



# INDEX RULE BOOK

## EnterNext<sup>®</sup> Tech 40 Index

Version 17-01b

Effective from 1 March 2017

[indices.euronext.com](http://indices.euronext.com)

# Index

<b>1. Index Summary</b>	<b>2</b>
<b>2. Governance and Disclaimer</b>	<b>4</b>
2.1 Indices	4
2.2 Compiler	4
2.3 Supervisor	4
2.4 Cases not covered in rules	4
2.5 Rule book changes	4
2.6 Liability	4
2.7 Ownership and trademarks	4
<b>3. Publication</b>	<b>5</b>
3.1 Dissemination of index values	5
3.2 Exceptional market conditions and corrections	5
3.3 Announcement policy	5
<b>4. Calculation</b>	<b>6</b>
4.1 Calculation of the price index	6
4.2 Currency conversion	6
4.3 Total return index calculation	6
<b>5. Index reviews</b>	<b>7</b>
5.1 General aim and frequency of reviews	7
5.2 Index universe and selection	7
5.3 Periodical update of weighting	7
<b>6. Corporate Actions</b>	<b>8</b>
6.1 General	8
6.2 Removal of constituents	8
6.3 Split up / Spin-off	8
6.4 inclusion of non-constituents	9
6.5 Dividends	9
6.6 Rights issues and other rights	9
6.7 Bonus Issues, stock splits and reverse stock splits	9
6.8 Changes in number of shares, Free Float	9
<b>7. Index Calculation Formulas</b>	<b>10</b>
<b>8. Definitions</b>	<b>11</b>
8.1 Comité d'experts indépendants	11

## 1. INDEX SUMMARY

---

<b>Factsheet</b>	<b>EnterNext® Tech 40 Index</b>
<b>Index name(s)</b>	EnterNext® Tech 40 Index
<b>Index type</b>	Price index, Net and Gross Return index
<b>Index governance structure</b>	The “Comité d’experts indépendants” is the Supervisor and responsible for setting the rules and the periodical selection. Euronext acts as the Compiler and is responsible for the day-to-day management of the index.
<b>Eligible stocks</b>	All domestic companies admitted to listing on Euronext markets on segment B,C and Euronext Growth that fulfil the following sectors: Biotech and Medtech, Cleantech and Technology-Media-Telecom as defined by EnterNext.
<b>Selection</b>	<p>EnterNext assesses and rates the performances of all companies within the universe according to a mix of economic fundamentals and financial markets quantitative criteria over the last 3 years, applied to each category of sectors namely: Biotech and Medtech, Cleantech and Technology-Media-Telecom.</p> <p>Each company is assigned an overall score. A shortlist of about 80 stocks with the best score is presented to the Comité d’experts indépendants.</p> <p>The Comité d’experts indépendants is then labelling the 40 most representative stocks listed on Euronext markets through a qualitative approach. All labelled issuers are included in the EnterNext Tech 40 index</p>
<b>Number of constituents</b>	40
<b>Weighting</b>	Rebalanced to equal weight at the annual review
<b>Capping</b>	n.a.
<b>Review of composition</b>	Third Friday of April
<b>Review of number of shares</b>	n.a.
<b>Base Currency</b>	Euro

Note: the factsheet is a summary of the rule book for information purposes only. The text of the rulebook is leading.

## Reference Data

Index name	Isincode	Mnemo	Bloom Code	Reuters code	Base date	Base value	Publication since
EnterNext® Tech 40 Index	FR0012683258	ENTEC	ENTEC	.ENTEC	31 Mar 2015	1000	4 May 2015
EnterNext® Tech 40 Index NR	FR0012684348	ENTEN	ENTEN	.ENTEN	31 Mar 2015	1000	4 May 2015
EnterNext® Tech 40 Index GR	FR0012684363	ENTEG	ENTEG	.ENTEG	31 Mar 2015	1000	4 May 2015

## **2. GOVERNANCE AND DISCLAIMER**

---

### **2.1 INDICES**

This rule book applies to the following indices (hereinafter “index”) owned by Euronext N.V. or its subsidiaries (hereinafter jointly “Euronext”):

- EnterNext® Tech 40 Index

### **2.2 COMPILER**

Euronext is the compiler of the index (“Compiler”). The Compiler is responsible for the day-to-day management of the index and is also responsible for decisions regarding the interpretation of these rules.

