



INDEX METHODOLOGY

## NASDAQ BLOCKCHAIN ECONOMY INDEX<sup>SM</sup>

### RSBLCN

#### INDEX DESCRIPTION

The Nasdaq Blockchain Economy Index is designed to measure the performance of companies that commit material resources to developing, researching, supporting, innovating or utilizing blockchain technology for their proprietary use or for use by others.

#### SECURITY ELIGIBILITY CRITERIA

To be eligible for inclusion in the Index, a security must be classified as index eligible as specified by the Reality Shares Index Committee.

##### **Eligible security types**

Security types eligible for the Index generally include common stocks, ordinary shares, depositary receipts, depositary shares, shares of beneficial interest or limited partnership interest and tracking stocks. 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.

##### **Eligible exchanges**

A security must be listed on an Index-Eligible Global Stock Exchange. Global stock exchanges are reviewed periodically for eligibility. In general, a global exchange will be deemed ineligible if securities cannot be readily obtained either due to foreign investment restrictions or otherwise.

##### **Industry or sector eligibility**

An issuer must be classified as a participant in the Blockchain Economy.

## **Market capitalization eligibility**

An issuer must have a market capitalization of at least \$200 million (USD).

## **Liquidity eligibility**

A security must have a six-month average daily traded value of at least \$1 million (USD).

## **Other eligibility 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, or a filing of bankruptcy or similar protection from creditors.

# **INDEX CALENDAR**

## **Reconstitution schedule**

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

## **Reconstitution reference dates**

The Reality Shares Index Committee applies the Security Eligibility Criteria and Constituent Selection Process using a security universe with a reference date of the first Friday of March, June, September, and December.

## **Reconstitution announcement dates**

Index Reconstitutions are announced four (4) trading days prior to the Index Reconstitution Effective Date.

## **Reconstitution effective dates**

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

## **Rebalance schedule**

The Index is rebalanced annually in conjunction with the September Index Reconstitution. In March, June and December the Index undergoes the constituent weighting process only when new securities are added to the Index; otherwise, no changes are made to security weights.

## Rebalance reference dates

The constituent weighting process is applied using market data as of the third Friday in March, June, September and December.

## Rebalance announcement dates

Index Rebalance changes are announced in conjunction with the Index Reconstitution announcements four (4) trading days prior to the Index Rebalance Effective Date.

## Rebalance effective dates

Index Rebalance changes become effective at market open on the eighth trading day following the third Friday in March, June, September and December.

# CONSTITUENT SELECTION

## Constituent selection process

- Each issuer classified by the Reality Shares Index Committee as a participant in the Blockchain Economy receives a Blockchain Score<sup>SM</sup>. The Blockchain Score is calculated as the weighted sum of seven factor scores, weighted based on the factors' importance relative to the other factors. The factors are as follows:
  - Role in Blockchain Ecosystem. An issuer's level of active effort in the blockchain economy, categorized as one of the following: Investor; Adopter; Advisor; Supplier; and Developer.
  - Blockchain Product Stage. An issuer's stage of blockchain product development or utilization, categorized as one of the following: Planning stage; Testing stage; and Growth stage.
  - Blockchain Economic Impact. The expected economic impact of an issuer's blockchain utilization/involvement, categorized as one of the following: Cost reduction; Revenue maximization; and Improved productivity.
  - Blockchain Institute Membership. An issuer's membership in blockchain institutes and consortiums (including Hyperledger, R3, and the Enterprise Ethereum Alliance).
  - Research & Development Expenditure. An issuer's level of R&D expenditure as a percentage of total revenue.
  - Filings. An issuer's number of public filings and announcements made in reference to blockchain technology.
  - Innovations. An issuer's level of blockchain innovation, including the number of patent applications related to blockchain development.
- All securities that satisfy the Security Eligibility Criteria and whose issuers have Blockchain Scores of at least 50 are deemed eligible for inclusion in the Index.
- If fewer than 100 securities are deemed eligible at this step, all eligible securities are selected for inclusion in the Index. If 100 or more securities are deemed eligible, the 100 securities with

the highest Blockchain Scores are selected for inclusion in the index. At Reconstitution the Index always consists of at least 50 securities.

## CONSTITUENT WEIGHTING

### Constituent weighting scheme

The Index is a modified Blockchain Score-weighted index.

### Constituent weighting process

Index Securities' initial weights are determined by dividing each Index Security's Blockchain Score by the sum of the Blockchain Scores of all Index Securities. The initial weights are then adjusted to meet the following constraint:

- No Index Security weight may exceed 10%.

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.

### 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 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. With the exception(s) noted below, specific treatment of each type of

corporate action or event is described in **Corporate Actions and Events Manual – Equities**, which is incorporated herein by reference.

## Corporate action exceptions

### Spin-offs

- If the parent is an Index Security and there is a when-issued market for the spinco, the price of the parent is adjusted downward for the value of the spinco. The value of the spinco is calculated as the spin-off ratio multiplied by the when-issued Last Sale Price (“LSP”) of the spinco. There is no adjustment to the Index Shares of the parent. This will result in a divisor adjustment. The spinco is not added to the Index.
- If there is no when-issued market for the spinco, then no price or Index Share adjustment is made to the Index Security. The spinco is not added to the Index.

## 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 Indexes are calculated Monday through Friday, except on days when the Nasdaq 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 and 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 Guide**.

## **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 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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