Corporate Actions and Events Manual – Equities**.

INDEX CALENDAR

Reconstitution schedule

The Index is reconstituted quarterly in March, June, September and December by applying the Constituent Selection Process to all securities that meet the applicable Security Eligibility Criteria.

Reconstitution reference dates

Unless otherwise specified, the Security Eligibility Criteria and Constituent Selection Process are applied by using market data as of the end of January, April, July and October, respectively.

Reconstitution announcement dates

Index Reconstitutions are announced in early March, June, September and December.

Reconstitution effective dates

Index Reconstitutions become effective at market open the first trading day following the third Friday in March, June, September and December.

Rebalance schedule

The Index is rebalanced quarterly in March, June, September and December by applying the Constituent Weighting Process.

Rebalance reference dates

The Index Rebalance is conducted by using industry classifications as of the Reconstitution Reference Dates and Last Sale Prices as of the prior month-end (February, May, August and November, respectively).

Rebalance announcement dates

Index Rebalance changes are announced in early March, June, September and December.

Rebalance effective dates

Index Rebalances become effective at market open the first trading day following the third Friday in March, June, September and December.

Holiday schedule

The Index is calculated Monday through Friday, except on days when the Nasdaq Stock Market is closed.

Index calculation and dissemination schedule

The Index is calculated during the trading day and is disseminated once per second from 09:00:01 to 17:16:00 ET. The closing value of the indexes may change up until 17:15:00 ET due to corrections to the Last Sale Price of the Index Securities.

CONSTITUENT SELECTION

Constituent selection process

Every security that meets the applicable Security Eligibility Criteria is included in the Index.

CONSTITUENT WEIGHTING

Constituent weighting scheme

The Index is a modified theme strength-weighted index.

Constituent weighting process

The Consumer Technology Association (CTA) provides each security with a binary score of 0 or 1 for each category (IaaS, PaaS, and SaaS) defined above. A score of 1 indicates that the company operates in that category; a score of 0 indicates that the company does not operate in that category.

The Cloud Score CS_i for each security i is defined as $CS_i = 3 \times IaaS_i + 2 \times PaaS_i + SaaS_i$, where $IaaS_i$, $PaaS_i$, and $SaaS_i$ are the security's three binary scores.

Each Index Security's initial weight is determined by dividing its Cloud Score by the sum of the Cloud Scores of all Index Securities.

Initial security weights are then adjusted to meet the following constraints, producing the final weights:

- No Index Security weight may exceed 4.5% of the Index.
- No Index Security weight may exceed 10% of the ratio between the Index Security's free float market capitalization and the median free float market capitalization of all Index Securities.
- No Index Security weight may be lower than 0.25%.

For additional information about index weighting, see **Nasdaq Index Weight Calculations**.

INDEX MAINTENANCE

Deletion policy

If, at any time during the year other than the Index Reconstitution(s), an Index Security no longer meets the Eligibility Criteria, or is otherwise determined to have become ineligible for inclusion in the Index, it is removed from the Index. This includes circumstances when an Index Security is determined to be ineligible for continued inclusion in the Index due to bankruptcy, delisting, or a definitive agreement that would likely result in the security no longer being Index eligible. Please refer to Nasdaq's **Corporate Actions and Events Manual – Equities** for detailed handling of the aforementioned event types.

Replacement policy

Index Securities are not replaced in the Index outside of the Index Reconstitution.

Addition policy

Index Securities are not added to the Index outside of the Index Reconstitution.

Corporate actions

In the interim periods between scheduled index reconstitution and rebalancing events, individual Index securities may be the subject to a variety of corporate actions and events that require maintenance and adjustments to the Index. Specific treatment of each type of corporate action or event is described in **Nasdaq Corporate Actions and Events Manual – Equities**, which is incorporated herein by reference.

In certain cases, corporate actions and events are handled according to the weighting scheme or other index construction techniques employed. Wherever alternate methods are described, the Index will follow the “Non-Market Cap Corporate Action Method.”

Index share adjustments

Other than as a direct result of corporate actions, the Index does not normally experience share adjustments between scheduled rebalance and reconstitution events.

ADDITIONAL INFORMATION

Announcements

Nasdaq announces Index-related information via the Nasdaq Global Index Watch (GIW) website at <http://indexes.nasdaqomx.com>.

