



## **Rules for the Next 150 Index®**

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# 1. Composition of the Next 150 Index

- 1.1 *Next 150 Index* The Next 150 Index is a market capitalisation weighted price index. The eligible companies are listed companies on Euronext that are ranked between positions 100 and 250 in terms of market capitalisation. The index is based on the last trade prices of the stocks (including depository receipts for shares) and the weights are based on the current market capitalisation. Euronext should be read as the official markets operated by the subsidiaries of Euronext N.V.
- 1.2 *Design Next 150 Index* The Next 150 Index is structured in such a way that it can be considered to represent the general trends of all eligible stocks listed on Euronext which are not included in the Euronext 100 index.
- 1.3 **Composition**
- 1.3.1 *Universe* The Next 150 Index only includes shares issued by companies which are listed on Euronext.
- 1.3.2 *New listing* Newly listed stocks must trade at least 40 days at the time of the periodic assessment before becoming eligible.
- 1.3.3 *Excluded securities* The following entities do not qualify for inclusion in the selection universe:
- (a) Companies included in the Euronext 100 index;
  - (b) Holding companies<sup>1</sup> for companies listed on Euronext unless the compiler decides otherwise;
  - (c) Investment Instruments (as defined by the ICB classification system);
  - (d) Convertible preference shares and loan stocks until converted;
  - (e) Warrants, rights and other derivative securities;
  - (f) Other stocks as specified by the compiler.
- 1.4 **Selection**
- 1.4.1 *Selection* The companies included in the Next 150 Index are selected on the basis of the value of market capitalisation.
- 1.4.2 *Dual listing* Dual listings will be evaluated and the listing with the best effective share turnover in Euro will be selected as the price source. In cases where the effective share turnover of these dual listings is almost equal (to be determined at the discretion of the compiler), the compiler will decide which price source to use. This is to prevent switching between the two price sources at every review. The effective turnover will be collected over a period of three months before the review.
- 1.5 **Weighting**
- 1.5.1 *Maximum percentage weighting* The maximum percentage weighting of a constituent may not exceed 10% at the time of periodic adjustment of the index.

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<sup>1</sup> Holding companies are defined as companies whose main activity is to hold the shares of one other company.

1.5.2 *Weighting in shares* The weighting of each stock included in the Next 150 Index is determined by its current market capitalisation. This market capitalisation is calculated by multiplying the last trade share price by the total number of issued shares of the listed share category (on Euronext) that is included in the index. The total current number of shares in issue of each stock is included in the Next 150 Index.

1.6 **Index level calculation**

*Index level* The Next 150 Index value is equal to the current total market capitalisation of the index divided by the index divisor (see appendix 1)

1.7 **Depository receipts**

*Shares* In these rules the term “shares” includes depository receipts for shares.

## 2. Calculation and publication of the Next 150 Index

- 2.1 *Calculation of index* The level of the Next 150 Index is calculated by multiplying the number of shares contained in the index by the share prices published by Euronext for the shares of each constituent, and dividing the cumulative total by the divisor.
- 2.2 *Share prices* The share prices are the prices of transactions concluded during regular daytime trading in officially listed stocks on Euronext. Official stock opening prices are the first traded prices during official trading hours. Should an official opening price be unavailable, the previous trading days official closing price is used. In the case of corporate actions, the adjusted closing price is used.
- 2.3 *Cancellation of prices* The level of the Next 150 Index is calculated each trading day on the basis of the most recently published prices on that day. If prices are cancelled, the index will not be recalculated unless the Compiler decides otherwise.
- 2.4 *Publication frequency* The level of the Next 150 Index is in principle published every 15 seconds.
- 2.5 *Start calculation* The calculation of the level of the Next 150 Index starts when Euronext Amsterdam begins regular daytime trading in officially listed shares in accordance with the provisions of the Euronext Rule Book. If no price has been established for a constituent's share on the trading day concerned, the last known price established during regular daytime trading in officially listed shares on Euronext Amsterdam will be used.
- 2.6 **Opening and pre-opening**
- 2.6.1 *Opening level/opening criteria* The official opening level of the Next 150 Index is the first level published after a share price is available for all constituents. The official opening level is based on the last known prices at the time of publication. Index levels published before the official opening level is published are considered pre-opening index levels. (See 2.6.3)
- 2.6.2 *Opening if share prices unavailable* If, for whatever reason, share prices are not available for all constituents 15 minutes after Euronext Amsterdam has started regular daytime trading, the official opening level of the Next 150 Index will be published as soon as the companies whose share prices are available of the current trading day represent at least 80% of the value of the Next 150 Index at the close of the previous trading day.
- 2.6.3 *Pre-opening level* The Compiler may publish pre-opening index levels before publishing the official opening level of the Next 150 Index.

