



Erika Moore
Vice President, Deputy General
Counsel, and Corporate Secretary
805 King Farm Boulevard
Rockville, MD 20850
P: (301) 978-8490
E: Erika.moore@nasdaq.com

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Vanessa A. Countryman
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-0609

Re: Request for Comment on Certain Information Providers Acting as Investment Advisers, Investment Advisers Act Release No. 6050 (June 15, 2022), 87 FR 37254 (June 22, 2022) (File No. S7-18-22) (“Comment Request”)

Dear Ms. Countryman:

Nasdaq, Inc. (“Nasdaq”) appreciates the opportunity to respond to the Securities and Exchange Commission’s (the “SEC” or “Commission”) request for comment on the role of index providers, model portfolio providers, and pricing services (collectively, “information providers”) in the current market ecosystem and the potential applicability of the Investment Advisers Act of 1940, as amended (the “Advisers Act”) to their activities. Nasdaq, Inc. owns and operates numerous businesses that promote capital formation and financial market transparency, including Nasdaq Global Indexes, an index provider that, as of the date of this letter, publishes more than 46,000 indexes that track the prices of equities, fixed income securities, and other asset classes. Our comments are focused on the SEC’s inquiries about the role and regulatory status of index providers.¹

¹ Nasdaq also owns Dorsey Wright & Associates (“Nasdaq Dorsey Wright”), whose business activities include serving as both a model portfolio provider and an index provider. Nasdaq Dorsey Wright is a registered investment adviser because it enters contracts directly with investors to whom it provides model portfolios and has therefore concluded that its model portfolio activities bring it within the definition of “investment adviser.” Nasdaq is not commenting at this time, however, as to the general applicability of the Advisers Act to entities that may be deemed model portfolio providers. We are also not submitting comments on the applicability of the Advisers Act to pricing services, other than to note that the activities of pricing services seem far removed from the original intent of the Advisers Act.

As an initial matter, we note that neither the Advisers Act, nor the Investment Company Act of 1940, as amended (the “Company Act”) provide the Commission with the statutory authority to regulate index providers. Nothing in the plain meaning of these statutes or their legislative history would suggest that Congress intended to grant the Commission that authority. Moreover, this interpretation of the statutes has been reinforced over the years by the SEC’s own interpretations. Thus, even if the Commission believes that there is latent authority under these statutes to bring index providers within their scope, it will need to clearly articulate the policy and legal rationales for an about-face. On its face, the Comment Request does not provide those rationales; rather, it speaks vaguely about “potential concerns about investor protection and market risk,” but cites only one example—using knowledge about index composition for personal benefit—of concerns that might merit a regulatory response. Instead, much of the Comment Request focuses on the size, growth, and adaptability of the index provider sector as a reason for potential regulation, as if the industry’s success at meeting market demand was a sufficient basis for regulation.

Rather, we believe that the Final Report on Principles for Financial Benchmarks (the “Principles”)² published in 2013 by the Board of the International Organization of Securities Commissions (“IOSCO”), of which the Commission is a member, provides a more appropriate approach to imparting on index providers standards for governance, transparency, and mitigation of conflicts of interest. Notably, the Principles, unlike the Advisers Act, were explicitly designed to address the operations of index providers. As discussed in more detail below, they also recognize that a one-size-fits-all approach that would treat indexes tracking publicly traded securities in the same manner as subjective interest rate benchmarks is illogical, and that encouraging adoption of the Principles as a self-regulatory code of conduct may be more appropriate than inflexible government regulation.

I. Index providers are not, and should not be treated as, investment advisers under the Advisers Act.

Index providers are not the type of entities that Congress intended to regulate when adopting the Advisers Act. Rather, the legislative history of the Advisers Act makes clear that Congressional intent was primarily to regulate those in the business of rendering personalized investment advice.³ As such, index providers have not historically been subject to regulation in the U.S. via the direct application of any of the federal securities laws, including the Advisers Act and the Company Act. Index providers do not satisfy the definition of “investment adviser” under either the Advisers Act or the Company Act and accordingly have not been required to register as investment advisers with the SEC. Section 202(a)(11) of the Advisers Act, for example, generally defines an investment adviser as any person who: (1) provides advice about securities (2) for compensation

² See The Board of the International Organization of Securities Commissions, *Principles for Financial Benchmarks* (July 2013), <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD415.pdf> [hereinafter “Principles”].

³ See e.g., H.R. REP. NO. 2639 (1940) (defining investment advisers as “persons who for compensation engage in the business of advising others, either directly or through publications or writings as to the value of securities, or as to the advisability of investing in, purchasing, or selling securities or who for compensation and as part of a regular business issue or promulgate analyses or reports concerning securities”).

(3) to others.⁴ To be an investment adviser under this provision, an entity must satisfy all three factors.

Although the meaning of being engaged in the business of providing advisory services to others is not clear in the text of the Advisers Act, the SEC and its staff (the “Staff”) have provided interpretive guidance applicable to certain service providers. For example, in determining the investment adviser status of persons who provide financial services such as financial planning or pension consulting services, the SEC has stated that such a person is engaged in the business of providing advice if it: (1) holds itself out to the public as an investment adviser or as one who provides investment advice; (2) receives any separate or additional compensation that represents a clearly definable charge for providing advice about securities; or (3) provides specific investment advice other than rarely or in isolated or non-periodic instances.⁵

Additionally, the Staff has stated that a person may be viewed as holding itself out as an adviser if it: (1) advertises itself as an “investment adviser;” (2) refers to itself as an “investment adviser;” (3) maintains a listing as an investment adviser in any telephone, business, building, or other directory; (4) uses letterhead, stationery, or business cards indicating any investment advisory activity; or (5) otherwise lets it be known, through word of mouth or other means, that it is willing to provide investment advisory services.⁶

As discussed in the Comment Request, the advice requirement of the definition of “investment adviser” under the Advisers Act can be met by issuing or promulgating as part of a regular business “analyses or reports concerning securities.”⁷ Information regarding indexes published by index providers does not contain analysis or reports concerning securities; rather, index providers publish the index (*i.e.*, the list of component securities that satisfy the index criteria), a description of the index methodology, pricing information, and related materials.

The Staff has historically taken the position that information relating to securities does not constitute an “analysis or report” under the Advisers Act if: (1) the information is readily available to the public in its raw state; (2) the categories of information presented are not highly selective; and (3) the information is not organized or presented in a manner that suggests the purchase,

⁴ Under Section 202(a)(11) of the Advisers Act, an “investment adviser” is: “any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities.”

⁵ See Securities and Exchange Commission Division of Investment Management Staff, Investment Advisers Act Release No. 1092: Applicability of Investment Advisers Act to Financial Planners, Pension Consultants, and Other Persons Who Provide Investment Advisory Services as a Component of Other Financial Services (Oct. 8, 1987) [hereinafter “Release 1092”].

⁶ See Securities and Exchange Commission Division of Investment Management Staff, *Staff Legal Bulletin No. 11: Applicability of Advisers Act to Financial Advisors of Municipal Securities Issuers* (Sept. 19, 2000) [hereinafter [“Legal Bulletin No. 11”].

⁷ See Investment Advisers Act of 1940 § 2(a)(11) [hereinafter “Advisers Act”].

holding, or sale of any security or securities.⁸ Index providers are careful to publish information related to their indexes in a way that meets this criteria. Specifically, (1) the information that comprises each index is readily available in the public sector in its raw state and, if an investor followed the methodology as published, could be compiled without the index provider; (2) the information presented is not highly selective, but rather, is produced via a pre-established and published methodology; and (3) the information is not organized or presented in a manner which suggests the purchase, holding or sale of any securities, but rather, is presented in a factual manner without regard to the merits of investing in any or all of the securities in the index.

With respect to the “compensation” element of the three-prong test, we understand that the Staff broadly construes the compensation element of the investment adviser definition to encompass “the receipt of any economic benefit.”⁹ In particular, the Staff has indicated that the reimbursement of administrative expenses incurred in the provision of advisory services may constitute “compensation.”¹⁰

An entity that provides investment advice with respect to particular securities will meet the last element of the investment adviser definition. The Advisers Act defines securities broadly.¹¹ The determination of whether an instrument is a “security,” in some cases, may require detailed analysis. To the extent an entity is providing advice with regard to assets that are not securities, such as commodities, precious metals or real estate, the SEC has indicated that such entities should not register under the Advisers Act.¹² However, if the entity’s advice also extends to securities, even if only to a limited degree, the entity may be viewed as providing advice about securities for Advisers Act purposes.¹³

⁸ See, e.g., Missouri Innovation Center, Inc., SEC Staff No-Action Letter (pub. avail. Oct. 17, 1995); Datastream International Inc., SEC Staff No-Action Letter (pub. avail. Mar. 15, 1993).

⁹ See Release 1092, *supra* note 5.

¹⁰ See, e.g., Daughters of Charity National Health System, Inc., SEC Staff No-Action Letter (pub. avail. Apr. 3, 1998) (Staff unable to conclude that reimbursement of certain operating expenses incurred in the provision of investment advice would not constitute “compensation”); Northeastern Pennsylvania Synod of the Evangelical Church in America, SEC Staff No-Action Letter (pub. avail. May 3, 1988).

¹¹ Under the Advisers Act, the definition of a “security” includes “any note, stock, treasury stock, security future, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas, or other mineral rights, any put, call, straddle, option, or privilege on any security (including a certificate of deposit) or on any group or index of securities (including any interest therein or based on the value thereof), or any put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency, or, in general, any interest or instrument commonly known as a “security,” or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guaranty of, or warrant or right to subscribe to or purchase any of the foregoing.” See Advisers Act § 202(a)(18).

¹² See Memorandum to Chairman Levitt from SEC Division of Investment Management (Dec. 9, 1994).

¹³ *Id.*

A. Index providers do not constitute “investment advisers” under the Advisers Act’s definition.

As discussed above, to be an investment adviser under Section 202(a)(11) of the Advisers Act a firm must (1) provide advice about securities (2) for compensation (3) to others. The role of an index provider does not satisfy this three-prong test, and trying to force it into the scope of the definition would be akin to fitting a square peg in a round hole.

Generally, the role of an index provider is to establish and maintain a basket of securities (or other instruments) that is designed to represent a segment of the market, a category of securities or other grouping of securities that can be used by market participants as a point of comparison, as a basis for an investment strategy or for such other means as the market participant determines appropriate. In such capacity, an index provider will typically provide services related to the (1) conceptualization of the basket of securities (or other instruments) that comprise the components of the index and the establishment of the rules pursuant to which the index will be maintained, (2) calculation of the index values from time to time in accordance with the rules established for the index, and (3) publication or other dissemination of the values of the index from time to time. Index providers also frequently license the use of their intellectual property related to the index to sponsors of investment products for use in basing the investment strategy of an investment product on the index.

In performing these functions, the index provider does not provide advice about securities. Specifically, the index provider does not provide any opinion or view as to whether it would be advisable for any investor to purchase or sell the securities that are components of the index. Rather, the index provider simply presents the index as a representation of the segment of the market, category of securities or other grouping of securities that the index was designed to represent.

In calculating and publishing the index, the index provider does not make any judgment as to the merit of an investment in the index components. Rather, all securities that satisfy the rules established for the index are included regardless of their investment merits. Once the rules for the index are established, the calculation and publication of the index is a mechanical process typically performed by the index provider or by a calculation agent that the index provider employs. Moreover, notwithstanding the fact that an index provider may license the use of the index to the sponsor of an investment product in exchange for compensation, such license does not constitute investment advice. When licensing the use of an index to the sponsor of an investment product, the index provider simply authorizes the provider of the investment product to make use of the index in managing the product. The sponsor of the investment product is permitted to make use of the index in accordance with the terms of the licensing agreement, and to build its investment strategy around the index. Thus, it is the sponsor of the investment product that provides investment advice and registers under the Advisers Act, not the index provider.

As discussed above, in analyzing whether someone is an investment adviser, the SEC has stated that such a person is engaged in the business of providing advice if it: (1) holds itself out to the public as an investment adviser or as one who provides investment advice; (2) receives any separate or additional compensation that represents a clearly definable charge for providing advice about securities; or (3) provides specific investment advice other than rarely or in isolated or non-periodic instances.¹⁴ Additionally, the Staff has stated that a person may be viewed as holding itself out as an adviser if it: (1) advertises itself as an “investment adviser;” (2) refers to itself as an “investment adviser;” (3) maintains a listing as an investment adviser in any telephone, business, building, or other directory; (4) uses letterhead, stationery, or business cards indicating any investment advisory activity; or (5) otherwise lets it be known, through word of mouth or other means, that it is willing to provide investment advisory services.¹⁵ Index providers do not hold themselves out to the public as investment advisers or as providing investment advice, do not receive any separate or additional compensation that represents a clearly definable charge for providing advice about securities, or provide specific investment advice. Instead, index providers typically broadly disclaim any investment advisory responsibility in connection with publishing and licensing their indexes and require those that license the use of their indexes to disclose such disclaimers. Accordingly, index providers typically do not hold themselves out as investment advisers within the meaning of the term in the Advisers Act.

B. Index providers do not manage assets.

Even if an argument could be made that index providers satisfy the definition of an investment adviser under the Advisers Act, they would not be required to register as investment advisers, as an index provider does not have sufficient regulatory assets under management (“RAUM”) to justify SEC registration. Rule 203A-1 under the Advisers Act permits an investment adviser to register with the SEC upon reaching \$100 million in RAUM.¹⁶ Based on the definition of RAUM in Form ADV, index providers do not have RAUM.

Instruction 5.b to Form ADV¹⁷ instructs an investment adviser to include as RAUM all “securities portfolios for which [it] provide[s] continuous and regular supervisory or management services.” The instructions go on to state that an investment adviser provides continuous and regular supervisory or management services if (a) the investment adviser has discretionary authority over and provides ongoing supervisory or management services, or (b) the investment adviser does not have discretion but has ongoing responsibility to select or make recommendations. The instructions also provide a number of factors that should be considered when determining whether a firm provides continuous and regular supervisory or management services, including the terms

¹⁴ See Release 1092, *supra* note 5.

¹⁵ See Legal Bulletin No. 11, *supra* note 6.

¹⁶ 17 CFR 275.203A-1.

¹⁷ See Securities and Exchange Commission, *Form ADV, Part 1A* (<https://www.sec.gov/about/forms/formadv-part1a.pdf>).

of the advisory contract, the form of compensation and the extent to which the adviser actively provides asset management services.

As discussed earlier in this letter, index providers do not have discretionary authority over any investment portfolio. Rather, the index provider publishes a list of securities that meet established criteria. Once an index is established, it is in the discretion of the investment advisers that license the index or otherwise manage portfolios that track the index to exercise their discretion regarding whether to purchase any particular security that is a component of the index. Neither does an index provider have ongoing responsibility to select or make recommendations to any investment portfolio. Rather, the index provider publishes the index in accordance with the established criteria without regard to any specific investment portfolio.

Accordingly, index providers do not have RAUM. There is also no pressing regulatory need for the Commission to amend Form ADV to redefine RAUM so that assets tracking an index are considered RAUM. Index provider services are impersonal in nature, and are not supervisory or managerial and, as such, do not constitute investment advisory services. To do so would be anathema to the intent of the Advisers Act to regulate only investment advisers that provide personalized investment services.

C. Even if index providers satisfied the traditional definition of “investment adviser” under the Advisers Act, they would still qualify for the Publishers Exemption.

Notwithstanding the fact that index providers generally do not satisfy the definition of “investment adviser” under the Advisers Act, index providers typically choose to voluntarily adhere to the requirements of Section 202(a)(11) of the Advisers Act, which identifies certain categories of persons and entities that, notwithstanding the fact that they may be deemed to satisfy the elements of the definition of “investment adviser” discussed above, are excluded from the definition. Among the delineated exclusions from the definition of investment adviser is Section 202(a)(11)(D), which excludes “the publisher of any bona fide newspaper, news magazine or business or financial publication of general and regular circulation.”¹⁸ This provision is generally referred to as the “Publishers Exemption.”

In *Lowe v. SEC*,¹⁹ the U.S. Supreme Court interpreted the Publishers Exemption to cover publications that provide only “impersonal” advice (*i.e.*, advice not tailored to an individual client) to the general public on a regular basis and articulated certain factors that must be satisfied. To satisfy the elements of the Publishers Exemption under *Lowe*, the publication must be: (i) of a general or impersonal nature and not adapted to any specific portfolio or client; (ii) *bona fide*, in that it contains only disinterested commentary and analysis rather than promotional material; and (iii) of general and regular circulation, in that it is not timed to specific market activity.²⁰ Pursuant

¹⁸ Advisers Act § 202(a)(11)(D).

¹⁹ 472 U.S. 181 (1985).

²⁰ See Russell H. Smith, SEC Staff No-Action Letter (pub. Avail. May 2, 1996).

to these elements, an entity that provides advice about securities via website, email or another form of electronic communication may qualify for the exemption, assuming all elements are satisfied.²¹ Conversely, an entity that engages in personalized communications with subscribers about investment advice, or that has investment discretion to invest client assets on its own initiative, may not rely on this exemption.

Index providers, while not publishing a newspaper or magazine, are typically able to satisfy the elements of the Publishers Exemption with respect to their index publication, because (1) even if the provision of the index were deemed to be investment advice, such advice would be considered impersonal in nature, (2) the indexes constitute disinterested commentary and analysis rather than promotional material, and (3) the indexes, including their methodologies, are published in a manner that constitutes general and regular circulation.

As recently as March 2018, the Director of the SEC’s Division of Investment Management acknowledged that “index providers have historically concluded that, even if they are investment advisers, they may rely on the publisher’s exclusion from the definition of ‘investment adviser.’”²² Further, the Director acknowledged that it may continue to be appropriate for them to do so, even in the context of custom or bespoke indexes; however, she noted that the determination of whether the Publisher’s Exemption is available is a “facts and circumstances analysis without a bright-line.” Accordingly, index providers, including Nasdaq, have developed strong policies, procedures and processes to make sure that each index is published in a manner that satisfies each factor articulated in the *Lowe* decision.

While most index providers do not satisfy the definition of “investment adviser” under the Advisers Act, those who may be required to register but can comply with the Publishers Exemption typically do not register with the SEC as investment advisers and are not required to comply with the substantive provisions of the Advisers Act or its regulations.

A discussion of each factor of the *Lowe* decision as applied to index providers is included below.

i. The provision of an index is impersonal in nature.

The provision of indexes generally constitutes a service that is impersonal in nature. Indexes are typically established and published in accordance with a published methodology that describes the rules governing the operation and implementation of the index. By the application of the rules-based criteria for selection of index constituents, the securities included in a particular index from time to time will be selected by predetermined criteria, and such constituent securities may only change upon a rebalance and in accordance with the methodology rather than any individual

²¹ Id.

²² See Dahlia Blass, Director, Securities and Exchange Commission Division of Investment Management, Keynote Address at the ICI 2018 Mutual Funds and Investment Management Conference (March 19, 2018), available at <https://www.sec.gov/news/speech/speech-blass-2018-03-19>.

recommendations or regard to any particular investor. This is true in the context of broad-based market indexes and in the context of custom or bespoke indexes.

As such, any advice an index provider could be deemed to provide remains impersonal in nature. Generally, this is true even in instances where the index provider enters into a license agreement that grants one sponsor of an investment product exclusive permission to operate an investment product based on an index. Moreover, this analysis holds true even when the index provider collaborates with a licensee on the development of a custom or bespoke index to be licensed to the licensee, provided that once the index methodology is set the index provider's personnel operate and implement the index pursuant to the methodology and retain full discretion on whether to revise such methodology.

ii. Indexes are generally published as disinterested commentary.

