



# CrowdBureau® P2P Online Lending and Digital Banking Index Methodology

(Rebalanced as of December 28, 2020 and effective January 1, 2021)

**January 1, 2020**

## Index Description

The CrowdBureau® P2P Online Lending and Digital Banking Index ("Index") seeks to capture the peer-to-peer online lending and digital banking ecosystem by tracking the price and total return performance of publicly traded firms domiciled across the globe but listed for trading in the United States ("U.S."), including common stock, American Depository Receipts ("ADRs"), American Depository Shares ("ADSs") and Global Depository Receipts ("GDRs).

Globally, the term Crowdfunding , , , is used as an umbrella term to describe a number of ways in which people and businesses (including start-ups) raise money, typically through an internet-based platform. The Internet and social media have made crowdfunding possible and, in the last few years, a number of crowdfunding platforms proliferated. These include loan-based crowdfunding platforms, usually called peer-to-peer lending, that permit people and institutions to lend money directly or indirectly to consumers and businesses to realize financial returns in the form of interest payments and the repayment of capital over time. Companies in this segment may also provide related financial services. Also included are investment-based crowdfunding platforms, usually called equity or securities-based crowdfunding that offer investors an opportunity to directly invest in businesses buying investments such as shares or debentures. Unless otherwise noted, this segment will hereafter be referred to as the peer-to peer-lending industry.

In seeking to provide broad exposure to this emerging portion of the economy, the Index is devised to provide exposure to not only those companies that operate online lending platforms that facilitate peer-to-peer lending, but also U.S. financial institutions with a digital lending platform, social networking platforms and providers of technology and software solutions. Together these firms comprise the peer-to-peer online lending and digital banking ecosystem.

## Eligibility Criteria

To be eligible for inclusion in the CrowdBureau® P2P Online Lending and Digital Banking Index ("Index"), a constituent security must meet the following eligibility standards:

- 1) Be an equity security, an ADR, ADS or GDR representing an equity security, issued by a company in the peer-to-peer securities based crowdfunding and digital lending Ecosystem;
- 2) A security must be listed and traded on a nationally recognized securities exchange in the U.S.A.;
- 3) A security must be listed for trading at the end of each calendar quarter;

The peer-to-peer online lending and digital banking ecosystem consists of companies with business operations that fall into one of the following two segments as defined by the Index Provider: (1) Peer-to-Peer Marketplace Lenders and Digital Banking Platforms, and (2)

Providers of technology and software solutions to the peer-to-peer lending and equity crowdfunding industry.

Index eligibility is restricted to companies that make up the peer-to-peer online lending digital banking ecosystem (as defined below). Peer-to-peer marketplace lending platforms and financial institutions with a digital lending platform operate under specific federal, state, or local governmental regulations in the country of domicile and are identified by their publicly disclosed oversight or charter referencing specific regulations. Such companies in the U.S. are governed by the Jumpstart Our Business Startups Act ("JOBS Act")<sup>1</sup>, and, or special provision guidelines granted by the Securities and Exchange Commission, Treasury Department, or the Office of the Comptroller of the Currency. Outside the U.S.A., companies are governed by specifically defined crowdfunding laws, regulations, rules and policies disclosed, for example, in footnotes 3, 4, 5, 6, and 7.

On a quarterly basis, eligible companies, as defined above, will be identified by applying the definitions of the following two segments that make up the peer-to-peer online lending and digital banking ecosystem based upon data available from public sources. Companies are assigned to one of the two segments that make up the peer-to-peer online lending and digital banking ecosystem set forth below.

*1. Peer-to-Peer Marketplace Lenders and Digital Banking Platforms<sup>2</sup>.*

- i) The business peer-to-peer marketplace /online lenders operates as a loan-based crowdfunding platform<sup>3</sup>, on which people and institutions lend money to individuals or new/existing businesses seeking loans and other credit-based offerings for purposes ranging from consumer loans, debt consolidation, student loans, car loans, agriculture loans, renewable energy loans, mortgage loans, and business loans as well as business financings, or, investment-based crowdfunding platforms, on which people invest in unlisted shares or debt securities by businesses.

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<sup>1</sup> On April 5, 2012, the Jumpstart Our Business Startups (JOBS) Act was signed into law by President Barack Obama. The Act required the SEC to write rules and issue studies on capital formation, disclosure, and registration requirements. <https://www.sec.gov/spotlight/jobs-act.shtml>, assessed June 27, 2018.

