



Index guidelines relating to the
Leonteq Crypto Market Index

ISIN: DE000A3C52R5

("Index Guidelines")

Version 1.1 dated 13.09.2022

Important Information

The general principles of the Leonteq Crypto Market Index (the "**Index**") as of 17.01.2022 are set out below.

These Index Guidelines contain the underlying principles and regulations regarding the structure and the operations of the Index. The Index is the sole property of the Index Sponsor. LIXX GmbH, Fürstenwall 172a, 40217 Düsseldorf, Germany acting as Index Administrator maintains and publishes the Index and strives to the best of its ability to ensure the correctness of its mechanism and calculation. The Index Administrator is not obliged – irrespective of possible obligations to issuers, licensees and other users – to advise third parties, including investors and/or financial intermediaries, of any errors in the Index. This document is to be used as a guideline regarding the composition, calculation and management of the Index.

It should be noted that the general principles of the Index may be updated or amended from time to time. In managing the Index, the Index Administrator will employ the methodology described herein and its application of such methodology shall be conclusive and binding. No assurance can be given that fiscal, market, regulatory, juridical, financial or other circumstances will not arise that would, in the view of the Index Administrator, necessitate or make desirable a modification of or change to such methodology. The Index Administrator shall be entitled to make any such modification or change any of the provisions of the Index as set out in these Index Guidelines as it deems fit. The Index Administrator may also make modifications to the terms of the Index in any manner that it may deem necessary or desirable, including (but not limited to) to correct any manifest or proven error to cure, correct or supplement any ambiguity or defective provision contained in these Index Guidelines. Any such modification or change shall take effect upon publication of the relevant Index Guidelines.

This document is communicated by the Index Administrator. All information provided herein is for information purposes only and no warranty is made as to its fitness for purpose, satisfactory quality or otherwise. Every effort has been made to ensure that all information given is accurate, but no responsibility or liability (including in negligence) can be accepted by the Index Administrator for errors or omissions or for any losses arising from the use of this information. The information presented herein has been prepared based on the publicly available information, internally developed data or other third-party sources believed to be reliable. All opinions and views constitute judgments as of the date of the writing and are subject to change at any time without notice. Neither the information contained in these Index Guidelines nor the calculation and publication of the Index by the Index Administrator constitutes an invitation to make an investment in a product based upon the Index. Information, recommendations, or opinions expressed herein shall not constitute an offer for purchase of such product nor shall it purport any assurance regarding a purchase of such a product.

The Index is designed as an "index" pursuant to the Benchmarks Regulation.

Table of Contents

1	Definitions	4
2	Index Description	7
3	Index Methodology	10
4	Calculation of the Index.....	11
5	Change History	15
6	Contact Data	16
	Annex 1: Index Universe.....	17
	Annex 2: Index Component Selection Criteria	18
	Annex 3: Allocation Mechanism.....	19
	Annex 4: Initial Index Allocation	21

1 DEFINITIONS

Allocation Mechanism	Has the meaning given to such term in <u>Annex 3</u> .
Annex	Means an annex to these Index Guidelines, each of which form an integral part of these Index Guidelines.
Benchmarks Regulation	Means Regulation (EU) 2016/2011 of the European Parliament and the Council of 8 June 2016 as amended.
Business Day	Means each day which is not a public holiday in each of the Business Day Centres.
Business Day Centres	Means Düsseldorf and Zurich.
Change in Law	Any change in any national or international laws, regulations, directives, decisions by courts of last resort or administration practice applicable to any Index Component and affecting any Index Component to the economic detriment of the Index Administrator or any holder of any Index Component.
Index	Leonteq Crypto Market Index (ISIN DE000A3C52R5).
Index Administrator	LIXX GmbH, a limited liability company (<i>Gesellschaft mit beschränkter Haftung</i>) under the laws of the Federal Republic of Germany, registered with the commercial register (<i>Handelsregister</i>) of the local court (<i>Amtsgericht</i>) of Düsseldorf under HRB 81816, with the principal place of business at Fürstenwall 172A, 40217 Düsseldorf, Federal Republic of Germany.
Index Component	Any constituent of the Index selected from the Index Universe.
Index Component Selection Criteria	Has the meaning given to such term in <u>Annex 2</u> .
Index Currency	USD
Index Level	Has the meaning given to such term in Section 4.1 (<i>Index Formula</i>).
Index Objective	Has the meaning given to such term in section 2.1 (<i>Summary of Index Specifications</i>).

