



## INDEX METHODOLOGY

# NASDAQ-100 INDEX®

## NDX®

### INDEX DESCRIPTION

The Nasdaq-100 Index® (the “Index”) is designed to measure the performance of 100 of the largest Nasdaq-listed non-financial companies. The Index employs a modified market capitalization weighting scheme.

### SECURITY ELIGIBILITY CRITERIA

To qualify for index inclusion, securities must meet the following Security Eligibility Criteria which are applied as of the Reconstitution Reference Date, unless otherwise noted.

#### Security Types

Eligible security types include common stocks, tracking stocks, and American Depositary Receipts (“ADRs”) including New York Registry Shares.

The Index classifies eligible ADRs into two distinct types defined below:

- “Primary ADR”: An ADR that serves as a company’s primary global listing (i.e., the underlying shares are not listed or available for trading elsewhere).
- “Non-Primary ADR”: A more traditional ADR (i.e., the underlying shares, rather than the ADR, serve as the primary global listing and are listed on a foreign market).

Both types of ADRs are eligible for index inclusion, although the calculation of market capitalization for each varies, as described in the Market Capitalization Determination section.

Real Estate Investment Trusts (“REITs”), Special Purpose Acquisition Companies (“SPACs”), and “when-issued” securities are not eligible.

#### Multiple Classes of Securities

Multiple classes of securities issued by the same company are each eligible, subject to meeting all other Security Eligibility Criteria.

## **Listing Exchanges**

A company must be primarily listed on a U.S. Nasdaq-affiliated exchange.<sup>1</sup>

## **Industry and Sectors**

A company must not be classified in the Financial Industry under the Industry Classification Benchmark (ICB), a product of FTSE International Limited that is used under license.

Companies classified in the Real Estate Industry under the ICB are eligible, provided they are not organized as a REIT.

## **Market Capitalization**

There is no minimum or maximum market capitalization criterion.

The constituent selection process and weighting process are based in part on a ranking of companies by market capitalization.

## **Market Capitalization Determination**

For the purpose of constituent selection, each company's Full Market Capitalization is considered, and is determined as follows:

- For direct (non-ADR) listings and companies represented by Primary ADRs (defined above), Full Market Capitalization includes both listed and unlisted shares.
- For companies represented by Non-Primary ADRs (defined above), Full Market Capitalization is the total value of the depositary shares listed, as reported by the depositary banks. Foreign-listed underlying shares and unlisted shares are not included.

For any company represented by more than one security, the company's Full Market Capitalization is the combined Full Market Capitalization of those securities.

## **Modified Market Capitalization Determination**

For the purpose of weight calculations, Modified Market Capitalization will be utilized. Only the market capitalization of eligible listed share classes will be considered. Foreign-listed and unlisted shares are disregarded. In addition, in order to preserve investability for low-float securities, each low-float security's Total Shares Outstanding ("TSO") will be capped at three times the number of its free-floating shares. Modified Market Capitalization is therefore determined as follows:

- For direct (non-ADR) listings, Modified Market Capitalization is determined using the security's price along with the lesser of the reported TSO, or three times the number of free-floating shares.

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<sup>1</sup> Excludes the Nasdaq Capital Market.

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- For Primary or Non-Primary ADRs, Modified Market Capitalization is determined using the security's price along with the lesser of the listed ADR shares reported by the depository banks, or three times the number of free-floating ADR shares.

For any company represented by more than one security, the company's Modified Market Capitalization is the combined Modified Market Capitalization of those securities.

### Liquidity

A security must have a three-month average daily value traded ("ADVT") of at least \$5 million (USD).

### Seasoning

Seasoning exchanges include any U.S. Nasdaq-affiliated exchange, NYSE, NYSE American and CBOE BZX.

A security generally must have been listed and available for trading on a seasoning exchange for at least three full calendar months, excluding the month of initial listing.

Seasoning is determined as of the applicable reference date and includes that month, therefore:

- To be considered for inclusion at the annual December Reconstitution, a security normally must have been listed and available for trading on an eligible exchange no later than the last trading day of August, with seasoning occurring over the months of September, October, and November.
- To be considered for inclusion as a quarterly or intra-quarter replacement, a security must be seasoned by the last trading day of the month preceding the replacement event. For example, if a replacement event were to occur in July, the required seasoning period would include all of April, May, and June.

The trading history of a SPAC prior to its combination with an operating company will not count towards satisfying the seasoning requirement, regardless of whether the SPAC is determined to be the acquirer or the target in the transaction.

