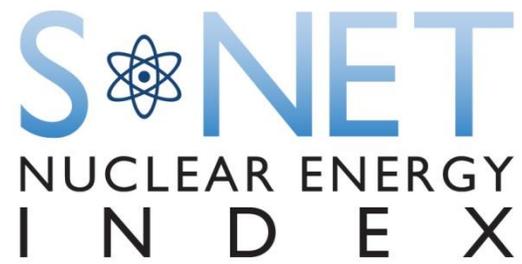


May 2017



## **Index Rules and Methodology**

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**S-Network Nuclear Energy Index (WNAI)**

## **(Formerly WNA Nuclear Energy Index) Rule Book (Section I)**

This document provides the rules for calculating and maintaining the S-Network Nuclear Energy Index (**Formerly WNA Nuclear Energy Index**), hereafter referred to as the “WNAI”. Included in these rules are the following: 1) a description of the WNAI, 2) the design specifications for the WNAI, and 3) the index calculation and data elements.

### **I. General Description**

The S-Network Nuclear Energy Index is an equity index designed to serve as an equity benchmark for globally traded stocks which are materially engaged in the Global Nuclear Energy Industry. The WNAI employs a hybrid weighting methodology designed to assure accurate investment exposure across the various business segments that together comprise the Global Nuclear Energy Industry.

The WNAI comprises five main business segments (“the Segments”):

**Primary Construction.** Publicly traded companies that provide primary construction services involving the engineering, building and maintenance of nuclear power facilities.

**Reactors.** Publicly traded companies that provide designs and services for the construction of nuclear reactors.

**Nuclear Power Generation.** Companies whose principal business is the supply of electrical power to countries, national sub-divisions (e.g. states or provinces) and municipalities, which derive over 20% of the power they produce from nuclear sources.

**Technology, Equipment and Service Providers.** Companies for which the supply of technologies, hardwares and services to the nuclear power industry are material to their financial performance, including suppliers of:

- **Component Hardware and Electronics**
- **Facility Management Services**
- **Nuclear Waste Disposal and Treatment Services, and**
- **Enabling Technologies**

**Fuels.** Companies principally engaged (>50% of total revenues) in the mining, processing and enrichment of Uranium and/or recycling and reprocessing nuclear fuels.

The WNAI contains stocks selected from a universe of equity securities traded on recognized stock exchanges in a) the Americas, b) Europe, Middle East & Africa (EMEA) and c) Asia/Pacific, based on a set of objective screening criteria.

The WNAI is divided into five tranches representing each of the four Segments: i) the Primary Construction tranche, which represents 15% of the total weight of the WNAI, ii) the Reactors tranche, which represents 15% of the WNAI, iii) the Nuclear Power Generation tranche, which represents 25% of the total weight of the WNAI, iv) the

Technology, Equipment and Services tranche, which represents 25% of the total weight of the WNAI, and v) the Fuels tranche, which represents 20% of the total weight of the WNAI.

The selection criteria include requirements for industry participation, primary exchange listing, minimum capitalization (adjusted for free float), minimum price and minimum average daily trading volume.

Each stock's relative weighting in the WNAI is determined based upon the tranche of the WNAI to which the index is assigned. Each tranche employs a separate weighting process and in the cases of Primary Construction and Reactors, a different methodology:

- i) **Primary Construction.** Companies are equal weighted.
- ii) **Reactors.** Companies are equal weighted.
- iii) **Technology, Equipment and Services.** Companies are capitalization weighted, adjusted for float. Individual company weights are capped at 3% of their weight in the WNAI.\*
- iv) **Nuclear Power Generation.** Companies are capitalization weighted, adjusted for float and further adjusted for the percent of total power output represented by nuclear energy. Individual company weights are capped at 3% of their weight in the WNAI.\*
- v) **Fuels.** Companies are capitalization weighted, adjusted for float. Individual company weights are capped at 3% of their weight in the WNAI.\*

*\*In certain instances, cap weights may be exceeded pursuant to Section VI(v).*

## II. Index Values at Inception

The WNAI index will have a value at inception of 1000, on its inception date of January 1, 2002. The WNAI index will be calculated as a Price Only Index and as a Total Return Index in both USD and EUR.