- 2.7 *If index remains in pre-opening* If the Next 150 Index remains in pre-opening phase during the entire trading session, the last published pre-opening level of the Next 150 Index will be used as the official closing level of the Next 150 Index for that day. In such cases, the Compiler will not calculate an official opening level for the index.
- 2.8 **Closing**
- Closing level* The calculation of the level of the Next 150 Index will stop when Euronext stops regular daytime trading. The last published level of the Next 150 Index will be the official closing level of the Next 150 Index for that trading day.
- 2.9 *Intervention in publication* The Compiler retains the right to delay the publication of the opening level of the Next 150 Index. Furthermore, the Compiler of the Next 150 Index retains the right to suspend the publication of the level of the Next 150 Index or to mark the level of the Next 150 Index indicative, if it believes that circumstances prevent the proper calculation of the index.
- 2.10 **Calculation of the Next 150 Total Return Index**
- Total Return Index* A total return version of the Next 150 Index will be calculated and published following the official close of business each day. The Next 150 Total Return Index will be calculated using gross dividends. Special dividends announced by a constituent company will not be treated as regular dividend income, and such events will be adjusted as a corporate action.

### 3. Rules for the periodical adjustment of the Next 150 Index

3.1 *General aim periodical adjustment* The general aim of the Compiler when making periodical adjustments to the Next 150 Index is to ensure that the selection and the weighting of the constituents continue to meet the principles set out in section 1 and that the index reflects as closely as possible the value of the underlying basket of shares.

#### 3.2 Adjustment date

3.2.1 *Date of periodical adjustment* The periodic assessment of the Next 150 Index employs data as at, and occurs in accordance with, the following timetable:

1st Quarterly review:	Last trading day February;
2nd Quarterly review:	Last trading day May;
3rd Quarterly review:	Last trading day August;
4th Quarterly review:	Last trading day November

3.2.2 *Date of effectiveness* The periodic assessment of the Next 150 Index is effective as follows:

1st Quarterly review:	First trading day April;
2nd Quarterly review:	First trading day July;
3rd Quarterly review:	First trading day October;
4th Quarterly review:	First trading day January

3.3 *Permissible index change* Periodical adjustments of the Next 150 Index shall never result in the index changing by more than 0.01 index points.

#### 3.4 Periodical adjustment of the selection of constituents

3.4.1 *Liquidity criteria* A liquidity test is applied to all stocks in the selection universe as defined under section 1.3. The liquidity test takes two separate stages:

- (a) When a stock does not trade for 10 days or more, over a period of three months up to the date of the quarterly review, it will be excluded.
- (b) A stock must reach a trading velocity of 20% over the previous 12 months at the time of the quarterly review. Velocity is calculated on a daily basis by dividing the number of shares traded (single counted) by the outstanding number of shares. Then the daily values are added to calculate the annual velocity. The effective turnover is calculated by multiplying the number of shares traded by its price. These effective turnovers are determined over the period of 12 months previous to the quarterly review. If a stock is listed less than 12 months annualised figures will be used. In case of newly listed stocks the first 20 trading days will not be taken into account.

If a current index constituent fails on one of these tests at the second consecutive review, it will be taken out of the index. A non-constituent has to fulfil the liquidity criteria in two consecutive reviews before being eligible to enter the index.

3.4.2 *Selection procedure*

Procedure for the periodical selection of index constituents:

The Next 150 Index consists, at the review effective date, of the next 150 stocks with the highest market capitalisation, following the selection of the Euronext 100 Index from the selection universe as defined under section 1. At the time of the quarterly review the selection universe is ranked according to market capitalisation. The following adjustments are made to the current Next 150 Index where applicable:

- (a) Non-constituents can automatically enter the Next 150 Index at the time of the quarterly review when they rank in position 1 - 120 inclusive. In case the number of automatic inclusions outnumber the number of exclusions, the lowest ranking stock of the Next 150 Index will be deleted.
- (b) Current constituents of the Next 150 Index are automatically deleted should they fall below position 180 inclusive. The highest ranking stock from the selection universe will enter the Next 150 Index as the replacement.
- (c) A current constituent stock that fails on a liquidity test (as defined in section 3.4.1) on two consecutive reviews, is deleted from the Next 150 Index.
- (d) Non-constituents with their primary listing on markets that acceded to Euronext can automatically enter the Next 150 Index at the time of the first quarterly review after the merger or acquisition has come into effect, when they rank in position 1 - 150 inclusive. In case the number of automatic inclusions outnumber the number of exclusions, the lowest ranking stock of the Next 150 Index will be deleted.

