



INDEX METHODOLOGY

NASDAQ CTA EMERGING MARKETS INTERNET & E-COMMERCE INDEX

QNETEM

INDEX DESCRIPTION

The Nasdaq CTA Emerging Markets Internet & E-commerce Index is designed to track the performance of emerging market companies involved in the internet and e-commerce industries. The companies are selected based on classification by the Consumer Technology Association (CTA).

SECURITY ELIGIBILITY CRITERIA

Security types

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

If the security is a depositary receipt, references to its “issuer” are references to the issuer of the underlying security.

Security universe indexes

A security that is included in the Nasdaq Global Index (NQGI) must be included in one of the following indexes:

- Nasdaq Emerging Markets Index (NQEM)
- Nasdaq Korea Index (NQKR)
- Nasdaq Greece Index (NQGR)
- Nasdaq Hong Kong Index (NQHK)

A security that is not in the Nasdaq Global Index (NQGI) is eligible if it is US-listed and if its issuer is incorporated and/or domiciled in South Korea, Greece, Hong Kong or any country that is not classified in **Nasdaq Eligible Exchanges** as a Developed Market.

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 six-month average daily traded value may be eligible.

Listing exchanges

A security must be listed on any of the exchanges identified in **Appendix A: Eligible Exchanges**.

Geographies

A security's issuer must be determined by CTA to derive at least 50% of its revenue from, collectively, South Korea, Greece, Hong Kong or any country that is not classified in **Nasdaq Eligible Exchanges** as a Developed Market.

Industry or sector

A security's issuer must be classified by CTA as a company whose primary business includes internet retail commerce, internet-related services, internet software or internet search engine.

A security's issuer must be determined by CTA to derive at least 50% of its revenue from internet or e-commerce-related activities.

Market capitalization

A security must have a free float market capitalization of at least \$1 billion (USD).

Liquidity

A security not in the Index as of the reconstitution reference date must have a six-month average daily traded value of at least \$5 million (USD). If a security has less than six months of trading history, its entire trading history is used to calculate its average daily traded value.

A security in the Index as of the reconstitution reference date must have a six-month average daily traded value of at least \$3.5 million (USD).

Seasoning

A security must have been publicly listed for trading for at least three months.

Other criteria

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, 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 semi-annually in March and September by applying the Security Eligibility Criteria and Constituent Selection Process.

Reconstitution reference dates

Data as of the end of February or August, respectively, are used to evaluate the eligibility criteria for Market capitalization, Liquidity, Seasoning and Multiple securities per issuer.

Data as of the end of January or July, respectively, are used to evaluate the eligibility criteria for Security universe indexes, Security types, Industry or sector, Listing exchanges, and Geographies.

Reconstitution announcement dates

Index Reconstitutions are announced approximately five (5) business days prior to the third Friday in March or September, respectively.

Reconstitution effective dates

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

Rebalance schedule

The Index is rebalanced semi-annually in March and September, in conjunction with the Index Reconstitution, by applying the Constituent Weighting Process.

Rebalance reference dates

The Constituent Weighting Process is applied by using data as of the last trading day of February or August, respectively.

Rebalance announcement and effective dates

The rebalance announcement and effective dates are the same as those of the Index Reconstitution.

CONSTITUENT SELECTION

Constituent selection process

All securities meeting all applicable security eligibility criteria are iteratively ordered along three dimensions described below; the 50 first-ordered securities are selected for inclusion in the Index. Securities are ordered as follows:

- First, by being among the 60 securities with the largest free float market capitalizations (ordered yes to no)
- Second, by inclusion in the Index as of the reconstitution reference date (ordered yes to no)
- Third, by free float market capitalization

CONSTITUENT WEIGHTING

Constituent weighting scheme

The Index is a modified free float market capitalization-weighted index.

Constituent weighting process

The Index employs a two-stage weight adjustment scheme.

Each Index Security's initial weight is determined by dividing its free float market capitalization by the aggregate free float market capitalization of all Index Securities. Initial weights are adjusted in two stages to produce final weights.

Stage 1: Initial index weights are adjusted to meet the following Stage 1 constraint, producing the Stage 1 weights:

- No Index Security weight may exceed 8%.

