



# Corporate Actions and Events Manual – Nordics, Baltics, & SmartBeta Equities

19 Sep 2024

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## Overview

### 1.1 Purpose of the Document

This document establishes the standard policies and procedures regarding Nasdaq's application of corporate actions and events for the various Nasdaq Global Indexes. To the extent that a specific index methodology differs in its handling of a particular type of action or event, that methodology will take precedence over this document. Nasdaq may deviate from the prescribed policies, procedures and methodologies as it deems necessary in order to preserve the integrity of the Index.

### 1.2 Applicability and Scope

The document shall apply to all Nasdaq Nordic and Baltic Equity and SmartBeta Indexes with the exception of the Nordic Indexes that are part of the Nasdaq Global Index family. Corporate action/event handling herein is broken down into multiple categories:

- A. Indexes that Review Index Shares on a Periodic Basis
  - Market Cap Method
  - Non Market Cap Method and
- B. Indexes that Review Index Shares on a Daily Basis.

If there is no method mentioned in the respective Index Methodology, the corporate action/event is handled as identified below.

Unless otherwise noted, the information contained in this document refers to Indexes that Review Index Shares on a Periodic Basis. Corporate actions/events for Indexes that Review Index Shares on a Daily Basis are handled in the same manner as the Market Cap Method for Indexes that Review Index Shares on a Periodic Basis. The only difference being that as actual changes in Total Shares Outstanding (TSO) resulting from the corporate action/event are received from the local Central Securities Depository (CSD) and approved for trading on the Exchange, they are updated immediately in the Index. On the occasion that a specific Index corporate action/event does not fall into one of those methods, then the noted exception will be included in the specific Index Methodology.

This document should be read in conjunction with the *Calculation Manual – Equities & Commodities*.

### 1.3 Definitions

The following definitions shall apply to the Policy

- A. **"Effective Date"** shall mean the date that an event is set to occur on the Index Exchange.
- B. **"The Exchange(s)"** shall mean the Exchange for which the Index is based and the underlying securities are listed, which may include:
  - Nasdaq Copenhagen A/S
  - Nasdaq Helsinki Ltd
  - Nasdaq Iceland hf.
  - Nasdaq Riga, AS
  - Nasdaq Stockholm AB
  - Nasdaq Tallin AS
  - AB Nasdaq Vilnius
  - Oslo Børs ASA

- C. **“Ex-Date or Ex-Dividend Date or Ex-Distribution Date”** shall mean the date on or after which a security is traded without a previously declared dividend or distribution. After the ex-date, a stock is said to trade ex-dividend. The ex-date is the first date on which the seller, and not the buyer, of a stock will be entitled to a recently announced dividend.
- D. **“General Meeting”** shall mean the annual or extraordinary meeting of shareholders in which the action is approved.
- E. **“Index Currency”** shall mean the currency in which the Index is calculated.
- F. **“Index Exchange”** shall mean the listing exchange or market for which prices for Index Security are received and used by Nasdaq in the Index calculation.
- G. **“Last Sale Price (LSP)”** shall mean the to the last regular-way trade reported on such security’s Index Exchange. If an Index Security does not trade on its Index Exchange on a given day or the Index Exchange has not opened for trading, the Start of Day price is used. If an Index Security is halted during the trading day, the most recent Last Sale Price is used until trading resumes.
- H. **“Local CSDs”** shall mean the Central Securities Depository including:
  - (i) APK - Euroclear Finland / Suomen Arvopaperikeskus Helsingissä
  - (ii) VP - VP Securities / Værdipapircentralen
  - (iii) VPC - Euroclear Sweden AB / Värdepapperscentralen
  - (iv) VPS - The Norwegian Central Securities Depository / Verdipapirsentralen i Norge
  - (v) VS - Iceland Securities Depository / Verðbréfaskráning Íslands
- I. **“Nasdaq Nordic Exchanges” shall mean**
  - Nasdaq Copenhagen A/S
  - Nasdaq Helsinki Ltd
  - Nasdaq Iceland hf.
  - Nasdaq Stockholm AB
- J. **“Procedure”** shall mean this Index Corporate Actions document.
- K. **“Start of Day [value]”** shall mean the value which is prior to the first trade of the day and incorporates the impact of any corporate actions.
- L. **“Volume Weighted Average Price (VWAP)”** shall mean a calculated data point received directly from the Genium Consolidated Feed (GCF), which is calculated as the aggregate traded amount of all transactions on the Exchange under certain trading conditions during normal trading hours divided by the corresponding aggregated number of shares traded of the same Exchange for that day.