3.7 **Final provisions for periodical adjustments**

*Cases not covered*

In cases which are not expressly covered in these rules, periodic assessment will take place in the spirit of the aim set out in article 3.1. The compiler of the Next 150 Index will submit all periodic assessments which are not specifically covered in the rules to the Euronext Index Steering Committee index for approval.

## 4. Corporate events affecting selection

### 4.1 Operational adjustment to the composition of the index

*General* The composition of the portfolio on which the Next 150 Index is based may change as a result of decisions or events, which affect one or more of the constituents of the Next 150 Index.

### 4.2 Mergers and Acquisitions

4.2.1 *Price source if trading stops* If regular daytime trading in one of the securities included in the Next 150 Index stops or the stock is no longer traded during regular daytime trading, the compiler of the Next 150 Index will in the first instance use the last known price of the stock concerned, subject to the provisions of section 2, but will also have the possibility of using prices which were not established during regular daytime trading in officially listed shares at Euronext.

4.2.2 *Mergers, acquisitions, other cases* If trading at Euronext is stopped or will stop in accordance with article 4.2.1, the following will apply:

- (a) In the event of a merger, acquisition or similar situation, the stock in question will be replaced by the stock that will continue to be traded during regular daytime trading at Euronext, provided that this stock complies with the requirements for inclusion in the Next 150 Index laid down in section 1 of these rules. If a bid is accepted (defined as going unconditional) during regular daytime trading hours this will result in the index being adjusted with effect from the second trading day after the bid was accepted. If a bid is accepted outside regular daytime trading hours this will result in the index being adjusted with effect from the third trading day after the bid was accepted. For the purposes of these rules a trading day is considered to be that part of the day during which regular daytime trading takes place at Euronext.
- (b) In all cases other than those described in (a) above the stock in question will be removed from the index, on the understanding that a transitional period to be determined by the compiler, subject to a maximum of three months, may apply, provided that the stock in question continues to meet the requirements laid down in section 1 of these rules. The index will then temporarily consist of fewer than 150 securities until the next periodical adjustment takes place.

The removal of a stock from the index will be announced at least three days in advance, unless the compiler decides that earlier removal is in the interest of the users of the index.

- 4.2.4 *Prices used in case of merger or acquisition offers* If shares may be offered for exchange in connection with a merger or acquisition and this temporarily results in two listings at Euronext, the prices of the offered shares will be used, unless the compiler decides otherwise. In the event of a merger involving two or more securities included in the Next 150 Index, the combined market capitalisation will be included in the index. The index will then temporarily consist of fewer than 150 securities until the next periodical adjustment takes place.
- 4.3 **Split-up**
- 4.3.1 *Split-up inclusion* In the event that a company included in the Next 150 Index is split up, the securities resulting from the split, including the original stock where appropriate, will continue to be included in the index providing they are large enough to qualify in their own right. A stock qualifying in its own right must rank higher than position 150 by market capitalisation. The index may then temporarily consist of more than or fewer than 150 securities until the next periodical adjustment takes place. If the total post-market capitalisation of the stocks resulting from the split differs from the pre-market capitalisation of the original stock, the divisor of the index is adjusted. For the purposes of these rules a split-up is taken to mean a legal demerger, a spin-off or another situation which the compiler deems to be similar.
- In case the shareholder of the company which was originally included in the Next 150 Index does not automatically receive shares in a company which is created as a result of the split up, this company is considered to be a newly listed company. This newly listed company will not be included in the index immediately. It will be included in the index if it complies with the requirements for inclusion in the Next 150 Index as laid down in section 1 of these rules.
- 4.3.2 *Weightings after split-up* Since the level of the index will remain unchanged after a stock has been removed from the index as referred to in article 4.2.2 or 4.3.1, the divisor of the index is adjusted.
- 4.4 **Final provisions for operational adjustments of selection**
- 4.4.1 *Permissible index change* Operational adjustments to the selection and/or weighting of companies included in the Next 150 Index may not result in the index concerned changing by more than 0.01 index points.