Index Sponsor	Leonteq Securities AG, a public limited liability company under the laws of Switzerland and registered under number CH-020.3.031.478-9 having its statutory seat in Zurich and principal place of business at 39, Europaallee, 8004, Zurich, Switzerland.
Index Start Date	17.01.2022
Index Universe	Instruments, which may be selected as Index Components, as listed in <u>Annex 1</u> .
Index Valuation Date	Means each Business Day. If a scheduled Index Valuation Date is not a Business Day, the next day that is a Business Day shall be the relevant Index Valuation Date.
Initial Index Level	100
LIXX Correction Policy	Means the correction policy published by the Index Administrator on the Website.
Official Valuation	The official valuation is based on publicly available data that has been made available by established information services or exchanges. Such data includes values taken as per 2:00 pm Duesseldorf time of each Index Component, as they are available on the relevant Index Valuation Date. If no data is available on the relevant valuation date, the most recent value available will be considered.
Price Return Index	Index calculated based on price movements of the Index Components
Reference Market	Has the meaning given to such term in Section 2.1 (<i>Summary of Index Specifications</i>).
Regulatory Event	Any public or private statement or action by, or response of, any competent authority or any official or representative of any competent authority acting in an official capacity affecting any Index Component to the economic detriment of the Index Administrator or any holder of any Index Component.
Section	Means a section of these Index Guidelines.

Significant Change	Has the meaning given to such term in section 4.9 (<i>Consulting Procedures and Significant Change</i>).
Tax Event	Means any change in the tax treatment of a holder of Index Components which is based on either a change in legislation or a change in tax administration practice.
Website	Means www.lixxinnovation.com .

2 INDEX DESCRIPTION

2.1 Summary of Index Specifications

Reference Market	Objective
<p>The crypto asset market.</p> <p>The description above constitutes the market the Index is intended to measure (the "Reference Market").</p>	<p>The aim of the Index is to provide a benchmark tracking the financial performance of certain crypto assets. The weight of each Index Component is determined based on its market capitalization while using a mechanism to reduce concentration into single Index Components. In order to reflect the economic reality the composition of the Index and the weighting of the Index Components is subject to change (the "Index Objective").</p>
Administration of the Index and Regulatory Status	
<p>The Index is calculated, maintained, rebalanced and published by the Index Administrator and sponsored by the Index Sponsor.</p> <p>As at the date of these Index Guidelines the Index is considered a "non-significant benchmark" within the meaning of Article 3 para 1 (27) of the Benchmarks Regulation. The Index is administrated in accordance with the applicable provisions of the Benchmarks Regulation and its delegated acts. The Index Administrator may, at its own discretion, choose not to apply some or all non-mandatory, waivable obligations in accordance with Article 26 of the Benchmarks Regulation.</p>	
Index Universe	
<p>The Index Universe is set out in <u>Annex 1</u>.</p>	
Selection of Index Components	

<p>Index Components will be selected by applying certain filter criteria to the Index Universe. The Index Components must meet the Index Component Selection Criteria set out in Annex 2 at the time of inclusion. The initial index allocation is set out in Annex 4.</p>
<p>Changes to Index Components</p>
<p>The Index Component's weightings are subject to change. The Index Administrator will adjust the Index allocation by implementing the allocation mechanism described in Annex 3.</p>
<p>Index Methodology</p>
<p>The methodology of the Index is set out in section 3 (<i>Index Methodology</i>).</p>
<p>Technical Specifications</p>
<p>The Index is calculated daily in USD. The Index is a Price Return Index.</p>
<p>Data Provider</p>
<p>Relevant prices used to allocate the Index Components are based on the Official Valuation, which is sourced from data that is readily available to the Index Administrator. For the avoidance of doubt, provisioning of such data does not constitute contribution of input data under the Benchmarks Regulation.</p>

2.2 Name and ISIN

The name of the Index is Leonteq Crypto Market Index. The Index is distributed under ISIN DE000A3C52R5.

2.3 Index Start Date; Initial Index Level

The calculation of the Index commences on 17.01.2022 ("**Index Start Date**") at an initial index level of 100 ("**Initial Index Level**").