The Publishers Exemption requires that the publication of an index be a *bona fide* publication. This has been interpreted to mean that it contains only disinterested commentary and analysis rather than promotional material.

Indexes are generally published by index providers as disinterested commentary. Index providers typically publish each index, its methodology and related materials in a manner designed to present them to the public in an objective, disinterested manner. In particular, index providers typically do not publish any materials that may be viewed as promotional, as touting certain securities within an index, or as otherwise offering personalized investment advice.

iii. Indexes are of general and regular circulation.

The Publishers Exemption also requires that the publication of an index be of general and regular circulation. This requirement has been interpreted to mean that the publication must not be made from time to time in response to episodic market activity.

To comply with this requirement, index providers typically publish each index, a description of its methodology, its value, and related materials in a manner that allows persons unaffiliated with the index provider to access the index and understand the methodology used to operate and implement the index. Although publication may be accomplished through a public-facing website, it is not required that the index and related information be published in a manner that makes the index available to the general public on an unlimited basis. Moreover, the publication of the index, a description of its methodology and related materials is typically maintained for a substantial period of time and published regularly, including following each rebalancing or reconstitution.

D. Customized or bespoke indexes should not be treated differently.

Although in certain circumstances an index provider may provide services to the sponsor of an investment product related to the development and construction of a customized index, once the index criteria are established, the operation, implementation and publication of the index is

typically conducted in the same manner as described above. The index, whether customized or a broad-based index, may be operated, implemented and published in accordance with the same governance framework as any other index and in accordance with the Principles.

Moreover, while the index provider may collaborate with the licensee in the development and construction of the index methodology, once the index methodology is established the licensee typically has no influence over the index. During such collaboration, the index provider's role is typically to translate the licensee's ideas for an investment strategy into an operational index methodology, and not to provide any personalized advice or recommendation to the sponsor of the investment product. Once the index methodology is established, such collaboration ends, and the licensee's sole rights with respect to the index are to manage an investment product in accordance with its license.

Further, none of the services provided by the index provider in such collaboration result in the index provider having any assets under management. Accordingly, an index provider should not be treated differently when it is operating a customized index as opposed to a broad-based securities index. Rather, the index provider services remain the same regardless of the nature of the index.

E. Index providers, unlike investment advisers, do not have fiduciary duties to their clients.

Index providers that are not investment advisers do not have fiduciary duties to their licensee clients or the investors in the investment products that track their indexes. Rather, their obligations to clients are commercial in nature and shaped by the scope of the index licensing agreement.

Investment advisers are fiduciaries to their clients by operation of law based on the nature of the relationship between the client and adviser, and not based on the contractual relationship.²³ An investment adviser's fiduciary duty is reflected in Section 206 of the Advisers Act, which generally prohibits an investment adviser from engaging in any practice that is fraudulent, deceptive or manipulative under the Advisers Act, as well as under the common law.²⁴ Section 206 does not explicitly reference an investment adviser's fiduciary duty; however, in a seminal case, the U.S. Supreme Court found that "the [Advisers Act] reflects a congressional recognition 'of the delicate fiduciary nature of an investment advisory relationship,' as well as a congressional intent to eliminate, or at least to expose, all conflicts of interest which might incline an investment adviser—consciously or unconsciously—to render advice which was not disinterested."²⁵ The Supreme Court further stated that "[c]ourts have imposed on a fiduciary an affirmative duty of 'utmost good

²³ See *In the Matter of Arleen W. Hughes*, Exchange Act Release No. 4048 (Feb. 18, 1948).

²⁴ See *Morris v. Wachovia Securities, Inc.*, 277 F. Supp 2d 622 (E.D. Va. 2003) (finding that "[section] 206(d) is more than an anti-fraud provision because it establishes fiduciary duties for investment advisers").

²⁵ *SEC v. Capital Gains Research Bureau, Inc.*, 375 U.S. 180 (1963).

faith, and full and fair disclosure of all material facts’ as well as an affirmative obligation ‘to employ reasonable care’ to avoid misleading’ clients.²⁶

Consistent with Section 206 and the Supreme Court’s decision, the SEC has stated that the conduct of an investment adviser will be measured against a higher standard than one used for mere commercial transactions,²⁷ and that the application of an investment adviser’s fiduciary duties will be judged based on the applicable circumstances. In reviewing investment adviser activities, the SEC has interpreted an investment adviser’s fiduciary duty to be comprised of a duty of care and duty of loyalty, which duties require the investment adviser to (1) put clients’ interests first, (2) act with utmost good faith, (3) provide full and fair disclosure of all material facts, (4) not mislead clients, and (5) expose all conflicts of interest to clients.²⁸

Index provider relationships with the licensees that make use of their indexes in managing investment products do not establish a fiduciary relationship. Rather, they are contractual in nature, and, as such, are subject to a negotiated standard of care. This standard of care is typically based on negligence in performing the index provider duties under the contract. Accordingly, an index provider’s contractual duties to its licensees are purely commercial in nature. In fact, index providers typically require by contract that their licensees prominently disclose to the underlying investors the nature of the index provider’s relationship with the licensee. To impose any higher standard by regulation would dramatically change the nature of the relationship between the index provider and the licensee, who is ultimately responsible for the determination of what securities an investment product will be invested in.

F. Index providers do not exercise discretion.

We disagree with the Commission’s description of index providers in the Comment Request to the extent that it implies that index providers have significant discretion in the implementation of their indexes, including to make changes without disclosing changes to the index methodology. This simply does not reflect current, well-established market practice and industry policies and procedures. For example, the index providers who adhere to the Principles commit to documenting and publishing, or otherwise making available, the methodology used for an index, including the rationale for adopting the particular methodology, with sufficient detail to allow stakeholders to understand how the index is derived and assess its representativeness, its relevance to particular stakeholders and its appropriateness as a reference. Moreover, the Principles require that, among other things, the methodology include guidelines that control the exercise of any discretion used by the index provider, and that procedures and practices be designed to promote consistency when

²⁶ Id.

²⁷ See, e.g., Constellation Financial Mgmt. LLC, SEC Staff No-Action Letter (pub. avail. Jan. 9, 2003).

²⁸ See Commission Interpretation Regarding Standard of Conduct for Investment Advisers, Investment Advisers Act Release No. 5248 (June 5, 2019); see also Investment Advisers Act Release No. 203 (Aug. 11, 1966); In re Jamison, Eaton & Woods, Inc., Investment Advisers Act Release No. 2129 (May 15, 2003); In re Michael L. Smirlock, Investment Advisers Act Release No. 1393 (Nov. 29, 1993).

an index provider exercises any discretion or judgment regarding an index. As such, any discretion exercised by an index provider adhering to the Principles will be conducted in accordance with the guidelines and procedures for mitigation of conflicts of interests established and disclosed in the methodology.

Index providers, including Nasdaq, that adhere to the Principles operate their indexes in accordance with a published methodology in which the index provider discloses in sufficient detail the rules governing the operation and implementation of the index. Each of these methodologies is published and typically available to the public. Moreover, any material changes or updates to the methodologies are also publicly disclosed sufficiently in advance of their effective date.

Index providers, including Nasdaq, do not typically limit the dissemination of the index methodologies to licensees, but rather publish them in a manner so that they are publicly available.²⁹

G. Treating index providers as investment advisers would be unnecessarily costly.

Imposing investment adviser registration requirements on index providers would have a significant, costly and unnecessary impact on the asset management industry, without any economic benefit. Index providers would be forced to bear (1) significant analysis and implementation costs as they determine how to conform practices and procedures to the investment adviser regulatory regime; (2) significant ongoing increased regulatory compliance costs; (3) costs associated with assuming fiduciary duties to their licensees (and perhaps to underlying investors) where they did not exist before, which would open up index providers to new liabilities;³⁰ and (4) costs associated with renegotiating index provider contracts, which typically state that index providers are not investment advisers and are not responsible for errors.

These cost increases, while initially borne by the index provider, would most likely be passed on to the licensees and their end investors through increases in fees payable to index providers, making index-based products less affordable and cost-effective as investment options.

Some index providers might even be forced to reevaluate whether it is in their best interests to continue in the indexing business. In particular, smaller providers or providers for which serving as an index provider is not a core business might consider exiting the index provider business through merger, acquisition or otherwise. Other index providers might curtail their services to assume the additional costs, which would be harmful to investors.

²⁹ Nasdaq index methodologies are available at indexes.nasdaqomx.com.

³⁰ Applying fiduciary duties to index providers could also constrain the overall availability of information provided to the market if index providers were subjected to investor claims about the suitability of particular indexes and therefore stopped providing them.

- H. If, notwithstanding the analysis herein, the Commission were to conclude that some index providers constitute “investment advisers” under the Advisers Act, it should create an exception for certain other index providers and/or exceptions to the Act’s requirements.

If, notwithstanding the discussion herein, the Commission determines to define index providers as “investment advisers” under the Advisers Act, it would of course need to justify its changed interpretation of the Advisers Act, in terms of the text of the statute and also with appropriate justification for its changed interpretations in light of defensible policy and legal goals.³¹ Assuming it is able to do so, it would nevertheless be appropriate to exclude index providers that satisfy certain criteria from the definition and regulation under the Advisers Act. Specifically, such an exclusion would be appropriate where the index provider adheres to the Principles and obtains an annual assurance review from an independent third-party auditor that is published or otherwise made accessible to relevant stakeholders.³²

Additionally, even those index providers that the Commission determines constitute investment advisers should be excepted from certain requirements under the Advisers Act and the rules promulgated thereunder, including those related to trading, custody, specific transactions, or proxy voting.

II. Index providers are also not, and should not be treated as, investment advisers under the Company Act.

- A. Index providers do not constitute “investment advisers” under the Company Act’s definition.

The publisher of an index that is used in managing a registered investment company is also not an “investment adviser” to an investment company under the Company Act. Under Section 2(a)(20) of the Company Act, the term “investment adviser” of an investment company is defined to mean “(A) any person (other than a bona fide officer, director, trustee, member of an advisory board, or employee of such company, as such) who pursuant to contract with such company regularly furnishes advice to such company with respect to the desirability of investing in, purchasing or selling securities or other property, or is empowered to determine what securities or other property shall be purchased or sold by such company, and (B) any other person who pursuant to contract

³¹ See, e.g., *Motor Vehicle Manufacturers Ass’n of the United States v. State Farm Mutual Automobile Insurance Co.*, 463 U.S. 29 (1983).

³² In the Comment Request, the commission sought feedback from index providers on whether those index providers who might be required to register as investment advisers should do so with the Commission or with applicable states. Assuming the Commission decides that it has authority to require index providers to register, we believe that this is a decision that should ultimately be left to the individual index provider. The publication of an index provider’s indexes on a website or otherwise makes the information related to the index available in more than 15 states and, as such, it would be beneficial for the index provider to have the option to register with the Commission or the applicable states, as it is in the best position to understand which would make the most sense.

with a person described in clause (A) regularly performs substantially all of the duties undertaken by such person described in clause (A).”³³ It is our understanding that the Commission interprets “furnishing advice” broadly. Providing advice generally on securities or property and not just on particular securities or property is sufficient to bring the activity within the definition.

Index providers have generally determined that they do not furnish investment advice to the registered investment companies (“Registered Funds”) that track their indexes (or to the investment advisers of such Registered Funds, *i.e.*, as sub-advisers) within the meaning of Section 2(a)(20)(A). Index providers typically do not enter into contracts with the Registered Funds nor provide any advice to Registered Funds regarding the desirability of any particular investments. Rather, the index providers typically license their indexes to the investment advisers to the Registered Funds and allow the investment advisers to use the indexes in managing the Registered Funds. When contracting with investment advisers to make indexes available, both the index providers and investment advisers are typically clear about the services and the scope of the duties of the index providers. Specifically, the typical index license agreement expressly acknowledges that the index provider is not acting in an investment advisory capacity and is not a fiduciary with respect to the Registered Fund.

In granting a license to the investment adviser to a Registered Fund or to an unaffiliated investment adviser to make use of an index, the index provider’s sole role is to implement, conduct, maintain and operate an index based on a predetermined methodology. The index provider does not make any recommendation to the licensee with respect to the desirability of investing in, purchasing or selling securities or other property on behalf of the Registered Fund and does not consider whether the index constituents are suitable for any investor. The index provider is also not empowered to determine what securities or other property shall be purchased or sold by the Registered Fund. Once an index is published, it is irrelevant to the index provider as to whether the investment advisers actually make use of the index in managing the Registered Funds.

B. Even if index providers satisfied the traditional definition of “investment adviser” under the Company Act, they would still qualify for the Uniform Publications Exclusion.

As discussed above, index providers generally determine that they do not serve as investment advisers to registered funds under the Company Act. However, even if index providers satisfied the traditional definition of “investment adviser” under the Company Act, they would still qualify for Section 2(a)(20) of the Act’s exemption for persons whose advice is furnished solely through uniform publications distributed to subscribers (the “Uniform Publications Exclusion”).

Section 2(a)(20) of the Company Act enumerates certain exclusions from the definition of investment adviser of an investment company. Specifically, Section 2(a)(20) provides that “a

³³ See Company Act § 2(a)(20).

person whose advice is furnished solely through uniform publications distributed to subscribers thereto” will not be deemed to be an investment adviser to an investment company.

To comply with the Uniform Publications Exclusion (as with the Publisher’s Exclusion discussed above), index providers distribute their indexes and their methodologies to the investment advisers and others that license the indexes, and they generally publish the indexes and their methodologies on the index providers’ public websites and via other means in a manner that allows persons unaffiliated with the index providers to view the indexes and the criteria used to create them. Each publication of an index is determined to be “uniform” in that it is in the same style, form and content at any given time for all parties who access the index and includes the index’s constituents along with the relevant weight of each constituent.

C. If, notwithstanding the analysis herein, the Commission were to conclude that some index providers constitute “investment advisers” under the Company Act, there would be significant compliance expenses and challenges.

If the Commission were to determine that index providers serve as investment advisers to Registered Funds, regulation under the Company Act would create significant compliance expenses and challenges for the index providers.

Expenses arising from classification as an investment adviser include the regulatory compliance costs associated with registering as an investment adviser under the Advisers Act, as noted in section I.E above. However, compliance with the Company Act would also create substantial additional expenses, including those associated with seeking from a Registered Fund’s board and shareholders’ approval and/or renewal of an index provider’s contract to provide services to the Registered Fund (or the investment adviser to the Registered Fund), as required by Section 15(c) of the Company Act.³⁴ These costs would likely be significant but would be of minimal benefit to either the index provider or the Registered Fund, as substantially all investment decisions made on behalf of Registered Funds are made by investment advisers rather than index providers. These costs would likely also be passed on to investors. Index providers would also need to engage chief compliance officers at a substantial expense.

A Commission determination that index providers are investment advisers to Registered Funds would also create other burdensome obligations for index providers. Among other requirements, each index provider would be required to establish a compliance program that is reasonably designed to prevent violations of the Federal securities laws consistent with the requirements of Rule 38a-1 under the Company Act. Index providers would be required to devote significant time, energy and resources to the development of such a compliance program. Additionally, each index provider would be deemed to be an affiliate of the Registered Fund and the investment adviser for purposes of the Section 17 of the Company Act, which may raise questions around other relationships the index provider has. Complying with these requirements would take a substantial

³⁴ See Company Act § 15(a).

amount of time, as the Advisers Act is neither applicable to nor designed for index providers, and index providers have immensely different businesses than investment advisers.

D. Index providers are already subject to review under Fund Rule 38a-1 Programs.

Index providers are not generally considered to be a part of the Registered Fund's Rule 38a-1 compliance program; however, index providers are frequently reviewed by the investment adviser to the Registered Fund and the Chief Compliance Officer of the Registered Fund as part of their service provider due diligence programs. These reviews frequently involve review of the index provider compliance program, materials related to compliance with the Principles, financial condition and operations. Given that the Registered Funds and investment advisers have determined to include index provider compliance programs in their general service provider due diligence, there would be no benefit to amending Rule 38a-1 to incorporate the index provider compliance program.

III. The IOSCO Principles for Financial Benchmarks provide appropriate and proportional standards for index providers, obviating the need for regulation under the Advisers Act

A. The Principles were designed as a less burdensome, but equally effective alternative to government regulation.

The Principles were developed in response to concerns about the integrity of the London Interbank Offered Rate ("Libor") benchmark, an interest-rate benchmark derived from the interest-rate submissions of certain financial institutions. Because the financial institutions that controlled Libor also stood to benefit financially from higher or lower Libor rates, the benchmark was subject to an inherent conflict of interest. IOSCO adopted the Principles after a public consultation process that raised a range of potential issues with the administration of benchmarks, as well as possible regulatory responses.

The Principles define "benchmarks" as, among other things, "indices ... that are: a) [m]ade available to users," "b) [c]alculated periodically...[by] an assessment of the value of one or more underlying [securities]," and "c) [u]sed for reference for...determining the price at which a financial instrument may be bought or sold...[or] measuring the performance of a financial instrument." Thus, to the extent that indexes are published and used to determine the price or measure the performance of financial instruments, such as exchange-traded products ("ETPs") or commodity futures, they are considered benchmarks within the meaning of the Principles.

The Principles take a measured, prudential approach to ensuring the effective governance and integrity of financial benchmarks and are grouped into 19 broad subject matter areas that reflect the realities of how index providers operate and the risks that they should address. These areas include the mitigation of conflicts of interest, the administrator's control framework, index design and methodology, and a process for addressing complaints. Most significantly, the Principles

include a recommendation that index providers appoint an independent auditor to periodically review and report on the index provider's adherence to the Principles.

However, the drafters of the Principles were careful to emphasize several commonsense limitations on the Principles' scope. First, while they recommended that all benchmark administrators (including index providers) adopt the Principles, they also stressed that "IOSCO does not expect a *one-size fits all* method of implementation," and that "[t]he application of these Principles should be proportional to the size and risks posed by each Benchmark and/or Administrator and the Benchmark-setting process."³⁵ In particular, IOSCO opined that:

[T]he application of the Principles to Benchmarks that are derived from data sourced from Regulated Markets or Exchanges with mandatory post-trade transparency requirements could be less intensive. This is justified by the nature of checks and monitoring in place at the Regulated Markets or Exchanges, as well as an IOSCO member's authority over rules governing the listing and trading of financial instruments referencing these Benchmarks.³⁶

Thus, IOSCO advocated for a less intrusive regulatory regime in the case of indexes whose prices are derived from regulated exchanges and where financial instruments referencing those indexes, such as ETPs, are already subject to extensive regulation.

The drafters of the Principles were also careful to stipulate that they were not suggesting that mandatory application of the Principles by governmental authorities was warranted. In particular, they noted that various factors, including existing regulatory authority over listed financial instruments that reference benchmarks, the existence of enforcement authority that could address manipulation and fraud, and the absence of significant issues with the integrity of particular types of benchmarks could point to recommending adoption of the Principles as a voluntary code of conduct rather than a pervasive new regulatory regime.

Nasdaq believes that these factors point toward the conclusion that new regulation of index providers is entirely unwarranted. Notably, the Commission already has authority to use its existing regulation of registered investment advisers to ensure that they exercise appropriate diligence with respect to indexes that they license, as well as antifraud enforcement authority that could address any instances of misappropriating advance knowledge of changes in index composition.

³⁵ Principles, *supra* note 2, at 4 (emphasis in original).

