



**Rules for the Construction and Maintenance of the**

# **First North Tradable, All-Share, Sector and Country indexes**

VERSION 1.1 / November 2016

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# 1. INTRODUCTION

NASDAQ, Inc. and its affiliates own and calculate the stock indexes First North 25, First North All-share, First North Sector- and Country indexes (the “Indexes”) and has granted NASDAQ OMX Stockholm AB (“NASDAQ Stockholm” or the “Exchange”) and the co-operating exchanges the right to use the Indexes in connection with trading in and clearing of contracts related to the Indexes in accordance with these rules and regulations. .

## 1.1 INDEXES

First North index family consists of First North 25, First North All-share, Sector and Country indexes. The First North Market (First North Denmark, First North Finland, First North Iceland and First North Sweden) serves as universe for the indexes. Securities are selected to the different indexes based on specific selection rules listed in subsequent sections. Thus, a security selected to an index is hereinafter referred to as an Index Share.

# 2. INDEX SHARE ELIGIBILITY & SELECTION RULES

## 2.1 INDEX SHARE ELIGIBILITY

The selection process is based on shares that meet the following requirements:

- + To be considered eligible as an index share the share has to be listed on First North Denmark, First North Finland, First North Iceland or First North Sweden
- + Only shares, depository receipts or suchlike are considered as Index Shares.

Security types typically not included in the Index are closed-end funds, exchange traded funds, mutual funds, unit-investment trusts, convertible debentures, preferred stocks, rights, warrants, and other derivative securities.

If a company has listed multiple stock classes each of which is priced and traded separately, all stock classes are considered during the reviews and are treated as separate securities.

For NASDAQ OMX indexes, securities classified as ‘8985 Equity Investment Instruments’ or ‘8995 Non-equity Investment Instruments’ according to FTSE ICB are not considered eligible for index inclusion

## 2.2 INDEX SHARE SELECTION

### 2.2.1 FIRST NORTH 25

First North 25 consists of the largest and most traded shares listed on the First North Market. The index has a base value of 1000 and base date is October 14, 2015.

### **2.2.1.1 CONTROL PERIOD AND TURNOVER FIGURES**

The six months, starting seven months before the review month, is defined as the control period. Turnover figures from the control period are used in the semi-annual reviews. Only automatically matched trades and trades reported during the exchanges' opening hours are considered during the reviews.

If the share is listed at more than one of the specified exchanges, turnover is calculated in EUR and aggregated under the most traded share. The most traded share will be considered during the semi-annual reviews.

If the trading volume of a share which qualifies as an Index Share is considered not to be representative, NASDAQ may decide that the share is ineligible.

When calculating market value during reviews, Last Sale Price ("LSP") from the last Trading Day in the month before the review month is used.

### **2.2.1.2 SEMI-ANNUAL REVIEW OF FIRST NORTH 25**

First North 25 is reviewed semi-annually and the new composition is effective the first trading day in January and July respectively.

The following three steps are applied during the semi-annual review:

- (i) Eligible shares are ranked according to market value after the end of the Control Period (see 2.2.1.1 above).
- (ii) The 30 shares with highest market value are selected as candidates for the index.
- (iii) The candidates are ranked according to official accumulated turnover and the 25 candidates with highest turnover are selected as Index Shares.

### **2.2.2 FIRST NORTH ALL-SHARE INDEX**

First North All-Share index consists of all eligible shares listed on First North Denmark, First North Finland, First North Iceland or First North Sweden.

### **2.2.3 FIRST NORTH SECTOR INDEXES**

The First North Sector Indexes are constructed with the First North All-Share population as universe. The Exchange has constructed the following sector indexes based on the Industry Classification Benchmark (ICB) provided by FTSE. The sector index populations are thus based on the below definitions. Therefore population changes in the sector indexes are a result of either change in the universe or in industry classification.

- + **First North Oil & Gas**  
Based on ICB Industry Oil & Gas (0001)
- + **First North Basic Materials**  
Based on ICB Industry Basic Materials (1000)
- + **First North Industrials**

Based on ICB Industry Industrials (2000)

- + **First North Consumer Goods**  
Based on ICB Industry Consumer Goods (3000)
- + **First North Health Care**  
Based on ICB Industry Health Care (4000)
- + **First North Consumer Services**  
Based on ICB Industry Consumer Services (5000)
- + **First North Telecommunications**  
Based on ICB Industry Telecommunications (6000)
- + **First North Utilities**  
Based on ICB Industry Utilities (7000)
- + **First North Financials**  
Based on ICB Industry Financials (8000)
- + **First North Technology**  
Based on ICB Industry Technology (9000)

## 2.2.4 FIRST NORTH COUNTRY INDEXES

First North Country indexes are constructed with the First North All-Share population as universe. First North Country index populations are defined by the place of listing according to each security's Market Identifier Code (MIC).