## Adjustments for Corporate Actions

Index Securities are adjusted for corporate actions prior to market open on the effective date, ex-date, ex-dividend date or ex-distribution date of a given corporate action/event. In absence of one of those dates, there will be no adjustment to the Index for such corporate action. Below are frequently processed corporate actions and respective details on each type or Corporate Action the related adjustment information.

### 2.1 Dividends and other Cash Distributions

Dividends paid by a company to shareholders of an Index Security are processed in the Index in the amount, type and on the Effective Date, as of the start of day (end of day for ordinary cash dividends), based on the information received from vendor or the Index Exchange.

Below are the types of dividends processed in Indexes.

#### 2.1.1 Ordinary Cash Dividends

An ordinary or regular cash dividend is the payment of cash by the Issuer of the security to shareholders. Ordinary or regular cash dividends are not processed in Price Return Indexes.

If a cash dividend is quoted in a different currency than the Index Currency, the dividend amount is converted to the Index Currency using the t-1 closing spot rate for the Index Security. Please see the *Calculation Manual – Equities & Commodities* for more information on spot rates.

Ordinary cash dividends are processed to Gross and Net Total Return Indexes. Gross dividend amount is processed to the Gross Total Return Indexes. Net dividend amount is derived based on the country of incorporation's withholding tax rate. The net dividend amount is processed to the Net Return Indexes. Please see the *Calculation Manual – Equities & Commodities* for more information on Gross and Net Total Return Indexes.

Below are some variations to the above described application of dividends based on standards in certain regions.

##### 2.1.1.1 Definitions & Variations

- Denmark:** Legislation allows for securities with deviating dividends. In this case, the permanent security receives a different dividend amount than the temporary security. The temporary security with different dividends is included separately in the Index calculation because, by definition, the price for the security differs from the price for the permanent security. For this type of issue, theoretical prices for use in the Index are calculated for the new temporary security taking into account the actual difference in dividend payments on 'old' (permanent security) and 'new' (temporary security) securities. The calculation is made on the basis of the price for the permanent security (after the issue) after deduction of the dividend difference. Calculations of the theoretical prices are based on the most recent dividend paid.

$$\text{Price of new Security} = \text{Price of old security} - (\text{dividend old security} - \text{dividend new security})$$

When the temporary security is later merged into the permanent security, an adjustment to the Index Shares is made the day after the general meeting. There is no adjustment to the price. Refer to sections Adjustment for Issues - Standard Method and Market Price Issues below.

### 2.1.2 Special Cash Dividends

A special cash dividend is a cash payment by the issuer of the Index Security to shareholders that the issuer does not consider to be part of its regular dividend paying cycle. A dividend is considered special in the Indexes if according to Nasdaq's opinion it is additional or non-regular. Other nomenclature for a special dividend may include but not be limited to extra, extraordinary, non-recurring, one-time, unusual, etc.

#### A. Market Cap Corporate Action Method

The Start of Day price of the Index Security is adjusted downward for the amount of the special cash dividend with no adjustment to the Index Shares resulting in a change to the divisor.

#### B. Non-Market Cap Corporate Action Method

The Start of Day price of the Index Security is adjusted downward for the amount of the special cash dividend and a corresponding adjustment is made to the Index Shares such that the market value of the security does not change, or changes only minimally resulting in no change or a minimal change to the divisor.