## III. The Index Committee

The WNAI Index Committee ("The Committee") will be composed of not less than three members. The Committee Chairman will have extensive experience in and expertise in financial markets and stock market characteristics. One of the members will have expertise in at least one of the above-named sectors of the nuclear energy industry.

The Committee will be responsible for maintaining a comprehensive list of companies that are materially engaged in at least one of the business segments (principally engaged in the Fuels segment) and the list will form the WNAI universe of stocks.

Impartial selection criteria will then be applied to these stocks to determine whether or not they should be included in the index.

The Committee will then review the stocks to be included in the WNAI and may reject any stock that it believes does not meet its overall standards for risk and sound business practice.

The Committee will meet quarterly, either in person or via teleconference, to discuss index issues and organize the quarterly or special rebalancings.

The composition of the Committee may from time to time be changed to reflect changes in market conditions.

#### IV. Eligibility Criteria

Only companies that meet the following eligibility criteria for their applicable index tranche (the “Qualified Universes”) may be considered for inclusion in the WNAI index. Certain of the eligibility requirements differ between the four tranches:

- i) **Primary Construction.** Due to the lack of pure play companies in this segment of the nuclear energy industry, companies are eligible if they are *materially* engaged in the industry and/or they provide a unique design or service capability that is required for the construction of a nuclear power facility. Materiality is defined as having or potentially having an influence on either revenues or net income equal to or greater than 5%.
- ii) **Reactors.** Only three entities that are owned or operated by publicly traded companies provide designs and building services for nuclear reactors. Together these entities have designed over 80% of the reactors in operation outside the former Soviet Bloc and maintain the most advanced Generation III and IV designs.
- iii) **Nuclear Power Generation.** Includes public utilities and independent power producers that derive over 20% of the power they generate from nuclear sources. Companies in this tranche will be capitalization weighted, adjusted for float and then further adjusted by a factor equal the amount of nuclear power produced by the utility as a percent of its total power output.
- iv) **Fuels.** Includes companies that are principally engaged in uranium mining and nuclear fuel processing and reprocessing. Principally engaged is defined as deriving more than 50% of revenues from the businesses described herein. (Eligible companies contained in this tranche generate approximately 80% of their revenues from applicable business.)
- v) **Technology, Equipment & Services.** Due to the lack of pure play companies in this segment of the nuclear energy industry, companies are eligible if they are a) *materially* engaged in the industry, b) provide unique products or service capabilities that are required in the construction and/or maintenance of a nuclear power facility, and/or c) provide components used in the construction or maintenance of nuclear

power facilities that maintain international design certifications for use in nuclear power generation.

## V. Other Eligibility Criteria

**Only companies that meet the following eligibility criteria may be included in the WNAI.**

- i) The company's stock must trade on a recognized North American, European or Asian stock exchange. (National Stock Exchange, formerly NASDAQ, stocks must be "reported securities" under 11Aa3-1 of the Securities and Exchange Act, i.e., National Market System stocks, and similar criteria apply to stocks with foreign listings.) Only actual common shares outstanding are eligible for inclusion. For companies with multiple share classes, the eligibility of each share class will be considered based upon overall liquidity (average daily trading volume) as if each represented a separate company. A list of approved exchanges is shown in Appendix A.
- ii) The stock must have an average daily closing price greater than USD 2, or the equivalent amount in its listing currency, for the preceding three months or the entire period of its stock exchange listing, if less than three months. Companies in the Fuels tranche are exempt from this requirement.
- iii) The minimum capitalization value for each stock will be determined at index inception and will be revised with each annual reconstitution to reflect current market levels. The minimum capitalization value, adjusted for free float, for any stock will be greater than USD 300 million, or the equivalent amount in its listing currency. Companies in the Technology, Equipment & Services tranche must have minimum capitalization values, adjusted for free float, greater than USD 100 million. Companies in the Fuels tranche must have minimum capitalization values, adjusted for free float, greater than USD 50 million.
- iv) A WNAI constituent whose float-adjusted capitalization falls below 50% of the minimum on the date of the annual reconstitution shall be deleted from the WNAI after the close on the effective date of the reconstitution.
- v) Companies must have turnover (shares traded X average share price) of at least USD 1 million per day for the three months preceding the last trading date of the second month of each calendar quarter.
- vi) A constituent whose three-month average daily trading volume falls below USD 750,000 on the date of the quarterly rebalancing shall be deleted from the WNAI before the open of trading on the effective date.