### **2.3 SUPERVISOR**

The “Comité d’experts indépendants” acts as independent supervisor of the index (“Supervisor”). The Supervisor is responsible for monitoring the selection of constituents for the index and ensuring that the index offers a reliable and representative view of the market.

### **2.4 CASES NOT COVERED IN RULES**

In cases which are not expressly covered in these rules, operational adjustments will take place along the lines of the aim of the index. Operational adjustments may also take place if, in the opinion of the Compiler, 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 products based on the index and/or the proper functioning of the markets. The Compiler will report to the Supervisor if it took a decision about a case which is not specifically covered in the rules for comments and review.

### **2.5 RULE BOOK CHANGES**

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 index is compiled or calculated or affect the index in another way. The Compiler will submit all decisions regarding supplementing, amending, revising or withdrawing these rules to the Supervisor for recommendations or approval.

### **2.6 LIABILITY**

Euronext, the Compiler and the Supervisor are not liable for any losses resulting from supplementing, amending, revising or withdrawing the rules for the index.

The Compiler will do everything within its power to ensure the accuracy of the composition, calculation, publication and adjustment of the index in accordance with relevant rules. However, neither Euronext, nor the Compiler, nor the Supervisor are liable for any inaccuracy in index composition, share prices, calculations and the publication of the index, the information used for making adjustments to the index and the actual adjustments. Furthermore, Euronext, the Compiler and the Supervisor do not guarantee the continuity of the composition of the index, the continuity of the method of calculation of the index, the continuity of the dissemination of the index levels, and the continuity of the calculation of the index.

### **2.7 OWNERSHIP AND TRADEMARKS**

Euronext owns all intellectual and other property rights to the index, including the name, the composition and the calculation of the index. EnterNext® is a registered trademark of Euronext.

## 3. PUBLICATION

---

### 3.1 DISSEMINATION OF INDEX VALUES

#### 3.1.1 Opening

The opening level is calculated using the last known prices of traded constituents or in the case of constituents that have non-traded, halted or suspended status, the previous day reference prices or estimated prices (for IPOs, buyouts and swap offers).

The opening index level is disseminated at the same time as the first index level.

#### 3.1.2 Calculation and dissemination

The index is calculated based on the most recent prices of transactions concluded on the constituents' relevant regulated markets. The level of the index is in principle published every 15 seconds. The index is calculated from 09:00 hours until Euronext Markets stop regular daytime trading on the days when the Euronext Markets are open for trading.

#### 3.1.3 Closing level

The closing level is the last level disseminated on the trading day.

### 3.2 EXCEPTIONAL MARKET CONDITIONS AND CORRECTIONS

In the event that part of the constituents is reserved, suspended from trading or if technical problems prohibit normal trading, index values will continue to be calculated and published. For those constituent stocks that are not available for trading, the last known value will be used when determining index values.

Notwithstanding the previous paragraph, the Compiler always retains the right to delay the publication of the opening level of the index. Furthermore, the Compiler of the index always retains the right to suspend the publication of the level of the index or to mark the level of the index indicative if it believes that circumstances prevent the proper calculation of the index. If prices are cancelled, the index will not be recalculated unless the Compiler decides otherwise.

The general procedures in case of index outages and other situations in which the normal provision of indices is interrupted are described in the Correction Policy on [indices.euronext.com/index-rules](https://indices.euronext.com/index-rules).

### 3.3 ANNOUNCEMENT POLICY

The announcement policy is described in the Euronext Indices Announcement policy document that is available on [indices.euronext.com/index-rules](https://indices.euronext.com/index-rules).

## 4. CALCULATION

---

### 4.1 CALCULATION OF THE PRICE INDEX

The index is calculated on a price return basis. The calculation is based on the components' prices multiplied by weighting factors divided by the divisor. The divisor was determined on the initial capitalization base of the index and the base level. The divisor is adapted as a result of corporate actions and composition changes (see section 6).

### 4.2 CURRENCY CONVERSION

The base currency of the index is Euro ("Base Currency").

Share prices that are quoted in other currencies than the Base Currency will be converted to the Base Currency using the last known exchange rate observed on Reuters. Closing prices will be converted based on the most recent WM/Reuters spot rates, which are published each business day around 17:00 CET.