³⁶ Principles, *supra* note 2, at 5.

B. Nasdaq and many other similarly situated index providers have already adopted and implemented the IOSCO Principles, so regulation as an investment adviser is unnecessary.

- i. Nasdaq's adherence to the Principles as part of a comprehensive governance and control framework serves as an example of how index providers can improve governance, increase transparency, and mitigate conflicts of interest without government regulation*

Nasdaq Global Indexes has been creating innovative, market-leading, transparent indexes since 1971. We continuously offer new opportunities for asset managers to measure risk and performance and for financial product sponsors to offer investable products that track the indexes we create.

Nasdaq employs a robust governance and control framework comprised of several functions responsible for the overall operational management, governance, and oversight of index creation and ongoing maintenance. The governance and compliance framework, consisting of controls, processes, policies, and governance committees, has been established to ensure the highest quality of indexes while protecting index integrity in alignment with our methodologies.

Part of Nasdaq's governance and control framework includes full compliance with the Principles. A complete statement concerning Nasdaq's adherence to the Principles, together with the attestation of its independent auditor, is available on Nasdaq's website and is attached to this letter as Exhibit A.³⁷ We highlight below, however, some of the more significant aspects of the statement and the manner in which they address some of the considerations that may underlie the Comment Request.

To demonstrate adherence with the Principles, Nasdaq engaged Ernst & Young LLP ("EY") in 2021 to perform an examination of our assertion of adherence. We believe the control environment, which was designed to address key themes within the Principles, adequately provides oversight and transparency over the most prevalent themes from the Principles. These themes include, but are not limited to:

- Effective management over conflicts of interest;
- Oversight over contributors, data submitters, calculation agents, and other third parties;
- Internal oversight to challenge all aspects of the benchmark determination process;
- Controls over data sufficiency and continual assessment of accuracy;
- Transparency of the benchmark determination;
- Publication and continual assessment of transparent methodologies; and
- Timely and accurate calculation and dissemination of benchmarks.

³⁷ Nasdaq Global Indexes, *Management Statement of Adherence with the IOSCO Principles for Financial Benchmarks*, <https://indexes.nasdaqomx.com/Governance/RegulatoryForm>.

We are, and will continue to be, vigilant in our ongoing adherence to the Principles, all while providing innovative and trusted benchmarks to the financial community. Nasdaq strives to always promote the quality and integrity of benchmark determinations, while holding ourselves to the highest level of accountability while providing transparency to the public.

Nasdaq's governance structure and control framework establishes accountability and transparency mechanisms over significant decisions affecting the construction, issuance, and operation of its indexes. Nasdaq ensures proper execution of its control framework through the support of its governing bodies, particularly the U.S. Oversight Committee, the Index Management Committee, and the Index Administration Committee ("Index Committees"). These Index Committees serve an oversight function for quality review and monitoring of indexes, maintenance and enforcement of index policies and procedures, and the effective management and mitigation of potential conflicts of interest. They include representation from direct-line index administration personnel but also compliance, legal, risk, and senior management personnel.

As a part of the overall governance structure, Nasdaq's Index Committees are responsible for ensuring that existing indexes continue to achieve their stated objectives. The Index Committees provide management, oversight, and expert judgment for the indexes and function in accordance with the control framework to facilitate the accurate and timely calculation, publication, and distribution of indexes. Additionally, Nasdaq's internal control framework governs the Index determination and administration process, including internal controls concentrated on the maintenance, calculation, and dissemination processes to facilitate proper oversight and transparency prior to index publication.

To maintain transparency, Nasdaq publishes documents on its website for each methodology, which address various contingency measures. Moreover, Nasdaq's methodologies for its securities indexes do not involve the application of subjective judgment. The Index Administration Committee reviews and approves new methodologies and changes to methodologies, with additional reviews conducted on a proportional basis by the Index Management Committee and U.S. Oversight Committee for certain indexes based on associated risks and potential market impact. In certain circumstances, and in accordance with the Principles, Nasdaq will conduct a public consultation soliciting input and feedback from end users on the potential change to the methodology prior to the potential change going effective.

Nasdaq also publishes the values of indexes and reconstitution and rebalance information through its Global Index Watch website, which, like any financial market publication, is available equally to all subscribers. In addition, because of its broad market importance, changes to the flagship Nasdaq-100 Index are first published through a widely disseminated press release.

The Principles require Benchmark Administrators (as defined in the Principles) to document, implement and enforce policies and procedures for the identification, disclosure, management, mitigation or avoidance of conflicts of interest. Administrators are also called upon to review and update their policies and procedures as appropriate and disclose any material conflicts of interest. Nasdaq has implemented ethics and compliance policies that apply to all Nasdaq employees across

businesses and specific index-related policies and procedures that seek to protect the integrity and independence of Nasdaq's Benchmark determination process. Policies applicable to all Nasdaq employees include Nasdaq's Code of Ethics, the Global Trading Policy, Gifts Policy, Related Persons Transaction Policy, and the Prohibited Company List. Policies applicable specifically to Index employees include the Conflicts of Interest Policy (the "Conflicts Policy") and Index Trading Policy Supplement. These policies were developed to identify and manage potential conflicts of interest related to Nasdaq's role as a Benchmark Administrator. Three policies in particular serve to structure a Benchmark Administration process that does not allow confidential, non-public information obtained in the course of business to be used for illegitimate purposes, and that mitigates the impact of potential conflicts of interest on the administration process: the Global Trading Policy, the Trading Policy Supplement, and the Conflicts Policy.

The Global Trading Policy specifically prohibits all Nasdaq employees and their family members from trading in securities in the event the employee is in possession of material, non-public information. The Global Trading Policy also prohibits all employees from conveying such material, non-public information to another person for an improper purpose, bars transactions in certain "Prohibited List" securities identified as presenting potential conflicts of interest and imposes a thirty-day holding period on securities purchases to mitigate the potential for misuse of information and discourage speculative trading. Finally, the Global Trading Policy requires employees and family members to report all securities transactions into a central database, using automated broker feeds in most cases, to allow surveillance for policy violations. For employees with responsibility for administration of Nasdaq's indexes, the restrictions of the Global Trading Policy are enhanced through the Index Trading Policy Supplement, which requires such employees to pre-clear each securities transaction with their manager and the Head of Index Compliance prior to initiating any transaction. Once the necessary clearances are obtained, the employee has 24 hours to execute the trade.

The Conflicts Policy identifies sources of potential conflicts arising from Nasdaq's role as an index administrator and other Nasdaq businesses, prohibits disclosure of confidential information to employees that do not have a legitimate business need for the information, and establishes an organizational structure that outlines the various roles within Index Administration and prohibits communication by members of this group unless specific procedures are followed. Accordingly, Benchmark Administration personnel—those employees with specific access to material, non-public information about potential changes in index composition—may communicate with other personnel concerning matters relevant to Index Administration only through carefully prescribed channels. In particular, communications should occur either within the committee structure described above, or with the supervision of the Head of Index Compliance, and communications are documented through minutes. These restrictions are further enforced through permission limits on the ability of personnel to access electronically stored information about index administration.

Adherence to these policies is required of all relevant employees on an ongoing basis. Failure to comply with these policies may result in disciplinary action including termination of employment. The Head of Index Compliance and Nasdaq Internal Audit conduct periodic reviews to evaluate

the effectiveness of these policies and to identify and remedy any deficiencies in its implementation. The Head of Index Compliance and/or Internal Audit may require employees to provide attestations or evidence of compliance and other information or otherwise assist with performing the compliance review.

In addition to the policies outlined above, Nasdaq has also implemented a comprehensive training program that is administered at least annually. Additional regulatory training sessions are required for all Index employees at least annually, with an emphasis on issues raised by an employee's role in benchmark administration.

Nasdaq's adherence to the Principles exemplifies how index providers can protect investors by improving governance, increasing transparency, and mitigating conflicts of interest, making government regulation unnecessary.

ii. Many other index providers have also adopted the Principles.

The application of the Principles as a self-regulatory code of conduct, enforced through annual audits by independent auditing firms, has been a resounding success. In addition to Nasdaq, many major index providers have opted to adopt the Principles, undergo audits, and publish statements regarding the means by which they comply on publicly accessible websites.³⁸ The Commission might consider furthering this self-regulatory regime by encouraging registered investment advisers to require audited IOSCO compliance on the part of index providers from which they license indexes, but the Commission's Comment Request offers no evidence that there are any problems meriting a more heavy-handed regulatory response.

Moreover, because the European Union (the "EU") has adopted the Benchmark Regulation (the "BMR"),³⁹ which is based on the Principles, the Principles are on their way to becoming a mandatory regulatory regime for indexes licensed for use in the EU. Because Nasdaq is based in the U.S., it is considered a third-country administrator under the BMR and is therefore not required to register under the BMR until the end of 2023. However, based on its audited adherence to the Principles, Nasdaq expects to have no difficulty in achieving timely registration. While one may reasonably debate whether the application of the BMR to all indexes was warranted, it is notable that the BMR, like the Principles, embraces the concept of proportionality.⁴⁰ Moreover, both the

³⁸ See, e.g., MSCI Inc., *Index regulation*, <https://www.msci.com/index-regulation>; FTSE Russell, *IOSCO Principles*, <https://www.ftserussell.com/iosco-principles>; S&P Dow Jones Indices, *Regulatory Information*, <https://www.spglobal.com/spdji/en/governance/regulatory-information/>.

³⁹ See Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32016R1011> [hereinafter "BMR Regulations"].

⁴⁰ "Due to the existence of a large variety of types and sizes of benchmarks, it is important to introduce proportionality in this Regulation and to avoid putting an excessive administrative burden on administrators of benchmarks the cessation of which poses less threat to the wider financial system. Thus, in addition to the regime for critical benchmarks, two distinct regimes should be introduced: one for significant benchmarks and one for non-significant

BMR and the Principles were designed specifically to address issues pertinent to the operation of index providers. As discussed in greater detail above, the Advisers Act was not. Moreover, given the widespread adoption of the Principles and the applicability of BMR to many segments of the industry, investors would not be well served by the Commission taking a contrary approach and attempting to apply 80-year-old statutes to circumstances for which they were clearly not designed.

Conclusion

As set forth in this letter, Nasdaq believes that there is no compelling need for the SEC to regulate index providers as investment advisers under either the Advisers Act or the Company Act. The IOSCO Principles for Financial Benchmarks, applied through a market-driven self-regulatory approach, provide appropriate and proportional standards for index providers, obviating the need for heavy-handed regulation. Thank you for your consideration of the discussion herein. We would be happy to discuss it further with Commission staff at your convenience.

Sincerely,

A handwritten signature in cursive script that reads "Erika J Moore".

Erika Moore

benchmarks.” BMR Regulations, *supra* note 39, at Recitals (40). Significant benchmarks are considered to be those referenced by financial instruments or financial contracts or to measure the performance of investment funds with a value of at least EUR 50 billion, or where the loss of the benchmark would have a significant adverse impact on market integrity, financial stability, consumers, the real economy, or consumer financing. Thus, the vast majority of benchmarks that track securities would be considered non-significant under the BMR.

Exhibit A

Statement of Adherence to IOSCO Principles



Nasdaq Global Indexes

Management Statement of Adherence with the IOSCO Principles for Financial Benchmarks

(January 1, 2021 – September 30, 2021)

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BACKGROUND

Nasdaq Global Indexes has been creating innovative, market-leading, transparent indexes since 1971. We continuously offer new opportunities for financial product sponsors across a wide-spectrum of investable products and for asset managers to measure risk and performance. Nasdaq also provides ETP listings, custom index services and design solutions to financial organizations worldwide.

Nasdaq employs a robust governance and control framework comprised of several functions responsible for the overall operational management, governance, and oversight of benchmark creation and ongoing maintenance. The governance and compliance framework, consisting of controls, processes, policies, and governance committees, has been established in order to ensure the highest quality of benchmarks while protecting the integrity of the benchmark in alignment with our proprietary methodologies.

In order to demonstrate adherence with the International Organization of Securities Commissions Principles (“IOSCO Principles”), Nasdaq engaged Ernst & Young (“EY”) in 2021 to perform an examination of our assertion of adherence. We believe the control environment, which was designed to address key themes within the IOSCO principles, adequately provides oversight and transparency over the most prevalent themes from the Principles. These themes include, but are not limited to:

- Effective management over conflicts of interest
- Oversight over contributors, data submitters, calculation agents, and other third parties
- Internal oversight to challenge all aspects of the benchmark determination process
- Controls over data sufficiency and continual assessment of accuracy
- Transparency of the benchmark determination
- Publication and continual assessment of transparent methodologies
- Timely and accurate calculation and dissemination of benchmarks

We are, and will continue to be, vigilant in our ongoing adherence to the IOSCO Principles, all while providing innovative and trusted benchmarks to the financial community. Nasdaq strives to always promote the quality and integrity of benchmark determinations, while holding ourselves to the highest level of accountability while providing transparency to the public.



MANAGEMENT'S STATEMENT OF ADHERENCE

We are responsible for designing, implementing, operating, and monitoring controls throughout the period from January 1, 2021 to September 30, 2021 (the "Controls") as described in the accompanying 'Nasdaq Principles and Statements' to adhere with the International Organization of Securities Commissions "IOSCO" Principles for Financial Benchmarks (July 2013) (the "Criteria") for the Nasdaq Global Indexes listed in the Appendix.

We assessed whether the Controls were designed, implemented, operated, and monitored throughout the period from January 1, 2021 to September 30, 2021, based on each description for the Nasdaq Global Indexes listed in the Appendix.

Based on that assessment, we assert that the Controls were designed, implemented, operated and monitored as described throughout the period from January 1, 2021 to September 30, 2021, based on the Criteria for the Nasdaq Global Indexes listed in the Appendix.

Signed on behalf of Nasdaq Global Indexes,

A handwritten signature in blue ink, appearing to read 'Terry R. Wade', written over a light blue rectangular background.

Terry R. Wade
SVP, Head of Nasdaq Global Indexes
March 18, 2022



Ernst & Young LLP
One Manhattan West
New York, NY 10001

Tel: +1 212 773 3000
Fax: +1 212 773 6350
ey.com

**Building a better
working world**

Report of Independent Accountants

Management of Nasdaq, Inc.

Scope

We have examined Nasdaq, Inc.'s (the "Company") assertion in "Management's Statement of Adherence" that the Company designed, implemented, operated and monitored, in all material respects, effective controls throughout the period from January 1, 2021 to September 30, 2021 for the Nasdaq Global Indexes included in "Management's Statement of Adherence" (the "Controls") to adhere with the International Organization of Securities Commissions "IOSCO" Principles for Financial Benchmarks (July 2013) (the "Criteria"). Our examination does not address other criteria.

The information included in "Background" section is presented by management of the Company to provide additional information and is not part of the Company's assertion. Information about the Company's background has not been subjected to the procedures applied in our examination, and accordingly we express no opinion on it.

Management's Responsibilities

Nasdaq, Inc's management is responsible for its assertion and having a reasonable basis for its assertion. Management is also responsible for designing, implementing, operating, and monitoring effective controls, identifying its control objectives and the risks that would threaten the achievement of the Company's control objectives.

Our responsibilities

Our responsibility is to express an opinion on the Controls, based on our examination. Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Our examination was also performed in accordance with International Standard on Assurance Engagements 3000, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information," issued by the International Auditing and Assurance Standards Board. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Controls operated effectively, in all material respects. An examination involves performing procedures to obtain evidence about the Controls. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Controls, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

The specific procedures we performed are listed in the "EY Procedures" column of the accompanying "Nasdaq Principles and statements."

Limitations

Because of their nature and inherent limitations, controls may not prevent, or detect and correct, all misstatements that may be considered relevant. Furthermore, the projection of any evaluations of effectiveness to future periods, or conclusions about the suitability of the design of the controls to achieve the related control objectives, is subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with such controls may deteriorate.

Opinion

In our opinion, Nasdaq, Inc. designed, implemented, operated, and monitored effective controls throughout the period from January 1, 2021 to September 30, 2021 for the Nasdaq Global Indexes included in "Management's Statement of Adherence" to adhere with the International Organization of Securities Commissions "IOSCO" Principles for Financial Benchmarks (July 2013) in all material respects.

Restricted use

This report is intended solely for the information and use of Nasdaq, Inc., user entities and prospective user entities of Nasdaq, Inc. benchmarks, entities providing services to such user entities, and regulators, all of whom have sufficient knowledge and understanding of the following:

- The nature of the service provided by the administrator
- Internal control and its limitations
- The IOSCO Principles
- The risks that may threaten the adherence to the IOSCO Principles and how controls address those risks

This report is not intended to be, and should not be, used by anyone other than these specified parties.

