

# MARKET CONSULTATION

## Methodology Change of the North American Medical Marijuana Index

Solactive has decided to conduct a Market Consultation with regard to its Oversight Committee's proposal to change the methodology of the North American Medical Marijuana Index. All stakeholders and interested third parties are invited to provide input and feedback to the proposed Policy. Solactive welcomes all contributions and thoroughly assesses all responses received. The overarching aim is to maintain the integrity and continued comparability of the index while mitigating certain effects of the weighting scheme perceived as negative.

If you would like to share your thoughts with Solactive, please use this consultation form and provide us with your personal details and those of your organization.

Name	
Function	
Organization	
Email	
Phone	
Confidentiality (Y/N)	

## Consultative question

The North American Medical Marijuana Index tracks the performance of a basket of North American publicly listed companies with significant business activities in the marijuana industry.

Due to the development of the marijuana market and the proposed federal law change in Canada to legalize marijuana for recreational use, the index intends to potentially hold a slightly broader scope of marijuana-focused companies which is in accordance with the above index rationale. Thus, Solactive intends to remove the word "medical" from the index name as well as throughout the index guideline.

In order to reduce the turnover in the index and to make the index more investable, Solactive intends to implement a buffer rule for the minimum market capitalization as well as for the minimum average monthly daily value traded requirement outlined in the guideline under section 2.1.

In particular, existing index member should have a minimum market capitalization of at least CAD 67.5 million and a minimum average monthly daily value traded of at least CAD 200,000.

Furthermore, the minimum average monthly daily volume shares traded of 75,000 shall be removed as a requirement for the index selection.

On top of that, the minimum average monthly daily value traded for Canadian stocks shall be calculated on a composite basis (i.e. aggregated over all Canadian stock exchanges) rather than on an exchange specific basis as it is currently done. This should take into account the trading characteristics of the Canadian market where substantial stock trading is made on several exchanges. US index components are not affected from this proposed change.

Three stocks that have been removed from the index in the most recent index selection in June 2017 would have remained in the index taken into account the proposed changes for the minimum liquidity criteria above.

Hence, implementing the above changes help to actually improve the index tradability and its suitability for being referenced by financial instruments.

Solactive AG's Oversight Committee is of the opinion that the suggested methodology change improves the index' representativeness taking into account the intended use of the Index as benchmark for certain financial instruments and its continued integrity and comparability.

Solactive AG is inviting all stakeholders in the North American Medical Marijuana Index to evaluate this proposed change to the methodology, and welcomes any feedback on how this may affect and/or improve their use of the index. Solactive furthermore encourages stakeholders to suggest alternative changes in order to ensure the continued tradability of the index.

### Consultation Procedure

Stakeholders and third parties, who are interested in participating in this Market Consultation, are invited to respond to until **Friday 4 August 2017 cob**.

Please send your feedback via email to [info@solactive.com](mailto:info@solactive.com), specifying "Market Consultation" as the subject of the email, or

via postal mail to:       **Solactive AG**  
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Should you have any additional questions regarding the Policy in general or the Consultative Question in particular, please do not hesitate to contact us via above email address.