<sup>2</sup> Definition: A digital bank epitomizes a virtual process that includes online banking and beyond. A digital bank is expected to facilitate all functional levels of banking on all service delivery platforms, including all the same functions as a head office, branch office, online service, bank cards, ATM and point of sale machines. In a broader context, digital banking is part of the movement to online banking, delivering banking services across the internet. This innovative way of banking involves high levels of process automation, web-based services, and may include APIs enabling cross-institutional service composition to deliver banking products and provide transactions. It gives the ability for users to access financial data through desktop, mobile, and ATM services. As an end-to-end platform, digital banking encompasses the front end for the consumers, the back end for bankers through their servers and administration control panels, and the middleware that connects these nodes.

<sup>3</sup> Financial Conduct Authority, <https://www.fca.org.uk/publication/thematic-reviews/crowdfunding-review.pdf>

- (1) Fully authorized (license #), pending authorization or exempt by the country specific securities regulator (e.g. OCC<sup>4</sup>, PBOC<sup>5</sup>, FCA<sup>6</sup>, SEC<sup>7</sup>, Suruhanjaya Sekuti Malaysia<sup>8</sup>, RBI<sup>9</sup>, and each foreign country regulator); and, other local and state governing bodies for varying financial institutions.
  - (2) Derives at least 50% of its revenues from such operations.
- ii) U.S. Financial Institution Offering a Digital Lending Platform
- (1) The business line or cost unit is fully authorized (license #) by the country specific regulator (e.g. PBOC, FCA or SEC).
  - (2) The institution is fully authorized by the country/state specific regulator as a broker dealer, bank, investment bank, credit union, insurance company or other regulated entity-type.
  - (3) Must be ranked among the top largest U.S. banks by consolidated assets, of which the top 30 banks = 75% of the consolidated assets of the 1,854 listed banks at the end of the quarter as per the Federal Reserve<sup>10</sup>, the latest quarter for which data is available is 3/31/2020<sup>11</sup>. By taking this approach, more than the majority of banks by assets have been covered.
    - (a) Look at the number of domestic branches with zero (0) per the Federal Reserve Bank.<sup>12</sup> If yes, include the bank in our universe.<sup>13</sup>
    - (b) Are any banks deriving more than 50% of revenues strictly from digital platforms? If yes, include the bank in our universe.<sup>14</sup>
    - (c) Otherwise, seek out the largest banks with the largest disclosed digital deposits and, in the absence of disclosed digital deposit data, we revert to the largest banks with the largest number of digital and/or mobile customers--based on rank orderings to complete the universe of top 10 banks.<sup>15</sup>
- iii) A Social Network[ing] Platform that enables communities, sharing of content, adding friends, setting privacy and allows people to lend/borrow to each without the intermediary of a bank. Includes mobile banking, cash advances,

<sup>4</sup> A financial system that creates economic opportunities, "NonBank Financials, FinTech, and Innovation, By: Steven T. Mnuchin and Craig S. Philips, assessed July 31, 2018, <https://home.treasury.gov/sites/default/files/2018-07/A-Financial-System-that-Creates-Economic-Opportunities---Nonbank-Financi....pdf>

<sup>5</sup> China P2P Rules 2016 网络借贷信息中介机构业务活动管理暂行办法 (银监会令[2016]1号,

[http://www.cbrc.gov.cn/chinese/home/docDOC\\_ReadView/D934AAE7E05849D185CD497936D767CF.html](http://www.cbrc.gov.cn/chinese/home/docDOC_ReadView/D934AAE7E05849D185CD497936D767CF.html)

<sup>6</sup> Policy Statement 14/4, The FCA's regulatory approach to crowdfunding over the internet and the promotion of reliable securities by other media. Feedback CP 13/13 and Final Rules, March 2014:

[http://www.fca.org.uk/static/documents/policy-statements/ps\\_14-04.pdf](http://www.fca.org.uk/static/documents/policy-statements/ps_14-04.pdf)

<sup>7</sup> The Securities and Exchange Commission has Lending Club to file form S-1 in 2008, to become a regulated entity,

<https://www.sec.gov/Archives/edgar/data/1409970/000089161808000318/f41480orsv1.htm>

<sup>8</sup> Suruhanjaya Sekuriti Securities Commission Malaysia, list of registered platforms,

[https://www.sc.com.my/digital/list\\_rmo/](https://www.sc.com.my/digital/list_rmo/)

<sup>9</sup> Reserve Bank of India, <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11137>

<sup>10</sup> <https://www.federalreserve.gov/releases/lbr/current/>

<sup>11</sup> EBIT

<sup>12</sup> EBIT

<sup>13</sup> EBIT

<sup>14</sup> Data based on explicit public disclosures in 10K and 10Q that are reviewed on a quarterly basis for each company.

