



INDEX METHODOLOGY

## NASDAQ TECHNOLOGY DIVIDEND INDEX

### NQ96DIVUS

#### INDEX DESCRIPTION

The Nasdaq Technology Dividend Index is designed to measure the performance of up to 100 Technology and Telecommunications companies that pay regular or common dividends.

#### SECURITY ELIGIBILITY CRITERIA

##### Eligible security types

Eligible security types include common stock, ordinary shares and American Depositary Receipts (ADRs). References to the “issuer” of a depositary receipt are references to the issuer of the underlying security.

##### Eligible exchanges

An issuer must be listed on the Nasdaq Stock Market, The New York Stock Exchange, NYSE American or the CBOE Exchange.

##### Industry or sector eligibility

A security must be classified under the Technology Industry or Telecommunications Industry as defined by the Industry Classification Benchmark (ICB). ICB is a product of FTSE International Limited that is used under license.

##### Market capitalization eligibility

A security must have a market capitalization of at least \$500 million (USD).

##### Liquidity eligibility

A security must have a three-month average daily traded value of at least \$1 million (USD).

## **Other eligibility criteria**

A security must have paid a regular or common dividend within the past 12 months.

A security must not have had a decrease in common dividends per share paid within the past 12 months.

A security must have a dividend yield of at least 0.5%.

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**

Index Reconstitutions are conducted semi-annually in March and September.

### **Reconstitution reference dates**

Index Reconstitutions are conducted using market data as of the end of January and July.

### **Reconstitution announcement dates**

Index Reconstitutions are announced in early March and September.

### **Reconstitution effective dates**

Index Reconstitutions become effective at market open on the trading day after the third Friday in March and September.

### **Rebalance schedule**

The Index Rebalance is conducted quarterly in March, June, September and December by following the Constituent Weighting Process.

### **Rebalance reference dates**

Index Rebalances are conducted using Total Shares Outstanding and Last Sale Price as of the prior month-end (February, May, August and November, respectively).

### **Rebalance announcement dates**

Index Rebalances are announced in early March, June, September and December.

## Rebalance effective dates

Index Rebalances become effective at market open on the trading day after the third Friday in March, June, September and December.

## Special rebalance schedule

A Special Rebalance may be conducted at any time based on the weighting restrictions described in the constituent weighting process if it is determined to be necessary to maintain the integrity of the Index.

# CONSTITUENT SELECTION

## Constituent selection process

Securities that meet the applicable Security Eligibility Criteria are considered for inclusion in the Index. The 100 securities with the highest dividend paid per share over the previous 12 months are included in the Index.

# CONSTITUENT WEIGHTING

## Constituent weighting scheme

The Index is a modified dividend value-weighted index.

## Constituent weighting process

Sector weights are set to the following values, which may only change when necessitated by security-level constraints:

- Technology: 80%
- Telecom: 20%

All Index Securities' initial weights are determined by dividing each Index Security's trailing 12-month dividend value by the sum of all Index Securities' trailing 12-month dividend values. The dividend value is calculated by multiplying dividends paid within the past 12 months by the current shares outstanding. Initial index weights are then adjusted separately by sector. Securities in the Technology sector undergo a two-stage weight adjustment while securities in the Telecom sector undergo a one-stage weight adjustment.

**Technology Stage 1:** Initial index weights of Technology Index Securities are adjusted to meet the following Stage 1 constraints, producing Stage 1 weights:

- No Technology Index Security weight may exceed 8% of the entire index.
- The collective weight of Technology securities must equal 80%.

**Technology Stage 2:** Stage 1 weights of Technology Index Securities are adjusted to meet the following Stage 2 constraints, producing their final weights:

- For Technology Index Securities with the five largest modified dividend capitalizations among Technology securities, Stage 1 weights are maintained.
- For all other Technology Index Securities, no weight may exceed 4% of the entire index.
- The collective weight of Technology securities must equal 80%.

**Telecom:** Initial index weights of Telecom Index Securities are adjusted to meet the following constraint:

- No Telecom Index Security weight may exceed 2% of the entire index.
- The collective weight of Telecom securities must equal 20%.

The final set of index weights satisfies the following constraints:

- Securities in the Technology sector must have a collective weight of 80%, unless necessitated to change by security-level constraints.
- No Technology Index Security weight may exceed 8%.
- No more than five Technology securities may have weights exceeding 4%.
- Securities in the Telecom sector must have a collective weight of 20%, unless necessitated to change by security-level constraints.
- No Telecom Index Security weight may exceed 2%.

Index Shares are calculated by multiplying final Index Security weights by the Index's aggregate dividend market value and dividing by its their respective Last Sale Prices.

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

## 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.

Additionally, an Index Security that suspends its dividend payments based on the prior ex-date of the last dividend distributed at each month's end will be removed at market open the next trading day after the third Friday of the following month. 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 **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

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 **Nasdaq 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 exchange 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 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**.

## **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.

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