



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 determined by the Consumer Technology Association (CTA).

#### SECURITY ELIGIBILITY CRITERIA

##### Parent index

Securities from several parent indexes are eligible for inclusion in the Index. Securities are selected from the Nasdaq Emerging Markets Index (NQEM), Nasdaq Korea Index (NQKR), Nasdaq Greece Index (NQGR), and Nasdaq Hong Kong Index (NQHK).

In addition, U.S. listed securities that are not in the Nasdaq Global Index (NQGI) and that are incorporated and/or domiciled in any of the countries in NQEM, South Korea, Greece, Hong Kong, or any other country that is not a part of the Nasdaq Developed Markets Index (NQDM) are eligible for possible inclusion into the Index.

##### Eligible security types

Eligible security types generally include common stocks, ordinary shares, and depositary receipts.

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

##### Multiple classes of securities

One security per issuer is permitted. If an issuer has multiple securities, the security currently in the index will take precedence if it has met all other Security Eligibility Criteria. Otherwise, the security with

the highest six-month average daily dollar trading volume will typically be considered for possible inclusion into the Index.

### **Eligible exchanges**

For a full list of eligible exchanges, please refer to Appendix A: Eligible Exchanges.

### **Geographic eligibility**

Securities' issuers must have at least 50% of their revenue derived from countries in NQEM, South Korea, Greece, Hong Kong, or any other country that is not a part of NQDM, as determined by CTA.

### **Industry or sector eligibility**

Securities' issuers must be classified as companies whose primary business includes internet retail commerce, internet-related services, internet software, or internet search engine, as determined by CTA.

Securities' issuers must have at least 50% of their revenue derived from internet or e-commerce related activities, as determined by CTA.

### **Market capitalization eligibility**

Each security must have a minimum free float market capitalization of \$1 billion.

### **Liquidity eligibility**

New additions must have a six-month average daily dollar trading volume of at least \$5 million. For securities with less than six months of trading, the ADDTV is calculated using the security's entire trading history. For continued eligibility, securities must have a six-month average daily dollar trading volume of at least \$3.5 million.

### **Seasoning eligibility**

Each security must have been listed for at least three months prior to the Index Reconstitution reference date.

### **Other eligibility criteria**

The issuer of the security generally may not currently be in bankruptcy proceedings.

The issuer of the security generally may not have entered into a definitive agreement or other arrangement that would make it ineligible for Index inclusion.

## INDEX CALENDAR

### Reconstitution schedule

Nasdaq selects constituents semi-annually in March and September.

### Reconstitution reference dates

The “Parent index,” “Eligible security types,” “Eligible exchanges,” “Industry or sector eligibility,” and “Geographic eligibility” Security Eligibility Criteria are applied using market data as of the end of January and July.

All other Security Eligibility Criteria are applied using market data as of the end of February and August, respectively.

### Reconstitution announcement dates

Index Reconstitutions are announced approximately five business days prior to the third Friday in March and September.

### Reconstitution effective dates

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

### Rebalance schedule

The Index is rebalanced semi-annually in conjunction with the Index Reconstitution. The announcement and effective dates are the same as those of the Index Reconstitution.

### Rebalance reference dates

The Index Rebalance uses the Last Sale Price (“LSP”) of all Index Securities as of the end of February and August.

## CONSTITUENT SELECTION

### Constituent selection process

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

The top 50 securities by free float market capitalization are included in the Index. A security currently in the Index may remain in the Index if that security is in the top 60 securities by free float market capitalization.

## CONSTITUENT WEIGHTING

### Constituent weighting scheme

The Index is a modified market capitalization-weighted index.

### Constituent weighting process

The Index employs a two-stage weight adjustment scheme.

Index Securities' initial weights are determined by dividing each Index Security's free float market capitalization by the aggregate free float market capitalizations of all Index Securities.

**Stage 1:** Initial index weights are adjusted to meet the following Stage 1 constraint, producing 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 index weighting, see **Nasdaq Index Weight Adjustment Guidelines**.

## INDEX MAINTENANCE

### Deletion policy

If, at any time other than an Index Reconstitution, Nasdaq determines that an Index Security has or will undergo a fundamental alteration that would make it ineligible for Index inclusion, the Index Security is removed as soon as practicable.

Such alterations may include:

- Merger, acquisition, or other major corporate event that would otherwise adversely impact the integrity 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 “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.

## 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	XSHE
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
INDIA	IN	Bombay Stock Exchange Limited	XBOM
INDIA	IN	National Stock Exchange of India Limited	XNSE
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
RUSSIA	RU	Micex Stock Exchange	MISX
RUSSIA	RU	Russian Trading System Stock Exchange	RTSX
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

## 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 Policy**.

### 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 Policy**.

### 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 and the classification of dividends and associated tax rates, please refer to the **Nasdaq Index Methodology Policy**.

### Contact information

For any questions regarding an Index, please contact the Nasdaq Index Client Services team at [indexservices@nasdaq.com](mailto: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 Policy**.

### **Index calculation and dissemination schedule**

The Index is calculated starting by the earliest time zone (Asia/Tokyo) and closes by the latest time zone (America/New York).

### **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 Policy**.

### **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 Policy**.

### **Internal reviews of methodology**

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

### **Communication with stakeholders and consultations**

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

## 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 Policy**.

## GLOSSARY OF TERMS AS USED IN THIS DOCUMENT

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

## 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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