

# INDEX RULE BOOK

**Index:** Leonteq Blockchain Technology NTR Index  
**Index Sponsor:** Leonteq Securities AG  
**Index Calculation Agent:** Solactive AG  
**Date:** 29 April 2023

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The Index methodology is subject to change at any time by LTO and/or the Index Calculation Agent as described in this document. None of LTO, the Index Calculation Agent or any of their respective affiliates, subsidiaries or employees shall be liable to any party on account for any

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loss suffered by such party in connection with any change to the Index methodology. LTO does not undertake to advise on changes in the information contained in this document.

**Neither this document nor any set of procedures are capable of foreseeing all possible circumstances that may occur in respect of the Index and the methodology used by the Index Calculation Agent for calculating the Index. The Index Calculation Agent will resolve questions of construction regarding the application of the provisions of this document, including determinations to be made in the event of an extraordinary circumstance, in its reasonable discretion (billiges Ermessen) (excluding adjustments and substitutions made by the Index Calculation Agent in accordance with this Index Rule Book).**

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## 1. Introduction, Index Objective and Overview, Important Information

### 1.1 Introduction

The Leonteq Blockchain Technology NTR Index (the "**Index**") is a notional rules-based proprietary index created by Leonteq Securities AG or its successor (the "**Index Sponsor**"). The Index is calculated and published by Solactive AG as the index calculation agent (the "**Index Calculation Agent**").

This document (as may be amended, supplemented and/or updated from time to time, the "**Index Rule Book**") comprises, amongst other things, certain rules, methodology, definitions, risk factors, disclaimers and other information applicable to the Index.

This Index Rule Book shall be read in conjunction with the Solactive Equity Index Methodology, which as of launch date can be accessed via this link: <https://www.solactive.com/documents/>. This Index Rule Book and the Solactive Equity Index Methodology together constitute the "**Index Rules**" in respect of the Index. Unless otherwise specified in this Index Rule Book, in the event of any inconsistency between the Solactive Equity Index Methodology and this Index Rule Book, the provisions of this Index Rule Book shall prevail.

### 1.2 Index Objective and Overview

The Index provides synthetic exposure to a fixed basket of stocks of companies (each equity, an "**Equity Component**").

The objective of the index is to capture the net total return of a fixed basket of nine securities: seven US companies and two Canadian companies.

The Index is designed to track the net total return performance of nine stocks of companies who may benefit from or be the main developers of Blockchain technology in the future (each stock, an "**Equity Component**"). The Index is calculated on a "net total return" basis, which means that any dividend payments or any other distributions made on the Equity Components (if any) are reinvested into the Index, net of withholding tax. The levels of withholding tax can be found via this link: <https://www.solactive.com/documents/>

The Index represents a notional investment in a synthetic portfolio of assets. There is no obligation on the Index Sponsor or the Index Calculation Agent to purchase and/or hold any components of the Index and there is no actual portfolio of assets to which any person is entitled or in which any person has any ownership interest.

### 1.3 Important Information

The information set out in this Index Rule Book reflects the policies of the Index Calculation Agent, and is subject to change in accordance with the Solactive Equity Index Methodology, which as of launch date can be accessed via this link: <https://www.solactive.com/documents/>. The purposes, aims and intentions of the methodology described in this Index Rule Book may not be achieved.

Each version of this document is dated. Upon each update to a new version of this document, the most recent version shall be deemed to be in form from the date of such update and shall replace the preceding version in its entirety.

**Prospective investors in any transaction or product linked to the Index should read this Index Rule Book in conjunction with the Solactive Equity Index Methodology prior to making any investment decision, in particular, the sections entitled "Risk Factors", "Conflicts of Interest" and "Disclaimers" of this Index Rule Book. Prospective investors in any transaction or product linked to the Index should seek their own independent accounting, tax, investment and legal advice before making any investment decision.**

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**2. Key Information relating to the Index**