Ernst & Young LLP

March 18, 2022

Nasdaq Principles and Statements

IOSCO Principles	Nasdaq Global Indexes Description	EY Procedures
<p>1) Overall Responsibility of the Administrator</p> <p>The Administrator should retain primary responsibility for all aspects of the Benchmark determination process. For example, this includes:</p> <p>a) Development: The definition of the Benchmark and Benchmark Methodology;</p> <p>b) Determination and Dissemination: Accurate and timely compilation and publication and distribution of the Benchmark;</p> <p>c) Operation: Ensuring appropriate transparency over significant decisions affecting the compilation of the Benchmark and related determination process, including contingency measures in the event of absent or insufficient inputs, market stress or disruption, failure of critical infrastructure, or other relevant factors; and</p> <p>d) Governance: Establishing credible and transparent governance, oversight and accountability procedures for the Benchmark determination process, including an identifiable oversight function accountable for the development, issuance and operation of the Benchmark</p>	<p>Nasdaq Global Indexes, a division of Nasdaq, Inc. ("Nasdaq") strives to provide information of the highest standards to its customers and to conduct its business with integrity and transparency. To facilitate achievement of those standards, Nasdaq maintains responsibility for all aspects of the Benchmark determination process, including submissions to benchmarks, methodology construction and maintenance, as well as compliance with its Benchmark governance, quality, and operational standards.</p> <p>To protect the integrity of its Benchmarks and address potential conflicts of interest, Nasdaq employs a governance and control framework comprised of several functions responsible for the overall operational management, governance, and oversight of the Benchmark determination process. Nasdaq is assisted in its tasks by the internal bodies described in this Statement, particularly the US Oversight Committee and the Index Management Committee ("Nasdaq Index Committees").</p> <p>a) Nasdaq's Index Governance Program manages the definition of Benchmarks from inception and maintains the methodology for each Benchmark in accordance with oversight conducted by Nasdaq's Index Committees. Specifically, the Index Management Committee reviews and approves new Methodologies and changes to Methodologies, with additional reviews conducted on a proportional basis by the US Oversight Committee for certain indexes based on associated risks and potential market impact. In addition, the Index Management Committee and the US Oversight Committee, as applicable, conduct periodic reviews of existing methodologies. Copies of methodology documents are available on Nasdaq's official Index Webpage, Global Index Watch ("GIW"). GIW also serves as one of Nasdaq's dissemination channels where users can access global index data in real-time.</p> <p>b) As a part of the overall governance structure, Nasdaq's Index Committees are responsible for ensuring that existing Benchmarks continue to achieve their stated objectives. The Index Committees provide management, oversight and expert judgement for the Benchmarks and function in accordance with the control framework to facilitate the accurate and timely calculation, publication, and distribution of Benchmarks. Additionally, Nasdaq's internal control framework governs the Benchmark determination and administration process, including internal controls concentrated on the maintenance, calculation, and dissemination processes to facilitate proper oversight and transparency prior to Benchmark publication. Nasdaq index values are calculated by the Global Index Calculator ("GIC") or third-party calculation agent and published to Nasdaq's Global Index Watch ("GIW") at the close of each region's market on a daily basis. GIW serves as the primary dissemination channel for clients and stakeholders to access the official closing value and historical data for Nasdaq Benchmarks, as detailed in the "Official Benchmark Value" document published on the GIW Governance webpage. Accordingly, GIW is subject to additional controls and validation activities to ensure completeness and accuracy of the information disseminated. Nasdaq also utilizes a third party shadow calculator to independently calculate certain indexes throughout the year with independently sourced data. Results of the shadow calculator are reconciled daily to confirm the accuracy of the index values and the successful dissemination of those values to GIW. Nasdaq also performs annual due diligence procedures to validate that the vendor's processes and procedures are in alignment with Nasdaq's internal control framework. Refer to Principle 4 for more information on the control framework that governs the benchmark's determination and dissemination.</p> <p>c) To ensure transparency, Nasdaq publishes documents on its website for each methodology, which address various contingency measures. Nasdaq provides announcements and change log documentation to support changes to methodologies as needed. Nasdaq also maintains internal policies and procedures that govern public announcements and press releases related to significant decisions affecting a Benchmark, including unexpected recalculations and market closures. Nasdaq maintains a comprehensive Business Continuity Program for the benchmark determination process, overseen by Global Risk Management and maintained by its Index Governance Team, which includes contingency measures in the event of disruptions and annual testing. Nasdaq continued relying on the Business Continuity Program across the entire Global Index business during 2021 as a result of the COVID-19 pandemic.</p> <p>d) Nasdaq's control framework establishes accountability and transparency mechanisms over significant decisions affecting the construction, issuance, and operation of its Benchmarks. Nasdaq ensures proper execution of its control framework through the support of its governing bodies, particularly the US Oversight Committee and the Index Management Committee. These committees serve as an oversight function for quality review and monitoring of the Benchmark, maintenance and enforcement of Benchmark policies and procedures, as well as the effective management and mitigation of potential conflicts of interest.</p>	<p>We inspected Nasdaq's index control framework as well as the Nasdaq Index Committee (Index Management Committee "IMC" and US Oversight Committee "USOC") charters and noted that the index committees maintain primary responsibility for all aspects of the Benchmark determination process and the definition of the Benchmark and Benchmark Methodology. We obtained evidence of the USOC's review and approval of the index control framework and of each index committee charter. No exceptions were noted.</p> <p>We obtained the USOC and IMC committee charters and inspected that the Company retains primary responsibility for the accurate and timely compilation and publication and distribution of the benchmark as well as maintenance and enforcement of Benchmark policies and procedures and the effective management and mitigation of potential conflicts of interest. We also obtained evidence of the USOC's review and approval of each index committee's charter. No exceptions were noted.</p> <p>For a sample of indexes, we inspected that the related methodology was presented to the Index Management Committee for review and approval. For indexes subject to additional reviews on a proportional basis, we inspected that the index methodology was also presented to the USOC for review and approval. No exceptions were noted.</p> <p>For a sample of daily index value reconciliations performed between Nasdaq's GIW and the third-party shadow calculator, we performed the following procedures:</p> <ol style="list-style-type: none"> 1. We obtained evidence that the reconciliation was performed and inspected for variances identified, over a predefined threshold, within the reconciliation output. 2. For a sample of variances identified, we obtained evidence that the variance was documented, investigated and resolved, as needed. <p>No exceptions were noted.</p> <p>We obtained evidence of Nasdaq's due diligence procedures over the third-party shadow calculator vendor. We inspected that the purpose of management's procedures was to validate that the third-party vendor's processes and procedures were in alignment with Nasdaq's internal control framework. No exceptions were noted.</p> <p>For additional procedures performed over Nasdaq's benchmark determination and dissemination processes, please refer to Principle 4.</p> <p>For a sample of existing index methodologies, we inspected that the Nasdaq Index Methodology Guide, which outlines Nasdaq's contingency plan in the event of a business disruption, was referenced within. We also inspected that the sample of index methodologies as well as the Nasdaq Methodology Guide were made publicly available to stakeholders on Nasdaq's Governance website. No exceptions were noted.</p> <p>We obtained Nasdaq's Global Index Group Business Continuity Plan and Index Technology Business Continuity Plan. We inspected that each plan was reviewed and approved by the relevant plan owner. We inspected that each plan was tested during the annual period and note there were no operational issues identified by management. We also inspected that each plan includes instructions in the event of a service disruption. We note that Nasdaq relied upon the Business Continuity Program across the Global Index business during 2021 as a result of the COVID-19 pandemic. No exceptions were noted.</p>

	<p>The committees also oversee issue resolution and regulatory monitoring, which are supported by dedicated Governance, Risk, and Compliance functions to advise throughout the Benchmark determination process.</p> <p>These committees, their oversight functions, member composition, and accountability procedures regarding Benchmark determination are described in Principle 5.</p>	
<p>2) Overall Responsibility of Third Parties</p> <p>Where activities relating to the Benchmark determination process are undertaken by third parties - for example collection of inputs, publication or where a third party acts as Calculation Agent - the Administrator should maintain appropriate oversight of such third parties. The Administrator (and its oversight function) should consider adopting policies and procedures that:</p> <p>a) Clearly define and substantiate through appropriate written arrangements the roles and obligations of third parties who participate in the Benchmark determination process, as well as the standards the Administrator expects these third parties to comply with;</p> <p>b) Monitor third parties compliance with the standards set out by the Administrator;</p> <p>c) Make Available to stakeholders and any relevant Regulatory Authority the identity and roles of third parties who participate in the Benchmark determination process; and</p> <p>d) Take reasonable steps, including contingency plans, to avoid undue operational risk related to the participation of third parties in the Benchmark determination process.</p> <p>This Principle does not apply in relation to a third party from whom an Administrator sources data if that third party is a Regulated Market or Exchange.</p>	<p>Nasdaq oversees third parties through its internal control framework and supporting policy, including periodic assessments of Third Party Benchmark Determination Contributors. Such assessments are conducted across functions to affirm third-party adherence with the standards set forth in written arrangements as well as ongoing performance and regulatory compliance.</p> <p>a) Nasdaq has established an Index Governance Team whose primary job functions include Committee management, management reporting, and establishing oversight among the various groups within the index business. The Governance Team coordinates the oversight of written arrangements for third parties involved in the Benchmark determination process through support by Research & Development, Legal, and Vendor Management Teams. These parties collectively oversee and review written arrangements to ensure the roles and obligations of such parties are clearly defined and are performing in compliance with such agreements. Nasdaq also maintains a Third Party Oversight Policy, which includes Nasdaq's Submitter Code of Conduct. The results of the third party reviews are periodically presented to the Index Management Committee. The report includes any known issues of non-compliance with internally established standards. Refer to Principle 14 for details on Nasdaq's Submitter Code of Conduct and related processes.</p> <p>b) Nasdaq employs various oversight mechanisms for each Third Party Benchmark Determination Contributor engaged in the administration and calculation of its Benchmarks. Each third party is subject to the Third Party Oversight Policy, commensurate with the nature and scope of their contribution to the Benchmark. Nasdaq's Third Party Oversight Policy details the procedures for the proper monitoring of third party legal written agreements and submitter adherence to the Submitter Code of Conduct. In the event Nasdaq is notified of submitter non-compliance that represents a material impact on the Benchmark determination, the matter is escalated to the Index Management Committee. Should the event of non-compliance warrant the replacement of the third party, the IMC may appoint ad hoc members for consultation as necessary.</p> <p>Refer to Principle 5 for additional details around the monitoring of Third Party Benchmark Determination Contributors.</p> <p>c) Nasdaq maintains a list of third parties who participate in the Benchmark determination process (Third Party Benchmark Determination Contributors) and the function of such third parties based on legal agreements. Upon a stakeholder or regulatory authority written request, Nasdaq shall provide such information as it deems pertinent to the request.</p> <p>d) To avoid undue operational risks related to third parties involved in the Benchmark determination process, Nasdaq applies internal reviews for each Third Party Benchmark Determination Contributor on a proportional basis, as further detailed by the Third Party Oversight Policy. In the event that operational risk should arise from a Third Party Benchmark Determination Contributor, the Index Management Committee shall take reasonable steps to mitigate such risk in coordination with applicable internal stakeholders. Depending on the nature and potential impact of the risk, stakeholders shall escalate the potential issue to the US Oversight Committee as necessary and if such risk has not been previously escalated.</p> <p>Nasdaq maintains Business Continuity Plans for avoidance of undue operational risk, including the Global Index Group BCP which incorporates instructions for data related to third parties in the event of the loss of external service providers.</p>	<p>We obtained the Third Party Oversight Policy and Nasdaq's Submitter Code of Conduct which is included within the policy. We obtained evidence of the USOC's review and approval of this policy. We inspected that the policy states that third-party written agreements between Nasdaq and Third-Party Benchmark Determination Contributors shall clearly define the roles and obligations of the contributor. No exceptions were noted.</p> <p>For a sample of agreements with Third-Party Benchmark Determination Contributors, we obtained and inspected that the agreement defines the roles and responsibilities of the third-party and is enforced by a signature from Nasdaq and the third-party. No exceptions were noted.</p> <p>We obtained and inspected evidence that the Index Governance Team coordinated with Nasdaq's Research & Product Development, Legal and Vendor Management Teams to review the completeness of Nasdaq's Third Party Benchmark Contributor list and ensure that each third party agreement was enforced, with clearly defined roles and obligations. No exceptions were noted.</p> <p>We obtained and inspected that the Third-Party Oversight Policy includes procedures for escalating an instance of third-party non-compliance to the IMC. We obtained and inspected evidence that the Index Governance Team coordinated with Nasdaq's Research & Product Development, Legal and Vendor Management Teams to verify that applicable third parties were compliant with relevant policies, regulations, and contractual obligations, as described in Nasdaq's Third-Party Oversight Policy. No exceptions noted.</p> <p>We obtained evidence that the results of the Index Governance Team's Third Party oversight review procedures were communicated to the IMC and approved without objection. No exceptions were noted.</p> <p>For a sample of applicable third party contributors, we obtained evidence that Nasdaq monitors and records the third party's adherence to the relevant policies, regulations, and contractual obligations. No exceptions were noted.</p> <p>For a sample of third-party contributor agreements, we inspected that the agreement includes details related to a business continuity plan in the event the third-party can no longer fulfil its obligations. No exceptions were noted.</p> <p>For further procedures related to Nasdaq's Submitter Code of Conduct, refer to Principle 14.</p> <p>We inspected that the Third-Party Oversight Policy includes escalation and mitigation procedures in the event of an undue operational risk caused by a third-party contributor. We also obtained Nasdaq's Global Index Group Business Continuity Plan and inspected that the plan includes instructions in the event of a service disruption caused by a third-party. We inspected that the plan was tested during the annual period and note there were no operational issues identified by management. We inspected that the plan was reviewed and approved by the relevant plan owner. No exceptions were noted.</p>

