

Nasdaq US Select Index Family Methodology

Index Description

The Nasdaq US Select Index Family is comprised of United States (US) securities comprised from the NASDAQ US Benchmark Index and broken into three size categories by full company market capitalization headcount of large, mid and small cap. Each category will be based on full company market capitalization rank with large ranking from 1 to 500, mid from 501 to 1100 and small from 1101 to 1800.

Index Calculation

The Nasdaq US Select Indexes are float adjusted market capitalization-weighted indexes. The value of the Index equals the aggregate value of the Index share weights, also known as the Index Shares¹, of each of the Index Securities multiplied by each security's Last Sale Price², and divided by the divisor of the Index. The divisor serves the purpose of scaling such aggregate value to a lower order of magnitude which is more desirable for Index reporting purposes. The Indexes began on January 11, 2016 at a base value of 1000.00.

The formula for the index value is as follows:

$$\text{Aggregate Adjusted Market Value/Divisor}$$

The formula for the divisor is as follows:

$$(\text{Market Value after Adjustments/Market Value before Adjustments}) \times \text{Divisor before Adjustments}$$

Three versions of each of the Indexes are calculated, as shown in [Appendix A](#).

- The price return index is ordinarily calculated without regard to cash dividends on Index Securities.
- The total return index reinvests cash dividends on the ex-date.
- The net total return index reinvests cash dividends on the ex-date and adjusts for an Index Security's country of incorporation withholding rate.

All Indexes reflect extraordinary cash distributions.

The Indexes are calculated and disseminated once per second from 9:30:01 to 17:16:00 Eastern Time (ET) in USD. The closing value of the Index(es) may change up until 17:15:00 ET due to corrections to the Last Sale Price of the Index Securities.

¹ Index Shares are the free float shares outstanding determined by multiplying the total shares outstanding by the free float factor provided by FTSE International Limited (FTSE).

² For purposes of this document, Last Sale Price refers to the last regular way trade reported on such security's Index Market. The Index Market is the listing market for which prices are received and used by Nasdaq in the Index calculation and generally will represent the most liquid trading market of the Index Security. If a security does not trade on its Index Market on a given day or the Index Market has not opened for trading, the most recent last sale price from the Index Market (adjusted for corporate actions, if any) is used. For securities where Nasdaq is the Index Market, the Last Sale Price may be the Nasdaq Official Closing Price (NOCP) when Nasdaq is closed.

Eligibility

Index eligibility is limited to specific security types only. The security types eligible for the Index include common stocks, and shares of beneficial interest of REITs.

Eligibility Criteria

To be eligible for inclusion in the Nasdaq US Select Index Family, a security must meet the following criteria:

- be included in the NASDAQ US Benchmark Index (NQUSB);
- one security per issuer is permitted. If an issuer has multiple listed security classes, the security with the highest median liquidity is generally considered for possible inclusion in the Index; and
- the security must have a three-month average daily dollar trading volume of at least \$500,000.

In addition, a security must meet the following criteria:

- **Large Cap (500) Segment Indexes** - Ranked within the top 500 securities, by full company market capitalization, in the NASDAQ US Benchmark Index (NQUSB).
- **Mid Cap (600) Segment Indexes** - Ranked within the next 600 securities, by full company market capitalization, in the NASDAQ US Benchmark Index (NQUSB).
- **Small Cap (700) Segment Indexes** - Ranked within the following 700 securities, by full company market capitalization, in the NASDAQ US Benchmark Index (NQUSB).

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, or other events as described in Section 3 of **Corporate Actions and Events Manual – Equities**.

Index Evaluation

The Indexes are evaluated semi-annually in March and September. Index Security additions and deletions are made effective after the close of trading on the third Friday of March and September.

Additionally, if at any time during the year other than the Evaluation, an Index Security no longer meets the Eligibility Criteria, or is otherwise determined to have become ineligible for inclusion in the Index, the security is removed from the Index and is not replaced. In all cases, a security is removed from the Index at its Last Sale Price. If, however, at the time of its removal the Index Security is halted from trading on its primary listing market and an official closing price cannot readily be determined, the Index Security may, in Nasdaq's discretion, be removed at a zero price. The zero price will be applied to the Index Security

after the close of the market but prior to the time the official closing value of the Index is disseminated, which is ordinarily 17:16:00 ET.

Index Maintenance

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. A change in the total shares outstanding arising from other corporate actions including, secondary offerings, stock repurchases, conversions, and acquisitions is made effective once a week.

Changes to the free float factor are made effective once a week.

In the case of a spin-off, if the spin-off security will meet the listing, domicile and incorporation criteria, it will be added to the same Index(es) as the parent company on the distribution date in accordance with Section 7.5 Spin-offs of the [NASDAQ Global Index Family Methodology](#). The spin-off Index Security will be further evaluated for compliance with all eligibility criteria at the next Index Evaluation.

Nasdaq may, from time to time, exercise reasonable discretion as it deems appropriate in order to ensure Index integrity.

Appendix A

Symbol	Index Name	Description
NQUS500LC NQUS500LCT NQUS500LCN	Nasdaq US 500 Large Cap Index Nasdaq US 500 Large Cap Total Return Index Nasdaq US 500 Large Cap Net Total Return Index	The Nasdaq US 500 Large Cap Index includes securities ranked from 1 to 500 by full company market capitalization of the NASDAQ US Benchmark Index (NQUSB).
NQUS600MC NQUS600MCT NQUS600MCN	Nasdaq US 600 Mid Cap Index Nasdaq US 600 Mid Cap Total Return Index Nasdaq US 600 Mid Cap Net Total Return Index	The Nasdaq US 600 Mid Cap Index includes securities that are ranked from 501 to 1100 by full company market capitalization of the NASDAQ US Benchmark Index (NQUSB).
NQUS700SC NQUS700SCT NQUS700SCN	Nasdaq US 700 Small Cap Index Nasdaq US 700 Small Cap Total Return Index Nasdaq US 700 Small Cap Net Total Return Index	The Nasdaq US 700 Small Cap Index includes securities ranked from 1101 to 1800 by full company market capitalization of the NASDAQ US Benchmark Index (NQUSB).

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