<b>Index Name</b>	Leonteq Blockchain Technology NTR Index
<b>Index Type</b>	Net Total Return
<b>Start Date</b>	03 January 2018
<b>Launch Date</b>	29 April 2023
<b>Bloomberg Ticker</b>	LEBLOCKC Index
<b>Index Currency</b>	USD
<b>Index Sponsor</b>	Leonteq Securities AG, Europaallee 39, 8004 Zurich, Switzerland
<b>Index Calculation Agent</b>	Solactive AG, Platz der Einheit 1, 60327 Frankfurt am Main, Germany
<b>Initial Value</b>	1,000

### 3. Definitions

For the purpose of this Index Rule Book, the following terms shall have the meanings specified below. Capitalised terms used in this Index Rule Book which are not defined herein shall have the same meanings as specified in the “**Solactive Equity Index Methodology**”, which as of Launch Date can be accessed via the link <https://www.solactive.com/documents/>.

<b>Disruption Event</b>	Means any event, as determined by the Index Calculation Agent, that would make impossible or infeasible, technically or otherwise, to calculate, compute, compile, and/or maintain the Index or that would make the Index non-representative in respect of market prices, or that undermines the objectives of Index, each as determined by the Index Calculation Agent.
<b>Equity Component</b>	Means the stocks given in Appendix 1: Equity Basket
<b>Equity Component Level</b>	Means, in respect of an Index Business Day and an Equity Component, the published closing price of the Equity Component on such Index Business Day.
<b>Foreign Exchange Rate</b>	In case an Equity Component does not have the same currency as the Index Currency, the Index Calculation Agent uses the 4pm London fixing provided by WM Company to convert the security close price from its local currency into the Index Currency.
<b>Index</b>	As defined in Section 1.
<b>Index Business Day</b>	Means any day on which the New York Stock Exchange, the London Stock Exchange, the Swiss Exchange and XETRA are all open for a full day of trading, provided that such day is not a Disrupted Day for any of the Equity Components, subject to any adjustments in accordance with the Solactive Equity Index Methodology, which as of launch date can be accessed via this link: <a href="https://www.solactive.com/documents/">https://www.solactive.com/documents/</a>
<b>Index Calculation Agent</b>	As defined in Section 1.
<b>Index Currency</b>	As defined in Section 2.
<b>Index Rebalance Day</b>	Means the first Index Business Day of February and August.
<b>Index Sponsor</b>	As defined in Section 1.
<b>Initial Index Weights</b>	As defined in the Appendix 1: Equity Basket. This means the weights that are used to determine the fraction of shares of each Equity Component on the Start Date (see Section 4 for more details)
<b>Index Value</b>	Means, in respect of any Index Business Day, the value of the Index as determined by the Index Calculation Agent in accordance with Section 4.
<b>Initial Value</b>	As defined in Section 2.
<b>Launch Date</b>	As defined in Section 2.
<b>LTO</b>	As defined on the cover page.

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**Start Date** As defined in Section 2.

**Withholding Tax** Means the tax deduction that a theoretical investor would incur if it was a holder of an Equity Component on ex-date of a dividend. Details of the withholding tax rates used can be found on the website of the Index Calculation Agent: <https://www.solactive.com/documents/>.



#### 4. Calculation of the Index

##### 4.1 Calculation of the Index Value

On each Index Business Day (for  $t > 0$ ) the Index Calculation Agent will calculate the Index Value as summarized below. For full transparency of the Index Calculation, refer to the Solactive Equity Index Methodology, which as of Launch Date can be accessed via the link <https://www.solactive.com/documents/>.

$$Index_t = \sum_{i=1}^K x_r^i \times p_t^i \times f_t^i$$

$Index_t$	Means the Index Value on Index Business Day $t$ . Index Value $_t$ is floored at zero and provided Index Value $_t$ is zero once, all subsequent Index Values $_t$ are zero. Index Value $_0$ is equal to the Initial Value.
$x_r^i$	Means the fraction of shares of the $i$ -th Equity Component, as calculated on the Index Rebalancing Day immediately preceding (but not including) Index Business Day $t$ . These are calculated according to the Formula below.  The fraction of shares may thereafter be adjusted due to corporate events affecting the Equity Component. This includes, but it is not limited to Dividends, Stock Splits, Rights Events, Capital Increases and Spin Offs. For full transparency of the adjustments applied to the fraction of shares, refer to the Solactive Equity Index Methodology, which as of the Launch Date can be accessed via the link <a href="https://www.solactive.com/documents/">https://www.solactive.com/documents/</a> .  For the avoidance of doubt: dividends are reinvested back, net of Withholding Tax, into the $i$ -th Equity Component: Due to the dividend payment, the fraction of shares of the dividend paying Equity Component increases by an adjustment factor.
$P_t^i$	Means the Equity Component Level of $i$ -th Equity Component on Index Business Day ( $t$ )
$f_t^i$	Means the Foreign Exchange Rate of the $i$ -th Equity Component on Index Business Date ( $t$ )
$K$	Means the number of Equity Components within the Index, as given in Appendix 1.