<p>3) Conflicts of Interests for Administrators</p> <p>To protect the integrity and independence of Benchmark determinations, Administrators should document, implement and enforce policies and procedures for the identification, disclosure, management, mitigation or avoidance of conflicts of interest. Administrators should review and update their policies and procedures as appropriate. Administrators should disclose any material conflicts of interest to their users and any relevant Regulatory Authority, if any.</p> <p>The framework should be appropriately tailored to the level of existing or potential conflicts of interest identified and the risks that the Benchmark poses and should seek to ensure:</p> <ol style="list-style-type: none"> Existing or potential conflicts of interest do not inappropriately influence Benchmark determinations; Personal interests and connections or business connections do not compromise the Administrators performance of its functions; Segregation of reporting lines within the Administrator, where appropriate, to clearly define responsibilities and prevent unnecessary or undisclosed conflicts of interest or the perception of such conflicts; Appears Reasonable supervision and sign-off by authorized or qualified employees prior to releasing Benchmark determinations; The confidentiality of data, information and other inputs submitted to, received by or produced by the Administrator, subject to the disclosure obligations of the Administrator; Effective procedures to control the exchange of information between staff engaged in activities involving a risk of conflicts of interest or between staff and third parties, where that information may reasonably affect any Benchmark determinations; and Appears Reasonable remuneration policies that ensure all staff who participate in the Benchmark determination are not directly or indirectly rewarded or incentivized by the levels of the Benchmark. <p>An Administrator's conflict of interest framework should seek to mitigate existing or potential conflicts created by its ownership structure or control, or due to other interests the Administrator's staff or wider group may have in relation to Benchmark determinations. To this end, the framework should:</p> <ol style="list-style-type: none"> Include measures to avoid, mitigate or disclose conflicts of interest that may exist between its Benchmark determination business (including all staff who perform or otherwise participate in Benchmark production responsibilities), and any other business of the Administrator or any of its affiliates; and Provide that an Administrator discloses conflicts of interest arising from the ownership structure or the control of the Administrator to its Stakeholders and any relevant Regulatory Authority in a timely manner. 	<p>Nasdaq has adopted and implemented overall ethics and compliance policies that apply to all Nasdaq employees across businesses and specific index related policies and procedures that seek to protect the integrity and independence of Nasdaq's Benchmark determination process including the following:</p> <ul style="list-style-type: none"> - Corporate Policies and Procedures <ul style="list-style-type: none"> • Nasdaq Code of Ethics • Global Trading Policy • Gifts Policy • Related Persons Transactions Policy • Prohibited Company List - Index Policies <ul style="list-style-type: none"> • Conflicts of Interest Policy • Index Trading Policy Supplement <p>These policies employed by Nasdaq aim to identify and manage potential conflicts of interest related to Nasdaq's role as administrator for Benchmarks, in which its adherence is an ongoing condition for all personnel involved in the Benchmark determination process. Failure to comply with related policies may result in disciplinary action up to and including termination of employment.</p> <p>Nasdaq maintains a comprehensive training program, inclusive of training focused on conflicts of interest at the corporate level. The trainings are administered at least annually for all Nasdaq personnel. Further, additional regulatory training sessions are mandatory for all Index employees at least annually to address roles related to and supporting Benchmark administration, as outlined within the Conflicts of Interest Policy.</p> <ol style="list-style-type: none"> Nasdaq owns and operates other businesses whose interests may give rise to potential conflicts with the interests of Nasdaq in its role as administrator and/or the interests of its customers and investors. These potential conflicts of interest are outlined within the Conflicts of Interest Policy, wherein the identification, reporting, tracking and management of such potential conflicts are addressed by Nasdaq. Employees are required to disclose existing and potential conflicts of interest upon hire as well as on an ongoing basis as they may arise. In addition, Nasdaq employees are required to report actual or suspected violations of the Conflicts of Interest Policy to Index Compliance or through any other reporting method identified in Nasdaq's Code of Ethics (including through use of Nasdaq's whistleblowing hotline, Speak Up). As provided in the Index Trading Policy Supplement and the Nasdaq Global Trading Policy, Nasdaq employees involved in the Benchmark determination process are restricted from trading certain securities. Nasdaq employees are restricted from outside business activities and certain types of professional relationships unless approved in advance by the Global Ethics Team. The Global Ethics Team and management review all outside business activities to avoid the perception of conflicts of interest. All Nasdaq employees are subject to Nasdaq's Code of Ethics and the Gifts, Business-Related Events, and Anti-Bribery and Corruption Policy. These policies place restrictions on employees' receipt of gifts (including through participation in business-related events) and engagement in outside business activities, and require strict adherence to applicable law, including with respect to anti-bribery and corruption laws. Nasdaq manages potential conflicts of interest within the Benchmark determination process through the support of its governance framework and oversight committees, as outlined by the Conflicts of Interest Policy. This includes the obligations of protecting confidential information, establishment of information barriers, including technology information barriers, password monitoring and password refresh standards, user authentication to access Nasdaq networks, and an organizational structure with clear reporting lines amongst personnel that reinforce the segregation of responsibilities and support the overall independence of the Benchmark determination process. Nasdaq also can seek expert judgment from subject matter experts through its Index Committees (i.e., the Index Management Committee and/or US Oversight Committee). This enables Nasdaq to address specific critical issues and significant decisions within permissible channels of communication upon request for subject matter expert input. In addition, under exigent circumstances, including circumstances necessary to maintain the integrity of the Index or market, the Head of Index Management or the Head of Index Operations may seek consultation directly with an established group of subject matter experts through oversight by Index Governance and/or Index Compliance. Nasdaq's control framework is designed to ensure the complete, accurate, and timely dissemination of Benchmark 	<p>We obtained Nasdaq's Code of Ethics and other Nasdaq policies related to conflicts of interest and inspected that the policies include procedures to identify and manage potential conflicts of interest. We obtained evidence that Nasdaq tracks personnel's compliance with these policies. No exceptions were noted.</p> <p>For a sample of employees who support the benchmark determination process, we obtained evidence that the employees attended Nasdaq's annual IOSCO Regulatory Training. We inspected the IOSCO training materials and note that policies and procedures related to Conflicts of Interest were covered during the training period. No exceptions were noted.</p> <p>For a sample of Benchmark administration personnel, we inspected that the personnel's list of goals that impact compensation were not directly related to the level of any Benchmark or the profitability of providing any Benchmark to a customer. No exceptions were noted.</p> <p>We obtained and inspected evidence that Nasdaq has an active whistleblower hotline that is monitored by Nasdaq's Global Ethics team. We reviewed summaries of whistleblower reporting that were provided to the Nasdaq Audit & Risk Committee, noting no reports requiring further escalation to the USOC. We also inspected the USOC meeting minutes during the reporting period confirming there were no whistleblower reports presented to the committee. No exceptions were noted.</p> <p>We obtained the IMC and USOC charters and inspected that each charter includes specific guidelines for committee members to remain independent of any actual or perceived conflicts of interest. No exceptions were noted.</p> <p>We inquired of the Index Governance Team whether Nasdaq identified any conflicts of interest related to its index business and relevant personnel during the reporting period. We obtained and inspected the USOC meeting minutes during the reporting period and inspected that there were no conflicts of interest related to its index business and relevant personnel reported to the USOC, since there were no conflicts of interest to report. No exceptions were noted.</p> <p>We obtained and inspected the Nasdaq Information Security Password Standards to demonstrate that guidelines are in place related to user authentication to the Nasdaq network. We obtained and inspected the Window's group policy password settings to determine users must authenticate at the network layer and password settings are in compliant with the Nasdaq Information Security Password Standards. No exceptions were noted.</p> <p>We obtained the listing of new employee and consultant network access and selected a sample of new users to determine that users must obtain approvals prior to gaining access to the Nasdaq network. No exceptions were noted.</p> <p>We obtained the listing of terminated employee and consultant network access and selected a sample of disenrolled users to determine that users are timely removed from the Nasdaq network upon termination. No exceptions were noted.</p> <p>We obtained the Nasdaq IOSCO organizational chart and inspected that the structure provides clear reporting lines to avoid any potential segregation of</p>
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	<p>determinations; it includes daily quality assurance procedures and periodic committee reporting, as well as the ongoing oversight by the Index Management and Operations teams during dissemination processes.</p> <p>e) To protect confidential and material nonpublic information, Nasdaq maintains well documented policies regarding the confidentiality of data and related information. The Conflicts of Interest Policy addresses the permissible avenues of communication of information across the differing functions within the Benchmark determination process, as well as operational separation and security measures. There is an annual training and attestation process for all employees with respect to benchmark administration and supporting activities.</p> <p>f) Nasdaq employees who have access to confidential information related to Benchmarks are prohibited from making use of confidential information for any purpose other than in connection with Nasdaq's role as Administrator and may only release such information outside of Nasdaq in accordance with Nasdaq's procedures for the public release of such information. Nasdaq maintains an information barrier between those Nasdaq employees that perform the functions of Benchmark administrator, and all other Nasdaq personnel. Benchmark administration personnel are permitted to engage in communications with persons outside of the information barrier only in certain circumstances, as outlined in the Conflicts of Interest Policy, as overseen by Index Governance and Compliance. The Conflicts of Interest Policy, Code of Ethics, and Information Security Policies further detail the scope of permissible communication by employees within the Benchmark determination process.</p> <p>g) Per the Conflicts of Interest Policy, the remuneration of Benchmark administration personnel may not be based directly on the level of any Benchmark or the profitability of providing any Benchmark to a customer. All Nasdaq Index employees are assigned individual goals on an annual basis and subject to annual performance reviews administered by their respective managers and Human Resources. Additionally, Benchmark administration personnel do not have individual performance goals or bonus arrangements that are incentivized by the levels of the Benchmarks. Further, the Performance Compensation Program currently in place ensures that the pay structure does not incentivize unethical or risky decisions.</p> <p>Nasdaq manages any existing or potential conflicts created by its ownership structure or control, or due to other interests the administrator's staff or wider group may have in relation to Benchmark determination, as defined within the Conflicts of Interest Policy and detailed within the above.</p>	<p>duty issues. No exceptions were noted.</p> <p>We obtained the USOC Charter and inspected that the USOC has the capability to allow non-Committee members to provide guidance and expert judgment, as needed, to address critical issues and make significant decisions. No exceptions were noted.</p> <p>See Principles 4 and 7 for further details on procedures performed.</p>
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<p>4) Control Framework for Administrators</p> <p>An Administrator should implement an appropriate control framework for the process of determining and distributing the Benchmark. The control framework should be appropriately tailored to the materiality of the potential or existing conflicts of interest identified, the extent of the use of discretion in the Benchmark setting process and to the nature of Benchmark inputs and outputs. The control framework should be documented and available to relevant Regulatory Authorities, if any. A summary of its main features should be Published or Made Available to Stakeholders.</p> <p>This control framework should be reviewed periodically and updated as appropriate. The framework should address the following areas:</p> <p>a) Conflicts of interest in line with Principle 3 on conflicts of interests;</p> <p>b) Integrity and quality of Benchmark determination:</p> <ol style="list-style-type: none"> i. Arrangements to ensure that the quality and integrity of Benchmarks is maintained, in line with principles 6 to 14 on the quality of the Benchmark and Methodology; ii. Arrangements to promote the integrity of Benchmark inputs, including adequate due diligence on input sources; iii. Arrangements to ensure accountability and complaints mechanisms are effective, in line with principles 16 to 19; and; iv. Providing robust infrastructure, policies and procedures for the management of risk, including operational risk. <p>c) Whistleblowing mechanism: Administrators should establish an effective whistleblowing mechanism to facilitate early awareness of any potential misconduct or irregularities that may arise. This mechanism should allow for external reporting of such cases where appropriate.</p> <p>d) Expertise:</p> <ol style="list-style-type: none"> i. Ensuring Benchmark determinations are made by personnel who possess the relevant levels of expertise, with a process for periodic review of their competence; and ii. Staff training, including ethics and conflicts of interest training, and continuity and succession planning for personnel. <p>Where a Benchmark is based on Submissions: Administrators should promote the integrity of inputs by:</p> <ol style="list-style-type: none"> a) Ensuring as far as possible that the Submitters comprise an appropriately representative group of participants taking into consideration the underlying Interest measured by the Benchmark; b) Employing a system of appropriate measures so that, to the extent possible, Submitters comply with the Submission guidelines, as defined in the Submitter Code of Conduct and the Administrators' applicable quality and integrity standards for Submission; c) Specifying how frequently Submissions should be made and specifying that inputs or Submissions should be made for every Benchmark determination; and d) Establishing and employing measures to effectively monitor and scrutinize inputs or Submissions. This should include pre- 	<p>Nasdaq maintains an internal control framework comprised of several functions responsible for the overall operational management, governance, and oversight of the Benchmark determination process. The internal control framework is further supported by underlying procedures within the various aspects of Nasdaq's Benchmark determination processes. The internal control framework is reviewed and approved annually by the US Oversight Committee. An overview of the governance program and its control framework is provided on Nasdaq's public website (GIW). Additional details and features are made available at stakeholder request.</p> <p>a) Relevant aspects of the internal control framework related to actual or potential conflicts of interest are described in Principle 3 and further supplemented by the statement thereto.</p> <p>b) Integrity and quality of Benchmark determination:</p> <ol style="list-style-type: none"> i. Nasdaq employs various quality assurance mechanisms to promote the ongoing quality and integrity of input sources, including the evaluation of sources throughout the Benchmark determination process, as supported by its internal control framework. Primarily, Nasdaq employs third parties for confirmation of accurate and timely receipt of data used to calculate the benchmark, including daily validations over the accuracy of the Benchmark values published, and the underlying security value of the index constituents. <p>Nasdaq performs periodic validations on final portfolio compositions through execution of multiple models during rebalances and reconstitutions in accordance with underlying Benchmark methodologies. Index models are independently executed for each Benchmark using different data sources where possible, allowing Nasdaq to verify the accuracy and completeness of the model output – the index value. This includes verification of data sourced by third parties for use in the Benchmark determination process as well as the final composition of the Benchmark portfolio. Furthermore, Nasdaq maintains ongoing reviews for any upcoming corporate action events impacting Benchmarks prior to their effective date to ensure relevant portfolio adjustments are accounted for prior to their publication. In addition, Nasdaq performs periodic validations of Total Shares Outstanding information to ensure the completeness and accuracy of third party vendor data.</p> <ol style="list-style-type: none"> ii. Nasdaq employs third party validation services to verify the accuracy of Benchmark closing values published to GIW daily. Such validations are performed through re-calculation of each Benchmark using independently sourced data and independently created calculation tools. Additionally, Nasdaq performs annual due diligence over third party validation services to confirm obligations are met in accordance with Nasdaq's internal control framework, written agreement obligations and applicable regulations. iii. Nasdaq maintains effective accountability and complaint mechanisms in line with Principles 16- 19. Nasdaq's Index Compliance is responsible for overseeing the management of complaints received from stakeholders in accordance with the Complaint Handling Policy. <p>Refer to Principle 16 for further details regarding Nasdaq's complaints mechanism.</p> <p>iv. Nasdaq maintains a control framework that is tailored to Nasdaq-specific core processes which are tailored to meet the differing personnel and departmental responsibilities within Benchmark determinations. These underlying processes support all aspects of the overall benchmark determination process, from the development of the index, to the dissemination of the index value. As such, potential operational risk events are mitigated through management and governance controls, which are monitored by Global Risk Management. Nasdaq also maintains the Global Index Group Business Continuity Plan ("BCP") and Index Technology BCP. Each plan includes the appropriate contingency measures to ensure operational risks are mitigated should an unforeseen event occur. A Recalculation Policy is also established and includes comprehensive procedures to be utilized by Index Operations personnel should an index contain any errors in its stated values. Nasdaq continued to rely on the Business Continuity Plans for the Technology and Index Operations departments during 2021 as a result of the COVID-19 pandemic.</p> <p>c) Nasdaq employs a whistleblowing mechanism within its "Speak up Program" to enable anonymous reporting via a web-based and telephone-based hotline managed by a third party. All concerns are reviewed and investigated by the Global Ethics Team.</p> <p>Nasdaq's whistleblowing policy is applied across the business as evidenced by the Code of Ethics and required annual training and confirmation of compliance by all Nasdaq employees. Index Compliance routinely reports to the US Oversight Committee on any identified issues and resolutions identified via the whistleblowing program and/or the formal complaints process.</p>	<p>We obtained the internal control framework and inspected that it was reviewed and approved by the USOC. No exceptions were noted.</p> <p>We inquired that this framework would be made available to Regulators upon request, as applicable. We observed that Management's Statement of Adherence, which summarizes the control framework, is made available to stakeholders via the Nasdaq website. No exceptions were noted.</p> <p>For a sample of existing indexes, we inspected that the Nasdaq Index Methodology Guide was referenced within. We inspected that the Guide, which is made public to stakeholders via Nasdaq's GIW Governance webpage, provides a summary of the main features of Nasdaq's index governance and control framework. No exceptions were noted.</p> <p>Refer to Principle 3 for procedures performed related to conflicts of interest.</p> <p>For a sample of daily index value reconciliations performed between Nasdaq's index dissemination channel and the third-party shadow calculator, we performed the following procedures:</p> <ol style="list-style-type: none"> 1. We obtained evidence that the reconciliation was performed and inspected for variances identified within the reconciliation output. <p>For a sample of variances identified, we obtained evidence that the variance was documented, investigated and resolved, as needed.</p> <p>No exceptions were noted.</p> <p>We obtained evidence of Nasdaq's due diligence procedures over the third-party shadow calculator vendor. We inspected that the purpose of management's procedures was to validate that the third-party vendor's processes and procedures were in alignment with Nasdaq's internal control framework and applicable regulations. No exceptions were noted.</p> <p>On a sample basis, we inspected that the rebalance and reconstitution was approved and authorized before processed into the index calculation. No exceptions were noted.</p> <p>On a sample basis, we inspected for evidence that corporate action events were reviewed on the effective date for accuracy. No exceptions were noted.</p> <p>On a sample basis, we inspected for evidence that Total Shares Outstanding information is reviewed and reconciled to a third-party vendor for completeness and accuracy. We inspected that discrepancies identified during the reconciliation were investigated and resolved prior to approval. No exceptions were noted.</p> <p>Refer to Principle 16 for procedures performed over formal complaint handling.</p> <p>On a sample basis, we performed the following procedures for index restatements made during the period:</p> <ol style="list-style-type: none"> 1. We inspected that Nasdaq performed a quality control check to validate the accuracy of the data input and resulting restatement prior to dissemination. 2. We inspected evidence that management had reported a summary of the quarterly restatement activity to the index committees, on a proportional basis, in accordance with Nasdaq's Recalculation Policy. <p>Exception 1: EY identified that for one restatement during the period,</p>
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<p>compilation or pre-publication monitoring to identify and avoid errors in inputs or Submissions, as well as ex-post analysis of trends and outliers</p>	<p>d) Nasdaq ensures that staff with relevant levels of expertise are assigned to support Benchmark determination processes. Individuals are subject to an annual performance review process by their respective managers, with performance measured against a set of competencies and goals.</p> <p>Nasdaq administers trainings to all Index group employees through the maintenance of a comprehensive training program that includes programs on conflicts of interest, ethics, business continuity, applicable regulations and organizational structure. Succession and continuity plans are in place for a range of functions and levels within Nasdaq.</p> <p>With respect to Benchmarks based on submissions, Nasdaq's response for Principle 14 describes the procedures related to data submitters and submissions. The Submitter Code of Conduct and its Guidelines are maintained within the Third Party Oversight Policy. See Principles 5 and 7 for further details on the established controls around data sufficiency and Third Party Oversight.</p>	<p>evidence was not retained showing communication to the USOC.</p> <p>We obtained Nasdaq's Global Index Group Business Continuity Plan and Index Technology Business Continuity Plan. We inspected that each plan was reviewed and approved by the relevant plan owner. We inspected that each plan was tested during the annual period and note there were no operational issues identified by management. We also inspected that the Global Index Group BCP covers controls related to succession planning. We note that Nasdaq continued to rely on its Business Continuity Plans across the Global Index business during 2021 as a result of the COVID-19 pandemic. No exceptions were noted.</p> <p>We obtained and inspected evidence that Nasdaq has an active whistleblower hotline that is monitored by Nasdaq's Global Ethics team. We reviewed summaries of whistleblower reporting that were provided to the Nasdaq Audit & Risk Committee, noting no reports requiring further escalation to the USOC. We also inspected the USOC meeting minutes during the reporting period confirming there were no whistleblower reports presented to the committee. No exceptions were noted.</p> <p>For a sample of employees who support the benchmark determination process, we observed that the employees received an annual performance review measured against a set of objectives and goals. No exceptions were noted.</p> <p>For a sample of employees who support the benchmark determination process, we obtained evidence that each employee attended Nasdaq's annual IOSCO Regulatory Training. We inspected that policies and procedures related to Conflicts of Interest and Ethics and an overview of the Index Governance framework were communicated to the employees during training. No exceptions were noted.</p> <p>Refer to Principle 2 for further procedures performed over Third-Party Oversight.</p> <p>Refer to Principle 14 for further procedures performed over the Submitter Code of Conduct framework.</p> <p>Refer to Principle 7 for further procedures performed over data sufficiency.</p>
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<p>5) Internal Oversight</p> <p>Administrators should establish an oversight function to review and provide challenge on all aspects of the Benchmark determination process. This should include consideration of the features and intended, expected or known usage of the Benchmark and the materiality of existing or potential conflicts of interest identified.</p> <p>The oversight function should be carried out either by a separate committee, or other appropriate governance arrangements. The oversight function and its composition should be appropriate to provide effective scrutiny of the Administrator. Such oversight function could consider groups of Benchmarks by type or asset class, provided that it otherwise complies with this Principle.</p> <p>An Administrator should develop and maintain robust procedures regarding its oversight function, which should be documented and available to relevant Regulatory Authorities, if any. The main features of the procedures should be Made Available to Stakeholders. These procedures should include:</p> <ol style="list-style-type: none"> 1) The terms of reference of the oversight function; 2) Criteria to select members of the oversight function; 3) The summary details of membership of any committee or arrangement charged with the oversight function, along with any declarations of conflicts of interest and processes for election, nomination or removal and replacement of committee members. 	<p>Nasdaq's Index Committees, including the US Oversight Committee and the Index Management Committee have been established to serve as the primary Benchmark governing bodies and to oversee all aspects of the Benchmark design and determination process carried out by various operational departments. The specific function of each Index Committee is documented within the respective index committee charter. These charters detail each specific committees' terms of reference, member designations and their associated positions. The membership of each committee is comprised of Nasdaq personnel with appropriate levels of responsibility and expertise. In the event that a conflict of interest affecting a particular committee member becomes apparent, such committee member is required to be recused from the discussion and vote on any matters in which he or she has direct or indirect self-interest that is separate and independent from the interests of Nasdaq.</p> <ol style="list-style-type: none"> a) The Index Management Committee is responsible for the overall benchmark administration process and ensuring that Benchmarks are calculated in accordance with their respective methodology. The committee oversees benchmarks on a proportional basis depending on various risk factors, including benchmark complexity, associated market impact, complexity of data inputs, as well as third party involvement. Such responsibilities include the following duties applicable to the requirements set forth by Principle 5a: <ol style="list-style-type: none"> i. Review and approve new index launches as well as periodically review the definition of the benchmark and its methodology ii. Taking measures to remain informed about issues and risks to a Benchmark, as well as commissioning external review of the Benchmark (when appropriate). iii. Overseeing any changes to the Benchmark methodology including assessing whether the methodology continues to appropriately measure the underlying interest, reviewing the proposed and implemented changes to the methodology and authorizing or requesting a consultation with its Stakeholders and Subscribers. iv. Reviewing and approving procedures for termination of a benchmark, including advanced public notice and identification of replacement indexes where applicable. b) Oversight of the integrity of Benchmark determination and control framework <ol style="list-style-type: none"> i. Nasdaq employs various oversight mechanisms for each Third Party Benchmark Determination Contributor engaged in the administration and calculation of its Benchmarks. Third Party Benchmark Determination 	<p>We obtained the IMC and USOC charters and inspected that the committees' roles and responsibilities include overseeing all aspects of the Benchmark design and determination process. We also inspected that the committee charters include criteria required to be selected as member of the respective committee and details specific to mitigating factual and perceived conflicts of interest. Additionally, we obtained evidence of review and approval of these charters by the USOC. No exceptions were noted.</p> <p>As noted above we obtained the IMC charter, and inspected that the committee is responsible for reviewing and approving an index launch or cessation. Per inquiry of management and inspection of the IMC meeting minutes, we note there were no indexes launched during our reporting period. Refer to Principle 13 – Transition for EY's procedures over index terminations during the period. No exceptions were noted.</p> <p>For a sample of indexes, we inspected that the related methodology was presented to the Index Management Committee for review and approval. For indexes subject to additional reviews on a proportional basis, we inspected that the index methodology was also presented to the USOC for review and approval. No exceptions were noted.</p> <p>For a sample of changes to existing index methodologies, we inspected evidence that:</p> <ol style="list-style-type: none"> 1. Changes to the index methodology were reviewed and approved by a Nasdaq Index Committee on a proportional basis. 2. On a proportional basis, the index methodology changes were presented to stakeholders for public consultation. 3. If applicable, the responses received during the public consultation period and the final methodology change were reviewed and approved by
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<p>The responsibilities of the oversight function include:</p> <p>a) Oversight of the Benchmark design:</p> <ol style="list-style-type: none"> i. Periodic review of the definition of the Benchmark and its Methodology; ii. Taking measures to remain informed about issues and risks to the Benchmark, as well as commissioning external reviews of the Benchmark (as appropriate); iii. Overseeing any changes to the Benchmark Methodology, including assessing whether the Methodology continues to appropriately measure the underlying Interest, reviewing proposed and implemented changes to the Methodology, and authorizing or requesting the Administrator to undertake a consultation with Stakeholders where known or its Subscribers on such changes as per Principle 12; and iv. Reviewing and approving procedures for termination of the Benchmark, including guidelines that set out how the Administrator should consult with Stakeholders about such cessation. <p>b) Oversight of the integrity of Benchmark determination and control framework:</p> <ol style="list-style-type: none"> i. Overseeing the management and operation of the Benchmark, including activities related to Benchmark determination undertaken by a third party; ii. Considering the results of internal and external audits, and following up on the implementation of remedial actions highlighted in the results of these audits; and iii. Overseeing any exercise of Expert Judgment by the Administrator and ensuring Published Methodologies have been followed. <p>Where a Benchmark is based on Submissions: the oversight function should provide suitable oversight and challenge of the Submissions by:</p> <ol style="list-style-type: none"> a) Overseeing and challenging the scrutiny and monitoring of inputs or Submissions by the Administrator. This could include regular discussions of inputs or Submission patterns, defining parameters against which inputs or Submissions can be analyzed, or querying the role of the Administrator in challenging or sampling unusual inputs or Submissions; b) Overseeing the Code of Conduct for Submitters; c) Establishing effective arrangements to address breaches of the Code of Conduct for Submitters; and d) Establishing measures to detect potential anomalous or suspicious Submissions and in case of suspicious activities, to report them, as well as any misconduct by Submitters of which it becomes aware to the relevant Regulatory Authorities, if any. <p>Where conflicts of interests may arise in the Administrator due to its ownership structures or controlling interests, or due to other activities conducted by any entity owning or controlling the Administrator or by the Administrator or any of its affiliates: the Administrator should establish an independent oversight function which includes a balanced representation of a range of Stakeholders where known, Subscribers and Submitters, which is chosen to counterbalance the relevant conflict of interest.</p>	<p>Contributors include data submitters, methodology determination contributors, and calculation agents. In addition to the Third Party Benchmark Determination Contributors, there are various third parties engaged to functions related to the operations of Nasdaq Benchmarks. Such third parties include but are not limited to affiliates, contractors, and validation services. These third parties provide services to support the operational efficiency and sustainability of the Index Business and its control environment.</p> <p>Each Third Party Benchmark Determination Contributor is subject to the Third Party Oversight Policy, commensurate with the nature and scope of their contribution to the Benchmark. Nasdaq maintains legal written agreements for each third party engaged in the administration and operation of Nasdaq Benchmarks. Nasdaq's Legal team maintains documentation around the roles and obligations of such third parties with support by Index Governance.</p> <ul style="list-style-type: none"> - Calculation agents are subject to legal written agreement requirements and must certify data collection and validation practices through such written agreements, including detail around roles and obligations. - For certain methodology determination contributors overseen on a proportional basis, an internal assessment is conducted at least annually, or as required, to perform the following tasks: review the contributor's determination process, including its impact and fit for purpose of the methodology; and review the contributor's performance of obligations under the agreement. - Inputs provided by a data provider shall be subject to the validation processes and procedures set forth in Nasdaq's internal control framework to ensure the integrity, accuracy, and reliability of input data. Where a Benchmark is based on input data from data providers for use in the calculation of a Benchmark, such contributors shall be deemed a data submitter. Data submitters are subject to Nasdaq's Submitter Code of Conduct, or an equivalent Code that is compliant with IOSCO Principles for Financial Benchmarks, that sets out the contributor's responsibilities in relation to the contribution of input data. A data submitter that is a supervised entity (i.e., a regulated market or exchange) shall be excluded from the Code of Conduct requirement. <ol style="list-style-type: none"> ii. The US Oversight Committee is also responsible for considering the results of internal and external audit results and responses as well as the recommended actions and the subsequent implementation of remedial actions. The USOC oversees overall implementation of IOSCO Principles and applicable regulations. iii. The Index Management Committee and US Oversight Committee (on a proportional basis) are responsible for conducting periodic reviews of in-scope Benchmarks and their methodologies on an annual basis. Expert judgement may be exercised throughout various aspects within the Benchmark determination process and is also overseen by the Index Committees. <p>The Index Management Committee is responsible for overseeing the governance, management, and operation for the benchmarks, including activities related to benchmark determination undertaken by a third party. Such oversight functions include challenging the scrutiny and monitoring of inputs or submissions by the third party, with certain benchmarks subject to additional oversight by the US Oversight Committee on a proportional basis. In accordance with Nasdaq's Third-Party Oversight Policy, on an annual basis, each submitter is asked to confirm receipt of the Submitter's Code of Conduct and identify any material non-compliance with the Code and/or attest compliance with its own code of conduct. The Submitter's Code of Conduct provides that each submitter should have an effective process to detect and evaluate suspicious data inputs or transactions, including intra-groups transactions; and an escalation process to report suspicious submissions to Nasdaq and to regulators, as may be appropriate. In addition, Nasdaq has the capability to conduct data quality review meetings with any submitter whose data quality requires improvement. Submitters' adherence to the Code may also be assessed in the event that Nasdaq discovers, or the data submitter identifies, any material issues of non-compliance with the Submitter Code of Conduct. If the potential non-compliance issue represents a critical adverse impact on the Benchmark determination, the Index Governance Team shall escalate the event to the Index Management Committee for further review depending on the nature and scope of non-compliance, Nasdaq may exclude the submission from the benchmark determination process and identify a substitute submitter if necessary.</p> <p>With regard to conflicts of interest, Nasdaq's Index Committee members are required to be recused from the discussion and vote on any matters in which they have direct or indirect self-interest that is separate and independent from the interests of Administration of the index. Further details regarding conflicts of interest and Nasdaq's oversight function are captured in Principle 3.</p>	<p>the appropriate Nasdaq Index Committee and publicly announced via the Nasdaq consultation website. No exceptions were noted.</p> <p>We obtained the USOC Charter and inspected that the USOC has the capability to allow non-Committee members to provide guidance and expert judgment. No exceptions were noted.</p> <p>Refer to Principle 2 for further procedures performed over Third-Party Oversight.</p> <p>Refer to the Principle 7 for further procedures performed over data inputs.</p> <p>We obtained the USOC charter and inspected that the committee's responsibility includes considering audit results and regulatory requests and overseeing and implementing remedial actions. We also obtained evidence of the USOC's review and approval of the committee charter. No exceptions were noted.</p> <p>We obtained and inspected evidence that the USOC considers the results of audit procedures and oversees recommended actions and the subsequent implementation of remedial actions related to the overall implementation of IOSCO Principles and applicable regulations. No exceptions were noted.</p>
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<p>6) Benchmark Design</p> <p>The design of the Benchmark should seek to achieve, and result in an accurate and reliable representation of the economic realities of the Interest it seeks to measure, and eliminate factors that might result in a distortion of the price, rate, index or value of the Benchmark.</p> <p>Benchmark design should take into account the following generic non-exclusive features, and other factors should be considered, as appropriate to the particular Interest:</p> <ol style="list-style-type: none"> Adequacy of the sample used to represent the Interest; Size and liquidity of the relevant market (for example whether there is sufficient trading to provide observable, transparent pricing); Relative size of the underlying market in relation to the volume of trading in the market that references the Benchmark; The distribution of trading among Market Participants (market concentration); and Market dynamics (e.g., to ensure that the Benchmark reflects changes to the assets underpinning a Benchmark). 	<p>Nasdaq's Research and Development Team is responsible for the development of Benchmark design for new indexes. The Research and Development Team conducts extensive back testing and validation activities to ensure that the model and methodology are in alignment, and the index is created/maintained in accordance with the intended design. Nasdaq's subsequent index launch process focuses on the continued testing and enhancement of new indexes and further includes various stages that are completed by the Development team, Operations, and the Index Management Committee, who also conduct various reviews and approvals to ensure the establishment of accurate methodologies and models throughout the process.</p> <p>Prior to the final launch of an index, additional reviews and approvals are conducted by the Index Management Committee in order to ensure the methodology and its design are in accordance with internal policies and procedures. Nasdaq may decide not to proceed with launching certain Benchmarks if it feels that there is, among other factors insufficient market size or activity to be priced properly at a given calculation frequency.</p> <p>Nasdaq also maintains a Model Risk Management Policy that defines the Model Risk Management framework and establishes requirements for identifying, measuring, monitoring, reporting, controlling, and mitigating operational risks. Per the Policy, models are subject to adequate governance and controls throughout their lifecycle, including independent validation by Global Risk Management or third-party services, on a proportional basis. Any potential risks arising from model use is managed and reported to senior management, including the relevant Index Committees as needed for resolution.</p>	<p>For a sample of indexes, we inspected that the related methodology was presented to the Index Management Committee for review and approval. For indexes subject to additional reviews on a proportional basis, we inspected that those methodologies were also presented to the USOC for review and approval. No exceptions were noted.</p> <p>For a sample of changes to existing index methodologies, we inspected evidence that:</p> <ol style="list-style-type: none"> Changes to the index methodology were reviewed and approved by a Nasdaq Index Committee on a proportional basis. On a proportional basis, the index methodology changes were presented to stakeholders for public consultation. If applicable, the responses received during the public consultation period and the final methodology change were reviewed and approved by the appropriate Nasdaq Index Committee and publicly announced via the Nasdaq consultation website. No exceptions were noted. <p>Per inquiry of management and inspection of the Index Management Committee meeting minutes, we note there were no indexes launched during our reporting period. No exceptions were noted.</p> <p>We reviewed Nasdaq's index control framework as well as the index committee charters and note that the index committees maintain primary responsibility for all aspects of the Benchmark determination process and the definition of the Benchmark and Benchmark Methodology. We obtained evidence of the USOC's review and approval of the index control framework and of each index committee charter. No exceptions were noted.</p> <p>We obtained Nasdaq's Model Risk Management Policy and inspected for the USOC's review and approval. We also inspected the Policy for specific details related to the nature and timing of the independent model validation procedures and the subsequent governance reporting requirements. For a sample of independent model validations performed during the period we:</p> <ol style="list-style-type: none"> Obtained GRM's summary findings report of the independent model validations performed and inspected that the report included a listing of findings, actions and conclusions. Obtained the USOC minutes during which GRM presented the summary findings report and inspected the committee reviewed and approved the report. No exceptions were noted.
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<p>7) Data Sufficiency</p> <p>The data used to construct a Benchmark determination should be sufficient to accurately and reliably represent the Interest measured by the Benchmark and should:</p> <ol style="list-style-type: none"> Be based on prices, rates, indices or values that have been formed by the competitive forces of supply and demand in order to provide confidence that the price discovery system is reliable; and Be anchored by observable transactions entered into at arm's length between buyers and sellers in the market for the Interest the Benchmark measures in order for it to function as a credible indicator of prices, rates, indices or values. <p>This Principle requires that a Benchmark be based upon (i.e., anchored in) an active market having observable Bona Fide, Arms-Length Transactions. This does not mean that every individual Benchmark determination must be constructed solely of transaction data. Provided that an active market exists, conditions in the market on any given day might require the Administrator to rely on different forms of data tied to observable market data as an adjunct or supplement to transactions. Depending upon the Administrator's Methodology, this could result in an individual Benchmark determination being based predominantly, or exclusively, on bids and offers or extrapolations from prior transactions. This is further clarified in Principle 8.</p> <p>Provided that subparagraphs (a) and (b) above are met, Principle 7 does not preclude Benchmark Administrators from using executable bids or offers as a means to construct Benchmarks where anchored in an observable market consisting of Bona Fide, Arms-Length transactions.</p> <p>This Principle also recognizes that various indices may be designed to measure or reflect the performance of a rule-based investment strategy, the volatility or behavior of an index or market or other aspects of an active market. Principle 7 does not preclude the use of non-transactional data for such indices that are not designed to represent transactions and where the nature of the index is such that non-transactional data is used to reflect what the index is designed to measure. For example, certain volatility indices, which are designed to measure the expected volatility of an index of securities transactions, rely on non-transactional data, but the data is derived from and thus "anchored" in an actual functioning securities or options market.</p>	<p>Nasdaq utilizes the most relevant data from reputable sources to represent the interest included within a Benchmark, and its methodologies document the treatment of data during index construction. The sufficiency of such data is consistently evaluated by Index Management during the calculation of an index, supported by methodology policies and procedures that are further evaluated by the Index Management Committee on a periodic basis, as well as Nasdaq's Third Party Oversight control framework.</p> <p>Additionally, Nasdaq maintains a documented control framework supporting the Benchmark determination process, which is designed to confirm the sufficiency of data produced within each index. These documented controls include, but are not limited to, index management reviews and the exercise of expert judgement, data reconciliations, oversight of Third Party Benchmark Determination Contributors, and incident tracking.</p> <p>Nasdaq also maintains a Recalculation Policy that governs the policies and procedures Nasdaq undertakes when the recalculation of an index becomes necessary due to, among other issues, discrepancies in the index and/or constituent data that may arise as a result of an event or an issue with a data source. Such data issues may include complex corporate actions, late announcement or delayed detection of a dividend or corporate action, constituent pricing error, external market disruption, technical errors, insufficient vendor data, and human errors, including the mis-application of applicable index criteria.</p>	<p>For a sample of daily index value reconciliations performed between Nasdaq's index dissemination channel and the third-party shadow calculator, we performed the following procedures:</p> <ol style="list-style-type: none"> We obtained evidence that the reconciliation was performed and inspected for variances identified within the reconciliation output. For a sample of variances identified, we obtained evidence that the variance was documented, investigated, and resolved, as needed. No exceptions were noted. <p>On a sample basis, we inspected for evidence that corporate action events were reviewed on the effective date for accuracy. No exceptions were noted.</p> <p>On a sample basis, we inspected for evidence that Total Shares Outstanding information is reviewed and reconciled to a third-party vendor for completeness and accuracy. We inspected that discrepancies identified during the reconciliation were investigated and resolved prior to approval. No exceptions were noted.</p> <p>We obtained the Recalculation Policy and inspected that it includes policies and procedures in the event of a discrepancy identified with an index value error. We inspected that the policy was approved by the USOC. On a sample basis, we performed the following procedures for index restatements made during the period:</p> <ol style="list-style-type: none"> We inspected that Nasdaq performed a quality control check to validate the accuracy of the restatement prior to processing the adjustment in the index calculator. We inspected evidence that management had reported a summary of the quarterly restatement activity to the index committees, on a proportional basis, in accordance with Nasdaq's Recalculation Policy. <p>Exception 1: EY identified that for one restatement during the period, evidence was not retained showing communication to the USOC.</p> <p>Refer to Principle 2 for further procedures performed over Third-Party Oversight.</p> <p>For further procedures related to Nasdaq's Submitter Code of Conduct, refer to Principle 14.</p>
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<p>8) Hierarchy of Data Inputs</p> <p>An Administrator should establish and Publish or Make Available clear guidelines regarding the hierarchy of data inputs and exercise of Expert Judgment used for the determination of Benchmarks. In general, the hierarchy of data inputs should include:</p> <ol style="list-style-type: none"> Where a Benchmark is dependent upon Submissions, the Submitters' own concluded arms-length transactions in the underlying interest or related markets; Reported or observed concluded Arm's-length Transactions in the underlying interest; Reported or observed concluded Arm's-length Transactions in related markets; Firm (executable) bids and offers; and Other market information or Expert Judgments. <p>Provided that the Data Sufficiency Principle is met (i.e., an active market exists), this Principle is not intended to restrict an Administrator's flexibility to use inputs consistent with the Administrator's approach to ensuring the quality, integrity, continuity and reliability of its Benchmark determinations, as set out in the Administrator's Methodology. The Administrator should retain flexibility to use the inputs it believes are appropriate under its Methodology to ensure the quality and integrity of its Benchmark. For example, certain Administrators may decide to rely upon Expert Judgment in an active albeit low liquidity market, when transactions may not be consistently available each day. IOSCO also recognizes that there might be circumstances (e.g., a low liquidity market) when a confirmed bid or offer might carry more meaning than an outlier transaction. Under these circumstances, non- transactional data such as bids and offers and extrapolations from prior transactions might predominate in a given Benchmark determination.</p>	<p>Nasdaq's data hierarchies vary by Benchmark and are described in the applicable methodology for each group of Benchmarks. The methodology outlines the appropriate data inputs per index that are required to meet the design objective. The methodology documents for each group of Benchmarks are publicly accessible through their publication on Nasdaq's website (GIW).</p> <p>With regard to data submitters, the Submitter Code of Conduct aims to ensure that data inputs received from submitters for use in the Benchmark determination are in line with applicable methodologies and are accurately represented when published. In general, Nasdaq Benchmarks are based on traded prices sourced from regulated trading venues, which require minimal (if any) expert judgement over data inputs and therefore, not subject to the Submitter Code of Conduct. Where a market price or data derived from market price behavior can be used, Nasdaq will seek to use such data to calculate the Benchmark. In other cases, where other sorts of derived or judgment-created data are employed, they are derived from sources believed to be objective and consistent with the Benchmark's objective. In exceptional circumstances, for example, where securities have stopped trading because they have been suspended or because a market has been unexpectedly closed, the use of judgement may be employed, as set out fully in the applicable methodology.</p>	<p>For a sample of index methodologies, we inspected that the Nasdaq Index Methodology Guide, which is published on Nasdaq's Governance webpage, was referenced within. We inspected that the Index Methodology Guide includes the appropriate data input requirements as described within Principle 8 – Hierarchy of Data Inputs. No exceptions were noted.</p> <p>Refer to Principle 2 for further procedures performed over Third-Party Oversight.</p> <p>For further procedures related to Nasdaq's Submitter Code of Conduct, refer to Principle 14.</p>
<p>9) Transparency of Benchmark Determinations</p> <p>The Administrator should describe and publish with each Benchmark determination, to the extent reasonable without delaying an Administrator publication deadline:</p> <ol style="list-style-type: none"> A concise explanation, sufficient to facilitate a Stakeholder's or Market Authority's ability to understand how the determination was developed, including, at a minimum, the size and liquidity of the market being assessed (meaning the number and volume of transactions submitted), the range and average volume and range and average of price, and indicative percentages of each type of market data that have been considered in a Benchmark determination; terms referring to the pricing Methodology should be included (i.e., transaction-based, spread-based or interpolated/extrapolated); A concise explanation of the extent to which and the basis upon which Expert Judgment if any, was used in establishing a Benchmark determination. 	<ol style="list-style-type: none"> In accordance with its internal control framework, the methodology for each Nasdaq Benchmark is documented and made available through Nasdaq Indexes public website (GIW). Each methodology complies with the content requirements (e.g. the data inputs used to calculate the index and generally the identity and role of third parties) and aims to include sufficient disclosure to enable stakeholders to understand how the Nasdaq Index is calculated and assess its representativeness. The methodology documents for each group of Benchmarks and supporting the Indexes Policies provide a concise explanation regarding the potential exercise of expert judgement. <p>Refer to Principle 11 for detailed information regarding the contents contained within the published methodology documents.</p>	<p>For a sample of indexes, we inspected that the methodology was publicly available to stakeholders via the Nasdaq Governance webpage. We inspected that each methodology contained a disclosure which enabled stakeholders to understand how the Nasdaq Index is calculated and assess its representativeness. No exceptions were noted.</p> <p>We also inspected that each methodology included a reference to the Nasdaq Index Methodology Guide, which is also published on Nasdaq's Governance webpage. We inspected that the Index Methodology Guide includes details regarding how expert judgement will be exercised. No exceptions were noted.</p> <p>Refer to Principle 11 for procedures regarding the contents contained within the published methodology documents.</p>