Any security that is already a member of the Index, including those added as the result of a spin-off event, will be exempt from the seasoning requirement.

### Fast Entry

A security that is not already an index constituent may be added to the Index on an expedited basis ("Fast Entry") if its Full Market Capitalization ranks within the top 40 current index constituents. Such an addition will follow the *Weight Interpolation Process* described within the *March, June, and September Rebalance* section. A Fast Entry inclusion will not require the removal of another security, and may temporarily increase the constituent count to more than 100.

For an Initial Public Offering ("IPO"):

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- The company will be ranked and evaluated as of the end of its seventh trading day (“IPO Reference Date”) on an eligible exchange and must satisfy all applicable *Security Eligibility Criteria*<sup>2</sup> as of that date, other than the seasoning requirement.
- Typically, such a security will be added to the Index after 15 trading days, with announcement to occur after the close of business on its tenth trading day.
- Where the 15th trading day falls within the same calendar month as a scheduled index reconstitution or rebalance, the following adjustment applies:
  - If the security’s seventh trading day falls on or before the Reconstitution or Rebalance Reference Date, then the security will be added to the Index as part of the reconstitution or rebalance, otherwise
  - The security will be added to the Index no sooner than five trading days after the Reconstitution or Rebalance Effective Date.

For a company that has recently switched its listing to an eligible exchange:

- The company will normally be ranked and evaluated as of the end of its seventh trading day on the eligible exchange and must satisfy all applicable *Security Eligibility Criteria* as of that date.
- Typically, such a security will be added to the Index after 15 trading days on the eligible exchange with announcement to occur after the close of business on its tenth trading day.
- Where the 15th trading day falls within the same calendar month as a scheduled index reconstitution or rebalance, the following adjustment applies:
  - If the security’s first day of trading on the eligible exchange falls on or before the Reconstitution or Rebalance Reference Date, then the security will be added to the Index as part of the reconstitution or rebalance, otherwise
  - The security will be added to the Index no sooner than five trading days after the Reconstitution or Rebalance Effective Date.

For a company that was already listed on an eligible exchange, and has moved up the ranks into the top 40 of current index constituents:

- The security will be ranked and evaluated as of the Reconstitution or Rebalance Reference Date and must satisfy all applicable *Security Eligibility Criteria*<sup>2</sup> as of that date, other than the seasoning requirement.
- Such a security will be added to the Index as part of the reconstitution or rebalance.

## Float

There is no minimum free float criterion, although the Modified Market Capitalization used for weighting purposes imposes a limitation on the weight of low-float securities.

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<sup>2</sup> To be eligible the security must have an ADVT of at least \$5 million (USD) from its first trading day through and including the applicable reference date, rather than the standard three-month measurement period.

## Other Eligibility Criteria

Companies that have filed for bankruptcy, or equivalent protection from creditors, are not eligible for initial inclusion in the Index.

A company is also not eligible for initial inclusion if it has entered into a definitive agreement or other arrangement that is expected to result in ineligibility, including, but not limited to:

- An agreement to be acquired or to become privately owned.
- A plan to delist or to transfer to an ineligible exchange.
- A plan to reorganize as an ineligible security type.
- A decision to liquidate or otherwise permanently cease operations.

## ANNUAL RECONSTITUTION & REBALANCE – SELECTION

An Annual Reconstitution & Rebalance is conducted in December, during which all eligible companies are ranked based on Full Market Capitalization, as of the Reconstitution Reference Date.

Once ranked, companies are selected for index inclusion based on the following order:

1. The top 75 ranked companies are selected.
2. Any current index constituents as of the Reconstitution Reference Date that are ranked within the top 100, and were not already selected in step 1, are retained for continued inclusion.
3. Any remaining current index constituents ranked 101<sup>st</sup> through 125<sup>th</sup> are selected, in rank order, provided they were ranked within the top 100 at the previous index reconstitution or have been added to the Index since that time.
4. Any remaining companies ranked within the top 100 that are not current index constituents are selected in rank order.

The selection process concludes once the Index reaches 100 constituents.

## ANNUAL RECONSTITUTION & REBALANCE – WEIGHTING

Once the *Annual Reconstitution & Rebalance – Selection* is complete, initial weights for each security are determined based on the Modified Market Capitalization, as of the Reconstitution Reference Date.

These initial weights are then reviewed.

