

# NASDAQ US All Market Index<sup>®</sup> Family Methodology

## Index Description

The NASDAQ US All Market Index Family tracks the performance of securities whose issuer is incorporated and domiciled in the United States (US) or another country in North America, excluding Canada or in any of the Beneficial Countries and files domestic reports with the US Securities and Exchange Commission (SEC).

## Index Calculation

The NASDAQ US All Market Indexes are float adjusted market capitalization weighted indexes. The value of each Index equals the aggregate value of the Index share weights, also known as the Index Shares<sup>1</sup>, of each of the Index Securities multiplied by each such security's Last Sale Price<sup>2</sup>, 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 reporting purposes. The Indexes began at a base value of 1000.00.

The formula for index value is as follows:

Aggregate Adjusted Market Value/Divisor

The formula for the divisor is as follows:

(Market Value after Adjustments/Market Value before Adjustments) X Divisor before Adjustments

Two versions of each of the Indexes are calculated – a price return index and a total return index.

- 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.

All Indexes reinvest extraordinary cash distributions.

The Indexes are calculated and disseminated once per second from 9:30:01 to 17:16:00 ET in USD. 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. If trading in an Index Security is

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<sup>1</sup> 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). The free float factor is based on bands established by FTSE. For additional information on the FTSE free float methodology go to [http://www.ftse.com/Indices/FTSE\\_All\\_World\\_Index\\_Series/Downloads/allworld\\_calculation.pdf](http://www.ftse.com/Indices/FTSE_All_World_Index_Series/Downloads/allworld_calculation.pdf)

<sup>2</sup> For purposes of this document, Last Sale Price refers to the following:  
For a security listed on NASDAQ, it is the last sale price on NASDAQ, which normally would be the NASDAQ Official Closing Price (NOCP) when NASDAQ is closed. For any NYSE-listed or NYSE MKT LLC-listed security, it is the last regular way trade reported on such security's primary U.S. listing market. If a security does not trade on its primary listing market on a given day, the most recent last sale price from the primary listing market (adjusted for corporate actions, if any) is used.

halted on its primary listing market, the most recent Last Sale Price for that security is used for all index computations until trading on such market resumes. Likewise, the most recent Last Sale Price is used if trading in a security is halted on its primary listing market before the market is open.

## Eligibility

Index eligibility is limited to specific security types only. The security types eligible for the Index include common stocks and REITs.

## Eligibility Criteria

To be eligible for inclusion in the NASDAQ US All Market Index, a security must meet the following criteria:

- be listed on The NASDAQ Stock Market<sup>®</sup> (NASDAQ<sup>®</sup>), the New York Stock Exchange or NYSE MKT LLC;
- be incorporated and domiciled in the United States, or another country in North America, excluding Canada, or in any of the Beneficial Countries;
- file domestic reports with the SEC;
- have a minimum market capitalization of \$25 million;
- have a minimum three-month average daily dollar trading volume of \$25 thousand;
- have a minimum free float of 20%, as provided by FTSE;
- have “seasoned” on one of the three US markets as listed above (generally, a company is considered to be seasoned if it has been listed on a market for at least three months; in the case of spin-offs, the operating history of the parent will be considered).
- may not be issued by an issuer currently in bankruptcy proceedings;

To be eligible for inclusion in the NASDAQ US Benchmark Index, a security must meet the following additional criteria:

- have a minimum market capitalization of \$150 million; and
- have a minimum three-month average daily dollar trading volume of \$100 thousand.

## Beneficial Countries

Bahamas	Ireland	Marshall Islands
Bermuda	Isle of Man	Monaco
British Channel Islands (Jersey & Guernsey)	Liberia	Netherlands
Cyprus	Luxembourg	Panama
Faroe Islands	Macau	Switzerland
Gibraltar	Malta	

## Index Evaluation

The Index Securities are evaluated semi-annually in March and September. The above Eligibility Criteria are applied using market data through the end of January and July.

Securities meeting the criteria are included in the Indexes. Security additions and deletions are made effective after the close of trading on the third Friday of March and September.

