



INDEX METHODOLOGY

# NASDAQ RISKALYZE DEVELOPED MARKETS INDEX

## NQRSKDM

### INDEX DESCRIPTION

The Nasdaq Riskalyze Developed Markets Index seeks to create a diversified portfolio of low volatility and liquid securities.

### SECURITY ELIGIBILITY CRITERIA

#### **Parent index**

A security must be a component of the Nasdaq Developed Markets Ex-US Large Mid Cap Index (NQDMXUSLM) on the Index Reconstitution Reference Date.

#### **Multiple classes of securities**

One security per issuer is permitted. If an issuer has multiple listed security classes, the security with the highest three-month average daily traded value generally is considered for inclusion in the Index.

If a current Index Security meets all criteria for Index Inclusion, the security may remain in the Index even when another security issued by the same issuer has a higher average daily traded value.

#### **Liquidity eligibility**

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

#### **Seasoning eligibility**

A security must have been traded for at least one calendar year from the index reconstitution reference 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 April and October.

### **Reconstitution reference dates**

The Security Eligibility Criteria are applied using market data as of the month-end before the effective date (March and September).

### **Reconstitution announcement dates**

Index Reconstitutions are announced in early April and October.

### **Reconstitution effective dates**

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

### **Rebalance schedule**

The Index is rebalanced semi-annually in conjunction with the reconstitution in April and October. The reference, announcement, and effective dates are the same as those of the Reconstitution.

## **CONSTITUENT SELECTION**

### **Constituent selection process**

Securities that meet the above criteria are ranked by trailing twelve-month volatility within their respective countries. The 25 securities with the lowest volatility from each country are selected for inclusion in the Index. If fewer than 25 securities qualify from a particular country, all securities are selected from that country for inclusion in the Index.

## CONSTITUENT WEIGHTING

### Constituent weighting scheme

The Index is a modified equal-weighted index.

### Constituent weighting process

The Index employs a two-level weight adjustment scheme.

Securities are classified at their Industry level as defined by the Industry Classification Benchmark (ICB), a product of FTSE International Limited that is licensed for this use. The initial weight of each country-Industry pair in the Index is assigned to be equal to the aggregate market value of the country-Industry pair in NQDMXUSLM divided by the aggregate NQDMXUSLM market value of all country-Industry pairs represented in the Index. Within each country-Industry pair initial security weights are assigned to be equal.

Initial weights are then adjusted such that no Index Security weight may exceed 3%.

## 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 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 "Non-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 rebalance and reconstitution 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**.

### **Holiday schedules**

The Indexes are calculated Monday through Friday and does not close as it is a Global Index.

### **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 Index is calculated five (5) days a week, Monday through Friday, starting with the earliest time zone (Asia/Tokyo) and closing with the latest time zone (America/New York), 12:30:01 JST to 17:16:00 EST.

## 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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