For more information on the general Index Announcement procedures, please refer to the **Nasdaq Index Methodology Guide**.

Unexpected market closures

For information on Unexpected Market Closures, please refer to the **Nasdaq Index Methodology Guide**.

Calculation types

For information on the Index calculation types as well as the mathematical approach used to calculate the Index(es), please refer to the **Calculation Manual – Equities & Commodities**.

Recalculation and restatement policy

For information on the Recalculation and Restatement Policy, please refer to the **Nasdaq Index Recalculation Policy**.

Data sources

For information on data sources, please refer to the **Nasdaq Index Methodology Guide**.

Contact information

For any questions regarding an Index, please contact the Nasdaq Index Client Services team at indexservices@nasdaq.com.

Index dissemination

Index values and weightings information are available through Nasdaq Global Index Watch (GIW) website at <https://indexes.nasdaqomx.com/> as well as the Nasdaq Global Index FlexFile Delivery Service (GIFFD) and Global Index Dissemination Services (GIDS). Similar to the GIDS offerings, Genium Consolidated Feed (GCF) provides real-time Index values and weightings for the Nordic Indexes.

For more detailed information regarding Index Dissemination, see the **Nasdaq Index Methodology Guide**.

Website

For further information, please refer to Nasdaq GIW website at <https://indexes.nasdaqomx.com/>.

FTP and dissemination service

Index values and weightings are available via FTP on the Nasdaq Global Indexes FlexFile Delivery Service (GIFFD). Index values are available via Nasdaq's Global Index Dissemination Services (GIDS).

GOVERNANCE

Index governance

All Nasdaq Indexes follow the same governance structure. For a detailed list of this information, please see the **Nasdaq Index Methodology Guide**.

Nasdaq Index Management Committee

The Nasdaq Index Management Committee approves all new Index Methodologies. This committee is comprised of full-time professional members of Nasdaq. The committee meets regularly, and reviews items including, but not limited to, pending corporate actions that may affect Index constituents,

statistics comparing the composition of the indexes to the market, companies that are being considered as candidates for addition to an Index, and any significant market events.

For a detailed overview of the Index Management Committee, please see the **Nasdaq Index Methodology Guide**.

Internal reviews of methodology

For a detailed description on internal reviews of the Methodology, please see the **Nasdaq Index Methodology Guide**.

Communication with stakeholders and consultations

For a detailed description on Consultations and Communications with Stakeholders, please see the **Nasdaq Index Methodology Guide**.

Index cessation

Nasdaq has a documented procedure that is followed for Index Cessation that includes termination/retirement of an Index or Index Family.

For more information, please refer to the **Nasdaq Index Cessation Policy**.

Discretionary adjustment

This Index Methodology was created by Nasdaq to achieve the aforementioned objective of measuring the underlying purpose of each Index governed by this methodology document. Any deviations from this methodology are made in the sole judgment and discretion of Nasdaq so that the Index continues to achieve its objective.

For more information on potential adjustments including Calculation and Pricing Disruptions, Expert Judgment and Unexpected Reconstitution/Rebalances, please refer to the **Nasdaq Index Methodology Guide**.

GLOSSARY OF TERMS AS USED IN THIS DOCUMENT

For the glossary of key terms, please refer to the **Nasdaq Index Methodology Guide**.

DISCLAIMER

Nasdaq may, from time to time, exercise reasonable discretion as it deems appropriate in order to ensure Index integrity, including but not limited to, quantitative inclusion criteria. Nasdaq may also, due to special circumstances, if deemed essential, apply discretionary adjustments to ensure and maintain the high quality of the index construction and calculation. Nasdaq does not guarantee that any Index accurately reflects future market performance.

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APPENDIX: METHODOLOGY CHANGE LOG

Effective date	Methodology section	Description or summary of changes
December 19, 2022	Constituent weighting: constituent weighting process	A minimum general Index Security weight constraint is added: 0.25% for each Index Security. A maximum security-specific Index Security weight constraint is added: 10% of the ratio between the Index Security's free float market capitalization and the median free float market capitalization of all Index Securities.
September 19, 2022	Security eligibility criteria: Other eligibility criteria	A security whose issuer is identified by the SEC as having used for financial audit an accounting firm identified by the PCAOB under the HFCAA is no longer eligible.