As noted in the *Calculation Manual – Equities & Commodities*, the above information does not apply to Price Return Indexes under the section True Price Return Index Calculation.

### 2.1.3 Return of Capital

A return of capital is a cash distribution paid from the issuer's capital surplus rather than its net income or retained earnings. For the purposes of index calculation, Nasdaq Global Indexes will determine the treatment (regular vs. special) of each return of capital event based on whether the payment fits with the issuer's regular pattern of dividend payments, or if the payment appears to be extraordinary in nature.

### 2.1.4 Liquidation Distributions

A liquidation distribution, sometimes referred to as a "liquidating dividend" is a cash distribution made by an issuer in conjunction with the dissolution of its business. Bankruptcy liquidations rarely result in liquidation payments to equity shareholders. Voluntary liquidations, on the other hand, will generally produce one or more liquidation payment events. For the purposes of index calculation, Nasdaq Global Indexes treat liquidation distributions in the same manner as special dividends.

## 2.2 Stock Split / Stock Dividend / Bonus Issue

A stock split, stock dividend and bonus issue are similar transactions which generally result in no change to the market capitalization of the security. They essentially imply the same event and the only difference is in the way the terms are quoted. A stock split or bonus issue is quoted in terms of shares received to shares held and stock dividends are quoted in percentages. This event increases the Index Shares of the Index Security based on an adjustment factor, while simultaneously reducing its per share price by applying a corresponding inverse adjustment factor, such that the weight of the Index Security remains similar before and after the event resulting in no change or a minimal change to the divisor.

#### Conditional Ex-Date

If an Index Security trades exclusive the right to participate in a bonus issue prior to the General Meeting's approval of the bonus issue, the security may be excluded until such approval is submitted. Each case will be reviewed individually.

### 2.2.1 Split Redemption

A split redemption is the split of a security into at least one regular share and a redemption share. The redemption share is redeemed for cash and is announced with a ratio which indicates how the shares are adjusted. The ratio always reflects a redemption share for example, a ratio of 2:1 indicates the division of a share into two shares, one of which is considered a regular share and one of which is redeemed and recorded as a cash dividend. As a result of the split of the share into one regular share and one redemption share, the Index Shares of the security do not change. Where the ratio is other than 2:1, the Index Shares of the security change and a corresponding change in price occurs. The cash dividend may be recorded as either ordinary or special. Please refer above to determine how ordinary and special cash dividends are processed in the Indexes.

## 2.3 Cash and Stock Dividend

An issuer of a security may pay a cash and stock dividend on the same security on the same date. In this case, the cash dividend is processed in the Index before the stock dividend unless otherwise indicated in the information provided by the vendor or the Index Exchange. Please refer above to determine how cash and stock dividends are processed in the Indexes.

## 2.4 Optional Dividend

An issuer of a security may permit the shareholder to choose between receiving a dividend in cash or stock. In this case, the adjustment is made to the Index Security in the manner the dividend is announced by the vendor or the Index Exchange. Please refer above to determine how cash and stock dividends are processed in the Indexes.

## 2.5 Reverse Stock Split/ Consolidation

A reverse split generally results in no change to the market capitalization of the security. Reverse splits are quoted in terms of shares received to shares held. This event decreases the number of Index Shares of the Index Security based on an adjustment factor while simultaneously increasing its per share price by applying a corresponding inverse adjustment factor, such that the weight of the Index Security remains similar before and after the event resulting in no change or a minimal change to the divisor.