##### 4.2 Calculation of the fraction of shares of each Equity Component

On each Index Rebalance Day, the Index Calculation Agent will determine the fraction of shares of each Equity Component, according to the formula below:

$$x_r^i = \frac{PW^i \times Index_r \times (1 - (\sum_{j=1}^9 TO_r^j \times TC))}{p_r^i}$$

Where:

$Index_r$	Means the Rebalancing Level of the Index on Index Rebalance Day ( $r$ )
$PW^i$	Means the Percentage Weight of the $i$ -th Equity Component, as given in Appendix 1.

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$P_t^i$	Means the published closing price of i-th Equity Component on Index Rebalance Day (r)
$TO_r^j$	Means the turnover of the j-th stock (j = 1 to 9) on Index Rebalance Day (r), calculated according the formula below
$TC$	Means the transaction costs, equal to 0.25%

$$TO_r^j = \left| PW^i - x_{r-1}^j \times \frac{p_r^j}{Index_r} \right|$$

Where:

$x_{r-1}^j$	Means the fraction of shares for the j-th Equity Component on the immediately preceding Index Rebalance Day (r-1)
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#### 4.3 Publication of the Index Value

The Index Value will be published by the Index Calculation Agent on each Index Business Day on Bloomberg screen page LEBLOCKC <Index> and the Reuters screen page “.LEBLOCKC”

## **5. General Rules**

### **5.1. Consequences of a Disruption Event**

For information on the consequences of a Disruption Event, please refer to the Disruption Policy of the Index Calculation Agent, which as of launch date can be accessed via this link: <https://www.solactive.com/documents/>

### **5.2. Index Correction Policy**

For information on the Index Correction Policy, please refer to the Correction Policy of the Index Calculation Agent, which as of launch date can be accessed via this link: <https://www.solactive.com/documents/>

### **5.3. Change in Methodology**

For information on the Change of Methodology, please refer to the Methodology Policy of the Index Calculation Agent, which as of launch date can be accessed via this link: <https://www.solactive.com/documents/>

### **5.4. Index Calculation**

The Index Sponsor may at any time, instruct the Index Calculation Agent to terminate the calculation of the Index Values of the Index in case of:

- (a) any events concerning tradability and liquidity of any of the Equity Components;
- (b) the adoption of or any change in applicable law or regulation (including, without limitation, any tax law) affecting the Index Sponsor or any affiliate thereof; or
- (c) the promulgation of or any change in the interpretation of any applicable law or regulation (including action taken by a taxing authority) by any court, tribunal or regulatory authority with competent jurisdiction which, in the determination of the Index Sponsor (in its reasonable discretion (billiges Ermessen)), would (i) make it illegal for the Index Sponsor or any affiliate thereof to perform its duties or (ii) cause materially increased costs to calculate, compute, compile, hedge and/or maintain the Index;
- (d) in other circumstances similar to lit. a) to lit. d).

## 6. Risk Factors

### 6.1. The methodology underlying the Index may not produce positive returns and the Index may underperform other alternative investment strategies

No assurance can be given that the methodology underlying the Index will be successful in producing positive returns or that the Index will outperform any other alternative investment strategy. Furthermore, the results that may be obtained from investing in any transaction or product linked to the Index may well be significantly different from the results that could theoretically be obtained from a direct investment in the relevant Equity Components or any related derivatives thereto.