## 5. Corporate events affecting weighting of constituents

5.1 *Basic principle* The aim of the Compiler of the Next 150 Index when making operational adjustments is to ensure that the basic principles of the index (see section 1) are maintained and that the index continues to reflect as closely as possible the value of the underlying portfolio.

*Adjusted price* The decision if any particular corporate action will result in a divisor adjustment based on an adjusted closing price as calculated by the compiler, depends on the treatment of this corporate action on the national Euronext market, as the treatment of the national Euronext market will be replicated in order to have the same stock price for all indices.

### 5.2 Dividends

5.2.1 *Ordinary dividend* In the event of ordinary dividends the index will not be adjusted..

5.2.2 *Adjustment for dividend* In the case of cash or scrip dividends, the index will only be adjusted if these dividends are special. The compiler will use the following criteria for deciding whether a dividend should be considered to be a special dividend:

(a) the declaration by a company of a dividend additional to those dividends declared as part of the company's normal results and dividend reporting cycle; merely an adjustment to the timing of the declaration of a company's expected dividend would not be considered as a special dividend circumstance; or

(b) the identification of an element of a dividend paid in line with a company's normal results and dividend reporting cycle as an element that is unambiguously additional to the company's normal payment.

For the purpose of clarification, the compiler will not make an adjustment for the following situations:

1. payment of ordinary dividends, irrespective of how they are financed;
2. the issue of redeemable shares or any other entitlement in lieu of an ordinary dividend; or
3. an unexpected increase or decrease, resumption or cessation, or change in frequency to an ordinary dividend.

5.2.3 *Bonus issues* In the event of a stock dividend, bonus dividend or bonus issue, the divisor of the Next 150 Index will not be adjusted unless the compiler of the index decides the issue is structured in such a way the underlying principles and accuracy of the index are effected. To determine whether a bonus dividend exists, the basic principle will be whether the company treats it as a bonus dividend and publishes it as such. The compiler will make the final decision if there is any doubt.

### 5.3 **Rights issues and other rights**

5.3.1 *Rights issue* In the event of a rights issue, the divisor of the index will be adjusted in such a way that the value of the index remains the same. The adjustment of the divisor is based on the theoretical value of the rights issue as calculated by the compiler. The Compiler shall only effect adjustments if the rights issue represents a positive value.

5.3.2 *Other rights* The procedure set out in article 5.3.1 will also be followed if a value can be attributed to a subscription right for convertible bonds, bonds with warrants or warrants with preferential rights for shareholders.

5.4 *Change of capital structure* If a company changes its capital structure and the market capitalisation of the company pre the capital structure change equals the market capitalisation of the post capital structure change the index divisor remains unchanged. If a company changes capital structure and the market capitalisation of the company pre the capital structure change differs from the market capitalisation of the post capital structure change the index divisor is adjusted accordingly.

5.5 *Share split* In the event of a share split the number of shares in the company concerned will be multiplied by the factor used for the split at that time.

5.6 *Multiple adjustments* In the event that adjustments as referred to in articles 5.2 up to 5.5 inclusive occur in combination, the number of shares in the constituent company in question will be adjusted so that the value of the index remains the same.

### 5.7 **Final provisions for operational adjustments affecting weightings**

5.7.1 *Permissible index change* Operational adjustments to the weighting of companies included in the Next 150 Index may not result in the index concerned changing by more than 0.01 index points.

5.7.2 *Cases not covered* In cases which are not expressly covered in these rules, operational adjustments will take place along the lines of the aim set out in article 5.1. Operational adjustments may also take place if, in the opinion of the Compiler of the Next 150 Index, it is desirable to do so to maintain a fair and orderly market in derivatives on this index and/or this is in the best interests of the investors in these products and/or the proper functioning of the markets.

All adjustments must meet the requirement that the Next 150 Index value shall remain unchanged as a result of an operational adjustment. The compiler of the Next 150 Index will submit all operational adjustments which are not specifically covered in the rules to the supervisor, as meant in rule 6.1, for approval.