Stage 2: Stage 1 weights are adjusted to meet the following Stage 2 constraints, producing the final weights:

- For Index Securities with the five largest free float market capitalizations, Stage 1 weights are maintained.
- For all other Index Securities, no weight may exceed 4%.

The final weights meet the following constraints:

- No Index Security weight may exceed 8% of the index; five may exceed 4%.

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

INDEX MAINTENANCE

Deletion policy

If, at any time other than an Index Reconstitution, Nasdaq becomes aware that an Index Security has become ineligible for continued inclusion, it is removed from the Index as soon as practicable. This includes events such as filing for bankruptcy or similar protection from creditors, delisting or other arrangement including mergers and acquisitions. Refer to **Corporate Actions and Events Manual – Equities** for further information.

Replacement policy

Index Securities are not replaced between Index Reconstitutions.

Addition policy

Index Securities are not added between Index Reconstitutions.

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 “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 index 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**.

Holiday schedules

The Index is calculated Monday through Friday and does not close for holidays, as it is a Global Index.

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**.

Index calculation and dissemination schedule

The Index Value is calculated five (5) days a week, Monday through Friday, once per second from the start of the trading day in Tokyo (09:00:01 Japan Standard Time) until the close of the trading day in New York (17:16:00 Eastern Time).

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.

Neither Nasdaq, Inc., the Consumer Technology Association, nor any of their affiliates makes any recommendation to buy or sell any security or any representation about the financial condition of any company. Investors should undertake their own due diligence and carefully evaluate companies before investing. The information contained herein is provided for informational and educational purposes only, and nothing contained herein should be construed as investment advice, either on behalf of a particular security or an overall investment strategy. **ADVICE FROM A SECURITIES PROFESSIONAL IS STRONGLY ADVISED.**

APPENDIX A: ELIGIBLE EXCHANGES

COUNTRY	ISO COUNTRY CODE	EXCHANGE NAME	MIC CODE
BRAZIL	BR	Bolsa de Valores, Mercadorias & Futuros de São Paulo	BVMF
CHILE	CL	Bolsa de Comercio de Santiago	XSGO
CHINA	CN	Shenzhen Stock Exchange	XSHG
CHINA	CN	Shanghai Stock Exchange	XSHG
COLOMBIA	CO	Bolsa de Valores de Colombia	XBOG
CZECH REPUBLIC	CZ	Prague Stock Exchange	XPRA
EGYPT	EG	The Egyptian Exchange	XCAI
GREECE	GR	Athens Exchange	XATH
HONG KONG	HK	Hong Kong Exchanges and Clearing Limited	XHKG
HUNGARY	HU	Budapest Stock Exchange	XBUD
INDONESIA	ID	Indonesia Stock Exchange	XIDX
MALAYSIA	MY	Bursa Malaysia	XKLS
MEXICO	MX	Bolsa Mexicana de Valores	XMEX
MOROCCO	MA	Bourse de Casablanca	XCAS
PERU	PE	Bolsa de Valores de Lima	XLIM
PHILIPPINES	PH	Philippine Stock Exchange Inc.	XPHS
POLAND	PL	Warsaw Stock Exchange	XWAR
SOUTH AFRICA	ZA	JSE - Johannesburg Stock Exchange	XJSE
SOUTH KOREA	KR	Korea Exchange, KOSDAQ	XKOS
SOUTH KOREA	KR	KRX Korea Exchange, Stock Market	XKRX

TAIWAN	TW	Taiwan Stock Exchange Corporation	XTAI
THAILAND	TH	Stock Exchange of Thailand	XBKK
TURKEY	TR	Istanbul Stock Exchange	XIST
UNITED STATES	US	NYSE MKT LLC	XASE
UNITED STATES	US	The NASDAQ Stock Market	XNAS
UNITED STATES	US	New York Stock Exchange	XNYS
UNITED STATES	US	CBOE BZX U.S. Equities Exchange	BATS

APPENDIX B: METHODOLOGY CHANGE LOG

Effective date	Methodology section	Description or summary of changes
September 19, 2022	Appendix A: listing exchanges	Indian and Russian exchanges are removed from listing eligibility.