- + **First North Denmark**  
Based on Market Identifier Code (FN DK)
- + **First North Finland**  
Based on Market Identifier Code (FN FI)
- + **First North Iceland**  
Based on Market Identifier Code (FN IS)
- + **First North Sweden**  
Based on Market Identifier Code (FN SE)

## 2.3 DETAILED INDEX SHARE SELECTION CRITERIA

### 2.3.1 SECURITY TYPES

Security types generally eligible for the Index include ordinary shares, depositary receipts and suchlike. Security types generally not included in the Index are closed-end funds, convertible debentures, exchange-traded funds, limited partnership interests, rights, shares of limited liability companies, warrants and other derivative securities.

If a company has listed multiple stock classes, each of which is priced and traded separately, all stock classes are eligible for inclusion and are treated as separate securities.

Companies where 90 per cent or more of the outstanding shares are controlled by a single shareholder will be deemed ineligible.

## **3. INDEX CALCULATIONS & CORPORATE ACTIONS**

### **3.1 INDEX CALCULATIONS**

#### **3.1.1 First North 25**

See “Rules for the Construction and Maintenance of the OMX Stockholm 30 Index”.

#### **3.1.2 First North All-share, Country and Sector indexes**

See “Rules for the Construction and Maintenance of the NASDAQ OMX All-Share, Benchmark and Sector Indexes”

### **3.2 CORPORATE ACTIONS**

#### **3.2.1 First North 25**

See “Rules for the Construction and Maintenance of the OMX Stockholm 30 Index”.

#### **3.2.2 First North All-share, Country and Sector indexes**

See “Rules for the Construction and Maintenance of the NASDAQ OMX All-Share, Benchmark and Sector Indexes”

### **3.3 FOREIGN EXCHANGE RATE**

An index that consists of securities quoted in different currencies as well as the underlying prices of the securities, are converted into the index currency.

Foreign exchange rate is the WM Company, Closing Spot Rate at 16:00:00 UK time<sup>1</sup> in the calculation of the End Of Day (“EOD”) Index Value.

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<sup>1</sup> The WM/Reuters Spot Rates provided by The World Markets Company plc (“WM”) in conjunction with Reuters. WM shall not be liable for any errors in or delays in providing or making available the data contained within this service or for any actions taken in reliance on the same, except to the extent that the same is directly caused by its or its employees’ negligence

SIX Financial Information Intraday Spot Rate is applied to the real time Index calculation during the trading day.

## 4. INDEX MAINTENANCE

### 4.1 INDEX REBALANCE: First North 25

First North 25 Index is rebalanced semi-annually by applying changes in total shares outstanding that have been accumulated during the half year. Changes are made effective after the close of trading on the last day in each of June and December.

Total shares outstanding for each Index Share is fixed between the reviews with the exception of adjustments for corporate actions with priority for existing shareholders.

### 4.2 INDEX SHARE CHANGES – First North 25

In the event that a new Index Share is included in the index, it will be included based on the previous trading day's Volume Weighted Average Price (VWAP).

In the event that a current Index Share is removed from the index, it will be removed based on the Volume Weighted Average Price (VWAP) of the last trading day it is included in the index.

## 5. GENERAL ANNOUNCEMENT POLICY

NASDAQ announces Index-related information via our premier service Global Index Watch at <http://indexes.nasdaqomx.com>.

Deadlines for announcements:

- + **Rule amendments:** Material changes to the rules are normally announced 3 months before they are put into effect.
- + **Periodic index composition:** A notice is normally announced no less than one (1) week prior to implementation. The Exchange reserve the right to alter the announced composition in case of a merger, take-over or other major events that is expected to deteriorate the index' ability to mimic the population of stocks representing the market.
- + **Corporate actions:** Implementations in the Indexes are done in accordance with the index rules.

In the event that an Index calculation has been corrected historically, an announcement will be provided and clients are asked to update their databases accordingly.

## **6. GENERAL CORRECTION POLICY**

Generally, the Index is maintained on an ongoing basis and any corporate actions are handled simultaneously as they occur, given that all necessary information is publically available. However, there may be events where there is not sufficient public information available or that the event is announced post ex-date. In such cases, NASDAQ will decide on a case by case basis whether the event can be implemented in connection to the regularly scheduled Index reviews or if a historical correction of the affected Indexes is warranted.