<sup>15</sup> EBIT

remittances, and/or other forms of credit as part of a commerce ecosystem to support buyers, sellers or other customer groups.

(1) Companies in this classification are not necessarily regulated by such laws but rather are defined by patents awarded for such services or public announcements notifying the intent to offer crowdfunding services that will require governmental authorization under the same acts and rules defined in peer-to-peer lending and equity crowdfunding platforms.

2. *Providers of Technology and Software Solutions.* Firms in this segment derive their annual revenues from technologies, software solutions or data analytics intended to evaluate, underwrite, fund, provide financing and payment services that facilitate access to and extension of credit so as to enable and facilitate the operations of peer-to-peer online lending and digital banking platforms.

In constructing the **CrowdBureau® P2P Online Lending and Digital Banking Index**, the approach used to determine which constituent is included in the Index relies on publicly available economic and financial information, and qualitative and quantitative data to monitor the global peer-to-peer online lending and digital banking industry. This includes related company-specific trends, developments to canvas for and identify publicly listed as well as privately held firms. This paves the way to establish the broadest possible universe of companies to evaluate for inclusion in the Index. Such information encompasses, but is not limited to, primary and third-party databases, business periodicals such as newspapers, magazines, on-line publications, industry reports, analyst presentations, and regulatory company filings (e.g., 10-K, 10-Q). Press releases, analyst presentations, as well as annual and quarterly reports, to name just a few are also considered during the evaluation phase.

**Table 1: CrowdBureau® P2P Online Lending and Digital Banking Index Segments and Proposed Weightings**

Segment	Fixed Segment Weight*	Maximum Overall Weight per Constituent
Peer-to-Peer Marketplace Lenders and Digital Banking Platforms (P2P/D) <ul style="list-style-type: none"> <li>- Peer-to-Peer Marketplace / Online Lenders – 60%</li> <li>- U.S. Financial Institutions with a dedicated Digital Banking Platform – 20%</li> <li>- Social Network[ing] Platforms – 5%</li> </ul>	85%	24%
Providers of Technology and Software Solutions (T&S)	15%	
Total	100%	--

The CrowdBureau® P2P Online Lending and Digital Banking Index combines a modified market capitalization weighting approach that applies to the two segments of the index, namely Peer-to-Peer Marketplace Lenders and Digital Banking Platforms (P2P/D), and Providers of Technology and Software Solutions (T&S) and are additionally subject to asset

diversification and liquidity guidelines. For purposes of the Index, each constituent is defined as belonging to one of the two fixed-weight segments within the peer-to-peer securities based crowdfunding and digital lending ecosystem. Individual constituent weights are subject to weight constraints or these may be fixed, for example, financial institutions with a digital lending platform will have a fixed weight of up to 3%, and social network[ing] platforms 1%.

There is no set limit as to the number of constituents that can comprise the Index and it is expected that the net number of constituents will increase over time based on new publicly listed entrants into the peer-to-peer online lending and digital banking ecosystem or existing publicly listed firms that may introduce eligible product offerings in the future

Based on data as of September 25, 2020 and effective as of October 1, 2020, the Index consists of 46 publicly listed domestic and foreign firms. These equity securities are classified into the two segments that are capped at the security level and fixed with regard to segment weight as indicated in Table 2.

**Table 2: CrowdBureau® P2P Online Lending and Digital Banking Index Segments and Corresponding Weightings**

Segment	Fixed Segment Weight*	Number of Constituents
Peer-to-Peer Marketplace Lending and Digital Banking Platforms (P2P/D) <ul style="list-style-type: none"> <li>- Peer-to-Peer Marketplace / Online Lenders – 60%</li> <li>- U.S. Financial Institutions with a dedicated Digital Banking Platform – 20%</li> <li>- Social Networking Platforms – 5%</li> </ul>	85%	38
Providers of Technology and Software Solutions (T&S)	15%	9
<b>Totals</b>	<b>100%</b>	<b>47</b>

\*Segment weights apply as of October 1, 2020, but may be subject to revisions upon future reconstitutions on a quarterly basis.