## 6. Governance and final provisions

- 6.1 *Governance* The board of directors of Euronext Indices B.V., a subsidiary of Euronext Amsterdam N.V., acts as the compiler of the Next 150 Index. The Euronext Indices Steering Committee acts as advisory body for the compiler when changing these rules and as the supervisor of the Compiler.
- 6.2 *Compiler* The Compiler is responsible for the day-to-day management of the Next 150 Index and is also responsible for decisions regarding the interpretation of these rules.
- 6.3 *Cases not covered* In cases not covered by these rules but which require direct action, the Compiler will make a decision to the best of its ability and along the lines of and in accordance with the aim of these rules. The decision will be submitted to the supervisor of the Next 150 Index at the earliest possible opportunity.
- 6.4 *Rule book* These rules may be supplemented, amended in whole or in part, revised or withdrawn at any time. Supplements, amendments, revisions and withdrawals may also lead to changes in the way the Next 150 Index is compiled or calculated or affect the Next 150 Index in another way. The Compiler will submit all decisions regarding supplementing, amending, revising or withdrawing these rules to the Euronext Indices Steering Committee for recommendations and approval. All decisions will be published immediately. A period of at least three months should pass between the date a proposed change is published and the date this comes into effect, unless the change is not in conflict with the interests of an affected party. Euronext, the Compiler nor the Euronext Indices Steering Committee are liable for any losses resulting from supplementing, amending, revising or withdrawing the Rules for the Next 150 Index.
- 6.5 *Liability* The Compiler will do everything within its power to ensure the accuracy of the composition, calculation, publication and adjustment of the Next 150 Index in accordance with relevant rules. However, Euronext, the Compiler and the Euronext Indices Steering Committee are not liable for any inaccuracy in share prices, calculations and the publication of the index, the information used for making adjustments to the index and the actual adjustments.
- 6.6 *Ownership of Next 150 Index* Euronext Indices B.V. owns all intellectual and other property rights to the Next 150 Index, including the name, the composition and the calculation of the Next 150 Index.

## Definitions

<b>Euronext Indices Steering Committee:</b>	Committee consisting of independent persons which acts as supervisor to the Next 150 Index and to which all decisions regarding supplementing, amending, revising or withdrawing these rules are submitted for approval.
<b>Compiler:</b>	The board of directors of Euronext Indices B.V.
<b>ICB classification system:</b>	Industry Classification Benchmark system

## Appendix 1 Next 150 Index Calculation Method

$$\text{Index value} = \sum_{i=1}^n \frac{x_i * w_i}{d}$$

Where:

- n: The number of securities in the index;
- $x_i$ : The latest trade price of the  $i^{\text{th}}$  component stock (or the price at close of business on the previous day);
- $w_i$ : The weighting for the  $i^{\text{th}}$  component stock (equal to the number of ordinary shares listed at Euronext);
- d: The divisor (a figure which represents the total issued share capital of the index at the base date and which can be adjusted to allow changes in the issued share capital of individual constituents to be made without distorting the index).

## Appendix 2 Total Return Index Calculation Method

The total return index calculation takes two steps: the first step is to transpose the announced dividend payment into index points. This is called the XD adjustment. This uses the following formula:

$$\text{XD adjustment} = \sum_{i=1}^n \frac{g_i * w_i}{d}$$

Where:

- n: The number of securities in the index;
- g<sub>i</sub>: The announced dividend per share of the i<sup>th</sup> component stock;
- w<sub>i</sub>: The weighting of the i<sup>th</sup> component stock (equal to the number of ordinary shares issued by the company);
- d: Divisor of the index.

The second step of the calculation uses the figures calculated in step one (xd adjustment). These figures are now included in the formula below which actually calculates the index value including dividend re-investment (total returns).

$$\text{TR}_t = \text{TR}_{t-1} \left( \frac{\text{IV}_t + \text{XDG}}{\text{IV}_{t-1}} \right)$$

Where:

- TR<sub>t-1</sub>: Total returns index value yesterday;
- TR<sub>t</sub>: Total returns index value today;
- IV<sub>t-1</sub>: Underlying capital index yesterday;
- IV<sub>t</sub>: Underlying capital index today;
- XDG: XD adjustment to underlying capital index (see step 1 above).

## Appendix 3 Treatment of corporate events

### 1. Cash dividend (total return index)

Dividend effect = (shares \* gross dividend)/divisor

### 2. Special cash dividend

Price adjustment = closing price - dividend announced by the company

### 3. Split

Shares = old number of shares \* N / F

Price adjustment = closing price \* F / N

Where:

F: Former shares

N: New shares

### 4. Scrip issue

Shares = old number of shares + (old number of shares \* N / F)

Price adjustment = closing price \* F / F+N

### 5. Shares consolidation

Shares = old number of shares \* N / F

Price adjustment = closing price \* F / N