## VI. Constituent Weightings

- i) Each of the five tranches is subject to a separate weighting process, so that the combined weights of all the components of the Primary Construction tranche equals 15% of the total WNAI index; the combined weight of the components in the Reactors tranche equals 15% of the total WNAI index; the combined weights of all the components of the Nuclear Power Generation tranche equals 25% of the total WNAI index; the combined weights of all the components in the Technology, Equipment & Services tranche equals 25% of the total WNAI index; and the combined weights of all the components in the Fuels tranche equals 20% of the total WNAI index.
- ii) Index constituents are assigned weights based on their relative float adjusted market capitalizations within the Fuels and Technology, Equipment and Services tranches. Index constituents are assigned weights based on their relative float adjusted market capitalizations, adjusted for the percentage of total power generated by the constituent from nuclear means within the Power Generation tranche. Index constituents in the Primary Construction and Reactor tranches are equally weighted.
- iii) Index constituents shall be subject to limitation on their float-adjusted capitalization weighting in their respective tranche of the WNAI in that no stock's Index weight shall exceed 5%, except for stocks contained in the Primary Construction and Reactors tranches, in which no stock's Index weight shall exceed 5%.
- iv) The following procedure shall be used to ensure that no WNAI constituent weighting exceeds a pre-determined maximum weight on the rebalancing date:

Step 1: Sort the constituents of each tranche (except Primary Construction) by float market capitalization in descending order.

Step 2: Equal weight the components in the Primary Construction tranche to a total value of 15%

Step 3: Equal weight the components in the Reactors tranche to a total value of 15%

Step 3: In each of the remaining tranches, calculate each individual component's weight by dividing its float market cap by the aggregate market cap of the tranche.

Step 4: Adjust the weights as follows for Fuels Tranche:

A: The weight of any component is capped at 20% of the aggregate weight of the tranche. The excess weight is redistributed on a pro-rated basis to the remaining components. The process for pro rata distribution of excess weight is as follows:

float market cap of each company with a weight of less than 20% / the aggregate float market cap of companies with weights less than 20% X the excess weight + company's original weight.

B: If, after steps completing this process, a component has a weight greater than 20%, repeat the same process until weight limits are satisfied.

Step 5: Adjust the weights as follows for the Technology, Equipment and Services Tranche:

A: The weight of any component is capped at 12% of the aggregate weight of the tranche. The excess weight is redistributed on a pro-rated basis to the remaining components. The process for pro rata distribution of excess weight is as follows: float market cap of each company with a weight of less than 12% / the aggregate float market cap of companies with weights less than 12% X the excess weight + company's original weight.

B: If, after steps completing this process, a component has a weight greater than 12%, repeat the same process until weight limits are satisfied.

Step 6: Adjust the weights as follows for Power Generation Tranche:

A: The weight of any component is capped at 12% of the aggregate weight of the tranche. The excess weight is redistributed on a pro-rated basis to the remaining components. The process for pro rata distribution of excess weight is as follows: float market cap of each company with a weight of less than 12% / the aggregate float market cap of companies with weights less than 12% X the excess weight + company's original weight.

B: If, after steps completing this process, a component has a weight greater than 12%, repeat the same process until weight limits are satisfied.

Step 7: Multiply each constituent of each tranche by the respective tranche weight until a total of 100% is reached for the entire index.

- v) In the event a tranche has an insufficient number of companies to facilitate the capping procedure described in Section VI(iv) step 4, the capping procedure in Section VI(iv) step 4 should be employed and the difference between the aggregate weights of the capped companies and the tranche weight should be redistributed over the entire index using the following methodology:

Step 1: Divide the excess weight among the tranches according to the fixed tranche weights.

Step 2: The excess weight assigned to the construction tranche should be divided equally among the constituents.

Step 3: The Excess weights assigned to the other tranches should be distributed among the tranche constituents on a capitalization weighted, float adjusted basis. No further capping procedures should be employed.

- vi) Any stock with a modified weight in excess of 10% of the total weight of the index shall be capped at 10% and the excess weight shall be redistributed across all the other index constituents in the index in proportion to their respective weights in the index, less the weight of the capped company.
- vii) The sum of the weights of all stocks of more than 5% shall be capped at 40% and the weights of the 5% stocks shall be reduced on a proportional basis. The excess weight shall be applied to the remaining stocks in the index on a proportional basis.

