



INDEX METHODOLOGY

# NASDAQ CTA GLOBAL VIDEO GAMES LEADERS INDEX EGAME

## INDEX DESCRIPTION

The Nasdaq CTA Global Video Games Leaders Index is designed to track the performance of a selection of companies engaged in the global Video Game and ESports industry. The companies are selected based on the classification by Consumer Technology Association (CTA).

## SECURITY ELIGIBILITY CRITERIA

### Security types

A security must be classified as a common stock, ordinary share, REIT or depository receipt. If a security is a depository receipt, references to its “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 otherwise-eligible securities, the security with the highest three-month average daily traded value generally is considered for possible inclusion in the Index.

### Eligible exchanges

A security must be listed on an exchange named in Appendix A.

### Industry or sector eligibility

CTA has created a Sector and Subsector classification process to define Video Games and Esports related businesses. The Sector and Subsector definitions are further outlined in Appendix B.

The Index excludes SPACs and other securities classified as Open End and Miscellaneous Investment Vehicles at the Sector level according to the Industry Classification Benchmark (ICB), a product of FTSE International Limited that is used under license.

## **Market capitalization eligibility**

A security not in the Index as of the Reconstitution Reference Date must have a market capitalization of at least \$250 million (USD).

A security in the Index as of the Reconstitution Reference Date must have a market capitalization of at least \$200 million (USD.)

## **Liquidity eligibility**

A security not in the Index as of the Reconstitution Reference Date must have a three-month average daily traded value of at least \$1,000,000 (USD).

A security in the Index as of the Reconstitution Reference Date must have a three-month average daily traded value of at least \$750,000 (USD).

If a security has less than three months of trading history, the average daily traded value is calculated using the security's entire trading history.

## **Float eligibility**

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

## **Other eligibility**

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 semi-annually in March and September by applying the Semi-Annual Constituent Selection Process.

## **Reconstitution reference dates**

Unless otherwise specified, the Security Eligibility Criteria and Constituent Selection Processes are applied using data as of the last trading day in February and August.

## **Reconstitution announcement dates**

Index Reconstitutions are announced in early March and September.

## **Reconstitution effective dates**

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

## **Rebalance schedule**

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

## **Rebalance reference dates**

Unless otherwise specified, the Index Rebalance is applied using data as of the prior month-end (February, May, August, and November, respectively).

## **Rebalance announcement dates**

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

## **Rebalance effective dates**

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

## **Holiday schedule**

The Index is calculated Monday through Friday and does not close for holidays.

## **Index calculation and dissemination schedule**

The Index Value is calculated five (5) days a week, Monday through Friday, starting by the earliest time zone, Asia/Tokyo, and closed by the latest time zone, America/New York.

# **CONSTITUENT SELECTION**

## **Semi-annual constituent selection process**

All securities that meet the applicable Security Eligibility Criteria are considered for inclusion in the Index. All securities are ranked by the theme-adjusted free float market capitalization. A theme-adjusted free float market capitalization is calculated for each Index Security by multiplying a security's free float market capitalization by its percentage of revenue from Video Games and Esports. 50 Index Securities are selected based on the following steps:

- 1) All securities ranked within the top 45 are automatically selected for the index.
- 2) Current index constituents not selected in Step 1 that are ranked within the top 55 are added to the index in rank order until the target stock count has been reached.

- 3) If, following Step 2, the target stock count has not been reached, securities that are ranked from 46th to 55th are added to the index in rank order until the target stock count has been reached.

## CONSTITUENT WEIGHTING

### Constituent weighting scheme

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

### Constituent weighting process

Index Securities' initial weights are determined by dividing each Index Security's theme-adjusted market capitalization by the aggregate theme-adjusted market capitalization of all Index Securities.

Initial weights are then adjusted to meet the following constraints:

- The aggregate weight of non- Shanghai Exchange and Shenzhen Exchange listed securities should not exceed 80%.
- No Index Security weight may exceed 10%.

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

## 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 alternations may include a merger, acquisition or other major corporate event that would otherwise adversely affect 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. With the exception(s) noted below, 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 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**.

### **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 **Nasdaq Index Policies & Procedures: 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 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**.

## **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**

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**

A methodology document is created for all new Index Methodologies. The methodology document includes the following: Index Objective, Security Eligibility Criteria, Index Construction, Index Maintenance, Index Governance, Index Policy, and Index Dissemination.

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, refer to the **Nasdaq Index Methodology Guide**.

## APPENDIX A: ELIGIBLE EXCHANGES

Region	Operating Exchange
CHINA	SHENZHEN STOCK EXCHANGE
CHINA	SHANGHAI STOCK EXCHANGE
HONG KONG	HONG KONG EXCHANGES AND CLEARING LTD
JAPAN	JAPAN EXCHANGE GROUP
UNITED STATES	NASDAQ - ALL MARKETS
UNITED STATES	NEW YORK STOCK EXCHANGE

## APPENDIX B

Sectors	Definition
Developer / Publisher	Game developer refers to the company or organization that designs and executes the creation of video games. Game publisher refers to the company or organization that finances the development and distribution of video games. Games can be developed internally by a publisher or externally by a game developer.
Esports	Refers to the company or organization that owns, operates, or develops professional/competitive video game tournaments, leagues, teams, or viewing platforms.
Hardware	Refers to the company or organization that creates video game platforms (e.g., home and portable videogame consoles).
Subsectors	Definition
Accessories / Peripherals	Refers to external hardware for gaming products which include input devices, such as gamepads and controllers, as well as audio/video products, such as monitors and headsets.
Components	Refers to internal hardware for gaming products such as processors, graphics cards and storage.
Consoles	Refers to non-portable gaming devices that connects to a TV or monitor.
Digital / Online	Refers to platforms and services that allow for the creation and distribution or playing of amateur/non-professional games/gaming-related content online.
Esports Media	Refers to platforms and services that allow for the broadcast, coverage, and distribution of esports or professional/competitive game-related content.
Mobile / Portable	Refers to portable/handheld gaming devices such as smartphones, tablets and dedicated portable gaming devices.
PC	Refers to computers such as home desktops and laptops.
XR (AR/VR)	Refers to virtual reality, augmented reality, or combination of ("mixed reality") wearable devices.

## 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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