Any historical correction to an Index is limited to a time frame of six (6) months prior, counting from the date where the correction is being implemented. If such a correction would occur, it will be announced according to the General Announcement Policy and new Index closing values will be provided as well as start of day and end of day Index weightings and summary report.

## **7. DISCRETIONARY ADJUSTMENTS**

NASDAQ may, due to special circumstances, if deemed essential, apply discretionary adjustments to the Index.

## **8. ALTERNATIVE INFORMATION RETRIEVAL**

If, in the opinion of NASDAQ, technical or other reasons, render the automatic transmission of price information or other information regarding an Index Share or currency fix from NASDAQ Exchanges, or other information system approved by NASDAQ, either wholly or partially unavailable, or if such price information is unreliable or in any other way fails to reflect the development of market prices in the currency type or Index Shares, NASDAQ may utilize another source of information and thereby apply other bases for the calculation of the Index than those which otherwise are stated in these rules.



## **INTELLECTUAL PROPERTY RIGHTS**

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## **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 and its affiliates do not guarantee the accuracy or completeness of any Index or of the data used to calculate the Index or determine the Index components, or the uninterrupted or undelayed calculation or dissemination of any Index. NASDAQ and its affiliates do not guarantee that any Index accurately reflects past, present, or future market performance.

## **LIMITS OF LIABILITY**

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## Appendix A – First North Indexes

Index Symbol	Index Name	ISIN	Calculation Method	Linked to PR Index	Linked GTR Index	No adjustment for Extraord. Dividends
FN25	First North 25	SE0007576558	PR		FN25GI	
FN25GI	First North 25 GI	SE0007551346	GTR	FN25		
FNFI EURGI	First North Finland EUR GI	SE0007551353	GTR			
FNFI EURPI	First North Finland EUR PI	SE0007551361	PR			X
FNSE SEKGI	First North Sweden SEK GI	SE0007551379	GTR			
FNSE SEKPI	First North Sweden SEK PI	SE0007551387	PR			X
FNSE EURGI	First North Sweden EUR GI	SE0007551395	GTR			
FNSE EURPI	First North Sweden EUR PI	SE0007551403	PR			X
FNDK DKKGI	First North Denmark DKK GI	SE0007551411	GTR			
FNDK DKKPI	First North Denmark DKK PI	SE0007551429	PR			X
FNDK EURGI	First North Denmark EUR GI	SE0007551437	GTR			
FNDK EURPI	First North Denmark EUR PI	SE0007551445	PR			X
FNIS ISKGI	First North Iceland ISK GI	SE0007551452	GTR			
FNIS ISKPI	First North Iceland ISK PI	SE0007551460	PR			X
FNIS EURGI	First North Iceland EUR GI	SE0007551478	GTR			
FNIS EURPI	First North Iceland EUR PI	SE0007551486	PR			X
FIRSTNORTHDKK	First North All-Share DKK	SE0001718719	PR			X
FIRSTNORTHEUR	First North All-Share EUR	SE0001718727	PR			X
FIRSTNORTHISK	First North All-Share ISK	SE0001910944	PR			X
FIRSTNORTHNOK	First North All-Share NOK	SE0001718735	PR			X
FIRSTNORTHSEK	First North All-Share SEK	SE0001718701	PR			X
FN0001GI	First North Oil & Gas GI	SE0004385151	GTR			
FN0001PI	First North Oil & Gas PI	SE0004385292	PR			X
FN1000GI	First North Basic Materials GI	SE0004385177	GTR			
FN1000PI	First North Basic Materials PI	SE0004385300	PR			X
FN2000GI	First North Industrials GI	SE0004385185	GTR			
FN2000PI	First North Industrials PI	SE0004385359	PR			X
FN3000GI	First North Consumer Goods GI	SE0004385193	GTR			
FN3000PI	First North Consumer Goods PI	SE0004385391	PR			X
FN4000GI	First North Health Care GI	SE0004385201	GTR			

