



INDEX METHODOLOGY

## NASDAQ GOLDEN DRAGON CHINA INDEX

### HXC

#### INDEX DESCRIPTION

The Nasdaq Golden Dragon China Index is designed to provide insight and access to the unique economic opportunities taking place in China while still providing the transparency offered within US-listed securities.

#### SECURITY ELIGIBILITY CRITERIA

##### Security types

A security must be classified as a common stock, ordinary share, American Depositary Receipt (ADR) or a share of beneficial interest or limited partnership interest.

If a security is a depositary receipt, references to the security's "issuer" are references to the issuer of the underlying security, and references to the security's total shares outstanding are references to the actual depositary shares outstanding as reported by the depositary banks.

##### Listing exchanges

A security must be listed on The Nasdaq Stock Market, the New York Stock Exchange, NYSE American or Cboe BZX Exchange, Inc.

##### Geographies

A security included in the Index as of May 31, 2012, has no geographic eligibility criterion. For any security not meeting that condition, the security's issuer must be headquartered or incorporated in China (excluding Hong Kong and Taiwan).

##### Market capitalization

A security must have a market capitalization of at least \$100 million (USD).

## **Liquidity**

A security must have a three-month average daily traded value of at least \$250 thousand (USD).

## **Industries and sectors**

A security must not be allocated by the Industry Classification Benchmark (ICB) to the Open End and Miscellaneous Investment Vehicles sector. ICB is a product of FTSE International Limited that is used under license.

## **Seasoning**

A security must have been traded for at least three months prior to the Index Reconstitution reference date.

## **Other criteria**

If, at reconstitution, Nasdaq becomes aware that an issuer or security will soon undergo a fundamental change that makes it ineligible, Nasdaq will remove the security from consideration. This includes entering into a definitive merger or acquisition agreement or other pending arrangement that would make it ineligible for Index inclusion, a filing of bankruptcy or similar protection from creditors, or other events as described in Section 3 of **Corporate Actions and Events Manual – Equities**.

# **INDEX CALENDAR**

## **Reconstitution schedule**

The Index is reconstituted quarterly in March, June, September and December by applying the Security Eligibility Criteria and Constituent Selection Process.

## **Reconstitution reference dates**

Unless otherwise specified, the Security Eligibility Criteria are applied by using data as of the end of January, April, July and October.

## **Reconstitution announcement dates**

Index Reconstitutions are announced in early March, June, September and December.

## **Reconstitution effective dates**

Index Reconstitutions become effective at market open on the first trading day following the third Friday in March, June, September and December.

## **Rebalance schedule**

The Index is rebalanced quarterly in March, June, September and December, in conjunction with the quarterly Index Reconstitution, by applying the Constituent Weighting Process.

## **Rebalance reference dates**

The Constituent Weighting Process is applied by using data as of the last trading day of February, May, August or November, respectively.

## **Rebalance announcement and effective dates**

The Rebalance announcement and effective dates are the same as those of the Index Reconstitution.

## **Holiday schedule**

The Index is calculated Monday through Friday, except on days when the Nasdaq Stock Market is closed.

## **Index calculation and dissemination schedule**

The Index is calculated during the trading day based on the Last Sale Price and disseminated once per second from 09:30:01 to 17:16:00 US Eastern Time. The closing value of the indexes may change after market hours due to corrections to the Last Sale Price of the Index Securities.

# **CONSTITUENT SELECTION**

## **Constituent selection process**

Any and every security that meets every security eligibility criterion is included in the Index.

# **CONSTITUENT WEIGHTING**

## **Constituent weighting scheme**

The Index is a modified market capitalization-weighted index.

## **Constituent weighting process**

The Index employs a two-stage weight adjustment scheme.

Each Index Security's initial weight is determined by dividing its market capitalization by the aggregate market capitalization of all Index Securities. Weights are adjusted in two stages.

**Stage 1:** Initial index weights are adjusted to meet the following Stage 1 constraint, producing the Stage 1 weights:

- No Index Security weight may exceed 8%.

**Stage 2:** Stage 1 weights are adjusted to meet the following Stage 2 constraints, producing the final weights:

- For Index Securities with the five largest market capitalizations, Stage 1 weights are maintained.
- For all other Index Securities, no weight may exceed 4%.

The final weights meet the following constraints:

- No Index Security weight may exceed 8% of the index; five may exceed 4%.

For additional information about security weighting, see **Nasdaq Index Weight Calculations**.

## INDEX MAINTENANCE

### Deletion policy

If, at any time other than an Index Reconstitution, Nasdaq becomes aware that an Index Security has become ineligible for continued inclusion, it is removed from the Index as soon as practicable. This includes events such as filing bankruptcy or similar protection from creditors, delisting or other arrangement including mergers and acquisitions. Refer to **Corporate Actions and Events Manual – Equities** for further information.

### Replacement policy

Index Securities are not replaced between Index Reconstitutions.

### Addition policy

Index Securities are not added between Index Reconstitutions.

### Corporate actions

Information on corporate actions and events handling can be found in **Corporate Actions and Events Manual – Equities**.

In certain cases, corporate actions and events are handled according to the weighting scheme or other index construction techniques employed. Wherever alternate methods are described, the Index will follow the “Market Cap Corporate Action Method.”

