



INDEX METHODOLOGY

## NASDAQ OMX ABA COMMUNITY BANK INDEX<sup>SM</sup>

### ABQI

#### INDEX DESCRIPTION

The NASDAQ OMX ABA Community Bank Index is designed to measure the performance of a subset of securities included in the ABA Nasdaq Community Bank Index (ABAQ).

#### SECURITY ELIGIBILITY CRITERIA

##### Parent index

A security must be included in the ABA Nasdaq Community Bank Index (ABAQ). Please refer to that methodology for further information.

##### Market capitalization eligibility

An issuer must have a market capitalization of at least \$200 million (USD).

##### Liquidity eligibility

A security must have a minimum three-month average daily traded value of at least \$500 thousand (USD).

##### Seasoning eligibility

A security must have been traded on an eligible exchange for a minimum of six months prior to the Index reconstitution effective date.

##### Other eligibility criteria

If, at reconstitution, Nasdaq becomes aware that an issuer or security will soon undergo a fundamental change that makes it ineligible, Nasdaq will remove the security from consideration. This includes entering into a definitive merger or acquisition agreement or other pending arrangement that would make it ineligible for Index inclusion, or a filing of bankruptcy or similar protection from creditors.

## INDEX CALENDAR

### **Reconstitution schedule**

The Index Reconstitution is conducted semi-annually in June and December.

### **Reconstitution reference dates**

The Security Eligibility Criteria are applied using market data as of the end of May and November. The parent index (ABAQ) securities considered are those that will be in the parent index on the ABQI effective date.

### **Reconstitution announcement dates**

Index Reconstitutions are generally announced five (5) trading days prior to the Reconstitution Effective Date.

### **Reconstitution effective dates**

Index Reconstitutions are effective at market open on the first trading day after the third Friday in June and December.

### **Rebalance schedule**

The Index is rebalanced quarterly in March, June, September and December.

### **Rebalance reference dates**

The Index Rebalance uses market data as of the prior month-end (February, May, August and November, respectively).

### **Rebalance announcement dates**

Index Rebalance changes are generally announced five (5) trading days prior to the Rebalance Effective Date.

### **Rebalance effective dates**

Index Rebalance changes are effective at market open on the first trading day after the third Friday in March, June, September and December, respectively.

## CONSTITUENT SELECTION

### Constituent selection process

All securities that meet the applicable Security Eligibility Criteria are included in the Index.

## CONSTITUENT WEIGHTING

### Constituent weighting scheme

The Index is a modified market capitalization-weighted index.

### Constituent weighting process

Initial Index Security weights are determined by dividing each Index Security's market capitalization by the aggregate market capitalization of all Index Securities. If no Index Security's initial weight is greater than 25% and the collective weight of the group of Index Securities whose individual weights exceed 5% does not exceed 50%, initial weights are taken as final weights. Otherwise, the following two-stage weight adjustment scheme is applied:

#### Stage 1

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

- No Index Security weight may exceed 8%.

#### Stage 2

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

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

The final weights meet the following constraints:

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

Please refer to the **Nasdaq Index Weight Calculations guide** for further information.

## INDEX MAINTENANCE

### Deletion policy

If, at any time during the year other than the Index Reconstitution(s), an Index Security no longer meets the Eligibility Criteria, or is otherwise determined to have become ineligible for inclusion in the Index, it is removed from the Index. This includes circumstances where an Index Security is determined to be ineligible for continued inclusion in the Index due to bankruptcy, delisting, or a definitive agreement that

would likely result in the security no longer being Index eligible. Please refer to Nasdaq’s **Corporate Actions and Events Manual – Equities** for detailed handling of the aforementioned event types.

### **Replacement policy**

Index securities deleted at any time during the year other than the Index Reconstitution(s) are not replaced.

### **Corporate actions**

In the interim periods between scheduled index reconstitution events, individual Index securities may be the subject to a variety of corporate actions and events that require maintenance and adjustments to the Index. Specific treatment of each type of corporate action or event is described in **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**

Changes in the price and/or Index Shares driven by corporate events such as stock dividends, stock splits and certain spin-offs and rights issuances are adjusted on the ex-date.

For handling of changes in total shares outstanding (TSO) greater than 10% arising from other corporate events, please refer to **Corporate Actions and Events Manual – Equities**

## **ADDITIONAL INFORMATION**

### **Announcements**

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

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

### **Holiday schedules**

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

### **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 **Calculation Manual – Equities and 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, 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**.

## **Index calculation and dissemination schedule**

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

## **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

### Index governance

All Nasdaq Indexes follow the same governance structure. For a detailed list of this information, please see the **Nasdaq Index Methodology Guide**.

### Nasdaq Index Management Committee

The Nasdaq Index Management Committee approves all new Index Methodologies. This committee is comprised of full-time professional members of Nasdaq. The committee meets regularly, and reviews items including, but not limited to, pending corporate actions that may affect Index constituents, statistics comparing the composition of the indexes to the market, companies that are being considered as candidates for addition to an Index, and any significant market events.

For a detailed overview of the Index Management Committee, please see the **Nasdaq Index Methodology Guide**.

### Internal reviews of methodology

For a detailed description on internal reviews of the Methodology, please see the **Nasdaq Index Methodology Guide**.

### Communication with stakeholders and consultations

For a detailed description on Consultations and Communications with Stakeholders, please see the **Nasdaq Index Methodology Guide**.

### Index cessation

Nasdaq has a documented procedure that is followed for Index Cessation that includes termination/retirement of an Index or Index Family.

For more information, please refer to the **Nasdaq Index Cessation Policy**.

### Discretionary adjustment

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

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

## GLOSSARY OF TERMS AS USED IN THIS DOCUMENT

For the glossary of key terms, please 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.

Neither Nasdaq, Inc. nor any of its affiliates (collectively "Nasdaq") makes any recommendation to buy or sell any security or any representation about the financial condition of any company. Investors should undertake their own due diligence and carefully evaluate companies before investing. The information contained herein is provided for informational and educational purposes only, and nothing contained herein should be construed as investment advice, either on behalf of a particular security or an overall investment strategy. **Advice from a securities professional is strongly advised.** © 2020. Nasdaq, Inc. All Rights Reserved.