## **VII. Rules for Reconstitutions, Rebalances, and Index Changes**

The WNAI is calculated externally by Standard and Poor's. The Calculation Agent is also responsible for index maintenance and price dissemination. The calculation, maintenance and dissemination rules are as follows:

**Index Changes.** Shares outstanding totals for component stocks are updated during the quarterly review. However, if the number of float-adjusted shares outstanding for an index component changes by more than 5% due to a corporate action, the shares' total will be adjusted immediately after the close of trading on the date of the event. Whenever possible, changes will be announced at least two business days prior to its implementation. The effective date for changes in shares outstanding due to stock dividends, splits and other corporate actions are adjusted at the discretion of index committee or designee.

**Index Reconstitutions.** The Indexes are reconstituted annually; during which the Index Committee submits to the Calculation Agent a list of all identifiable companies worldwide that meet the primary eligibility criteria for inclusion in the WNAI. All candidates and current constituents are screened against the WNAI 'Other Eligibility Criteria', and additions to and deletions from the WNAI are determined. Once the Committee has approved additions and deletions, the Indexes are rebalanced to reflect all changes.

**Additions and Deletions.** Additions to the WNAI are made at the close of trading on the annual reconstitution dates (third Friday of the last month of each calendar year).

Deletions to the Indexes are made 1) at the close of trading on the annual reconstitution dates (third Friday of the last month of each calendar year) for companies that fail to meet the inclusion criteria and 2) at any time, in the event a company is de-listed, files for bankruptcy, is acquired or merges with another company.

## **VIII. Roles of Parties in the Annual Reconstitutions.**

- i) The Committee, or its designee, will submit to the Calculation Agent a list of index constituents for possible inclusion in WNAI at the close of US markets on the Monday following the third Friday of the month prior to the rebalancing month.
- ii) The Calculation Agent will use the remaining criteria in V to statistically screen the list of index constituents to confirm their eligibility for the index based on closing prices and values as of last trading date of the second month of each calendar quarter.
- iii) On the first Friday of the rebalancing month, the Calculation Agent shall provide the Committee, or its designee, with a list of constituents for the WNAI.
- iv) The Committee shall approve or reject the changes and notify the calculation agent of its decisions not later than the Wednesday following the first Friday of the rebalancing month.
- v) Not later than the Wednesday following the first Friday of the rebalancing month, the Index Committee or its designee will issue a press release announcing additions and deletions to WNAI. The press release will be posted on the WNAI web site. (Announcement date.)
- vi) The Calculation Agent will provide final share weights to the Committee or its designee on the second Friday of the rebalancing month. Weights will be based on prices as of the close of trading on the preceding Thursday, or the Thursday prior to the second Friday of the rebalancing month.
- vii) The WNAI Index Committee or its designee will approve the final share weights prior to the close of US markets on the second Friday.
- viii) The Calculation Agent will distribute final share weights to all approved parties via email and FTP after the close of US markets on the second Friday.
- ix) The effective date of the rebalancing will be the third Friday of the rebalancing month. The Calculation Agent will post all final rebalancing data and information on its FTP server on the second Friday of the rebalancing month barring the Index Committee Approval.
- x) WNAI will post all rebalancing data on its website prior to the open on the next business day following the rebalancing date.

**IX. Calculation of Index Values**

- i) The Calculation Agent will calculate index values using price data on each reported trade it receives on each component security.

- ii) The Calculation Agent will distribute index values to vendors at set 15-second intervals, provided the index value has changed from the previously distributed value.
- iii) The index calculations will start at 18:00 (EST - US) for the next trading day (opening price). At that time, the index will begin changing as new prices or exchange rates are processed.
- iv) Index calculation will cease each trading day at 17:00 (EST-US) and official summaries will be disseminated between 17:00 (EST-US) and 19:00 (EST-US) (closing price).
- v) Each week, the indexes will be calculated starting Sunday night at 18:00 through Friday night at 17:00.
- vi) If, during periods when the index is calculated, one or more markets are closed, the index calculation will continue using the last closing price for those stocks that trade on the closed exchange(s).
- vii) Stocks denominated in foreign currencies will be converted to USD with each reported price using exchange rates derived from Reuters. Official closing prices for the indexes will be calculated using the WM Rates (4PM London fixing).
- viii) The indexes will also be calculated and disseminated in USD and EUR.
- ix) The indexes will also be calculated and disseminated in USD and EUR using Luxembourg Dividend Tax Rates to calculate net total return.