The Index is rebalanced and may be reconstituted on a quarterly basis to reflect additions to as well as any deletions of securities classified as Peer-to-Peer Marketplace Lenders and Digital Banking Platforms and Providers of Technology and Software Solutions.

The following diversification requirements apply: (1) the market capitalization weighted value of any single constituent stock may not exceed 24% of the value of the index, (2) the sum of the constituent stocks with weights greater than 4.8% cannot exceed 50% of the index weight.

If a constituent stock violates condition (1), its weight is reduced to 24%. At the same time, if one or more constituent stocks attains a weight less than 24% and equal to or greater than 5%, the weights of the constituent stocks with weights at the lowest end of the range at or over 5% is reduced to 4.8% until condition (2) is fulfilled. The total difference resulting from these reductions will be reallocated proportionately across the higher weighted stocks, excluding stocks with weights equal to or greater than 24%.

If as a result of the above-mentioned reallocation process condition (2) is violated again, the weights greater than 4.8% will be reduced proportionately to a total weight of 48%, and the difference will be reallocated proportionately across the stocks weighted less than 4.8%.

If as a result of the above-mentioned reallocation process one or more weights are greater than 5.0%, they will be reduced to 4.8% each, and the difference will be reallocated proportionately across the stocks weighted less than 4.8%. If required, this process will be repeated until no more weights greater than 4.8% are left at the lower end of the constituent range.

Note that securities with "low" average daily trading volumes will be assigned a fixed weight of 0.5% each, and they will not be included in the diversification calculations of market capitalization weighted values.

### Calculation of Constituent Weights

The sum of all constituent weights is always =100%. A modified capitalization-weighted methodology is used. Weights are recalculated as of each rebalancing date. The weight of constituent i (belonging to segment S, used for illustration purposes) as of rebalancing date p is calculated, as follows:

$$\text{weight}_{i,p} = \text{shares}_{i,p} * \text{price}_{i,p-1} / (\sum_{i,S} (\text{shares}_{i,p} * \text{price}_{i,p-1})) * \text{weight}_{S,p}$$

with

$\text{shares}_{i,p}$  : number of shares outstanding of constituent i valid on rebalancing date p

$\text{price}_{i,p-1}$  : close price of constituent i on the last trading day before rebalancing date p

$\sum_{i,S}$  : sum over all constituents of segment S

$\text{weight}_{S,p}$  : weight of segment S valid on rebalancing date p

### Daily Index Calculation

The CrowdBureau® P2P Online Lending and Digital Banking Price Index on trading day t is calculated as follows:

$$\text{index}_t = \text{index}_{p-1} * (\sum_i (\text{price}_{i,t} * \text{weight}_{i,p} / \text{price}_{i,p-1}))$$

with

$\Sigma_i$  : sum over all constituents i (of all segments)

$index_{p-1}$  : price index on the trading day before last rebalancing date p (initial start index = 1000)

$price_{i,t}$  : close price of constituent i on trading day t

$price_{i,p-1}$  : close price of constituent i on the last trading day before rebalancing date p

$weight_{i,p}$  : weight of constituent i valid on last rebalancing date p

The CrowdBureau® P2P Online Lending and Digital Banking Total Return Index additionally takes dividends into account. Both the price index and total return index calculation are based on standard formulas that are widely used in the market.

**CrowdBureau® P2P Online Lending and Digital Banking Index Constituents and their Market Capitalizations as of December 28, 2020 (Listed in Alphabetical Order)**

Refer to Table 3.