<p>10) Periodic Review</p> <p>The Administrator should periodically review the conditions in the underlying Interest that the Benchmark measures to determine whether the Interest has undergone structural changes that might require changes to the design of the Methodology. The Administrator also should periodically review whether the Interest has diminished or is non-functioning such that it can no longer function as the basis for a credible Benchmark.</p> <p>The Administrator should Publish or Make Available a summary of such reviews where material revisions have been made to a Benchmark, including the rationale for the revisions.</p>	<p>Nasdaq's Index Committees oversee the methodologies that govern Nasdaq Benchmarks on a proportional basis, depending on the size and risks posed by each benchmark. This oversight process includes meeting as often as appropriate at the Index Committee's discretion, but at least annually, in order to evaluate issues and risks associated with the Benchmark and its methodology. The Committee will periodically review and assess whether the methodology continues to appropriately measure the underlying interest and achieve its stated objective. In the event of a material revision or update to a methodology, the revised methodology will be publicly published and announced.</p>	<p>For a sample of indexes, we inspected that the related methodology was presented to the Index Management Committee for review and approval. For indexes subject to additional reviews on a proportional basis, we inspected that the index methodology was also presented to the USOC for review and approval. No exceptions were noted.</p> <p>For a sample of changes to existing index methodologies, we inspected evidence that:</p> <ol style="list-style-type: none"> 1. Changes to the index methodology were reviewed and approved by a Nasdaq Index Committee on a proportional basis. 2. On a proportional basis, the index methodology changes were presented to stakeholders for public consultation. 3. If applicable, the responses received during the public consultation period and the final methodology change were reviewed and approved by the appropriate Nasdaq Index Committee and publicly announced via the Nasdaq consultation website. No exceptions were noted.
<p>11) Content of the Methodology</p> <p>The Administrator should document and Publish or Make Available the Methodology used to make Benchmark determinations. The Administrator should provide the rationale for adopting a particular Methodology. The Published Methodology should provide sufficient detail to allow Stakeholders to understand how the Benchmark is derived and to assess its representativeness, its relevance to particular Stakeholders, and its appropriateness as a reference for financial instruments.</p> <p>At a minimum, the Methodology should contain:</p> <ol style="list-style-type: none"> a) Definitions of key terms; b) All criteria and procedures used to develop the Benchmark, including input selection, the mix of inputs used to derive the Benchmark, the guidelines that control the exercise of Expert Judgment by the Administrator, priority given to certain data types, minimum data needed to determine a Benchmark, and any models or extrapolation methods; c) Procedures and practices designed to promote consistency in the exercise of Expert Judgment between Benchmark determinations; d) The procedures which govern Benchmark determination in periods of market stress or disruption, or periods where data sources may be absent (e.g., theoretical estimation models); e) The procedures for dealing with error reports, including when a revision of a Benchmark would be applicable; f) Information regarding the frequency for internal reviews and approvals of the Methodology. Where applicable, the Published Methodologies should also include information regarding the procedures and frequency for external review of the Methodology; g) The circumstances and procedures under which the Administrator will consult with Stakeholders, as appropriate; and h) The identification of potential limitations of a Benchmark, including its operation in illiquid or fragmented markets and the possible concentration of inputs. 	<p>The methodology for each Nasdaq Index is documented and made available through Nasdaq Indexes public website. Each methodology complies with the content requirements set out by the Index Management Committee (e.g. the data inputs used to calculate the Nasdaq Index and generally the identity and role of third parties) and aims to include sufficient disclosure to enable stakeholders to understand how the Nasdaq Index is calculated and assess its representativeness, including the potential exercise of expert judgement.</p> <ol style="list-style-type: none"> a) The documentation of methodologies for each group of Benchmarks adequately details the key terms used. b) All criteria used to develop the associated Benchmark are maintained within its Methodology documentation and is supplemented by relevant internal control documentation. Associated procedures related to a specific methodology's development are established within the respective methodology document for a Benchmark. c) Each methodology maintains generally consistent procedures for handling items that may require the use of expert judgment. d) & e) Each methodology contains sections detailing the procedures for index recalculations (including with respect to period of market stress or disruption or where data sources may be absent), restatements, and unexpected evaluation and rebalancing. f) The methodologies each contain a section that details the use of annual internal reviews of methodologies conducted by the Index Management Committee to ensure that the index continues to achieve its stated objectives and that the data and methodology remain effective. The Model Risk Management Policy provides detail on independent validation, which addresses external review of methodologies for Benchmarks where appropriate. g) Nasdaq methodologies are subject to requirements including the public consultation process employed for any proposed material changes to certain, or as otherwise necessary. h) Nasdaq's Index Policies and Procedures, as referenced within Benchmark methodologies, specify Nasdaq's operational guidelines and processes regarding the identification and handling of potential limitations of a Benchmark. 	<p>For a sample of indexes, EY inspected that the methodology and the Index Methodology Guide were published to Nasdaq's Governance webpage. No exceptions were noted.</p> <p>For a sample of indexes, EY inspected that the content requirements described in Principle 11 were documented in the methodology or the Index Methodology Guide, which is referenced within the methodology. No exceptions were noted.</p> <p>Refer to Principle 10 for EY's procedures related to Nasdaq's periodic review of index methodologies and Principle 6 for EY's procedures related to Nasdaq's independent model validation procedures.</p>

