

MARKET CONSULTATION CANNABIS INDEX

31 January 2020



Content of the Market Consultation

Solactive AG has decided to conduct a Market Consultation with regard to changing its Index Guideline of the following Index (the 'Index'):

NAME	RIC	ISIN
Cannabis Index	.POTX	DE000SLA9PD6

Rationale for Market Consultation

Over the past months, there has been a significant drop in the market of companies that are active in the cannabis business. Market capitalizations and liquidity of these companies have significantly decreased over the last months. As a result, in the upcoming selection it would no longer be possible to include the minimum number of 25 companies given the current average daily trading volume and market capitalization thresholds. As less liquid market environments were expected, a fallback rule was implemented in the current Index Guideline as described in section 2.1 of the Index Guideline. However, even after applying that fallback rule, there are less than 25 companies that are eligible for inclusion. The proposed changes should guarantee that all requirements can be met in the future and thus ensure the stability of the index.

Changes to the Index Guideline

The following definitions will be updated with the new wording as follows:

Section 2.1 Selection of the Index Components:

o Old Wording:

The initial composition of the Index as well as any ongoing adjustment is based on the following rules:

On the Selection Days, Solactive defines the Index Universe as defined in Section 4. Out of this universe, only companies that fulfill the following criteria are selected as components of the index.

Companies are only eligible if they generate at least 50% of their revenues from the cannabis industry value chain, as defined in Section 4, or if they are expected to derive at least 50% of their revenues from the cannabis industry value chain in the future. Further, companies are only eligible if their cannabis related business activities are legal under all laws, rules and regulations applicable to their business.



For the avoidance of doubt, companies in the U.S. that grow, produce and/or supply cannabis in violation of U.S. federal law are not eligible. Companies may supply products and perform services in the U.S. to end companies (including end companies that grow, produce, distribute, or sell cannabis or products derived from cannabis in a manner that is legal under state and local law but not under U.S. federal law) so long as the provision of such products and services by the company is legal under applicable federal, state and local law.

Pure-Play Companies and Pre-Revenue Companies (as defined in Section 4) are ranked respectively according to free float market capitalization. The 40 highest ranking Pure-Play Companies are included in the index (if there are fewer than 40 Pure-Play Companies, all are included). The 10 highest ranking Pre-Revenue Companies are included in the index (if there are fewer than 10 Pre-Revenue Companies, all are included).

If fewer than 25 companies satisfy the criteria outlined in Section 4.f, the average daily trading volume is relaxed up to USD 1 million until the required number of 25 index components is reached. To clarify, the criterion is only relaxed up to the point that there are 25 components that pass the criterion.

- *New Wording:*

The initial composition of the Index as well as any ongoing adjustment is based on the following rules:

On the Selection Days, Solactive defines the Index Universe as defined in Section 4. Out of this universe, only companies that fulfill the following criteria are selected as components of the index.

Companies are only eligible if they generate at least 50% of their revenues from the cannabis industry value chain, as defined in Section 4, or if they are expected to derive at least 50% of their revenues from the cannabis industry value chain in the future. Further, companies are only eligible if their cannabis related business activities are legal under all laws, rules and regulations applicable to their business.

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are included). The 10 highest ranking Pre-Revenue Companies are included in the index (if there are fewer than 10 Pre-Revenue Companies, all are included).

If fewer than 25 companies satisfy the criteria outlined in Section 4.a to Section 4.g, the criteria will be relaxed sequentially in the following order until 25 components pass the criteria:

- 1. the average daily trading volume in the last three and/or six months is relaxed up to USD 1 million (USD 0.7 million for companies that are Index Components on the applicable Selection Day)*
- 2. the market capitalization is relaxed up to USD 50 million (USD 40 million for companies that are Index Components on the applicable Selection Day)*
- 3. the average daily trading volume in the last three and/or six months is relaxed up to USD 0.5 million (USD 0.35 million for companies that are Index Components on the applicable Selection Day)*

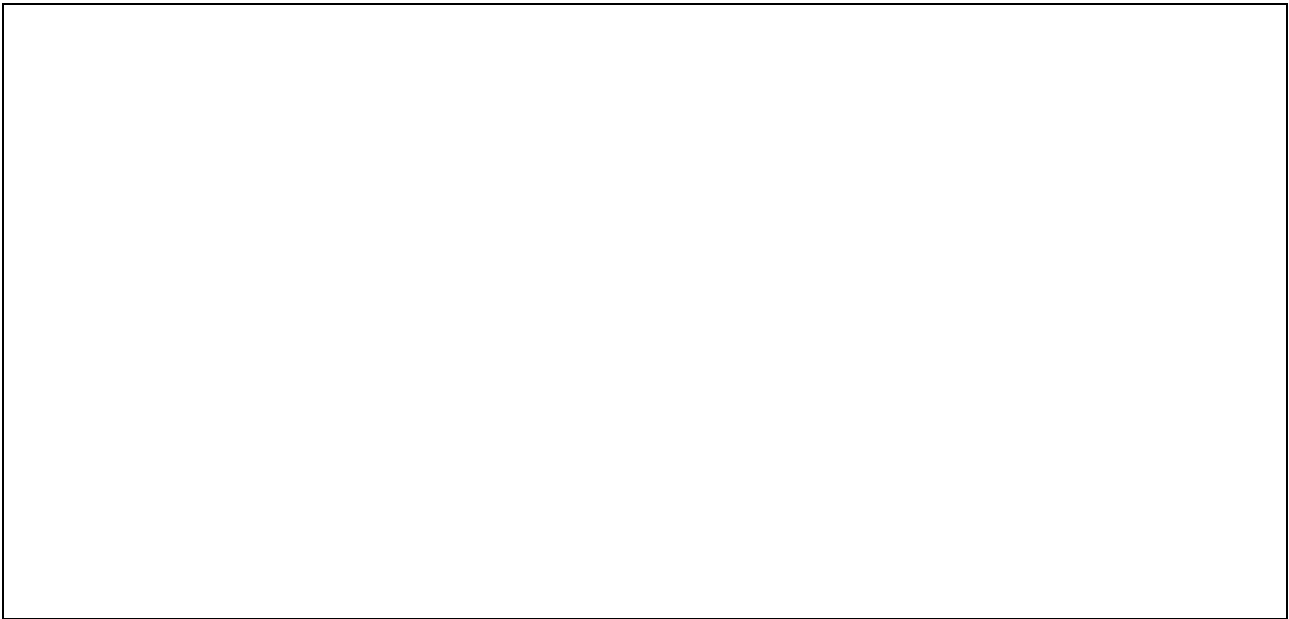
To clarify, the criteria are only relaxed up to the point that there are 25 components that pass the criteria.

Feedback on the proposed changes

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)	

Solactive is inviting all stakeholders and interested third parties to evaluate the proposed changes to the Guideline for the Cannabis Index and welcomes any feedback on how this may affect and/or improve their use of Solactive indices.



Consultation Procedure

Stakeholders and third parties who are interested in participating in this Market Consultation, are invited to respond until February 14th, 2020 (cob).

Please send your feedback via email to compliance@solactive.com, specifying "Market Consultation Cannabis Index | GUIDELINE CHANGE" as the subject of the email, or

via postal mail to: Solactive AG
 Platz der Einheit 1
 60327 Frankfurt am Main
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Should you have any additional questions regarding the consultative question in particular, please do not hesitate to contact us via above email address.

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