### 6.2. Investors in the Index could lose their entire investment

The value of the Index depends on the performance of the Equity Components, each of which may increase or decrease in value. Neither the Index nor any of the Equity Components includes any element of capital protection or guaranteed return. The value of any Equity Component, or the Index itself, may fall below its initial value.

### 6.3. The value of the Index may be zero

The value of the Index is floored at zero. If the methodology for calculating the value of the Index would otherwise result in the value of the Index on any Index Business Day of less than zero, the value of the Index shall be deemed to be zero on such Index Business Day and all subsequent Index Business Days. Any transaction or product linked solely to the Index may lose all of its value, with no chance of recovery thereafter.

### 6.4. The Index has a limited operating history and may perform in unanticipated ways

As the Index is a relatively new index and limited historical performance data exists with respect to the Index, an investment linked to returns generated by the Index may involve greater risk than an investment linked to returns generated by an investment strategy with a proven track record. A longer history of actual performance could provide more reliable information on which to assess the validity of the Index and on which to base an investment decision, and the fact that the Index is relatively new means that its history of actual performance is relatively short. There can be no guarantee or assurance that the Index will operate in a manner consistent with the data available.

### 6.5. There are certain risks in relation to back-testing

The Index Calculation Agent will designate the "Start Date", on which the value of the Index is equal to the "Initial Value" as specified in the relevant Index Rules. The values of the Index in the period from such Start Date, to a date (the "Launch Date") no later than the date on which investment products linked to the Index are first implemented (which may be materially later than the Start Date) will be calculated on the basis of back-tested data ("**back-testing**").

Index values for such period are hypothetical, and are calculated at or around the Launch Date in accordance with the Index methodology but using historical data available to the Index Calculation Agent at the time of calculation. If such historical data is not available or is incomplete for any particular day, the Index Calculation Agent may use alternate sources of data in place of such historical data, and/or may substitute alternative values (which may be determined by the Index Calculation Agent), as it deems necessary to calculate such hypothetical value of the Index.

If such historical data was available or complete, or if different sources or values were used in such back-testing, the Index values for such period would be different, potentially materially so. Accordingly, the Index values may not reflect the performance of, and are no guarantee or assurance in respect of the performance or returns of, the Index over any time period from the Launch Date. Furthermore, any back-testing is based on information and data provided to the Index Calculation Agent by third parties. The Index Calculation Agent will not have independently verified or guaranteed the accuracy and/or the completeness of such information or data provided and is not responsible for any inaccuracy, omission, mistake or error in such information, data and/or back-testing.

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**6.6. The Index may not be a fully diversified portfolio**

Diversification is generally considered to reduce the amount of risk associated with generating returns. The exposure of the Index may be concentrated in certain industrial sectors and a single geographical market. There can be no assurance that the Index will be sufficiently diversified at any time to reduce or minimize risks of volatility. The more concentrated the Index is in certain industrial sectors and/or geographical markets, the greater degree of volatility the Index may exhibit, and this could in turn result in an adverse effect on the returns of the Index.

In addition, Equity Components in certain industrial sectors and/or geographical markets may suffer the same adverse performance following a general downturn or other economic or political event, and this could in turn have an adverse effect on the returns of the Index.

**6.7. Past performance of the Index is no guide to future performance**

The actual performance of the Index over the life of any transaction or product linked to the Index as well as the amount payable at maturity or on settlement may bear little relation to the historical values of the Index. It is not possible to predict the future performance of the Index.

**6.8. Historical analysis or other statistical analysis in respect of the Index is no guarantee of the performance of the Index**

Certain presentations and historical analysis or other statistical analysis materials in respect of the operation and/or potential returns of the Index which may be provided are based on simulated analyses and hypothetical circumstances to estimate how the Index may have performed prior to its Launch Date. Neither the Index Sponsor nor the issuer of any product linked to the Index provides any assurance or guarantee that the Index will operate or would have operated in the past in a manner consistent with those materials. As such, any historical returns projected in such materials or any hypothetical simulations based on these analyses or hypothetical values, which are provided in relation to the Index, may not reflect the performance of, and are no guarantee or assurance in respect of the performance or returns of, the Index over any time period.