The NASDAQ US Benchmark Index (NQUSB) is segmented into the NASDAQ US Large Cap Index (NQUSL), NASDAQ US Mid Cap Index (NQUSM) and NASDAQ US Small Cap Index (NQUSS).

- NQUSL includes securities from the Large-Cap segment of NQUSB, and the top 300 securities by market capitalization in NQUSL are included in the NASDAQ US 300 Index (NQUSL300).\*
- NQUSM includes securities from the Mid-Cap segment of NQUSB capitalization, and the top 450 securities by market capitalization in NQUSM are included in the NASDAQ US 450 Index (NQUSM450).\*
- NQUSS includes securities from the Small-Cap segment of NQUSB capitalization, and the top 1500 securities by market capitalization in NQUSS are included in the NASDAQ US 1500 Index (NQUSS1500).\*

\*In the event there is less than 300, 450, or 1500 securities meeting the above referenced criteria for NQUSL300, NQUSM450, and NQUSS1500 Indexes respectively, then all securities within each of these ranges will be included in the appropriate Index.

In addition, each of the NQUSB, NQUSL, NQUSM and NQUSS are segmented using the Industry Classification Benchmark (ICB) according to Industry, Supersector, Sector and Subsector. An Index was created if it contained at least 5 Index Securities and did not contain the same securities as another sector index. In the case where there would be 2 Indexes with the same Index Securities, only the higher level Index was created. In the event an Index no longer contains 5 Index Securities, it will continue to be calculated until there are no Index Securities remaining. If at a semi-annual Index Evaluation, an Index that previously had less than 5 Index Securities contains at least 5 Index Securities, the Index will be launched at the effective date of the Index Evaluation.

Additionally, if at any time during the year other than the Index Evaluation, an Index Security no longer meets the Eligibility Criteria, or is otherwise determined to have become ineligible for inclusion in the Index(es), the security is removed from its Index and is not replaced. Ordinarily, a security will be 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.

In the case of a spin-off, if the spin-off security will meet the listing, incorporation and domicile criteria, it will be added to the same Index(es) as the parent company on the distribution date and will be evaluated for inclusion at the next Evaluation. If there is no pre-established price for the spin-off, it will be added at a 0 price to the Index.

### **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. If the change in total shares outstanding<sup>3</sup> arising from other corporate actions is greater than or equal to 10.0%, the change is made as soon as practicable. Otherwise, if the change in total shares outstanding is less than 10.0%, then all such changes are accumulated through the end of February, May, August and November and made effective at one time on a quarterly basis after the close of trading on the third Friday in March, June, September and December, respectively. Intraquarter, the Index Shares are adjusted by the same percentage amount by which the total shares outstanding have changed.

Changes to the free float factor will be made as soon as practical if the change is greater than 10%, otherwise free float factor changes as of the end of February, May, August and November will be updated and made effective after the close of trading on the third Friday in March, June, September and December, respectively in conjunction with the quarterly share changes noted above.

A special cash dividend announced by the listing exchange, will result in an adjustment to the Last Sale Price of an Index Security prior to market open on the ex-date for the special amount distributed. A special dividend may also be referred to as extra, extraordinary, non-recurring, one-time, unusual, etc.

Ordinarily, whenever there is a change in Index Shares, a change in an Index Security or a change to the price of an Index Security due to spin-offs, rights issuances or special cash dividends as mentioned above, the divisor is adjusted to ensure that there is no discontinuity in the value of the Index which might otherwise be caused by any such change. All changes are made after market close and are reflected in the Index the following morning.

### **Index Rebalancing**

The Indexes are rebalanced quarterly by applying changes in total shares outstanding and free float factor that have been accumulated during the quarter. Changes are made effective after the close of trading on the third Friday in each of March, June, September and December.

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

[Link to Appendix A](#)

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<sup>3</sup> If a security is a depositary receipt listed in the US, the total shares outstanding is the actual depositary shares outstanding as reported by the depositary banks.

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