## X. Dissemination

Index values will be disseminated in US dollars via Chicago Mercantile Exchange using the following tickers:

<u>Index</u>	<u>Ticker</u>
S-Network Nuclear Energy Index (WNAI)	WNAI
In Euro	WNAIE

## XI. Ongoing Maintenance

- i) In addition to the scheduled quarterly reviews, the WNAI Family is reviewed on an ongoing basis. Changes in index composition and related weight adjustments are necessary whenever there are extraordinary events such as delisting, bankruptcy, mergers or takeovers involving index components. In these cases, each event will be taken into account as soon as it is effective. **A rebalance of the index affected by these events will be at the discretion of the index committee in the event a significant component affected.** Whenever possible, the changes in the index's components will be announced at least two business days prior to their implementation date.

- ii) **Changes of Eligible Securities.** In the event that a component no longer meets the eligibility requirements described in Section V herein, it will be removed from the index.
- iii) **Changes of Primary-Market Listing.** When a company's primary market listing changes from one region to another, it will be removed from its current regional index when it is de-listed and will be considered for addition to its new regional index.
- iv) **Changes of Industry Classification.** Companies are eligible for inclusion in the WNAI based on the revenues received from its applicable business segment. Mergers, takeovers, and spin-offs, as well as organic growth in a company's business segments, may cause a company to lose its eligibility. In such a circumstance, the company will be deleted from the index. A company's classification may also require an immediate change as the result of a special event such as a merger, takeover or spin-off.
- v) **Splits and Spin-offs.** If an index constituent splits or spins off a portion of its business to form one or more new companies, all of the companies involved in the spin-off will be immediately included in the WNAI Family, if they would otherwise qualify for membership.
- vi) **Mergers.** If two index constituents merge, their component positions will be replaced by the surviving company immediately. The Calculation Agent will adjust the float-adjusted shares outstanding for the surviving company to reflect the changes in both its total shares and any float blocks, regardless of the percentage changes in the survivor. If an index constituent merges with a non-component company, its component position will be replaced by the new company, if the new company meets all eligibility criteria described in Section IV herein. In the event of mergers of equals, the combined trading history of the predecessor companies shall be used for evaluation.
- vii) **Takeovers.** If an index component is taken over by another component company, the former will be removed from the index immediately upon completion of the takeover. If an index component is taken over by a non-component company, it will be replaced by the acquiring company immediately, if the acquiring company meets all the eligibility criteria described in Section IV herein. **The Calculation Agent will maintain a watch list of eligible replacement companies; in the event a constituent of one of the sector sub-indexes is deleted from one of the sector sub-indexes, the next highest ranking non-component will be added to the index.**
- viii) **Share Offerings, Tenders and Purchases.** If a component is involved in a secondary share offering, rights offering, or conversion of debt or preferred stock to common shares that results in an increase of more than 5% in float-adjusted shares outstanding, the Calculation Agent will adjust the shares outstanding and float as soon as practicable following completion of the transaction, subject to a two-day notification period. The Calculation Agent also will adjust float-adjusted shares outstanding decreases of 5% or more

due to Dutch auctions, share repurchase programs, and block purchases by insiders, subject to a two-day notification period.

- ix) Removal of Companies Due to Delisting, Bankruptcy or Extreme Financial Distress. If an index constituent is de-listed by its primary market, or is in bankruptcy proceedings, it will be removed from the index.

- \* If an index component is de-listed by its primary market due to failure to meet financial or regulatory requirements, it will be removed from the index.

- \* If an index component enters bankruptcy proceedings, it will be removed from the index and will remain ineligible for re-inclusion until it has emerged from bankruptcy. However, the Committee may, following a review of the bankrupt company and the issues involved in the filing, decide to keep the company in the index.

- \* The Committee may, at its discretion, remove a company it has determined to be in extreme financial distress from any WNAI Family index to which it belongs, if the Committee deems the removal necessary to protect the integrity of the index and the interests of investors in products linked to that index.

- x) Pricing of Stocks in Extreme Financial Distress for Index Maintenance.