**6.9. An investor of any transaction or product linked to the Index will have no rights with respect to any underlying assets included in the Index**

Investing in any transaction or product linked to the Index will not make the investor a holder of any underlying asset included in the Index (whether directly or indirectly via one or more Equity Components). The investor of any transaction or product linked to the Index will not have any rights to vote or receive dividends with respect to any of the Equity Components. Any amounts payable on any transaction or product linked to the Index will be made in cash, and the investor of any transaction or product linked to the Index will have no right to receive any underlying assets included in the Index (whether directly or indirectly via one or more Equity Components).

**6.10. The policies of the Index Sponsor and the Index Calculation Agent and changes that affect the Index could affect the value of the Index**

The policies of the Index Sponsor and the Index Calculation Agent concerning the calculation of the Index could affect the value of the Index and, therefore, the amount payable on any transactions or products linked to the Index on the stated maturity date of such transactions or products and the market value of such transactions or products before that date. The amount payable on any transactions or products linked to the Index and their market value could also be affected if the Index Sponsor and/or the Index Calculation Agent changes these policies, for example, by changing the manner in which it calculates the Index, or if the Index Sponsor or the Index Calculation Agent discontinues or suspends calculation or publication of the Index, in which case it may become difficult to determine the market value of such transactions or products. If such policy changes relating to the Index or the calculation or publication of the Index is discontinued or suspended, the calculation agent of any transaction or product linked to the Index may have discretion in determining the value of the Index on the relevant determination date and the amount payable on such transactions or products.

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**6.11. The Index Calculation Agent has the discretion to make determinations that could materially affect the Index and create conflicts of interest**

The Index Calculation Agent does not generally exercise any discretion and owes no fiduciary duties in respect of the Index or any transaction or product linked to the Index. However, the Index Calculation Agent has a certain amount of discretion in the event of, amongst other things, the occurrence of certain disruption events or adjustment events in respect of the Index (each as more particularly described in the relevant Index Rules).

Determinations made by the Index Calculation Agent could adversely affect the value of the Index or any transaction or product linked to the Index and the exercise by the Index Calculation Agent of its discretion could present it with a conflict of interest of the kind described in Section . In making those determinations, the Index Calculation Agent will not be required to, and will not, take the interests of any investor in any such transaction or product linked to the Index into account or consider the effect its determinations will have on the value of such transaction or product. All determinations made by the Index Calculation Agent shall be at its sole discretion and shall be conclusive for all purposes and will bind all investors of any transaction or product linked to the Index. The Index Calculation Agent shall not have any liability for such determinations.

**6.12. Data sourcing and calculation risks associated with the Index and its Equity Components may adversely affect the value of the Index**

The value of the Index is calculated based on price data that may be subject to potential errors in data sources or other errors that may affect the closing levels and/or prices published by the relevant sponsor.

Any errors in the third party information or data that the Index relies on to generate the signal may impact the other calculations underlying the Index methodology, such as whether the Index takes a long or short position in an immediate component included in the Index. Such errors could adversely affect the value of the Index. None of the Index Sponsor, the Index Calculation Agent or any of their respective affiliates are under any obligation or currently intends to independently verify such third party information or data from any third party data source or to advise any investor in any transaction or product linked to the Index of any inaccuracy, omission, mistake or error of which it or any such affiliate becomes aware. Consequently, none of the Index Sponsor, the Index Calculation Agent nor any of their respective affiliates shall be liable (whether in contract, tort or otherwise) to any person for any inaccuracy, omission, mistake or error in the calculation or dissemination of the value of the Index.

There can be no assurance that any error or discrepancy on the part of any data source or sponsor will be corrected or revised. Even if any error or discrepancy on the part of any third party data source or sponsor is corrected or revised, none of the Index Sponsor, the Index Calculation Agent or any of their respective affiliates are under any obligation or currently intends to incorporate any such correction or revision into the calculation of the value of the Index or the level of any terminal component. None of the Index Sponsor, the Index Calculation Agent or any of their respective affiliates make any representation or warranty, express or implied, as to the correctness or completeness of that information and takes no responsibility for the accuracy of such data or the impact of any inaccuracy of such data on the value of the Index or on the performance of any Equity Components referenced therein. Any of the foregoing errors or discrepancies could also adversely affect the value of the Index.