### Index share adjustments

At the quarterly rebalancing, no changes are made to the Index from the previous month end until the quarterly share change effective date, with the exception of corporate actions with an ex-date.

For handling of changes in Total Shares Outstanding (TSO) greater than or equal to 10.0% arising from corporate events, please refer to **Corporate Actions and Events Manual – Equities**.

## ADDITIONAL INFORMATION

### Announcements

Nasdaq announces Index-related information via the Nasdaq Global Index Watch (GIW) website at <http://indexes.nasdaq.com>.

For more information on the general Index Announcement procedures, refer to the **Nasdaq Index Methodology Guide**.

### Unexpected market closures

For information on Unexpected Market Closures, refer to the **Nasdaq Index Methodology Guide**.

### Calculation types

For information on the Index calculation types as well as the mathematical approach used to calculate the Index(es), refer to the **Calculation Manual – Equities and Commodities**.

### Recalculation and restatement policy

For information on the Recalculation and Restatement Policy, refer to the **Nasdaq Index Recalculation Policy**.

### Data sources

For information on data sources, refer to the **Nasdaq Index Methodology Guide**.

### Contact information

For any questions regarding an Index, contact the Nasdaq Index Client Services team at [indexservices@nasdaq.com](mailto:indexservices@nasdaq.com).

### Index dissemination

Index values and weightings information are available through Nasdaq Global Index Watch (GIW) website at <https://indexes.nasdaq.com/> as well as the Nasdaq Global Index FlexFile Delivery Service (GIFFD) and Global Index Dissemination Services (GIDS). Similar to the GIDS offerings, Genium Consolidated Feed (GCF) provides real-time Index values and weightings for the Nordic Indexes.

For more detailed information regarding Index Dissemination, refer to the **Nasdaq Index Methodology Guide**.

### Website

For further information, refer to Nasdaq GIW website at <https://indexes.nasdaq.com/>.

## **FTP and dissemination service**

Index values and weightings are available via FTP on the Nasdaq Global Indexes FlexFile Delivery Service (GIFFD). Index values are available via Nasdaq's Global Index Dissemination Services (GIDS).

## **GOVERNANCE**

### **Index governance**

All Nasdaq Indexes are managed by the governance committee structure and have transparent governance, oversight, and accountability procedures for the index determination process. For further details on the Index Methodology and Governance overlay, refer to the **Nasdaq Index Methodology Guide**.

### **Nasdaq Index Management Committee**

The Nasdaq Index Management Committee is responsible for the overall oversight of activities related to the development, issuance, and operation of Nasdaq Indexes. The Committee reviews and approves all new Index Methodologies as well as updates to existing methodologies. For a detailed overview of the Index Management Committee, refer to the **Nasdaq Index Methodology Guide**.

### **Nasdaq U.S. Oversight Committee**

The U.S. Oversight Committee is responsible for the oversight of the overall Benchmark determination process and is responsible for the overall governance of the U.S.-based Index business including review and approval of the control framework, certain policies and procedures, certain methodologies and methodology changes and other Index management oversight.

For a detailed overview of the U.S. Oversight Committee, refer to the **Nasdaq Index Methodology Guide**.

### **Internal reviews of methodology**

All new methodologies or updates to existing methodologies must be reviewed by the Index Management Committee. Additionally, all in-scope Index methodologies are subject to an annual review by the Index Management Committee and U.S. Oversight Committee. For a detailed description on internal reviews of the Methodology, refer to the **Nasdaq Index Methodology Guide**.

### **Communication with stakeholders and consultations**

In certain circumstances, Nasdaq will seek feedback from clients and market participants via consultations. For a detailed description on Consultations and Communications with Stakeholders, refer to the **Nasdaq Index Methodology Guide**.

## Index cessation

Nasdaq has a documented procedure that is followed for Index Cessation that includes termination/retirement of an Index or Index Family. For more information, refer to the **Nasdaq Index Cessation Policy**.

## Discretionary adjustment

This Index Methodology was created by Nasdaq to achieve the aforementioned objective of measuring the underlying purpose of each Index governed by this methodology document. Any deviations from this methodology are made in the sole judgment and discretion of Nasdaq so that the Index continues to achieve its objective.

For more information on potential adjustments including Calculation and Pricing Disruptions, Expert Judgment, and Unexpected Reconstitution/Rebalances, Refer to the **Nasdaq Index Methodology Guide**.

## GLOSSARY OF TERMS AS USED IN THIS DOCUMENT

For the glossary of key terms, refer to the **Nasdaq Index Methodology Guide**.

## APPENDIX: METHODOLOGY CHANGE LOG

Effective Date	Methodology Section	Previous	Updated
09/19/2022	Security eligibility criteria: Industries and sectors	--	Securities in the ICB sector Open End and Miscellaneous Investment Vehicles are excluded. ICB is a product of FTSE International Limited that is used under license.

## DISCLAIMER

Nasdaq may, from time to time, exercise reasonable discretion as it deems appropriate in order to ensure Index integrity, including but not limited to, quantitative inclusion criteria. Nasdaq may also, due to special circumstances, if deemed essential, apply discretionary adjustments to ensure and maintain the high quality of the index construction and calculation. Nasdaq does not guarantee that any Index accurately reflects future market performance.

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