If any company's initial weight exceeds 24%:

### Company-Level Weighting Constraints

**Stage 1:** The weights are adjusted such that no company's weight exceeds 20%.

**Stage 2:** Any resulting company weights that exceed 4.5% are added together. If the sum of those weights is 48% or greater, then that group of companies will have its aggregate weight adjusted down to 40%. In order to preserve the rank order of the initial company weights,

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companies whose initial weights were below 4.5% may also experience a downward adjustment.

If either company-level constraint remains breached after application of this two-stage process, then the process is repeated until the weights satisfy both constraints.

### **Security-Level Weighting Constraints**

Weights resulting from the application of company-level constraints are further adjusted to satisfy the following security-level constraints:

**Stage 1:** If any security's initial weight exceeds 15%, then the weights are adjusted such that no security's weight exceeds 14%.

**Stage 2:** The five largest resulting security weights are added together. If their sum is 40% or greater, then that group of securities will have its aggregate weight adjusted down to 38.5%. In order to preserve the rank order of the security weights, the final index weight of any security outside the five largest will be capped at the lesser of 4.4% or the weight of the fifth-largest security.

If either security-level constraint remains breached after application of this two-stage process, then the process is repeated until the weights satisfy both constraints.

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

## **MARCH, JUNE, AND SEPTEMBER REBALANCE**

A Rebalance is conducted in March, June, and September.

Index Shares for each security are adjusted by the percentage change in that security's TSO since the previous TSO update. The Index Shares of any low-float securities are also adjusted to reflect changes.

After the TSO and float-based adjustments are complete, all eligible companies are ranked based on Full Market Capitalization, as of the applicable Rebalance Reference Date.

Index constituents ranked by Full Market Capitalization outside the top 125 will be removed from the Index based on:

1. The lowest ranked company outside the top 125 is removed first.
2. If the resulting number of constituents is less than 100, the removed company will be replaced by the company with the largest Full Market Capitalization that meets all *Security Eligibility Criteria*.

After all index constituents ranked outside of the top 125 have been removed from the Index and replaced, any additional remaining companies ranked within the top 40 of Full Market Capitalization of current index constituents, that were not added in Step 2 above, will be added to the Index without requiring additional removals. This may temporarily increase the constituent count to more than 100.

Securities added to the Index as part of the Rebalance will have their initial weights determined according to the Weight Interpolation Process described below.

## Weight Interpolation Process

In order to preserve the rank order of constituents, weights (and corresponding Index shares) for securities added as intra-quarter replacements, or as part of the March, June, and September Rebalance, will be determined using a linear interpolation between the next largest and next smallest index constituents. This interpolation will be based on Modified Market Capitalization ranking.

Note: In some cases, the next largest and next smallest securities may not correspond to the next largest and next smallest weights in the Index.

Once these adjustments are completed, initial weights are calculated based on Modified Market Capitalization, and the following company-level weighting constraints are applied:

### Company-Level Weighting Constraints

**Stage 1:** If any company's initial weight exceeds 24%, then the weights are adjusted such that no company's weight exceeds 20%.

**Stage 2:** Any resulting weights exceeding 4.5% are added together. If their sum is 48% or greater, then that cohort of companies will have its aggregate weight adjusted down to 40%. In order to preserve the rank order of the initial company weights, companies whose initial weights were below 4.5% may also experience a downward adjustment.

If either company-level constraint remains breached after application of this two-stage process, then the process is repeated until the weights satisfy both constraints.

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

## INDEX CALENDAR

### Reconstitution & Rebalancing Schedule

<b>Reconstitution Frequency</b>	Annually
<b>Rebalance Frequency</b>	Quarterly
<b>Reconstitution Reference Dates</b>	Last trading day of November
<b>Reconstitution Announcement Dates</b>	After the close on the sixth trading day prior to the Reconstitution Effective Date
<b>Reconstitution Effective Dates</b>	At market open on the first trading day following the third Friday in December
<b>Rebalance Reference Dates</b>	Last trading day of February, May, August, and November, respectively
<b>Rebalance Announcement Dates</b>	After the close on the sixth trading day prior to the Rebalance Effective Date
<b>Rebalance Effective Dates</b>	At market open on the first trading day following the third Friday in March, June, September, and December, respectively

### Special Rebalance Schedule

A Special Rebalance may be triggered, if either of the following weighting constraints are breached, based on end-of-day (EOD) values:

- No company's weight may exceed 24%.
- The aggregate weight of the companies whose weights exceed 4.5% may not exceed 48%.