## 2.6 Adjustment for Issues

### 2.6.1 Standard Method - Rights Offering / Issue

An issuer may offer to existing shareholders the right to participate in a new issuance of shares in proportion to each shareholder's existing holdings of the security at a set price (the subscription price) during a subscription period. Shareholders are allotted rights in accordance with the ratio set by the company. For example, an 11 for 10 rights issuance gives the existing holder 11 rights for every 10 shares held. The rights may trade for a certain period of time during the subscription period, allowing shareholders the opportunity to sell their rights in the market. Failure to subscribe to the rights prior to the end of the subscription period will result in their expiration and the shareholders forfeiture of the opportunity to purchase new shares under the rights issuance.

#### Types of Rights Offerings



- **Renounceable Rights Offering:** The rights issued to an existing shareholder are transferable in the open market and are able to be sold separately from the shares to other investors during the life of the right. Renounceable rights are referred to as “transferable” or “tradable”.
- **Non-Renounceable Rights Offering:** The rights issued to an existing shareholder cannot be traded. Shareholders must either subscribe to the rights or they lapse upon expiration of the subscription period.

#### A. Market Cap Corporate Action Method

Whether the rights offering is renounceable or non-renounceable, if the distribution is of the same Index Security, the price and Index Shares are adjusted if the rights have a subscription price on an equivalent per share basis that is less than its LSP (in-the money) of the Index Security. The price is adjusted downward for the value of the right.

The Index Shares are increased to reflect the full exercise of the rights offering. The number of additional Index Shares is determined by multiplying the number of rights issued per Index Security by the current number of Index Shares, then dividing that product by the number of rights required to purchase one new Index Security. This results in a divisor adjustment.

#### B. Non-Market Cap Corporate Action Method

The Index Shares are increased by applying a corresponding inverse adjustment factor, such that the weight of the Index Security remains similar before and after the event resulting in no change or a minimal change to the divisor.

If the rights have a subscription price on an equivalent per share basis that is greater than the LSP (out-of-the money) of the Index Security on the day before the ex-distribution date, no adjustment will be made to the price or Index Shares of the Index Security, even if the offering is underwritten or otherwise guaranteed in some way.

### 2.6.2 Stock Distribution of another Security

An issuer may distribute shares of another pre-existing publicly traded company to its own shareholders. These events are often announced as “In Specie”, “In Kind”, or “Spinoff” distributions. Such events generally do not result in the issuance of new shares or the formation of a new corporate entity, and may not fall within the traditional definition of a spinoff. Nevertheless, regardless of the terminology used to announce the event, it will be handled according to the “Spin-offs / De-mergers” section of this document.

In cases where the distributed security is already a member of the Index, its Index Shares will be increased, on the effective date, in order to reflect the value of the distribution.

### 2.6.3 Spin-offs / De-mergers

A spin-off (also known as a de-merger) occurs when the issuer of an equity security (the parent) “spins off” a business it owns into a separate new issuer (the “spinco”). Shares of the spinco are distributed to the shareholders of the parent, on a pro-rata basis, at a ratio established by the parent. Any spinco which does not meet the traditional definition of a security, or is not expected to be publicly listed, may be disregarded by the index.

Unless otherwise indicated in the published methodology of a particular index, spinco securities will be added to the same index as their parent security on the effective date. Index shares of the spinco are calculated by multiplying the index shares of the parent times the spinoff ratio.

If the parent security's listing exchange applies a price adjustment to the parent security, the spinco security will be assigned an initial price consistent with that amount, adjusted according to the spinoff ratio. If no price adjustment is applied to the parent, the spinco will be assigned a price of zero. In any case, including events involving multiple spinco(s), the total value of the parent and spinco(s) reflected within the index at the start-of-day on the effective date will be equal to the value of the parent security at the prior end-of-day. Resulting divisor changes, if any, are not expected to be meaningful. Passive investors should not expect to take any action at the time the spinoff event becomes effective.