2.4 Distribution

The Index Level is published by the Index Administrator under a sub-page on the Website as of each Index Valuation Date, no later than ten (10) Business Days following the respective Index Valuation Date.

2.5 Prices and Calculation Frequency

The Index is calculated daily on each Index Valuation Date.

The Index calculation is based on the Official Valuation of the respective Index Components on the relevant Index Valuation Date.

The Index Administrator will take appropriate steps to avoid a disruption to the process of the provision of the Index. However, if relevant data cannot be obtained, the Index Administrator will not publish the Index.

Deficient calculations will be managed in accordance with the LIXX Correction Policy.

2.6 Publication

Specifications and information relevant for calculating the Index will be made available on the Website and relevant sub-pages.

2.7 Index Administrator

The Index is calculated by the Index Administrator. Adjustments to the Index Level are determined by the Index Administrator.

In performing its duties, the Index Administrator follows the business principles published on the Website and the applicable provisions of the Benchmarks Regulation and its delegated acts.

2.8 Historical Data

Historical data will be recorded in accordance with Article 8 of the Benchmarks Regulation, if and as applicable. This means that in such cases all input data and the methodology is recorded for a minimum of five (5) years.

2.9 Licensing

Licenses to use the Index as a benchmark for financial instruments within the meaning of the Benchmarks Regulation are issued by the Index Administrator or the Index Sponsor.

3 INDEX METHODOLOGY

The index methodology is based on requirements and pursuing processes as described in **Annex 1-4** as outlined below. The Index Value will be determined based on the Official Valuation.

3.1 Index Universe

The relevant categories of instruments which may be selected for inclusion in the Index as Index Components are set out in **Annex 1**.

3.2 Selection of Index Components

Index Components must meet the Index Component Selection Criteria set out in **Annex 2** at the time of inclusion. The initial index allocation is set out in **Annex 4**.

3.3 Allocation of Index Components

The weighting of Index Components is executed by the Index Administrator by applying the Allocation Mechanism set out in **Annex 3** to these Index Guidelines.

3.4 Extraordinary Changes to Index Components

The Index Administrator may, at its reasonable discretion, remove an Index Component from the Index if on any Index Valuation Date *inter alia*:

- (i) Such Index Component ceases to meet the Index Component Selection Criteria;
- (ii) such Index Component ceases to exist or is being terminated;
- (iii) purchasing, holding or selling of such Index Component becomes unlawful or economically unreasonable for a holder of such Index Component in Switzerland or the European Economic Area;
- (iv) the Index Administrator deems such removal necessary to ensure that the Index continues to meet the Index Objective and composition restrictions;
- (v) a Change in Law, Tax Event or Regulatory Event occurs.

After removal of an Index Component the remaining Index Components' allocation may be adjusted accordingly and a replacement component that meets the Index Component Selection Criteria may be added to the Index.

An instrument that satisfies the Index Component Selection Criteria may be added to the Index to ensure that the Index continues to meet the Index Objective and composition restrictions. After inclusion of the new instrument, the other Index Components' allocation may be adjusted accordingly.

4 CALCULATION OF THE INDEX

4.1 Index Formula

On each Index Valuation Date, the Index Administrator calculates the level of the Index (the "**Index Level**"). This calculation is based on the Official Valuation.

The Index Administrator will use the following formula to calculate the Index Level:

$$Index_t = \sum_{i=1}^N (W_{t,i} \times P_{t,i}) - A_t$$

Whereas:

$Index_t$ Means the Index Level on Index Valuation Date t.

$W_{t,i}$ Means the number of units of an Index Component in the Index on Index Valuation Date t.

$P_{t,i}$ Means the Official Valuation of each Index Component on Index Valuation Date t > 0, converted to USD where necessary.

A_t Means the adjustment factor, which is determined at the reasonable discretion of the Index Administrator on Index Valuation Date t with reference to adjustments carried out pursuant to sections 4.3 (*Other Changes*) and 4.4 (*Adjustments*).

N Means the total number of Index Components.

i Means an indicator for an individual Index Component.

t Means an indicator for the relevant Index Valuation Date where t = 0 represents the Index Start Date and for each subsequent Index Valuation Date t is incremented by 1.0.