Notice of a Special Rebalance, including the effective date and reference date, will be published in advance through the normal channels, and will follow the process described in the *Company-Level Weighting Constraints* section within the *March, June, and September Rebalance* section.

### Holiday Schedules

The Index is calculated Monday through Friday, except on days when the US markets are closed.

### Index Calculation and Dissemination Schedule

The Index is calculated during the trading day based on the Last Sale Price and is disseminated once per second from 09:30:01 to 17:16:00 ET. The closing value of the Index may change up until 17:15:00 ET due to corrections to the Last Sale Price of the index constituents.

## INDEX MAINTENANCE

### Deletion Policy

If, at any time, an index constituent, is determined to be ineligible for continued inclusion, it will be removed from the Index as soon as practicable. Advance notice of an index constituent deletion, including the effective date, will be announced through the normal channels.

Criteria for security removal include, but are not limited to:

- Delisting or transferring to an ineligible exchange.
- Reorganizing as an ineligible security type (e.g., a Real Estate Investment Trust, or “REIT”).
- Reclassification as a Financial company, according to the ICB.
- Involvement in a merger, acquisition, or other major corporate event that would make continued inclusion impossible, impractical, or inappropriate.
- For a security added to the Index as the result of a spin-off event, failure to establish a Full Market Capitalization ranked within the top 125 index-eligible companies at the end of its second day of regular-way trading as an index constituent.
- Declaring bankruptcy, liquidating, or otherwise permanently ceasing operations.

In circumstances where sufficient advanced notice of the removal event and/or the identity of a replacement cannot be provided, the security being removed may be maintained in the Index at its last sale price, or at an appropriate “deal price”, until the effective date of the replacement company’s entry into the Index. In such cases, a temporary placeholder security may be utilized, and will be denoted by adding a dollar sign to the beginning and end of the security’s ticker symbol.

Securities that are added to the Index as the result of a spin-off event are normally maintained in the Index, subject to the removal criteria specified above. Those that are not immediately removed may be removed at a later date to protect the integrity of the Index, for example, if a spun-off security demonstrates liquidity characteristics that diverge materially from the *Security Eligibility Criteria*.

### Replacement Policy

Other than at the Index Reconstitution and quarterly Rebalances, or as the result of a spin-off or Fast Entry event, additions to the Index occur only when there is a deletion that causes the count of the index constituents to fall below 100, and therefore requires replacement. In such cases, the company with the largest Full Market Capitalization that meets all eligibility criteria as of the prior month-end, and which is not already an index constituent, will replace the deleted company. The replacement company will follow the *Weight Interpolation Process* described within the *March, June, and September Rebalance* section.

For companies represented by more than one share class, the company will only be considered deleted when all of its share classes have been removed from the Index. If a security is removed, but other securities representing the same company remain in the Index, a replacement event will not be triggered.

A security that was added to the Index as the result of a spin-off event, and then removed before the next Reconstitution, will not be replaced unless the removal results in the number of index constituents falling below 100.

For pending deletions set to occur soon after a Reconstitution and/or Rebalance Effective Date, the removal may be accelerated to occur in conjunction with the Reconstitution and/or Rebalance event.

## **Corporate Actions**

During the periods between scheduled index reconstitution and rebalancing events, individual index constituents may be subject to a variety of corporate actions and events that require maintenance and adjustments to the Index. The specific treatment of each type of corporate action or event is described in **Nasdaq Corporate Actions and Events Manual – Equities**, which is incorporated herein by reference.

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**

Other than as a direct result of corporate actions, the Index does not normally experience share adjustments between scheduled index reconstitution and rebalancing events.

## **ADDITIONAL INFORMATION**

### **Announcements**

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

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

### **Unexpected Market Closures**

For information on Unexpected Market Closures, please 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), please refer to the **Nasdaq Index Policies & Procedures: Calculation Manual – Equities & Commodities**.

## **Recalculation and Restatement Policy**

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

## **Data Sources**

For information on data sources and the classification of dividends and associated tax rates, please refer to the **Nasdaq Index Methodology Guide**.

## **Contact Information**

For any questions regarding an Index, please 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.nasdaqomx.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, see the **Nasdaq Index Methodology Guide**.

## **Website**

For further information, please refer to Nasdaq GIW website at <https://indexes.nasdaqomx.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**

All Nasdaq Indexes are subject to the Nasdaq Index Governance Framework that provides 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**.

## **GLOSSARY OF TERMS AS USED IN THIS DOCUMENT**

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

## 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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