If the spinco security has not established a market price by the end of its first day as an index member, that security will be assigned a temporary price for the purpose of calculating an official end-of-day (EOD) index value. The temporary price will be calculated based on the change between the parent security's previous closing price and its opening price on the effective date, adjusted according to the published spinoff ratio. The security will remain at this temporary price until normal trading begins, at which time market pricing will prevail. If the opening price of the parent on the effective date of the spinoff is higher than its previous closing price, the spinco will remain at a price of zero, rather than be assigned the implied negative value.

Once the spinoff event has been completed and the security has begun normal trading, the spinco will be evaluated for continued inclusion in the index. By default, the security will remain in the index until at least the next scheduled reconstitution, unless there is a specific reason for immediate disqualification, including, but not limited to, an incompatible listing exchange, country of domicile, or sector classification. Regardless of the reason(s) for disqualification, a disqualified spinco will be held in the index until regular-way trading is established, and removed only after sufficient advanced notice is provided through the normal communication channels. Removal will normally occur at either LSP (Last Sale Price) or VWAP (Volume-weighted Average Price) as specified by each individual methodology.

**A. Market Cap Corporate Action Method**

When a disqualified spinco is removed, there is no adjustment to the Index Shares of the parent. This will result in a divisor adjustment.

**B. Non-Market Cap Corporate Action Method**

When a disqualified spinco is removed, the Index Shares of the parent are increased in order to absorb the weight of the removed security. Resulting divisor changes, if any, are not expected to be meaningful.

If a spinco is retained in an equally weighted index, the index will not be rebalanced to restore equal weighting until the next scheduled rebalancing or reconstitution event.

In addition, to alleviate liquidity and capacity concerns particular to non-market cap weighting schemes, spinco securities that do not meet minimum size and/or liquidity requirements may be removed from such an index as part of the next rebalance event in order to protect the integrity of the index.

## 2.7 Repurchase of Own Shares

In the event an issuer of an Index Security repurchases its own shares at a premium through an offer directed to all of its shareholders, the Start of Day price of the Index Security shall be adjusted on the ex-date with a reduction for the theoretical value of the sales right.

The theoretical value of the sales right is calculated as the repurchase price less the previous trading day's LSP and that result is divided by the number of shares required to sell one (1) share less one (1).

If the sales right cannot be valued with the above method, the method in the Adjustment for Issues section above shall be applied.

**A. Market Cap Corporate Action Method**

The number of Index Shares is adjusted according to the terms of the repurchase offer. This results in a divisor adjustment.

**B. Non-Market Cap Corporate Action Method**

The number of Index Shares is increased by applying a corresponding inverse adjustment factor, such that the weight of the security remains similar before and after the action resulting in no change or a minimal change to the divisor.

## 2.8 Redemption of Shares / Cancellation of Own Shares

In the event an issuer of an Index Security redeems its own shares at a premium through an offer directed to all of its shareholders, the Start of Day price of the Index Security shall be adjusted on the ex-date with a reduction for the theoretical value of the redemption right.

The theoretical value of the redemption right is calculated as the redemption price less the previous trading day's LSP and that result is divided by the number of shares required to redeem one (1) share less one (1).

If the redemption right cannot be valued with the above method, the method in the Adjustment for Issues section above shall be applied.

**A. Market Cap Corporate Action Method**

The number of Index Shares is adjusted according to the terms of the redemption offer. This results in a divisor adjustment.

**B. Non-Market Cap Corporate Action Method**

The number of Index Shares is increased by applying a corresponding inverse adjustment factor, such that the weight of the security remains similar before and after the action resulting in no change or a minimal change to the divisor.

If the capital reduction is followed by a distribution of cash and/or rights, the corporate action is handled according to the Adjustment for Issues section above.

## Adjustments for Other Corporate Events

Index Securities may be adjusted for other corporate events prior to market open on a specific date. Below are frequently processed corporate events and the related adjustment information.

### 3.1 Mergers & Acquisitions (M&A)

A merger/acquisition is the combination of two (or more) companies into one larger company, involving an exchange of stock and/or cash payment to the shareholders of the acquired company.