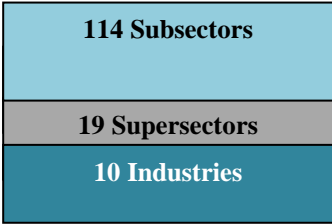
FN4000PI	First North Health Care PI	SE0004385409	PR			X
FN5000GI	First North Consumer Services GI	SE0004385219	GTR			
FN5000PI	First North Consumer Services PI	SE0004385425	PR			X
FN6000GI	First North Telecommunications GI	SE0004385235	GTR			
FN6000PI	First North Telecommunications PI	SE0004385433	PR			X
FN7000GI	First North Utilities GI	SE0004385243	GTR			
FN7000PI	First North Utilities PI	SE0004385441	PR			X
FN8000GI	First North Financials GI	SE0004385250	GTR			
FN8000PI	First North Financials PI	SE0004385466	PR			X
FN9000GI	First North Technology GI	SE0004385276	GTR			
FN9000PI	First North Technology PI	SE0004385482	PR			X

# Appendix B – Industry Classification

## 1.1 Classification Structure

Industry Classification Benchmark (ICB) is a detailed and comprehensive structure for sector and industry analysis, facilitating the comparison of companies across four levels of classification and national boundaries. The classification system allocates companies to the Subsector whose definition closely describes the nature of its business as determined from the source of its revenue or the source of the majority of its revenue, as identified in the company’s audited accounts and director’s report.

### ICB Breakdown



### 1.1.2 Classification Guidelines

#### Allocation of Companies to Subsectors

A company will be allocated to that Subsector of the ICB whose definition most closely coincides with the source of its revenue or the source of the majority of its revenue.

Segmental reporting normally discloses revenue before tax, minority interests, extraordinary items and interest earned or incurred. Unless there is audited evidence that any of these items is specifically attributable to a class of business for which revenue is disclosed, it will be disregarded in assessing the sources of revenue. Where any part of the company’s business is to earn interest or incur interest, or interest expenses are central to the business, then such interest shall be taken into account in determining the company’s business.

A company which has businesses in two or more Subsectors is allocated to that Subsector which provides the largest part of revenue as indicated by the latest available report and accounts. A company engaged in three or more Subsectors, but within a specific industry, will normally be classified as General Mining, Diversified Industrials, Multi-utilities or Specialty Finance.

A company engaged in businesses in three or more Subsectors that are in two or more Industries, will normally be classified as a Diversified Industrials.

A company engaged in three or more classes of business within the Industrials Industry that differ substantially from each other, no one of which contributes 50% or more of revenue nor less than 10%, will normally be classified as Diversified Industrials. If there is a contribution of over 50% from any other one Industry group, the subsector of that Industry group with the highest revenue will be assigned to the company.

ICB will seek to maintain stability in the classification of companies by disregarding what they consider to be temporary fluctuations in the fortunes of individual businesses.

### **1.1.3 Industry Sectors**

ICB will normally seek to avoid the maintenance of Sectors or Subsectors containing a single company.

### **1.1.4 Changes to the Industry Classification Benchmark**

Changes to the structure of the ICB will be evolutionary. Any changes to the ICB structure (Subsectors, Sectors, Super Sectors, or Industries) shall take place with a minimum of six months' notice. These changes will be determined by ICB and will be based on long-term trends, rather than what they consider may be temporary fluctuations within individual industries.

## **1.2 Periodic Reviews**

All classifications of the companies will be reviewed on an annual basis.

- + Coverage – All companies in the ICB global will be reviewed when an annual report of the company is published.
- + Cut-Off Date – Last trading day of January, April, July and October.
- + Review Procedures – The industrial classification of each company will be determined by analyzing the financial reports based on the rules under 1.1.3.
- + Announcement and Implementation – Periodic changes to the industry classification of a company will be announced on the first trading day in March, June, September and December and will be implemented on the third Friday of March, June, September and December and become effective on the next trading day after implementation.
- + In exceptional cases FTSE in consultation with the ICB Advisory Committee can classify companies on the basis of either the immediate end use of the product or the industrial process used.

## **1.3 Classification Changes**

Where a significant change takes place in a company's structure as a result of a corporate event (such as a merger or demerger), its ICB classification may be reassessed on the basis of financial data formally published by the company. No changes in ICB classification will be made on the basis of non-public information, promises of action, assertions or aspiration of directors, unless these can be substantiated by audited or independently authenticated formal company statements as described in section 1.1.1.

Any adjustment resulting from a change in a company's classification will be implemented at the same time as the corporate event is completed.

A company's classification may also be reviewed by ICB either at the discretion or at the request of the company or professional advisors acting on its behalf.

Any adjustment resulting from a change in a company's classification will be announced immediately and be implemented five trading days later and become effective on the next trading day after implementation.

Please note the above Industry Classification information has been re-printed directly from FTSE and ICB materials. For more information about the Industry Classification Benchmark (ICB), visit [www.ftse.com/icb](http://www.ftse.com/icb).