4.2 Accuracy

The value of the Index will be rounded to two (2) decimal places (with halves being rounded up). Calculations on units are rounded to eight (8) decimals (with halves being rounded up).

4.3 Other Changes

The Index Administrator may at its reasonable discretion amend these Index Guidelines to (i) ensure achievement of the Index Objective or (ii) to address any errors, omission or ambiguities. Such

amendments may include changes to the Index Component Selection Criteria or the rules with respect to the composition, calculation and weighting of the Index.

4.4 Adjustments

In case of systematic changes affecting the price of an Index Component or the number of units of an Index Component (e.g. caused by forks), the Index Administrator will assess whether such adjustment has a dilutive or any other effect on the price of the Index Component. In such case, the Index Administrator will make required adjustments and determine the date on which these adjustments become effective. Amongst other things the Index Administrator can consider adjustments executed by an exchange as a result of the corporate action concerning options and futures.

4.5 Rebalancing

The Index will be rebalanced each quarter following a relevant rebalancing determination date (each as specified in the table below a "**Rebalancing Determination Date**").

Fiscal Quarter	Rebalancing Determination Date
1	17.01.
2	17.04.
3	17.07.
4	17.10.

In case a scheduled Rebalancing Determination Date is not a Business Day, the Rebalancing Determination Date shall be the next Business Day. The Index Administrator will implement each rebalancing on the second consecutive Business Day following a Rebalancing Determination Date by reducing or increasing the number of units of each Index Component or, as the case may be, by adding an instrument and increasing the relevant number of units of such instrument, in each case using their Official Valuation applicable to such Index Valuation Date.

The Index Administrator will rebalance the Index as described in **Annex 2** and **Annex 3** to these Index Guidelines.

4.6 Data Provider

Input data will be sourced from publicly available sources (readily available data) to maintain or calculate the Index. For the avoidance of doubt, provisioning of such data does not constitute contribution of input data under the Benchmarks Regulation.

4.7 Index Continuity and Market Disruption

In case of missing, insufficient, inaccurate or unreliable input data or non-compliance with the standards as set out below, for any of the required data to calculate the Index, the Index Administrator may not calculate and publish the Index. The decision will be taken at the Index Administrator's sole discretion.

In case the minimum requirements and standards set out below are not fulfilled for a considerable time, the Index Administrator, to protect users of the Index, will publish such circumstance either by amending the Index Guidelines, or by notice on the Website. Where appropriate, the Index Administrator will consult experts to make the decision.

The minimum requirements for the quantity of input data are:

- A price for each Index Component must be available;
- a weight of each Index Component must be available or calculatable.

The minimum standards for the quality of input data are:

- Data must be reliable and consistent;
- data must be robust;
- data must be verifiable.

4.8 Internal Review and Approval of Methodology

After the preparation of the index related documentation, a review round with regards to whether the requirements of the Benchmarks Regulation are reflected and whether there is an operational feasibility for implementation takes place. Thereafter, a revision and further coordination with relevant parties takes place, including a dedicated checklist maintained by the Index Administrator to ensure compliance with the Benchmarks Regulation. Such a checklist includes, among other things, documentation requirements of the Benchmarks Regulation. After the relevant steps have been successfully completed, the management of the Index Administrator has discretion to approve launching an index. The methodology is reviewed annually.

4.9 Consulting Procedures and Significant Change

In the event of a proposed Significant Change in the Index methodology, it is the responsibility of a relevant party to contact the Index Administrator and notify the relevant request. Such notification must in any case be made in writing or by email. The Index Administrator will subsequently review the case regarding the reasons given.

For the purposes of this section 4.9 "**Significant Change**" means, in each case determined in the Index Administrator's reasonable discretion taking into account the Index Sponsor's interests and Index users at all times:

- (i) Any change which causes a change in the Index Level of more than 3% compared to the Index Level prevailing in the absence of such change on the last Index Valuation Date prior to such change; and
- (ii) any methodological adjustment that leads to significant changes of the Index Levels in the longer term.

In case of a Significant Change, the Index Administrator will provide updated Index Guidelines on its website. In addition, any licensees will be informed by the Index Administrator about any Significant Change.

