



INDEX METHODOLOGY

KBW NASDAQ FINANCIAL TECHNOLOGY INDEX™

KFTX

INDEX DESCRIPTION

The KBW Nasdaq Financial Technology Index tracks the performance of companies that leverage technology to deliver financial products and services. Index-eligible components are selected by the KBW Index Committee. The Committee selects financial technology companies with products that are distributed nearly exclusively electronically, with limited to no “bricks and mortar,” and with a revenue mix that is predominantly fee-based, as determined by Keefe, Bruyette & Woods (KBW). The Index includes US-listed companies. The Index is not limited by industry classification because financial technology companies are not easily categorized into a single industry group.

SECURITY ELIGIBILITY CRITERIA

Eligible security types

Index eligibility is limited to common stocks.

Multiple classes of securities

One security per issuer is permitted. If an issuer has multiple securities, the security with the highest monthly average daily trading volume will be selected for possible inclusion into the Index.

Eligible exchanges

A security must be listed on the Nasdaq Stock Market® (Nasdaq®), CBOE Exchange, the New York Stock Exchange or NYSE American.

Industry or sector eligibility

The issuer of the security must be classified as a company that leverages technology to deliver financial products and services. Distribution should be nearly exclusively electronic, with limited to no “bricks and mortar”, and the revenue mix must be predominantly fee-based.

Market capitalization eligibility

The issuer must have a market capitalization greater than or equal \$500 million as of the reference date.

Liquidity eligibility

The security must have a minimum monthly average daily trading volume of 150 thousand shares over the previous calendar month as of the reference date.

Seasoning eligibility

The security must have “seasoned” on a recognized market for at least 3 calendar months as of the reference date.

Float eligibility criteria

The security must have a minimum free float of 20%.

Other eligibility criteria

The issuer of the security may not have annual financial statements with an audit opinion that is currently withdrawn.

The security must have a minimum average trailing-30-day stock closing price of \$2.00 (continued eligibility inclusion is have a minimum trailing-three month average stock closing price of \$2.00).

The security must have listed options on a recognized options market in the U.S. or be eligible for listed-options trading on a recognized options market in the U.S.

The security may not be issued by an issuer currently in bankruptcy proceedings.

The issuer of the security may not have entered into a definitive agreement or other arrangement which would likely result in the security no longer being Index eligible.

INDEX CALENDAR

Reconstitution schedule

The KBW Index Committee selects constituents once annually in December. Constituents are also assessed for continued eligibility quarterly in March, June and September along with rebalancing.

Reconstitution reference dates

The criteria for initial eligibility are applied annually using market data through the 15th day of November preceding the calendar quarter month of December (in cases where the 15th of the month is a holiday or weekend, the prior day trading day is used instead). Quarterly assessment for continued eligibility is done using the same reference dates as quarterly Rebalancing.

Reconstitution announcement dates

Index Reconstitutions will be posted approximately 5 business days prior to the effective date of the changes.

Reconstitution effective dates

Index Reconstitutions become effective after the close of trading on the third Friday in December. Quarterly assessment for continued eligibility is done using the same effective dates as quarterly Rebalancing.

Rebalance schedule

The Index is rebalanced quarterly in March, June, September and December.

Rebalance reference dates

The Index Rebalance uses market data through the 15th day of each calendar quarter month of February, May, August and November (in cases where the 15th of the month is a holiday or weekend, the prior day trading day is used instead).

Rebalance announcement dates

Index Rebalance changes will be posted approximately 5 business days prior to the effective date of the changes.

Rebalance effective dates

Index Rebalance changes become effective after the close of trading on the third Friday in March, June, September and December.

CONSTITUENT SELECTION

Constituent selection process

Annually in December

Securities that meet the applicable Security Eligibility Criteria are considered by the Index Committee for inclusion in the Index.

KBW Nasdaq Indexes are maintained by a 5-member Index Committee consisting of 4 fulltime KBW employees and one full-time Nasdaq employee. The objective of the Index Committee is to develop and maintain indexes that seek to replicate certain market, industry, and geographic segments. The Index Committee meets at minimum quarterly and reviews any pending corporate actions impacting current index components as well as evaluates companies being considered for index inclusion and any relevant market news and events. The Index Committee also reviews the suitability of current index components

on a quarterly basis using both quantitative and qualitative measures. The Index Committee reserves the right to alter index methodology and matters pertaining to index maintenance as necessary. All Index Committee discussions and meeting minutes are confidential.

Quarterly In March, June and September

Index Securities are assessed for continued eligibility using the Security Eligibility Criteria in conjunction with the Index Rebalance. The Index Committee may also take action to remove or replace a security in the event of extraordinary change in the nature of any component security (e.g. delisting, merger, acquisition, change of principal business, etc.) that will alter the overall market character of the Index. The Index Committee may replace the security with another that would best represent the intended market character of the Index.

CONSTITUENT WEIGHTING

Constituent weighting scheme

The Index is an equal-weighted index.

Constituent weighting process

The index employs an equal weighting scheme: all Index Securities have equal index market capitalization.

For additional information about index weighting, see **Nasdaq Standard Index Weight Adjustment Guidelines**.

INDEX MAINTENANCE

Deletion policy

If, at any time during the year other than the Reconstitution, an Index Security is determined to have become 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, the security is removed from the Index as soon as practicable thereafter and is not replaced. Ordinarily, a security will be removed from the Index at its Last Sale Price. If, however, at the time of its removal the Index Security is halted from trading on its primary listing market and an official closing price cannot readily be determined, the Index Security may, in Nasdaq's discretion, be removed at a zero price. The zero price will be applied to the Index Security after the close of the market but prior to the time the official closing value of the Index is disseminated, which is ordinarily 17:16:00 ET.

Replacement policy

When a security is deleted between rebalances and reconstitutions, it is not automatically replaced. Following a deletion, the Index Committee may replace the security with another that would best represent the intended market character of the Index.

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.”

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 Indexes are calculated Monday through Friday, except on days when the Nasdaq US exchange is closed.

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 Indexes are calculated during the trading day based on the Last Sale Price and are disseminated once per second from 09:30:01 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.

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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