The adjustments below will be effective two days after the acquiring company controls at least 90% of the outstanding shares in the acquired company. The term 'control' is defined as when either,

- a) the acquiring company notifies the Exchange of their control or receiving accepts of at least 90%;
- b) the transaction is registered in the Exchange's trading system; or
- c) the shares are registered with Local CSDs.

In the case of certain mergers, the Index may add a replacement Index Security.

#### 1. Indexes that Review Index Shares on a Periodic Basis

If the acquiring company is not an Index Security, the acquisition is settled entirely or partly in shares and the acquiring company is listed on the Exchange before the last trading day for the existing Index Security, the acquiring company (new Index Security) may replace the Index Security with effect from the day after the first trading day. In cases where the Index Security is delisted from the Exchange before the first trading day for the new Index Security, the Index Security shall be deleted effective from the day following the last trading day of the Index Security. The new Index Security shall be included from the day after its first trading day. In both cases its Index Shares will incorporate the shares issued in the acquisition.

If the acquiring company is not listed on the Exchange or otherwise deemed unsuitable for inclusion or the offer is solely in cash, the acquired company is deleted from the Index without including a new Index Security.

If the acquiring company is an Index Security and the acquired company is not and the acquisition is settled entirely or partly in shares, the Index Shares of the Index Security is not increased until the next Index Evaluation.

#### A. Market Cap Corporate Action Method

If the acquiring company and the acquired company are Index Securities, and the acquisition is settled entirely or partly in shares, the Index Shares of the acquiring company are increased in accordance with the terms of the offer or merger. The acquired company is deleted from the Index.

#### B. Non-Market Cap Corporate Action Method

If the acquiring company and the acquired company are Index Securities, and the acquisition is settled entirely in shares, the acquiring company absorbs the weight of the acquired security and the Index Shares of the acquiring company is increased. The acquired company is deleted from the Index.

If the acquiring company and the acquired company are Index Securities, and the acquisition is settled partly in shares, the Index Shares of the acquiring company is increased in accordance with the terms of the offer or merger applied to the current index shares for the acquired company. The acquired company is deleted from the index.

## **2. Indexes that Review Index Shares on a Daily Basis**

If the acquiring company and the acquired company are Index Securities, the acquired company is deleted from the Index when the company is delisted from the Exchange or when the shares issued to the shareholders in the acquired company is subject for trading in the acquiring company.

If the acquiring company is not listed, the acquired company is deleted from the index when the acquiring company controls at least 90% of the outstanding shares in the acquired company.

## **3.2 Additions/ Deletions**

Additions and deletions are described within the specific Index Methodology.

### **A. Market Cap Corporate Action Method**

The addition or deletion of a security will generally result in a divisor change.

### **B. Non-Market Cap Corporate Action Method**

In an Index with a fixed number of issuers or securities that replace Index Securities in order to maintain that fixed number, the deletion and simultaneous addition of an Index Security at other than the Index Evaluation where the Index has a non-Market Cap Corporate Action Method will not result in a divisor change as the addition will assume the weight of the deletion.

In an Index without a fixed number of issuers or securities that is required to be maintained, the deletion or addition of an Index security will result in a divisor change.

Index Securities are added or removed from an Index at their LSP on the day prior to the Effective Date of the change.

## **3.3 Halted Securities**

If an Index Security, at the time of its removal from the Index, is halted from trading on its Index Exchange and its current LSP cannot readily be determined, the Index Security may, at Nasdaq's discretion, be removed at a price of 0.00000001 ("zero price"). This price is applied to the Index Security after the close of all the trading markets in the Index but prior to the time the official closing value of the Index is disseminated.