**Table 3: Listing of Current Index Constituents and Weightings (in Alphabetical Order)**

Constituent Name	Symbol	Segment	Segment Weight	Price (\$) 2020-12-28	Market Capitalization (\$)	Index Weight
360 Finance (#)	QFIN	P2P/D	85%	\$10.39	\$32,209,000	0.21%
9F Inc. (#)	JFU	P2P/D	85%	\$1.36	\$12,104,000	0.08%
Ally Financial	ALLY	P2P/D	85%	\$34.98	\$13,077,527,095	2.00%
Amazon	AMZN	P2P/D	85%	\$3283.96	\$1,647,730,814,925	1.00%
Bank of America	BAC	P2P/D	85%	\$30.13	\$260,648,328,461	2.00%
Capital One Financial Corp.	COF	P2P/D	85%	\$97.55	\$44,619,086,227	2.00%



Citigroup	C	P2P/D	85%	\$61.13	\$127,270,195,116	2.000%
CN Finance (#)	CNF	P2P/D	85%	\$3.59	\$246,134,521	0.50%
CoreLogic	CLGX	T&S	15%	\$76.59	\$5,957,069,714	0.29%
Dun & Bradstreet	DNB	T&S	15%	\$26.25	\$11,104,776,086	0.54%
Elevate Credit	ELVT	P2P/D	85%	\$4.05	\$154,185,225	0.990%
Enova International	ENVA	P2P/D	85%	\$25.88	\$923,039,056	5.95%
Equifax	EFX	T&S	15%	\$193.66	\$23,557,374,665	1.15%
Facebook	FB	P2P/D	85%	\$277.00	\$788,977,069,867	1.00%
Fair Isaac Corporation	FICO	T&S	15%	\$508.42	\$14,794,095,150	0.72%
Fidelity National Information Services Inc.	FIS	T&S	15%	\$140.28	\$87,044,977,831	4.23%
Finvolution Group (#)	FINV	P2P/D	85%	\$2.27	\$38,590,000	0.25%
Fiserv	FISV	T&S	15%	\$112.67	\$75,333,460,243	3.66%
Global Payments Inc.	GPN	T&S	15%	\$208.98	\$62,555,501,849	3.04%
Goldman Sachs	GS	P2P/D	85%	\$259.59	\$89,316,557,347	2.00%
GreenDot	GDOT	T&S	15%	\$54.71	\$2,925,879,037	0.14%
GreenSky	GSKY	P2P/D	85%	\$4.68	\$352,439,105	2.27%

Jianpu Technology (#)	JT	P2P/D	85%	\$2.90	\$65,250,000	0.42%
Jianyin (#)	JFIN	P2P/D	85%	\$3.21	\$12,920,250	0.08%
JPMorgan Chase & Co.	JPM	P2P/D	85%	\$125.34	\$382,061,771,916	2.00%
LendingClub	LC	P2P/D	85%	\$8.55	\$668,889,534	4.31%
LendingTree	TREE	P2P/D	85%	\$274.22	\$3,599,730,638	23.20%
LexinFintech (#)	LX	P2P/D	85%	\$6.21	\$85,698,000	0.55%
Lufax Holdings Ltd (#)	LU	P2P/D	85%	\$13.76	\$2,408,000,000	15.52%
MercadoLibre (#)	MELI	P2P/D	85%	\$1663.72	\$30,778,820,000	0.50%
One Main Holding Inc.	OMF	T&S	15%	\$46.42	\$6,235,405,725	0.30%
PagSeguro Digital (#)	PAGS	P2P/D	85%	\$54.62	\$5,756,948,000	0.50%
PayPal	PYPL	P2P/D	85%	\$235.73	\$276,202,910,136	1.00%
PNC Financial Services Group Inc	PNC	P2P/D	85%	\$146.54	\$62,089,151,134	2.00%
Qudian (#)	QD	P2P/D	85%	\$1.19	\$51,318,750	0.33%
Senmiao Technology (#)	AIHS	P2P/D	85%	\$1.10	\$15,180,000	0.10%
SOS Ltd. (#)	SOS	P2P/D	85%	\$1.31	\$42,717,218	0.50%
Square	SQ	P2P/D	85%	\$223.34	\$100,712,224,912	1.00%

Toronto Dominion Bank	TD	P2P/D	85%	\$56.04	\$101,778,546,919	2.00%
TransUnion	TRU	T&S	15%	\$99.04	\$18,847,312,000	0.92%
Truist Financial Corp	TFC	P2P/D	85%	\$47.53	\$64,076,063,559	2.00%
Upstart Holdings Ltd	UPST	P2P/D	85%	\$42.63	\$511,560,000	3.30%
Weidai (#)	WEI	P2P/D	85%	\$1.35	\$6,986,250	0.50%
Wells Fargo & Co	WFC	P2P/D	85%	\$29.93	\$123,745,272,860	2.00%
X Financial (#)	XYF	P2P/D	85%	\$1.95	\$104,330,831	0.50%
Xiaobai Maimai Inc. (#)	HX	P2P/D	85%	\$2.34	\$40,917,668	0.26%
Yiren Digital (#)	YRD	P2P/D	85%	\$3.05	\$26,306,250	0.17%

Notes of Explanation: Prices as of December 28, 2020 and effective January 1, 2021. #Denotes ADR or ADS. Source: CrowdBureau Corporation, Prices, shares outstanding and market capitalizations-QuoteMedia. ADR's and ADS's market capitalizations calculated based on shares issued and outstanding in the United States.