**6.13. Information about the Index may only be available through the Index Sponsor or the Index Calculation Agent**

The rules for the Index are only available through the Index Calculation Agent. The Index Sponsor may not provide investors of any transaction or product linked to the Index with further information in relation to the Index beyond what is provided in the relevant Index Rules and further information may not be generally available. The Index Sponsor and/or the Index Calculation Agent have entered into non-exclusive licensing agreements with certain of its third party data suppliers in order to source the necessary data to calculate the Index. The formalities necessary to obtain access to such figures may deter potential investors from investing in a transaction or product linked to the Index on the secondary market.

**6.14. The Index relies on the use of third-party information**

The Index methodology relies on the use of third-party information. The inability of the Index Calculation Agent to source necessary data to calculate the relevant formulae of the Index may affect the value of the Index. Investors considering acquiring or making an investment in a transaction or product linked to the

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Index should carefully read and understand the information about the Index and its Equity Components (and any constituents thereof). Information about the Equity Components (and any constituents thereof) can be found on the Bloomberg and/or the stock exchanges on which the constituent equity stocks are listed. However, LTQ and the Index Calculation Agent make no warranty as to the correctness of that information and takes no responsibility for the accuracy of such data or the impact of any inaccuracy of such data on the Index.

Transactions or products linked to the Index may be exposed to more or less risk, or perform better or worse, based upon the inputs received from the above suppliers or sources, than an actual investment in or linked to one or more of the Equity Components (and any constituents thereof).

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**7. Index Calculation Agent Disclaimer**

The Index is calculated and published by Solactive Aktiengesellschaft, Frankfurt am Main, Germany. The Index is not sponsored, promoted, sold or supported in any other manner by Solactive AG nor does Solactive AG offer any express or implicit guarantee or assurance either with regard to the results of using the Index and/or Index trade mark or the Index Level at any time or in any other respect. Solactive AG uses its best efforts to ensure that the Index is calculated correctly. Irrespective of its obligations towards the Index Sponsor, Solactive AG has no obligation to point out errors in the Index to third parties including but not limited to investors and/or financial intermediaries of financial instruments relating to the Index. Neither publication of the Index by Solactive AG nor the licensing of the Index or Index trade mark for the purpose of use in connection with the financial instruments relating to the Index constitutes a recommendation by Solactive AG to invest capital in said financial instrument nor does it in any way represent an assurance or opinion of Solactive AG with regard to any investment in any financial instrument relating to the Index.



## 8. Conflicts of Interest

*The following list of conflicts does not purport to be a complete list or explanation of all the conflicts of interests associated with the Index.*

### 8.1. Overview of LTQ's roles

LTQ has multiple roles in connection with the Index:

- (i) The Index is designed by, and is operated in accordance with, the parameters created by LTQ as Index Sponsor. The Index Sponsor does not have any obligation to ensure that the Index Calculation Agent continues to calculate and publish the Index Value. Except in the limited circumstances set out in the relevant Index Rules, LTQ does not generally exercise any discretion in relation to the operation of the Index. LTQ owes no fiduciary duties in respect of the Index.
- (ii) LTQ is a financial services firm and, consequently, is engaged in a range of activities that could affect the value of the Index and/or any Equity Component positively or negatively as further described below.
- (iii) LTQ and its affiliates and subsidiaries may be sponsors and/or calculation agents of one or more Equity Components and in that capacity have the power to make determinations that could materially affect the value of the Index.
- (iv) LTQ may from time to time have a direct or indirect ownership interest in any Index Calculation Agent (or any other calculation agent with respect to the Index or any Equity Component) and any third party data providers with respect to the Index or any Equity Component.