## **3.4 Dual Listed Securities / Secondary Listings**

A dual listed security is a security that has a secondary listing on one of the Exchanges with the primary listing being on a different Exchange or on a foreign exchange. The primary listing is determined based on domicile and includes a review of the following: headquarters of the company, registration, listing, place of operations and residence of the senior office. For listings on the Exchanges, the secondary listing in the Indexes includes only the part of the TSO which is registered in the local CSD and the primary listing contains the full TSO if listed on one of the Exchanges. While Danish legislation does not

make it mandatory for securities to be registered with the Danish CSD, if it is not registered it will not be included in the TSO.

Please refer to the Index Share Adjustments section below for timing of dual listed securities / secondary listings updates.

### 3.5 Index Share Adjustments

A security's Index Shares may change as a result of other events not previously identified. Other events include, but are not limited to, acquisitions, secondary offerings, private placements, share repurchases/buybacks and cancellations where they are not offered to all shareholders, employee share issuances including exercise of stock options, conversion of debt or exercise of warrants and do not always have an ex-date associated with them. The events may result in changes to a security's TSO or free float.

#### 1. Indexes that Review Index Shares on a Periodic Basis

Index Share changes for reasons noted within this section are not made in between Index Reconstitutions.

#### 2. Indexes that Review Index Shares on a Daily Basis.

Index Share changes for reasons noted within this section are made as soon as practicable after they are received by Nasdaq.

Dual listed securities / secondary listings' TSOs are updated monthly on the first trading day of the listing Exchange with the exception of Oslo Børs dual listed securities / secondary listings which are updated monthly on the second trading day of the listing Exchange.

### 3.6 Bankruptcy

In most cases, securities which have begun bankruptcy proceedings are not eligible for initial inclusion in Nasdaq Global Indexes. In the event that an Index Security files for bankruptcy or equivalent protection from creditors, affected securities will be removed from their respective Indexes, on a best-efforts basis, as soon as practicable after Nasdaq becomes aware of the filing,

If the Index Security is still available for trading on its primary exchange, it is removed from the Index at its last sale price. When no sufficiently reliable price exists, it is removed at a price of zero.

### 3.7 Foreign Investment Restrictions

Due to concerns about sovereignty and national security, governments may choose to place restrictions on foreign investments in sensitive technologies or infrastructure, or in companies that own, develop and operate those assets. Traditionally, the industries most likely to be impacted by such restrictions include manufacturers of defense systems and related electronic components, and companies engaged in the operation of power grids, telecommunications networks, transportation assets and other critical infrastructure. Increasingly, entities engaged in the development of cybersecurity software and related services may also be the subject of foreign investment restrictions.

In situations where a government or other regulatory body has imposed restrictions on foreign investment such that the securities of companies subject to those restrictions are effectively rendered un-investable for practical purposes, Nasdaq may choose to consider these securities as ineligible for inclusion in some indexes.

The form and communication of these restrictions may vary greatly from one locale to another, and foreign governments may choose not to announce them in advance, or at all. As a result, Nasdaq will employ a best-efforts approach to the detection, evaluation, and handling of applicable investment restrictions. The designation of a restricted security as being un-investable will be at Nasdaq's sole discretion and may not apply equally to all indexes. Remedies include, but are not limited to, blocking the addition of a security to an index, removal of an existing index security, or designation of a replacement security such as a depositary receipt.

### **3.8 Other Adjustments**

Notwithstanding any other provision in this document, Nasdaq may make adjustments in circumstances other than those detailed in this document including, but not limited to adjustments necessary to ensure Index and/or market integrity. Nasdaq may exercise discretion or Expert Judgement (other than that which is purely mechanical and, where relevant, implemented in accordance with the relevant Index Methodology) when the situation calls for the interpretation of data in calculating and maintaining an Index, including application of Corporate Actions. The use of Expert Judgement is overseen by the Index Governance process and mandates that the discretion or Expert Judgement would be exercised (i) in good faith and in a commercially reasonable manner and (ii) in such a manner as to ensure, as far as commercially reasonable, consistency in the approach it adopts with regard to the exercise of such discretion or Expert Judgement.

## 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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