### Listing of Top 10 Index Constituents

Refer to Table 4 for a listing of the top 10 Index constituents as of January 1, 2020.

**Table 4: Listing of CrowdBureau® P2P Online Lending and Digital Banking Index Top 10 Index Constituents and Weightings**

Constituent Name	Symbol	Segment	Segment Weight	Price (\$) 2020-12-28	Market Capitalization (\$)	Index Weight
LendingTree	TREE	P2P/D	85.00%	\$274.22	\$3,599,730,638	23.20%
Lufax Holdings Ltd. #	LU	P2P/D	85.00%	\$13.76	\$2,408,000,000	15.52%
Enova International	ENVA	P2P/D	15.00%	\$25.88	\$923,039,056	5.95%

LendingClub	LC	P2P/D	85.00%	\$8.55	\$668,889,534	4.31%
Fidelity National Information Services Inc.	FIS	T&S	15.00%	\$140.28	\$87,044,977,831	4.23%
Fiserv Inc.	FISV	T&S	15.00%	\$112.67	\$75,333,460,243	3.66%
Upstart Holdings Inc.	UPST	P2P/D	85.00%	\$42.63	\$511,560,000	3.30%
Global Payments Inc.	GPN	T&S	85.00%	\$208.98	\$62,555,501,849	3.04%
GreenSky	GSKY	P2P/D	85.00%	\$4.68	\$352,439,105	2.27%
Equifax	EFX	T&S	85.00%	\$193.66	\$23,557,374,665	1.15%

Notes of Explanation: Prices as of December 28, 2020 and effective January 1, 2021. #Denotes ADR or ADS. Source: CrowdBureau Corporation, Prices, shares outstanding and market capitalizations-QuoteMedia. ADR's and ADS's market capitalizations calculated based on shares issued and outstanding in the United States.

## Index Evaluation and Reconstitution

The Index is evaluated at the end of each quarter. Constituents are selected using prices and other criteria as of the close of trading on the Selection Date which will be five (5) business days before the effective date. Share weighting for each constituent in the index is based on the price at the close on the Selection Date. Adjustments to capture the additions, deletions, and rebalancing weights of existing components are as of the close of trading on the Effective Date. Security additions and deletions are made effective at the market open on the 1st business day of each quarter (January, April, July, and October). Dividends will be reinvested pro-rata.

At the end of each quarter, the Index is also evaluated with respect to the classification of the common stocks into the two segments as well as the weights assigned to each segment, based on available market data as of the last trading day of the quarter. The reclassification of common stocks as to segment as well as any adjustments to segment weights that may be required to maintain proper company alignments within the Index are made effective at the market open on the 1st business day following and reconstitution as of the last trading day of the quarter.

Additionally, if at any time during the year other than the Evaluation, an Index Security is determined to have become ineligible for continued inclusion in the Index due to delisting, suspension, or a definitive agreement that would likely result in the security no longer being Index eligible, the security is removed from the Index. 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, 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.

## Index Maintenance

This includes monitoring and implementing the adjustments for company additions and deletions, share changes, stock splits, stock dividends, and stock price adjustments due to company restructurings, spin-offs, or other corporate actions. Some corporate actions, such as stock splits and stock dividends, require simple changes in the common shares outstanding and the stock prices of the companies in the index. Other corporate actions, such as share issuances, change the aggregate market capitalization of the Index and, therefore, require an index divisor adjustment as well.

To avoid index discontinuity due to adjusting for corporate actions, offsetting index divisor adjustments are ordinarily made. By adjusting the index divisor for the changes in the aggregate free-float adjusted market capitalization of the index arising from one or more corporate actions affecting component stocks, the value of the index remains constant. This helps keep the value of the index accurate as a barometer of stock market performance and ensures that the movements of the index will not be improperly affected by corporate actions in the component stocks. Divisor adjustments are ordinarily made prior to the opening of trading on the day of effectiveness of such corporate actions.