<p>Where a Benchmark is based on Submissions, the additional Principle also applies: The Administrator should clearly establish criteria for including and excluding Submitters. The criteria should consider any issues arising from the location of the Submitter, if in a different jurisdiction to the Administrator. These criteria should be available to any relevant Regulatory Authorities, if any, and Published or Made Available to Stakeholders. Any provisions related to changes in composition, including notice periods should be made clear.</p>	<p>The requirements pursuant to Principle 11 as it relates to submissions are directly addressed by Nasdaq in its Submitter Code of Conduct within an established section dedicated to the monitoring and review of data submitters. In addition, information regarding the inclusion of submitters is detailed within Nasdaq's statement related to Principles 14 and 15.</p>	
<p>12) Changes to Methodology</p> <p>An Administrator should Publish or Make Available the rationale of any proposed material change in its Methodology, and procedures for making such changes. These procedures should clearly define what constitutes a material change, and the method and timing for consulting or notifying Subscribers (and other Stakeholders where appropriate, taking into account the breadth and depth of the Benchmark's use) of changes.</p> <p>Those procedures should be consistent with the overriding objective that an Administrator must ensure the continued integrity of its Benchmark determinations. When procedures are proposed, the Administrator should specify exactly what these changes entail and when they are intended to apply.</p> <p>The Administrator should specify how changes to the Methodology will be scrutinized by the oversight function.</p> <p>The Administrator should develop Stakeholder consultation procedures in relation to changes to the Methodology that are deemed material by the oversight function, and that are appropriate and proportionate to the breadth and depth of the Benchmark's use and the nature of the Stakeholders. Procedures should:</p> <ol style="list-style-type: none"> a) Provide advance notice and a clear timeframe that gives Stakeholders sufficient opportunity to analyze and comment on the impact of such proposed material changes, having regard to the Administrator's assessment of the overall circumstances; and b) Provide for Stakeholders' summary comments and the Administrator's summary response to those comments, to be made accessible to all Stakeholders after any given consultation period, except where the commenter has requested confidentiality. 	<p>Nasdaq reviews both internal and external recommended proposed methodology changes. Upon the launch of a new index, or in the event of a proposed change to an existing Index methodology, the Index Management Committee will review the changes and assess the related fit and impact to the index lifecycle. On a proportional basis, certain proposed changes will be escalated to the US Oversight Committee for review. Following committee approval of identified changes, Nasdaq proposes a methodology change draft, subject to review and approval by the appropriate governance committees.</p> <p>When a material change to certain Index methodologies are considered, Nasdaq may publish a consultation inviting comments from stakeholders. Nasdaq seeks stakeholder input through an established consultation process. As soon as practical after the period for public consultation has closed and the responses have been considered by the Index Management and the US Oversight Committee, the impacted methodology documentation will be updated and reposted on the Nasdaq Index Governance public website, including a summary of comments received and Nasdaq's response to the comments, as well the effective date of such change.</p>	<p>For a sample of indexes, we inspected that the related methodology was presented to the Index Management Committee for review and approval. For indexes subject to additional reviews on a proportional basis, we inspected that the index methodology was also presented to the USOC for review and approval. No exceptions were noted.</p> <p>For a sample of changes to existing index methodologies, we inspected evidence that:</p> <ol style="list-style-type: none"> 1. Changes to the index methodology were reviewed and approved by a Nasdaq Index Committee on a proportional basis. 2. On a proportional basis, the index methodology changes were presented to stakeholders for public consultation. 3. If applicable, the responses received during the public consultation period and the final methodology change were reviewed and approved by and publicly announced via the Nasdaq consultation website. No exceptions were noted.
<p>13) Transition</p> <p>Administrators should have clear written policies and procedures, to address the need for possible cessation of a Benchmark, due to market structure change, product definition change, or any other condition which makes the Benchmark no longer representative of its intended Interest. These policies and procedures should be proportionate to the estimated breadth and depth of contracts and financial instruments that reference a Benchmark and the economic and financial stability impact that might result from the cessation of the Benchmark. The Administrator should take into account the views of Stakeholders and any relevant Regulatory and National</p>	<p>Nasdaq maintains an Index Cessation Policy inclusive of documented process for addressing the need for possible cessation. The Cessation Policy details the process for identifying if a replacement Index is currently available or is necessary and can be created. If identified, Nasdaq's Index Management Committee follows such procedures outlined in the Index Cessation Policy to assess the validity and rationality of an Index Manager's request to cease an Index. Upon review, the Index Management Committee approves or denies the recommendation. If approved for cessation, Nasdaq will review all impacted license agreements and determine ongoing obligations. Nasdaq provides applicable notice as detailed in impacted Index license agreements, and publicly announces cessation of indexes on GIW. If denied for cessation, or if the Index is otherwise required to be replaced in accordance with the Index Cessation Policy, the Index Management Committee will determine if a replacement Index is currently available or is necessary and can be created. If replaced, the Index Management Committee will publicly announce the new benchmark as a replacement along with all necessary documentation around the new benchmark.</p>	<p>We obtained the IMC charter and inspected that the committee is responsible for reviewing and approving an index cessation. No exceptions were noted.</p> <p>We obtained the Index Cessation Policy and note that note that the policy included the relevant provisions required under Principle 13 - Transition. No exceptions were noted.</p> <p>For a sample of terminated indexes, we inspected evidence that:</p> <ol style="list-style-type: none"> 1. The Index Management Committee reviewed and approved the index cessation. 2. That Nasdaq notified the public that the index would be terminated and the effective date of the termination. No exceptions were noted.

<p>Authorities in determining what policies and procedures are appropriate for a particular Benchmark.</p> <p>These written policies and procedures should be Published or Made Available to all Stakeholders.</p> <p>Administrators should encourage Subscribers and other Stakeholders who have financial instruments that reference a Benchmark to take steps to make sure that:</p> <ul style="list-style-type: none"> a) Contracts or other financial instruments that reference a Benchmark, have robust fall back provisions in the event of material changes to, or cessation of, the referenced Benchmark; and b) Stakeholders are aware of the possibility that various factors, including external factors beyond the control of the Administrator, might necessitate material changes to a Benchmark. <p>Administrators' written policies and procedures to address the possibility of Benchmark cessation could include the following factors, if determined to be reasonable and appropriate by the Administrator:</p> <ul style="list-style-type: none"> a) Criteria to guide the selection of a credible, alternative Benchmark such as, but not limited to, criteria that seek to match to the extent practicable the existing Benchmark's characteristics (e.g., credit quality, maturities and liquidity of the alternative market), differentials between Benchmarks, the extent to which an alternative Benchmark meets the asset/liability needs of Stakeholders, whether the revised Benchmark is investable, the availability of transparent transaction data, the impact on Stakeholders and impact of existing legislation; b) The practicality of maintaining parallel Benchmarks (e.g., where feasible, maintain the existing Benchmark for a defined period of time to permit existing contracts and financial instruments to mature and publish a new Benchmark) in order to accommodate an orderly transition to a new Benchmark; c) The procedures that the Administrator would follow in the event that a suitable alternative cannot be identified; d) In the case of a Benchmark or a tenor of a Benchmark that will be discontinued completely, the policy defining the period of time in which the Benchmark will continue to be produced in order to permit existing contracts to migrate to an alternative Benchmark if necessary; and e) The process by which the Administrator will engage Stakeholders and relevant Market and National Authorities, as appropriate, in the process for selecting and moving towards an alternative Benchmark, including the timeframe for any such action commensurate with the tenors of the financial instruments referencing the Benchmarks and the adequacy of notice that will be provided to Stakeholders. 	<p>The responsibility to ensure contracts or other financial instruments have robust fall-back provisions rests with the issuers of the contracts or financial instruments leveraging the Benchmarks. However, Nasdaq does include termination provisions in its license agreements that put Nasdaq's proprietary Benchmark users on notice that Nasdaq may cease publishing a Benchmark during the term of the agreement and if such event does occur, Nasdaq would provide affected clients with notice to prepare for a switch in Benchmarks but is not contractually obligated to provide an alternative. If an alternative Benchmark is deemed unnecessary, no additional procedures are followed as they are not required after the index is ceased.</p>	<p>Per inquiry of management and inspection of a sample of index methodologies we note that the Index Cessation Policy is available to stakeholders upon request and is referenced within each index methodology, which is made publicly available on Nasdaq's Governance webpage. No exceptions were noted.</p>
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<p>14) Submitter Code of Conduct</p> <p>Where a Benchmark is based on Submissions, the following additional Principle also applies: The Administrator should develop guidelines for Submitters (“Submitter Code of Conduct”), which should be available to any relevant Regulatory Authorities, if any and Published or Made Available to Stakeholders.</p> <p>The Administrator should only use inputs or Submissions from entities which adhere to the Submitter Code of Conduct and the Administrator should appropriately monitor and record adherence from Submitters. The Administrator should require Submitters to confirm adherence to the Submitter Code of Conduct annually and whenever a change to the Submitter Code of Conduct has occurred.</p> <p>The Administrator’s oversight function should be responsible for the continuing review and oversight of the Submitter Code of Conduct.</p> <p>The Submitter Code of Conduct should address:</p> <ol style="list-style-type: none"> a) The selection of inputs; b) Who may submit data and information to the Administrator; c) Quality control procedures to verify the identity of a Submitter and any employee(s) of a Submitter who report(s) data or information and the authorization of such person(s) to report market data on behalf of a Submitter; d) Criteria applied to employees of a Submitter who are permitted to submit data or information to an Administrator on behalf of a Submitter; e) Policies to discourage the interim withdrawal of Submitters from surveys or Panels; f) Policies to encourage Submitters to submit all relevant data; and g) The Submitters’ internal systems and controls, which should include: <ol style="list-style-type: none"> i. Procedures for submitting inputs, including Methodologies to determine the type of eligible inputs, in line with the Administrator’s Methodologies; ii. Procedures to detect and evaluate suspicious inputs or transactions, including inter-group transactions, and to ensure the Bona Fide nature of such inputs, where appropriate; iii. Policies guiding and detailing the use of Expert Judgment, including documentation requirements; iv. Record keeping policies; v. Pre-Submission validation of inputs, and procedures for multiple reviews by senior staff to check inputs; vi. Training, including training with respect to any relevant regulation (covering Benchmark regulation or any market abuse regime); vii. Suspicious Submission reporting; viii. Roles and responsibilities of key personnel and accountability lines; ix. Internal sign off procedures by management for submitting inputs; x. Whistle blowing policies (in line with Principle 4); and xi. Conflicts of interest procedures and policies, including 	<p>Where a Benchmark is based on input data from data providers for use in the calculation of a benchmark, such contributors shall be deemed a data submitter. Data submitters are subject to Nasdaq’s Submitter Code of Conduct, or an equivalent code that is compliant with IOSCO Principles for Financial Benchmarks, that sets out the contributor’s responsibilities in relation to the contribution of input data. A data submitter that is a supervised entity, a regulated market or exchange, shall be excluded from the Code of Conduct requirement.</p> <p>The Third Party Oversight Policy references the Submitter Code of Conduct and its associated guidelines for which data submitters are required to either (a) confirm their adherence with the Code of Conduct to or (b) provide an attestation in its place on an annual basis or whenever the Code has been updated to include a new material requirement.</p> <p>Nasdaq has the ability to perform annual data quality reviews of any submitter whose data quality requires improvement. Submitters’ adherence to the Code shall also be discussed and reviewed by the Index Management Committee, and ad hoc members for consultation as necessary, on a proportional basis for certain Benchmarks.</p> <p>The adherence of submitters and quality data submissions are further sustained by Nasdaq’s internal control framework, including oversight and validation of inputs provided by third party data providers to ensure the integrity, accuracy and reliability of the Benchmark determination. See Principles 2 and 4.</p> <p>Nasdaq’s implementation of its Submitter Code of Conduct is proportional to the requirements outlined by the IOSCO Principles for Financial Benchmark. Furthermore, the Submitter Code of Conduct and written legal agreements with third parties collectively address items a – g pursuant to Principle 14.</p>	<p>We obtained the Third Party Oversight Policy and Nasdaq’s Submitter Code of Conduct. We obtained evidence of the USOC’s review and approval of this policy. We inspected that the policy states that third-party written agreements between Nasdaq and a Third- Party Benchmark Determination Contributor shall clearly define the roles and obligations of the contributor. No exceptions were noted.</p> <p>For a sample of Data Submitters, we obtained evidence that Nasdaq monitors and records the third party’s adherence to the relevant policies, regulations, and contractual obligations, via an annual attestation. No exceptions were noted.</p> <p>We inspected that the Submitter Code of Conduct includes the provisions required under Principle 14 - Submitter Code of Conduct and is implemented on a proportional basis. No exceptions were noted.</p> <p>Refer to Principle 2 for further procedures performed over Third-Party Oversight.</p>
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<p>prohibitions on the Submission of data from Front Office Functions unless the Administrator is satisfied that there are adequate internal oversight and verification procedures for Front Office Function Submissions of data to an Administrator (including safeguards and supervision to address possible conflicts of interests as per paragraphs (v) and (ix) above), the physical separation of employees and reporting lines where appropriate, the consideration of how to identify, disclose, manage, mitigate and avoid existing or potential incentives to manipulate or otherwise influence data inputs (whether or not in order to influence the Benchmark levels), including, without limitation, through appropriate remuneration policies and by effectively addressing conflicts of interest which may exist between the Submitter's Submission activities (including all staff who perform or otherwise participate in Benchmark Submission responsibilities), and any other business of the Submitter or of any of its affiliates or any of their respective clients or customers.</p>		
<p>15) Internal Controls Over Data Collection</p> <p>When an Administrator collects data from any external source the Administrator should ensure that there are appropriate internal controls over its data collection and transmission processes. These controls should address the process for selecting the source, collecting the data and protecting the integrity and confidentiality of the data. Where Administrators receive data from employees of the Front Office Function, the Administrator should seek corroborating data from other sources.</p>	<p><u>Selecting the Source:</u> Nasdaq has established appropriate oversight functions and internal controls over the selection of data sources that are sufficient to maintain accurate data inputs within the Benchmark determination process. This includes, but is not limited to, accuracy reviews of sourced data by the respective operational departments overseen by the Index Management Committee, as well as due diligence performed on external data providers from which data is collected.</p> <p>New Nasdaq Indexes must be approved by the Index Management Committee (which may approve "families" of indexes) which will review their economic rationale, quality, and integrity and assess factors such as the integrity of data inputs, data sufficiency and the hierarchy of data inputs. Each established methodology will detail the hierarchy of data inputs used to calculate the Nasdaq Index to be utilized in the ongoing calculation of indexes.</p> <p><u>Collecting the Data:</u> In addition to the requirements detailed under the Third Party Oversight Policy and submitter adherence to the Submitter Code of Conduct, Benchmark data inputs provided by a data provider are subject to the validation processes and procedures set forth in Nasdaq's internal control framework to ensure the integrity, accuracy, and reliability of input data.</p> <p><u>Protecting Data Integrity and Confidentiality:</u> Established controls regarding the protection of data integrity and confidentiality include the previously identified confidential information controls involving security measures, network access controls and password controls, information barriers, and all other procedures concerning the proper handling of confidential information contained with Principle 3 regarding Conflicts of Interest.</p>	<p>Refer to Principle 2 for further procedures performed over Third-Party Oversight.</p> <p>We inspected the Third Party Oversight Policy and inspected that Data Submitters are subject to data quality assessments and additional oversight in the event of data quality concerns identified during Nasdaq's regular data and monitoring review procedures. No exceptions were noted.</p> <p>We inspected the Submitter Code of Conduct and inspected that Data Submitters are required to implement systems and controls that directly address potential for conflicts of interest. No exceptions were noted.</p> <p>For a sample of daily index value reconciliations performed between Nasdaq's index dissemination channel and the third-party shadow calculator, we performed the following procedures:</p> <ol style="list-style-type: none"> 1. We obtained evidence that the reconciliation was performed and inspected for variances identified within the reconciliation output. 2. For a sample of variances identified, we obtained evidence that the variance was documented, investigated, and resolved, as needed. No exceptions were noted. <p>Please refer to Principle 3 for further procedures related to handling of confidential information and technology controls. No exceptions were noted.</p>