- \* When a stock is suspended from trading due to financial distress and subsequently de-listed by its primary market prior to resumption of trading, the Calculation Agent will use the best-available alternate pricing source to determine the value at which the company should be removed from the index.

- \* If the stock's primary market price is no longer available due to its suspension or de-listing, a current price from another exchange, such as a regional or electronic marketplace, may be used. In the absence of those prices in the case of U.S. securities, OTC Bulletin Board, OTC Equity (non-OTCBB stocks), and Pink Sheet traded prices could be applied in that order.

- \* If neither a traded price nor a bid/asked range is available, the Committee will evaluate the status of the suspended stock. The Committee may consult with managers of portfolios linked to indexes in which the stock is a constituent in determining the value of the stock. If the Committee concludes that the security has become worthless or is likely to remain too illiquid to be traded, it will be removed from the index at .01 local currency of the stock.

## **XII. Float Adjustment**

All stock issues in the index are assigned a float factor, ranging from 0 and 1, which accounts for publicly available and freely traded shares of the company.

Three types of shareholders whose holdings are considered to be control blocks are subject to float adjustment:

1. Holdings by other publicly traded corporations, venture capital firms, private equity firms/strategic partners or leveraged buy-out groups;
2. Holdings by government entities, including all levels of government (restricted only to governments of domestic listing markets);
3. Holdings by current or former officers and directors of the company, founders of the company, or family trusts of officers, directors or founders. Secondly, holdings of trusts, foundations, pension funds, employee stock ownership plans or other investment vehicles associated with and controlled by the company.

The holdings within each group form a cumulative total. In cases where holdings in a group exceed 10% of the outstanding shares of a company, the holdings of that cumulative group will be excluded from the float-adjusted count of shares to be used in index calculations. To arrive at the 10% and over calculations, individual holdings below 5% will be ignored. Holdings under 5% will only be taken into account if they belong to clearly related shareholders like family members or board members.

Additionally, statutory limits on foreign ownership are recognized and applied where necessary.

Float factors are sourced through Standard & Poors Custom Indexes. In the event Standard & Poors Custom Indexes does not provide float data on a specific index constituent, a recognized publicly available source is used.

The Index Committee may review float data on a periodic basis and may conduct its own review of individual float factors it deems inconsistent with other publicly available float calculations and, in certain instances, may adjust the float factor used.

### **XIII. Calculation and Adjustments**

#### **i) Input Data Sources**

- \* Real-time stock prices are provided by Reuters. The latest trading price is used for index calculation.
- \* The number of shares is determined separately for each class of stock. This information is obtained from regulatory filings and a variety of data vendors. The data also may be sourced from the companies themselves.
- \* Corporate actions are sourced from public news services, regulatory filings and data vendors. The companies themselves may be used as an additional source.
- \* Float data are obtained from a variety of sources including data vendors, exchanges, regulators and the companies themselves.

#### **ii) Index Formula.** The index is calculated using a Laspeyres formula. This formula is used for the calculation of the return index and the price index. The

only difference is that the divisor  $D_t$  is different for the two indexes (return index and price index).

The index is computed as follows:

$$\text{Index}_t = \frac{\sum_{i=1}^n (p_{it} \times q_{it})}{C_t \times \sum_{i=1}^n (p_{i0} \times q_{i0})} \times \text{Base Index Value} = \frac{M_t}{B_t} \times \text{Base Index Value}$$

The above mentioned formula can be simplified as:  $\text{Index}_t = \frac{M_t}{D_t}$

Where:

$$D_t = \frac{B_t}{\text{base index value}} = \text{divisor at time (t)}$$

- $n$  = the number of stocks in the index
- $p_{i0}$  = the closing price of stock  $i$  at the base date (December 31, 2001)
- $q_{i0}$  = the number of shares of company  $i$  at the base date (December 31, 2001)
- $p_{it}$  = the price of stock  $i$  at time  $(t)$
- $q_{it}$  = the number of shares of company  $i$  at time  $(t)$
- $C_t$  = the adjustment factor for the base date market capitalization
- $t$  = the time the index is computed
- $M_t$  = market capitalization of the index at time  $(t)$
- $B_t$  = adjusted base date market capitalization of the index at time  $(t)$

Dividend payments are not taken into account in the price indexes, whereas dividend payments are reinvested in the index samples of the total return indexes.

