



Nasdaq-100 Index® Consultation – February 2026

The Nasdaq-100 Index® (NDX®) and related indexes¹ are widely used as performance benchmarks and as the basis for numerous investable products globally. The methodology aims to ensure replicability, liquidity, and capacity as well as fulfill its core objective: to measure the performance of 100 of the largest Nasdaq-listed non-financial companies.

Nasdaq is seeking feedback from investors, clients, and other industry professionals on proposed enhancements and updates to the index methodology. These proposed enhancements and updates are designed to ensure timely and meaningful inclusion of the largest companies, while maintaining replicability for passive managers. Additionally, the proposals aim to limit minor ad-hoc index changes by incorporating such adjustments into scheduled quarterly rebalance events.

Please note that any resulting changes to the methodologies will be implemented after the March 2026 Quarterly Rebalance. The current version of the methodologies will remain in force through at least the March 2026 Quarterly Rebalance effective date of Monday, March 23, 2026.

For Consideration and Comment:

Ensuring the Inclusion of the Largest Companies

1. Calculation of Market Cap for Eligibility Purposes

The current methodology excludes unlisted share classes when calculating a company's market capitalization for ranking, inclusion, and weight determination. As corporate and share class structures evolve, it is increasingly likely that large companies will have significant portions of their market capitalization represented by unlisted shares.

To ensure that the largest companies continue to qualify for inclusion in the index, Nasdaq proposes to consider a company's entire market capitalization (both listed and unlisted shares) for the purposes of ranking and inclusion, while continuing to consider only eligible listed share

¹ Related indexes are those that utilize the NDX® as a parent index or those indexes whose methodology mirrors that of the NDX®. For reference, please see the "Appendix: Related Indexes" at the end of this document.



classes for the purpose of weight determination. Such a change is not expected to have a meaningful impact on the eligibility status of the current index constituents.

Note that this proposed change will not impact nor change the inclusion criteria applied to American Depository Receipts (ADRs) as described on page 3 in the Constituent Selection section of the methodology.

2. “Fast Entry” for New Nasdaq Listed Large Companies

Currently, new constituents may only be added to the index at the time of the Annual Reconstitution, as a replacement for a deleted index member, or as the result of a spinoff event. As a result, large companies that are newly listed on an eligible exchange (either by way of an initial public offering (IPO) or by transferring from an ineligible exchange) often aren’t added to the index in a timely manner. Requiring the removal of an existing security before adding new index members delays the timely inclusion of large companies that investors would reasonably expect to be added sooner.

To alleviate this situation, Nasdaq proposes to incorporate a “Fast Entry” rule. Under this rule, a new Nasdaq listed company will be evaluated for index inclusion. If its entire market capitalization ranks within the top 40 current constituents² in the index, it will be announced as a “Fast Entry” addition to the index with at least five trading days’ notice and would be added to the index after fifteen trading days. The company will be exempt from seasoning and liquidity requirements, and its inclusion will not require the removal of another security. Instead, the constituent count will be increased until the next Annual Reconstitution, consistent with the treatment of spin-offs.

3. Inclusion and Weighting of Securities with Low Float

With the exception of American Depository Receipts (ADRs), all index constituents are currently represented at the full market capitalization of eligible listed share classes, without regard to free float considerations. The only float-related eligibility criterion is a minimum free float of 10%.

Given the Nasdaq-100 Index®’s growing role as a basis for investable products and the continued increase in assets under management, allowing securities with only 10% free float could eventually compromise the index’s replicability, liquidity, and capacity. However, raising the threshold may unnecessarily exclude large and/or newly listed companies from eligibility.

² As of December 31, 2025, a ranking in the top 40 companies would correspond to a total market capitalization exceeding approximately \$100 Billion.



To balance index integrity and investability, Nasdaq proposes a new approach for including and weighting low-float securities (those below 20% free float). Each low-float security's weight will be adjusted to five times its free float percentage, capped at 100%. Securities with more than 20% free float will continue to be weighted at full, eligible listed market capitalization, while those below 20% free float will be weighted proportionally to preserve investability.

Example Company	Total Market Cap (for Ranking & Inclusion Only)	Listed Market Cap	Free Float Percentage of Listed Shares	5x Free Float Adjustment (not to exceed 100%)	Market Cap Used in Weighting Process	Notes
A	\$ 80 B	\$ 80 B	86%	100%	\$ 80 B	All shares are listed, and float exceeds 20%, so there is no adjustment to market cap (This will be common)
B	\$ 150 B	\$ 150 B	10%	50%	\$75 B	All shares are listed, but float is only 10%, so the company is weighted at half of its market cap (10% float x 5 = 50%)
C	\$ 1 T	\$ 500 B	5%	25%	\$ 125 B	Much of the market cap is unlisted, and the float of the listed shares is only 5%, so the company is weighted at 25% of its listed market cap (5% float x 5 = 25%)
D	\$ 200 B	\$100 B	45%	100%	\$100 B	Much of the market cap is unlisted, but the float of the listed shares exceeds 20%, so the company is weighted at its full listed market cap
ADR (Primary Listing)	\$ 110 B	\$110 B	12%	60%	\$66 B	This ADR is treated like a direct listing. All shares are listed, but the float is only 12%, so the security is weighted at 60% of its market cap (12% float x 5 = 60%)
ADR (Non-Primary)	N/A	\$40 B	N/A	N/A	\$40 B	For both inclusion and weighting purposes, only the Nasdaq-listed shares are considered. The security is weighted at its full Nasdaq-listed market cap.