<p>16) Complaints Process</p> <p>The Administrator should establish and Publish or Make Available a written complaints procedures policy, by which Stakeholders may submit complaints including concerning whether a specific Benchmark determination is representative of the underlying Interest it seeks to measure, applications of the Methodology in relation to a specific Benchmark determination(s) and other Administrator decisions in relation to a Benchmark determination.</p> <p>The complaints procedures policy should:</p> <ol style="list-style-type: none"> Permit complaints to be submitted through a user-friendly complaints process such as an electronic Submission process; Contain procedures for receiving and investigating a complaint made about the Administrator's Benchmark determination process on a timely and fair basis by personnel who are independent of any personnel who may be or may have been involved in the subject of the complaint, advising the complainant and other relevant parties of the outcome of its investigation within a reasonable period and retaining all records concerning complaints; Contain a process for escalating complaints, as appropriate, to the Administrator's governance body; and Require all documents relating to a complaint, including those submitted by the complainant as well as the Administrator's own record, to be retained for a minimum of five years, subject to applicable national legal or regulatory requirements. <p>Disputes about a Benchmarking determination, which are not formal complaints, should be resolved by the Administrator by reference to its standard appropriate procedures. If a complaint results in a change in a Benchmark determination, that should be Published or Made Available to Subscribers and Published or Made Available to Stakeholders as soon as possible as set out in the Methodology.</p>	<p>Nasdaq maintains a documented complaints process maintained by Nasdaq's Complaint Handling Policy, which is accessible through Nasdaq's Governance website.</p> <ol style="list-style-type: none"> The Complaint Handling Policy established by Nasdaq defines the user-friendly complaint mechanism employed via Nasdaq's Index Governance website or via email and telephone, if necessary, by which clients, market participants, or other persons from external parties may submit complaints, inquiries, or raise any further concerns directly to Nasdaq. Nasdaq maintains procedures and internal controls to ensure that formal index complaints are managed and any investigations are conducted in a timely and fair manner. <ul style="list-style-type: none"> - Formal index complaints are investigated and records retained by Compliance. - Compliance staff will investigate the complaint. - If a member of the Compliance staff is directly involved in the subject matter of the complaint, he or she will be recused from the complaint review process. - The complaint will be escalated to the US Oversight Committee as required by its charter, consistent with the nature and subject matter of the complaint. The US Oversight Committee is the ultimate governing body responsible for the review of critical escalated complaints. Additionally, any changes to a Benchmark methodology that are a direct result of a complaint, regardless of the source, will follow the methodology change process pursuant to the response provided within Principle 12. Complaints are retained in accordance with Nasdaq's Document Retention Policy and will be kept for a minimum period of five years, or such longer period as may be required by applicable law or regulation. Nasdaq Indexes Complaint Handling Policy applies to formal complaints and queries raised by stakeholders. <p>If a complaint results in a change in a Benchmark determination, that change will be published or made available to subscribers and published or made available to all stakeholders simultaneously as set out in the methodology.</p>	<p>We inspected Nasdaq's Governance website and inspected that the complaints process maintained by Nasdaq's Complaint Handling Policy is publicly available to stakeholders. No exceptions were noted.</p> <p>We obtained the Nasdaq Complaint Handling Policy and inspected for evidence that:</p> <ol style="list-style-type: none"> The policy includes procedures for submitting complaints, investigating and escalating complaints on a timely basis, and retaining the relevant documentation related to the complaints. The policy includes procedures for publicly announcing a change as the result of a complaint. The policy was approved by the USOC. <p>No exceptions were noted.</p> <p>We obtained the USOC Charter and inspected that the committee is responsible for reviewing formal client complaints. No exceptions were noted.</p> <p>We inspected the USOC meeting minutes during the period and note there were no formal complaints to be reported. No exceptions were noted.</p> <p>We also observed that Nasdaq's complaints mechanism is accessible by the stakeholders and functioning properly. No exceptions were noted.</p>
<p>17) Audits</p> <p>The Administrator should appoint an independent internal or external auditor with appropriate experience and capability to periodically review and report on the Administrator's adherence to its stated criteria and with the Principles. The frequency of audits should be proportionate to the size and complexity of the Administrator's operations.</p> <p>Where appropriate to the level of existing or potential conflicts of interest identified by the Administrator (except for Benchmarks that are otherwise regulated or supervised by a National Authority other than a relevant Regulatory Authority), an Administrator should appoint an independent external auditor with appropriate experience and capability to periodically review and report on the Administrator's adherence to its stated Methodology. The frequency of audits should be proportionate to the size and complexity of the Administrator's Benchmark operations and the breadth and depth of Benchmark use by Stakeholders.</p>	<p>Nasdaq has engaged EY to perform a reasonable assurance examination of Nasdaq's adherence with the IOSCO Principles on an annual basis. Nasdaq will continue to engage an internationally recognized, independent external audit firm to conduct periodic examinations of its adherence with the IOSCO Principles.</p> <p>The US Oversight Committee maintains responsibility for the review of audit responses as well as the consideration of recommended actions and oversees the subsequent implementation of such remedial actions.</p>	<p>We point to this report as evidence Nasdaq has engaged an independent external audit firm to conduct periodic examinations of its adherence with the IOSCO Principles. No exceptions were noted.</p> <p>We obtained the USOC charter and inspected that the committee's responsibility includes considering audit results and overseeing and implementing remedial actions. We also obtained evidence of the USOC's review and approval of the committee charter. No exceptions were noted.</p> <p>We obtained and inspected evidence that the USOC considers the results of audit procedures and oversees recommended actions and the subsequent implementation of remedial actions related to the overall implementation of IOSCO Principles. No exceptions were noted.</p>

<p>18) Audit Trails</p> <p>Written records should be retained by the Administrator for five years, subject to applicable national legal or regulatory requirements on:</p> <ul style="list-style-type: none"> a) All market data, Submissions and any other data and information sources relied upon for Benchmark determination; b) The exercise of Expert Judgment made by the Administrator in reaching a Benchmark determination; c) Other changes in or deviations from standard procedures and Methodologies, including those made during periods of market stress or disruption; d) The identity of each person involved in producing a Benchmark determination; and e) Any queries and responses relating to data inputs. <p>If these records are held by a Regulated Market or Exchange the Administrator may rely on these records for compliance with this Principle, subject to appropriate written record sharing agreements.</p> <p>When a Benchmark is based on Submissions, the following additional Principle also applies:</p> <p>Submitters should retain records for five years subject to applicable national legal or regulatory requirements on:</p> <ul style="list-style-type: none"> a) The procedures and Methodologies governing the Submission of inputs; b) The identity of any other person who submitted or otherwise generated any of the data or information provided to the Administrator; c) Names and roles of individuals responsible for Submission and Submission oversight; d) Relevant communications between submitting parties; e) Any interaction with the Administrator; f) Any queries received regarding data or information provided to the Administrator; g) Declaration of any conflicts of interests and aggregate exposures to Benchmark related instruments; h) Exposures of individual traders/desks to Benchmark related instruments in order to facilitate audits and investigations; and i) Findings of external/internal audits, when available, related to Benchmark Submission remedial actions and progress in implementing them. 	<p>Nasdaq's Corporate Data Retention Policy applies to all Nasdaq employees and departments, who must ensure compliance with its legal obligation to retain all documents relating to pending litigation and regulatory requests. Business documents created or possessed by employees who have left the company also must be retained in a manner consistent with the retention policy.</p> <p>a) Nasdaq also maintains a Document Retention Policy Supplement which is applicable to all Index business employees of Nasdaq, Inc. ("Nasdaq" or the "Administrator"), including the employees of its subsidiaries, and to anyone working on behalf of Nasdaq to support the Index business, including its consultants, agents, affiliates, partners, and intermediaries. The Policy provides for the retention of market data relating to the Benchmark administration process for a minimum of 5 years.</p> <p>b & c) Committees retain meeting minutes and materials regarding any exercise of expert judgement throughout the Benchmark determination process. Changes or deviations from standards are also captured through retention of committee decisions. Nasdaq has an internal document repository to maintain all Committee support, which is configured to maintain all records for a minimum of five years.</p> <p>d) Nasdaq maintains a documented organizational structure, including each individual involved in the Benchmark determination process, as outline within the Conflicts of Interest Policy. The detailed organization structure is housed on an internal shared site that supports record retention and provides an audit trail of all updates. The identities of third parties involved in the Benchmark determination process are addressed collectively through internal controls around written agreements. Please reference Principle 2 for additional detail around Third Party Oversight.</p> <p>e) Any queries or responses related to data inputs are retained in accordance with Nasdaq's Data Retention Policy and will be kept for a minimum period of five years, or such longer period as may be required by applicable law or regulation. Nasdaq Indexes Complaint Handling Policy applies to all complaints and queries raised by stakeholders.</p> <p>In accordance with Nasdaq's Document Retention Policy Supplement and subject to written record sharing agreements, required documentation of submitters are retained by Nasdaq for a minimum of five years pursuant to items a – i of Principle 18 regarding records held by a regulated market or exchange.</p> <p>In addition, the Submitter Code of Conduct requires that submitters must maintain required information and data for a like period.</p>	<p>We obtained and inspected Nasdaq's Document Retention Policy Supplement and inspected that the policy covers all required documents in accordance with Principle 18 – Audit Trails. We also inspected that the policy was reviewed and approved by the USOC. Additionally, we inspected that Management has an internal review process to validate a sample of applicable documents being retained. No exceptions were noted.</p> <p>We also obtained the Nasdaq Corporate Document Retention Policy Supplement. We inspected that the policy stipulates that employees of the Nasdaq Corporate entity must retain documents relating to pending litigation and regulatory requests and business documents created or possessed by employees who have left the company also must be retained in a manner consistent with the retention policy. No exceptions were noted.</p> <p>We obtained the Submitter Code of Conduct and inspected that the Submitters' are required to implement record-keeping policies and procedures and to retain records for five years in adherence to ISOCO principles. No exceptions were noted.</p>
<p>19) Co-operation with Regulatory Authorities</p> <p>Relevant documents, Audit Trails and other documents subject to these Principles shall be made readily available by the relevant parties to the relevant Regulatory Authorities in carrying out their regulatory or supervisory duties and handed over promptly upon request.</p>	<p>Subject to any applicable legal or regulatory restrictions, rights, or obligations, including relating to Nasdaq's receipt, use, or disclosure of proprietary, confidential or otherwise highly sensitive information which would not normally be disclosed with being compelled to do so, Nasdaq does and will continue to cooperate with regulators in carrying out their duties, including with regard to appropriate inquiries or investigations.</p>	<p>We inspected the USOC charter and note that the committee retains responsibility for overseeing responses by legal and regulatory staff to any regulatory requests. We obtained evidence that the committee charter was reviewed and approved by the USOC. No exceptions were noted.</p>

APPENDIX

Index Ticker	Index Name
NDX	NASDAQ-100
COMP	NASDAQ Composite
OMXS30	OMX Stockholm 30
NQCAPST	The Capital Strength Index
CPQ	ISE CTA Cloud Computing Index
NQDVRIS	NASDAQ US Rising Dividend Achievers Index
NQCYBR	Nasdaq CTA Cybersecurity Index
SOX	PHLX Semiconductor
NBI	NASDAQ Biotechnology
NDXT	Nasdaq 100 Technology
HUR	ISE Cyber Security UCITS Index
DWANQFF	Dorsey Wright Focus Five Index
CELS	NASDAQ Clean Edge Green Energy
EMCLOUD	BVP Nasdaq Emerging Cloud Computing Index
NDXE	NASDAQ-100 Equal Weighted
NQDXUSLC	Nasdaq AlphaDEX Large Cap Core Index
NQDXUSLCG	Nasdaq AlphaDEX Large Cap Growth Index
HHO	ISE Clean Edge Water Index
NGX	Nasdaq Next Generation 100 Index
NQDXUSLCV	Nasdaq AlphaDEX Large Cap Value Index
NQDXUSMC	Nasdaq AlphaDEX Mid Cap Core Index
NQDXUSSC	Nasdaq AlphaDEX Small Cap Core Index
OMXSBCAPPI	OMX Stockholm Benchmark Cap
OMXH25	OMX Helsinki 25
NQDXEU	NASDAQ AlphaDEX Europe Index
NQDXEM	NASDAQ AlphaDEX EM Index
QGRD	NASDAQ OMX Clean Edge Smart Grid Infrastructure
NQMAUS	NASDAQ US Multi-Asset Diversified Income Index
NQDXUSMCG	Nasdaq AlphaDEX Mid Cap Growth Index
NQDXDMXUS	NASDAQ AlphaDEX DM Ex-US Index
GWE	ISE Clean Edge Global Wind Energy Index
NQDXUSSCG	Nasdaq AlphaDEX Small Cap Growth Index
NQROBO	Nasdaq CTA Artificial Intelligence & Robotics
DWANQIFF	Dorsey Wright International Focus Five Index
NQDXUSMLTCG	Nasdaq AlphaDEX Multi Cap Growth Index
NQDXUSSCV	Nasdaq AlphaDEX Small Cap Value Index
DWANQDFF	Dorsey Wright Dynamic Focus Five Index
NQDXEURO	NASDAQ AlphaDEX Eurozone Index
NQDVSMR	Nasdaq US SMID Cap Rising Dividend Achievers
NQDXEMSC	NASDAQ AlphaDEX EM Small Cap Index
NQDXUSMLTCV	Nasdaq AlphaDEX Multi Cap Value Index
NDXX	NASDAQ-100 Ex-Tech Sector

Index Ticker	Index Name
NQDXUSMCV	Nasdaq AlphaDEX Mid Cap Value Index
ICK	ISE ChIndia Index
DWAMLV	Dorsey Wright Momentum Plus Low Volatility Index
ABQI	NASDAQ OMX ABA Community Bank
NQUSHEI	Nasdaq US High Equity Income Index
NQDXGB	NASDAQ AlphaDEX United Kingdom Index
NQDXDE	NASDAQ AlphaDEX Germany Index
NQDXCH	NASDAQ AlphaDEX Switzerland Index
NQDALI	Nasdaq Dorsey Wright DALI1 Index
BIQ	ISE BICK Index
DWAMY	Dorsey Wright Momentum Plus Dividend Yield Index
HXR	ISE Cyber Security Index
NQDXJP	NASDAQ AlphaDEX Japan Index
NQRKUSL	Nasdaq Riskalyze US Large Cap Index
NQRSKDM	Nasdaq Riskalyze Developed Markets Index
DWAMV	Dorsey Wright Momentum Plus Value Index
NQDXASPAXJP	NASDAQ AlphaDEX Asia Pac Ex-Japan Index
NQDXUSB	NASDAQ AlphaDEX Total US Market Index
NQRSKUSM	Nasdaq Riskalyze US Mid Cap Index
NQGIHEI	Nasdaq Global High Equity Income Index
NQRSKUSLD	Nasdaq Riskalyze US Large Cap Select Dividend
NQRSKUSS	Nasdaq Riskalyze US Small Cap Index
NQDWAPP	Nasdaq Dorsey Wright Peoples Portfolio Index
NQDXBR	NASDAQ AlphaDEX Brazil Index
NQDXCN	NASDAQ AlphaDEX China Index
NQDXLA	NASDAQ AlphaDEX Latin America Index
NQDXDMXUSSC	NASDAQ AlphaDEX DM Ex-US Small Cap Index
NQRSKEM	Nasdaq Riskalyze Emerging Markets Index
NQCAPSTDMXUS	The International Developed Capital Strength Index
OMXI10CAP	OMX Iceland 10 Cap
NOMXN120	NASDAQ OMX Nordic 120
NOMXNBI	NASDAQ OMX Nordic Bank & Insurance
NOMXNCO	NASDAQ OMX Nordic Consumer
NOMXNCR	NASDAQ OMX Nordic Construction & Real Estate
NOMXNEN	NASDAQ OMX Nordic Energy
NOMXNHC	NASDAQ OMX Nordic Health Care
NOMXNIC	NASDAQ OMX Nordic Investment Companies
NOMXNIN	NASDAQ OMX Nordic Industrials
NOMXNMA	NASDAQ OMX Nordic Materials
NOMXNTI	NASDAQ OMX Nordic Telecom & InfoTech
NOMXNTP	NASDAQ OMX Nordic Transportation
NQINTEL	Nasdaq CTA Artificial Intelligence Index
NQNDIP	Nasdaq Nordea SmartBeta Dividend Index
NQNDMBEUROP	Nasdaq Nordea SmartBeta Dividend Momentum Beta Eurozone Index
NQNDMP	Nasdaq Nordea SmartBeta Dividend Momentum Index
NQNDVVP	Nasdaq Nordea SmartBeta Dividend Volatility Index
NQNDMFEEUROP	Nasdaq Nordea SmartBeta Multifactor ESG Eurozone Index
NQNDMOP	Nasdaq Nordea SmartBeta Momentum Index

Index Ticker	Index Name
NQNDMVEUROP	Nasdaq Nordea SmartBeta Momentum Volatility Eurozone Index
NQNDMVP	Nasdaq Nordea SmartBeta Momentum Volatility Index
NQNDVOP	Nasdaq Nordea SmartBeta Volatility Index
NQSSBA	Nasdaq US Smart Banks Index
NQSSFB	Nasdaq US Smart Food & Beverage Index
NQSSOG	Nasdaq US Smart Oil & Gas Index
NQSSPH	Nasdaq US Smart Pharmaceuticals Index
NQSSSE	Nasdaq US Smart Semiconductor Index
NQSSTR	Nasdaq US Smart Transportation Index
NYGBIG	Nasdaq Yewno Global Artificial Intelligence and Big Data Index
NYGCAR	Nasdaq Yewno Global Future Mobility Index
NYGIT	Nasdaq Yewno Global Innovative Technologies Index
NYGITXDP	Nasdaq Yewno Global Innovative Technologies Ex Disputable Activities Index
OMXC25	OMX Copenhagen 25 Index
OMXCBCAPPI	OMX Copenhagen Benchmark Cap_PI
OMXCAPPI	OMX Copenhagen Cap
OMXCXC20PI	OMX Copenhagen ex OMXC20
OMXDUO	Nasdaq OMXS30 DUO Index
OMXH15	OMX Helsinki 15
OMXHBCAPPI	OMX Helsinki Benchmark Cap
OMXN40	OMX Nordic 40
OMXS30DVP	OMXS-30 Dividend Points Index
OMXS30ESG	OMX Stockholm 30 ESG Responsible Index
OMXS40	OMXS-40
OMXSBGI	OMX Stockholm Benchmark
OMXSCAPPI	OMX Stockholm All shares Cap_PI
OMXSLCPI	OMX_Stockholm_Large_Cap_PI
OMXSMCPI	OMX_Stockholm_Mid_Cap_PI
OMXSPI	OMX Stockholm _PI
OMXSSEGI	OMX Stockholm Small Cap GI
OMXSSECI	OMX_Stockholm_Small_Cap_PI
OMXSUSTFICAPPI	OMX Sustainability Finland Cap
SX101010PI	OMX Stockholm Software & Computer Services PI
SX15PI	OMX Stockholm Telecommunications PI
SX30PI	OMX Stockholm Financials PI
SX35PI	OMX Stockholm Real Estate PI
SX404010PI	OMX Stockholm General Retailers PI
SX4050PI	OMX Stockholm Travel & Leisure PI
SX50PI	OMX Stockholm Industrials PI
SX55PI	OMX Stockholm Basic Material
VINX30	VINX 30
VINXBCAPSEKGI	VINX Benchmark Cap SEK GI
DWAMLVCH	DWA Switzerland Momentum & Low Volatility
DWAMLVDM	DWA Developed Market Momentum & Low Volatility
DWAMLVEM	DWA Emerging Market Momentum & Low Volatility
KFTX	KBW Nasdaq Financial Technology Index