- iii) Divisor Adjustments. Corporate actions affect the share capital of component stocks and therefore trigger increases or decreases in the index. To avoid distortion, the divisor of the index is adjusted accordingly.
- iv) Changes in the index's market capitalization due to changes in the composition (additions, deletions or replacements), weighting (following quarterly reviews or changes of more than 10% in a single component's share number) or corporate actions (mergers, spin-offs, rights offerings, repurchase of shares, public offerings, return of capital, or special cash or stock distributions of other stocks) result in a divisor change to maintain the index's continuity. By adjusting the divisor, the index value retains its continuity before and after the event.

\* Formulae for Divisor Adjustment. The following formulae will be used for divisor adjustments. (Note: No divisor adjustments are necessary for stock splits, since market capitalization does not change and the share number and share price are adjusted prior to the opening of trading on the split's ex-date.)

$$D_{t+1} = D_t \times \frac{\sum (p_{it} \times q_{it}) \pm \Delta MC_{t+1}}{\sum (p_{it} \times q_{it})}$$

Where:

$D_t$  = divisor at time (t)

$D_{t+1}$  = divisor at time (t+1)

$p_{it}$  = stock price of company i at time (t)

$q_{it}$  = number of shares of company i at time (t)

$DMC_{t+1}$  = add new components' market capitalization and adjusted market capitalization (calculated with adjusted closing prices and shares effective at time t+1 and/or minus market capitalization of companies to be deleted (calculated with closing prices and shares at time t)

Note: If the current trading price of an issue is unavailable, the previous trading session's closing price is used. However, if the issue is affected by any corporate action that requires an adjustment, then the adjusted price is used.

\* Adjustments for Corporate Actions. An index divisor may decrease (▼) or increase (▲) or keep constant (■) when corporate actions occur for a component stock. Assuming shareholders receive "B" new shares for every "A" share held for the following corporate actions:

▼ A) CASH DIVIDEND (applied for return index only)

adjusted price = closing price - dividend announced by the company

▼ B) SPECIAL CASH DIVIDEND (applied for price and return index)

adjusted price = closing price - dividend announced by the company

■ C) SPLIT AND REVERSE SPLIT

adjusted price = closing price \* A / B new number of shares = old number of shares \* B / A

■ D) RIGHTS OFFERING

adjusted price = (closing price \* A + subscription price \* B) / (A + B) new number of shares = old number of shares \* (A + B) / A

■ E) STOCK DIVIDEND

adjusted price = closing price \* A / (A + B) new number of shares = old number of shares \* (A + B) / A

▼ F) STOCK DIVIDEND OF A DIFFERENT COMPANY SECURITY

adjusted price = (closing price \* A - price of the different company security \* B) / A

▼ G) RETURN OF CAPITAL AND SHARE CONSOLIDATION

adjusted price = (closing price - dividend announced by company) \* A / B new number of shares = old number of shares \* B / A

## ▼ H) REPURCHASE SHARES-SELF TENDER

adjusted price =  $[(\text{price before tender} * \text{old number of shares}) - (\text{tender price} * \text{number of tendered shares})] / (\text{old number of shares} - \text{number of tendered shares})$

new number of shares = old number of shares - number of tendered shares

## ▼ I) SPIN-OFF

adjusted price =  $(\text{closing price} * A - \text{price of spun-off shares} * B) / A$

## ▲ J) COMBINATION STOCK DISTRIBUTION (DIVIDEND OR SPLIT) AND RIGHTS OFFERING

Shareholders receive B new shares from the distribution and C new shares from the rights offering for every A shares held:

\* If rights are applicable after stock distribution (one action applicable to other). adjusted price =  $[\text{closing price} * A + \text{subscription price} * C * (1 + B / A)] / [(A + B) * (1 + C / A)]$  new number of shares = old number of shares \*  $[(A + B) * (1 + C / A)] / A$

\* If stock distribution is applicable after rights (one action applicable to other). adjusted price =  $[\text{closing price} * A + \text{subscription price} * C] / [(A + C) * (1 + B / A)]$  new number of shares = old number of shares \*  $[(A + C) * (1 + B / A)]$

▲ K) STOCK DISTRIBUTION AND RIGHTS (NEITHER ACTION IS APPLICABLE TO THE OTHER) adjusted price =  $[\text{closing price} * A + \text{subscription price} * C] / [A + B + C]$  new number of shares = old number of shares \*  $[A + B + C]$

- v) Computational Precision. Index values are rounded to two decimal places and divisors are rounded to integers. Any values derived by the index calculation engine from a corporate action used for the divisor adjustments and index computations are rounded to seven decimal places.