5 CHANGE HISTORY

17.01.2022 – 1.0. – Initial version

13.09.2022 – 1.1 – Update of wording of criterion a) in Annex 2

6 CONTACT DATA

Information regarding the Index

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ANNEX 1: INDEX UNIVERSE

The following instruments selected from the Reference Market:

Instruments

Crypto Assets

ANNEX 2: INDEX COMPONENT SELECTION CRITERIA

Each instrument selected from the Index Universe must fulfil the following criteria to be eligible for inclusion in the Index ("**Index Component Selection Criteria**").

On each Rebalancing Determination Date the following filter criteria are applied to the Index Universe. An instrument is eligible, if:

- a) in case the instrument is not already an Index Component, it is permitted as an underlying instrument for derivatives in accordance with applicable items of Section 5 (*Requirements for cryptocurrencies as an underlying instrument for derivatives*) of the SIX Exchange Regulation, Circular No. 3 - Practice for the Listing of Derivatives (CIR3), or a successor thereof;
- b) it is eligible as underlying instrument for derivatives according to: <https://structuredproducts-ch.leonteq.com/crypto-assets>, or a successor thereof;
- c) it has a price that is set regularly and publicly accessible;
- d) it has a market capitalization of at least USD three (3.0) bn;
- e) it has a price history of at least ninety (90) calendar days;
- f) it is not a stable coin or has not been designed as anonymous or privacy coins.

The Index Component Selection Criteria a) is required to be fulfilled at the time of inclusion of the relevant instrument as Index Component in the Index only. However, fulfilment of this Index Component Selection Criteria a) will not be monitored on an ongoing basis following such inclusion.

If there are more than twenty-five (25) Index Components that meet the above criteria exist, the largest twenty-five (25), ranked by market capitalization, are selected.

ANNEX 3: ALLOCATION MECHANISM

Allocation Mechanism

The weight for each constituent j on Rebalancing Determination Date k is calculated as follows:

Step 1: Average Market Capitalization

$$\widehat{MarketCap}_{j,k} = \frac{1}{10} \sum_{t=1}^{10} MarketCap_{j,k-t}$$

Where

$\widehat{MarketCap}_{j,k}$ means the average market capitalization of constituent j on Rebalancing Determination Date k

$MarketCap_{j,k-t}$ means the market capitalization of constituent j t-calendar days prior to Rebalancing Determination Date k

Step 2: Interim Weight 1

$$Weight1_{j,k} = \frac{\widehat{MarketCap}_{j,k}}{\sum_{m=1}^N \widehat{MarketCap}_{m,k}}$$

Where

$Weight1_{j,k}$ means the interim weight 1 of constituent j on Rebalancing Determination Date k

N means the number of constituents

Step 3: Scaling Factor

$$Factor_k = \begin{cases} 1 & \text{if } SumWeights \leq 50\% \\ 1 + 2 \times (SumWeights_k - 50\%) & \text{if } SumWeights > 50\% \end{cases}$$

Where

$Factor_k$ means the scaling factor on Rebalancing Determination Date k

$SumWeights_k$ means the sum of the two largest $Weight1_{j,k}$ across all constituents on Rebalancing Determination Date k

Step 4: Interim Weight 2

$$Weight2_{j,k} = (Weight1_{j,k})^{1/Factor_k}$$

Where

$Weight2_{j,k}$ means the interim weight 2 of constituent j on Rebalancing Determination Date k

Step 5: Final Weight

$$FinalWeight_{j,k} = \frac{Weight2_{j,k}}{\sum_{m=1}^N Weight2_{j,k}}$$

Where

$FinalWeight_{j,k}$ means the interim weight 2 of constituent j on Rebalancing Determination Date k

ANNEX 4: INITIAL INDEX ALLOCATION

The initial weight allocation for the Index Components is set out below.

Index Component Name	Currency	Weight
Bitcoin (BTC)	USD	36.31 %
Ether (ETH)	USD	23.45 %
Solana (SOL)	USD	6.52 %
Cardano (ADA)	USD	6.19 %
XRP (XRP)	USD	5.77 %
Polkadot (DOT)	USD	4.66 %
Litecoin (LTC)	USD	2.58 %
Avalanche (AVAX)	USD	4.26 %
Algorand (ALGO)	USD	2.54 %
Polygon (MATIC)	USD	3.53 %
Dogecoin (DOGE)	USD	4.20 %