## Index Rebalancing

- The CrowdBureau® P2P Online Lending and Digital Banking Index combines a modified market capitalization weighting approach that applies to the two segments of the index, namely Peer-to-Peer Marketplace Lenders and Digital Banking Platforms (P2P/D), and Providers of Technology and Software Solutions (T&S) and are additionally subject to asset diversification and liquidity guidelines. For purposes of the Index, each constituent is defined as belonging to one of the two fixed-weight segments within the peer-to-peer securities based crowdfunding and digital lending ecosystem. Individual constituent weights are subject to weight constraints or these may be fixed, for example, financial institutions with a digital lending platform will have a fixed weight of up to 3%, and social network[ing] platforms 1%. For ADRs, the number of shares used in the index calculation generally represents the entire class(es) or series of shares that trade in the local market and also trade in the form of Depositary Receipts. These are adjusted by the DR conversion ratio. The result is multiplied by the last sale price as reported by the primary exchange, i.e., NYSE, NYSE MKT or NASDAQ.
- The index, which is denominated in U.S. dollars, is calculated on a price only and total rate of return basis, with dividends being reinvested pro-rata.
- The number of shares used in the index calculation generally represents the entire class(es) or series of shares that trade in the local market and also trade in the form of ADRs. These are adjusted by the DR conversion ratio.
- All index computations use the last sale price recorded at the primary exchange on which a security is traded.

## Share Information

The number of shares used in the index calculation generally represents the entire class(es) or series of shares that trade in the local market and in the case of ADRs also trade in the form of ADRs. These shares are adjusted by the DR ratio. At the end of each quarter, the shares of the companies in the index will be updated.

## Rights Offering

In a rights offering, the company offers existing shareholders the right to purchase new shares. A rights offering results in a capital inflow and increases both the number of shares outstanding and the market capitalization of the company. (On the ex-date, the number of shares is changed if the subscription price is equal to or less than the price of the security, and the index divisor is adjusted as required).

## Stock Dividends

Stock dividends are simply accounting transactions. No funds flow into or out of the company, and total market value remains unchanged. Therefore, the weight of the company in the index remains unchanged. (On the ex-date, the number of shares is changed, but no index divisor adjustment is necessary).

### Stock Splits and Reverse Splits

Stock splits and reverse splits are the splitting or recouplement of the number of shares outstanding without any change in the shareholders equity. No funds flow into or out of the company and total market value remains unchanged. Therefore, the weight of the company in the index remains unchanged. (On the ex-date, the number of shares is changed, but no index divisor adjustment is necessary).

## Dividends

The dividend amount disclosed by a US listed company will be used in the total return calculation. For ADRs, the net dividend amount as quoted by the exchange on which the depositary receipt trades will be used in the total return calculation. If no net amount is stated but a tax rate is quoted, then the dividend applied will be the gross amount quoted less the tax quoted by the exchange. If the exchange publishes the dividend as free of withholding tax then the gross rate will be applied to the index.

All dividends may be subject to fees in addition to the stated tax rates, if the exchange quotes the specific fee then it will be removed from the net of tax amount.

## Constituent Changes

New eligible securities will generally be added to the index on a quarterly basis prior to the opening of trading following the end of quarter. Constituents may be deleted from the index due to its merger, acquisition by another company, or restructuring upon the effective delisting date or sooner. Constituents may be deleted due to sudden financial distress or bankruptcy.

## Appendix

### Contact data

#### Index Owner

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#### Calculation Agency

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### Calculation of the Index – change in calculation method

The application by the Index Calculator of the method described in this document is final and binding. The Index Calculator shall apply the method described above for the composition and calculation of the Index. However it cannot be excluded that the market environment, supervisory, legal, financial or tax reasons may require changes to be made to this method. The Index Calculator may also make changes to the terms and conditions of the Index and the method applied to calculate the Index, which he deems to be necessary and desirable in order to prevent obvious or demonstrable error or to remedy, correct or supplement incorrect terms and conditions. The Index Calculator is not obliged to provide information on any such modifications or changes. Despite the modifications and changes the Index Calculator will take the appropriate steps to ensure a calculation method is applied that is consistent with the method described above.