As the free float percentage of a low-float security increases over time the index weight will be adjusted quarterly, with full, eligible listed market capitalization weighting occurring once the 20% free float threshold is reached.

Key Benefits of the Proposed Rule:

- The largest companies would remain eligible, regardless of low float.
- Low-float securities could be included at meaningful weights, while still supporting investability.
- As the free float percentage of low-float securities increases over time their weight will adjust accordingly, on a quarterly basis, maintaining a stable proportion of float held by indexers.
- Most Index members would not require a float adjustment, reducing disruption to the Index and to passive portfolios.

4. Removal of the Minimum 10% Float Requirement

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If adopted, the proposed adjustment to low-float security weighting would eliminate the need for a minimum float requirement.

Consolidating Ad-Hoc Changes into the Quarterly Process

5. Replacement of the “10 Basis Point Rule”

Currently, the methodology prescribes that “Any company that fails to maintain a weight of at least 0.10% for two consecutive month-ends will be removed if it is also ranked outside of the top 100 eligible companies by market capitalization as of the most recent month-end.” This allows for timely replacement of securities with minimal representation without waiting for the Annual Reconstitution. However, the rule often results in ad-hoc adjustments that do not align with other index changes. By the time a security fails to maintain this threshold, it is typically ranked well outside the top 100 eligible companies by market capitalization.

Nasdaq proposes to replace the fixed “10 Basis Point Rule” with a quarterly, rank-based process. Each quarter, any security ranked outside of the top 125 eligible companies by entire market capitalization as of the quarterly rebalance reference date will be removed and replaced during the scheduled quarterly rebalance. This approach enables the more timely and predictable replacement of smaller companies, while reducing the need for passive investors to make frequent intra-quarter portfolio adjustments.

6. Cessation of Intra-quarter TSO Adjustments

The current methodology allows for ad-hoc updates to index shares based on changes in a security’s Total Shares Outstanding (“TSO”) of greater than 10%. While most TSO changes are automatically reflected through corporate actions, some changes without specific dates or terms may accumulate over time.

The TSO update is intended to maintain index integrity by aligning each company’s index weight with its relative market capitalization. However, because the index uses a modified market capitalization weighting scheme, this alignment cannot be exact. Many stakeholders have raised concerns that the benefit of intra-quarter TSO updates may not justify the associated costs and risks. Although only three such updates have occurred in the past five years, these adjustments can still disrupt passive portfolios by increasing turnover, market impact, and operational risk, even when the changes are minor.

Nasdaq proposes to discontinue ad-hoc index share adjustments based on TSO changes. Instead, accumulated TSO changes will be implemented only during scheduled quarterly

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rebalances and the Annual Reconstitution. Similarly, float figures for low-float securities would only be updated during regular rebalance and reconstitution events.

Feedback

Please provide comments at this [link](#).

This consultation will remain open for comment until the close of business on **February 27, 2026**. Once a final determination has been made, a summary of the results will be published. Respondents will not be identified in the summary.

To submit attachments with this consultation response, please e-mail:

IndexConsultations@nasdaq.com

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Appendix: Related Indexes

Index Symbol	Index Name
XND	Nasdaq-100 Micro™ Index
NQX	Nasdaq-100 Reduced Value™ Index
MNX1	Nasdaq-100 Mini™ Index
NDXMEGA	Nasdaq-100 Mega™ Index
NDXMEGA2	Nasdaq-100 Mega 2.0™ Index
NDX30	Nasdaq-100 Top 30™ Index
NDX70	Nasdaq-100 ex Top 30™ Index
NDX30U	Nasdaq-100 Top 30 UCITS™ Index
NDX70U	Nasdaq-100 ex Top 30 UCITS™ Index
NDXE	Nasdaq-100 Equal Weighted™ Index
NDXSE	Nasdaq-100 Select Equal Weight™ Index
NDXEG	Nasdaq-100 Enhanced Growth™ Index
NDXX	Nasdaq-100 Ex-Tech Sector™ Index
NDXT	Nasdaq-100 Technology Sector™ Index
NDXTMC	Nasdaq-100 Technology Sector Market-Cap Weighted™ Index
NDXT10	Nasdaq-100 Technology Sector Adjusted Market-Cap Weighted™ Index
NDXESG	Nasdaq-100 ESG™ Index
NDXSES	Nasdaq-100 Sustainable ESG Select™ Index
NDXLV	Nasdaq-100 Low Volatility™ Index
NDXHB	Nasdaq-100 High Beta™ Index
NDXDWA	Nasdaq-100 Dorsey Wright Momentum™ Index
NGX	Nasdaq Next Generation 100™ Index
NGXESG	Nasdaq Next Generation 100 ESG™ Index
NXTQ	Nasdaq Q-50™ Index
NCX	Nasdaq Innovators Completion Cap™ Index

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