#### XIV. Data Correction Policy

To maintain a high standard of data integrity, a series of procedures have been implemented to ensure accuracy, timeliness and consistency. Input prices are monitored using a variety of computerized range-check warning systems for both ticker-plant and real-time index systems. Fault tolerant methods are employed in the collection of market and corporate action data. Various verification and audit tasks are performed to ensure the quality of the real-time data feeds and related market data. While every effort is taken to ensure the accuracy of the information used for the index calculation, an index error may occur due to incorrect or missing data, including trading prices, exchange rates, shares outstanding and corporate actions, due to operational errors or other reasons.

- i) Intraday Corrections. Reasonable efforts are employed to prevent erroneous data from affecting the indexes. Corrections will be made for bad prices and incorrect or missing corporate actions as soon as possible after detection.

- ii) Since the indexes are calculated on a real-time basis, an incorrect index value tick will not be fixed retroactively. Incorrect daily high/low index values will be corrected as soon as practicable.
- iii) Index-Related Data and Divisor Corrections. Incorrect pricing and corporate action data for individual issues in the database will be corrected upon detection. In addition, an incorrect divisor of an index, if discovered within five days of its occurrence, will always be fixed on the day it is discovered to prevent an error from being carried forward.
- iv) If a divisor error is discovered more than five days after occurrence, the adjustment will depend on how significant the error is, how far back the error occurred and the feasibility of performing the adjustment.

## **XV. APPENDIX REVIEW SCHEDULE**

### Shares Updates

Frequency: Quarterly

Effective date: The Monday after the 3rd Friday of that month

Advance notice: At least two business days

### Quarterly Review

Frequency: Quarterly

Effective date: The Monday after the 3rd Friday of that month

Advance notice: At least two business days

### News Notification

Frequency: As needed

Effective date: As announced

Advance notice: At least two business days whenever possible

\* Includes events such as de-listings, mergers, bankruptcies and other extraordinary events.

\* Based on available news.

**APPENDIX A: List of Approved Exchanges**

EXCHANGE	COUNTRY
ASE	Australia
ASX	Australia
Australia	Australia
Australian	Australia
Vienna	Austria
EN Brussels	Belgium
Euron. Brussels	Belgium
Canada Ntnl	Canada
Toronto	Canada
Prague	Czech Republic
Prague-SPAD	Czech Republic
Copenhagen	Denmark
Tallin	Estonia
Tallinn	Estonia
Helsinki	Finland
EN Paris	France
Euronext Paris	France
Berlin	Germany
Frankfurt	Germany
Munich	Germany
Stuttgart	Germany
Xetra	Germany
London	Great Britain
London Intl	Great Britain
Athens	Greece
Hong Kong	Hong Kong
Budapest	Hungary
Dublin	Ireland
Tel Aviv	Israel
Brsaltaliana	Italy
Milan	Italy
Fukuoka	Japan
JASDAQ	Japan
Nagoya	Japan
Osaka	Japan

EXCHANGE	COUNTRY
Tokyo	Japan
KO	Korea, Rep.
Luxembourg	Luxembourg
Bursa Malays	Malaysia
Bursa Malaysia	Malaysia
Kuala Lumpur	Malaysia
Reykjavik	Nasdaq Omx
EN Amsterdam	Netherlands
Euron. Amsterdam	Netherlands
New Zealand	New Zealand
NZX	New Zealand
Norway OTC	Norway
Oslo	Norway
Prague SE	Poland
Warsaw	Poland
Warsaw Continuou	Poland
EN Lisbon	Portugal
Euronext Lisbon	Portugal
Singapore	Singapore
Korea SE	South Korea
KOSDAQ	South Korea
Continuous	Spain
Madrid-SIBE	Spain
Nordic GM	Sweden
Stockholm	Sweden
SIX Swiss	Switzerland
SIX Swiss Ex	Switzerland
Nasdaq	United States
NASDAQ CM	United States
NASDAQ GM	United States
NASDAQ GS	United States
New York	United States
NYSE Amex	United States
NYSE Arca	United States
NYSE MKT LLC	United States