### 8.2. Potential Conflicts of Interest

Potential conflicts of interest may arise in relation to LTQ's roles in connection with the Index. Although LTQ will perform its obligations in its reasonable discretion, it may face conflicts between the roles it performs in respect of the Index and its own interests. In particular, LTQ may have, or enter into transactions to create, a physical, economic or other interest (including an adverse and/or short interest, as the case may be) in the Index, transactions or products linked thereto, any Equity Component and/or investments referenced by or linked to any Equity Component and may exercise remedies or take other action with respect to its interests as it deems appropriate. These actions could adversely affect the Index Value and may include the following:

- (i) LTQ actively trades products linked to the Index, the Equity Components, investments referenced by or linked to the Equity Components and numerous related investments. These activities could adversely affect the Index Value, which could in turn affect the return on, and the value of, any transactions or products linked to the Index.
- (ii) LTQ may have access to information relating to the Index, transactions or products linked thereto, an Equity Component or investments referenced by or linked to an Equity Component. LTQ is not obliged to use that information for the benefit of any person acquiring or entering into any transactions or products linked to the Index.
- (iii) Certain activities conducted by LTQ may conflict with the interests of those investing in transactions or products linked to the Index. It is possible that LTQ could receive substantial returns in respect of these activities while the value of any investment referenced to the Index may decline. For example:
  - (a) LTQ and other parties may issue or underwrite additional securities or trade other financial or derivative instruments or investments referenced to the Index or other similar strategies or any Equity Component. An increased level of investment and trading in these securities, instruments or investments may negatively affect the performance of the Index and could affect the value of the Index and, therefore, the amount payable at maturity (or on any other payment date) on any transactions or products linked to the Index and the value before maturity of any such transactions or products. Such securities, instruments or investments may also compete with any transactions or products linked to the Index. By introducing competing transactions or

products into the marketplace in this manner, LTQ could adversely affect the market value of any transactions or products linked to the Index and the amount paid by it on such transactions or products at maturity (or on any other payment date). To the extent that LTQ serves as issuer, agent, underwriter or counterparty in respect of those securities or other similar instruments or investments, its interests in respect of those securities, instruments or investments may be adverse to the interests of a holder or counterparty in respect of any transactions or products linked to the Index.

- (b) Although LTQ is not obliged to do so, it may elect to hedge its exposure to the Index, any transactions or products linked thereto, an Equity Component or any investment referenced by or linked to an Equity Component with an affiliate or a third party. That affiliate or third party, in turn, is likely to directly or indirectly hedge some or all of its exposure, including through transactions taking place on the futures and options markets. Where LTQ chooses to hedge its exposure, it may adjust or unwind such hedges by entering into, purchasing or selling transactions or products linked to the Index, an Equity Component, any investments referenced by or linked to an Equity Component or any other transaction or product on or before the date the Index is valued for purposes of any investments referenced to the Index. LTQ may also enter into, adjust or unwind hedging transactions relating to other instruments linked to the Index or an Equity Component including at times and/or levels which are different from those used to determine the value of the Index. Any of this hedging activity may adversely affect the value of the Index and the value of any transactions or products linked to the Index. In addition, and without limitation:
    - (I) LTQ could receive substantial returns with respect to these hedging activities while the value of the Index and/or the value of any transaction or product linked to the Index may decline.
    - (II) If LTQ has hedged its exposure to an Equity Component and incurs an effective rate of withholding tax that is less than the synthetic transaction costs applied in respect of the Index, LTQ could receive substantial returns.
    - (III) LTQ could receive substantial returns if it trades in an Equity Component on or before the rebalancing of the Index and/or at levels which are different from the levels specified in the methodology for determining the value of the Index. Such trading may have an adverse impact on the level at which a rebalancing occurs, which may result in an adverse impact on the performance of the Index. In addition, such trading could generate significant returns to LTQ that will not be passed on to the investors in transactions or products linked to the Index.
  - (c) Certain activities conducted by LTQ may conflict with the interests of those investing in transactions or acquiring products linked to the Index. For example, as described above, LTQ may elect to hedge its obligations, if any, with an affiliate or a third party. It is possible that LTQ could receive substantial returns with respect to these activities irrespective of the performance of the Index and including while the value of any investment referenced to the Index may decline.
  - (d) LTQ may also engage in trading for its own accounts, for other accounts under its management or to facilitate transactions, including block transactions, on behalf of customers relating to one or more transactions or products linked to the Index, an Equity Component or any constituent thereof and/or any investment referenced by or linked to an Equity Component or any constituent thereof. In the course of these transactions, LTQ's customers may receive information about the Index before it is made available to other investors. Any of these activities could also adversely affect the value of the Index directly or indirectly by affecting the level of an Equity Component or any constituent thereof or the investments referenced by or linked to an Equity Component or any constituent thereof and, therefore, the market value of any transactions or products linked to the Index and the amount paid on any such transaction or product at maturity.
- (iv) As operator or sponsor of the Index, under certain circumstances LTQ will have discretion in making various determinations that affect the Index and transactions or products linked to it including, but not limited to, those situations described in the relevant Index Rules. LTQ may

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use these determinations to calculate how much cash it must pay at maturity, or, as the case may be, upon any early redemption or on any other payment date, of any transaction or product linked to the Index, including products issued by LTQ or its affiliates and subsidiaries. The exercise by LTQ of this discretion could adversely affect the value of the Index and the value of any such transaction or product linked to it. It is possible that the exercise by the Index Sponsor of any such discretion may result in substantial returns in respect of LTQ's trading activities for its proprietary accounts, for other accounts under its management or to facilitate transactions on behalf of customers relating to one or more transactions or products linked to the Index, and/or the Equity Components thereof or any investment referenced by or linked to such Equity Components.

- (v) LTQ may in the future create and publish other indices or strategies, the concepts of which are similar, or identical, to that of the Index or one or more of the Equity Components. The Equity Components as specified in the relevant Index Rules, however, are the only components that will be used for the calculation of the Index. Accordingly, no other published indices should be treated by any investor as the level of any Equity Component (except as the Index Sponsor or the Index Calculation Agent may so determine, as described above).
- (vi) LTQ may express opinions or provide recommendations (for example, with respect to an Equity Component) that are inconsistent with investing in transactions or products linked to the Index, and which may be revised at any time. Any such opinions or recommendations may or may not recommend that investors buy or hold the relevant Equity Component and could affect the value and or performance of the Index or of transactions or products linked to the Index.
- (vii) LTQ may have ownership interests in the Equity Components and as such may be able to influence certain features of such Equity Components. The activities of LTQ or its affiliates and subsidiaries in relation to any Equity Component may be adverse to the interests of investors and/or counterparties to transactions or products linked to any such Equity Components and may have an impact on the performance of such Equity Components.
- (viii) LTQ and may have ownership interests in the Index Calculation Agent and any other calculation agent with respect to the Index or any Equity Component and any third party data providers with respect to the Index or any Equity Component and as such may be able to influence the determinations of the Index Calculation Agent or other calculation agent. In addition, LTQ and its affiliates and subsidiaries may provide pricing or other data that is directly used in the calculation of the level and/or components of the Index. The activities of LTQ and its affiliates and subsidiaries as contributor to the Index may be adverse to the interests of investors and/or counterparties to transactions or products linked to the Index and may have an impact on the performance of the Index.

**Appendix 1: Equity Basket**

Note that for any Index Rebalance Day prior to Launch Date, if an Equity Component did not exist, then it would have a zero Percentage Weight and its Percentage Weight as given below would be distributed proportionally amongst the remaining Equity Components.

<b>i</b>	<b>Price Source</b>	<b>Equity Component</b>	<b>Listing Venue</b>	<b>Percentage Weight</b>
1	HUT CT Equity	Hut 8 Mining Corp	Toronto Stock Exchange	(1/9)%
2	GLXY CT Equity	Galaxy Digital Holdings Ltd	Toronto Stock Exchange	(1/9)%
3	COIN UQ Equity	Coinbase Global Inc	NASDAQ	(1/9)%
4	MARA UQ Equity	Marathon Digital Holdings Inc	NASDAQ	(1/9)%
5	MSTR UQ Equity	MicroStrategy Inc	NASDAQ	(1/9)%
6	RIOT UQ Equity	Riot Platforms Inc	NASDAQ	(1/9)%
7	SQ UN Equity	Block Inc	New York Stock Exchange	(1/9)%
8	V UN Equity	Visa Inc	New York Stock Exchange	(1/9)%
9	PYPL UQ Equity	PayPal Holdings Inc	NASDAQ	(1/9)%