### 4.3 TOTAL RETURN INDEX CALCULATION

#### 4.3.1 Return indices

A net total return index as well as a gross total return index, is calculated and disseminated at the same frequency as the price index. The return indices are obtained by reinvesting the net and gross dividends respectively.

#### 4.3.2 Withholding tax rate

The net dividend is calculated as the gross dividend minus the applicable withholding tax. A table detailing the percentages that are applied is available on the website of Euronext.

#### 4.3.3 Ordinary dividends in shares

If a dividend is distributed in the form of shares only and if this is regarded as ordinary dividend, the return index will be reinvesting a cash equivalent of the dividend. If shareholders may choose between cash or shares the amount which is reinvested will be based on the cash option.

#### 4.3.4 Conversion of dividends declared in other currencies

If a dividend for a constituent is declared in another currency than the Base Currency of the index, then the Compiler will in first instance use the Base Currency amount if investors have the option to be paid in that currency. If the dividend amount is available only in currencies that deviate from the Base Currency, the Compiler will convert the dividend amount using the reference rate for the cum-day (the business day prior to the ex-date). In principle the reference rate will be based on the foreign exchange reference rates as published daily by the ECB.

## 5. INDEX REVIEWS

---

### 5.1 GENERAL AIM AND FREQUENCY OF REVIEWS

#### 5.1.1 General aim of the periodical review

The general aim of the periodical reviews of the index is to ensure that the selection and weighting of the constituents continues to reflect the underlying market or market segment it represents.

#### 5.1.2 Effective date of reviews

The annual review of the composition of the index is effective on the third Friday of April.

### 5.2 INDEX UNIVERSE AND SELECTION

#### 5.2.1 Index universe

All companies admitted to listing on Euronext markets on segment B,C and Euronext Growth that belong to the following sectors: Biotech and Medtech, Cleantech and Technology-Media-Telecom as defined by EnterNext.

#### 5.2.2 Exclusion of constituents

The shares of the following companies are excluded from the index:

- a. Companies that are part of Compartment(Segment) A.

#### 5.2.3 Selection of constituents at the annual review (in April)

EnterNext assesses and rates the performances of all companies within the universe according to a mix of economic fundamentals and financial markets quantitative criteria over the last 3 years, applied to each category of sectors namely: Biotech and Medtech, Cleantech and Technology-Media-Telecom.

Each company is assigned an overall score. A shortlist of about 80 stocks with the best score is presented to the Comité d'experts indépendants.

The Comité d'experts indépendants is then labelling the 40 most representative stocks listed on Euronext markets through a qualitative approach. All labelled issuers are included in the EnterNext Tech 40 index

#### 5.2.4 Selected line

As only one listing – the most active one - is permitted per company, the listing representing the company's ordinary shares is generally used.

### 5.3 PERIODICAL UPDATE OF WEIGHTING

#### 5.3.1 Weighting in shares

The weightings are calculated such that each constituent will have an equal weight in the index at the annual review. The weightings will be rounded to the nearest whole number.

#### 5.3.2 Free float

Not applied for this index.

#### 5.3.3 Capping

Not applied for this index.



## 6. CORPORATE ACTIONS

---

### 6.1 GENERAL

The index may be adjusted in order to maintain the continuity of the index level and the composition. The underlying aim is that the index continues to reflect as closely as possible the value of the underlying portfolio.

Adjustments take place in reaction to events that occur with constituents in order to mitigate or eliminate the effect of that event on the index.

### 6.2 REMOVAL OF CONSTITUENTS

A constituent will be removed from the index if it has appeared that the liquid trading will be significantly affected due to a takeover, merger, bankruptcy or has ceased to be a viable constituent as defined by the rules. The constituent in question will be removed and not replaced in the index till the next review.

If a company is removed from the index, the divisor will be adapted to maintain the index level.

#### 6.2.1 Mergers and acquisitions

In the event of a constituent being a the target company in relation to a merger or acquisition, the company will be removed from the index. The constituent in question will not be replaced in the index till the next review.

The removal will take place after the close of the first (full) business day after the offer is declared unconditional or successful.

The Compiler reserves the right to apply a specific treatment in non-standard situations including but not limited to:

- Competing bids with differing closing dates or structures;
- Offers made without the intention to gain full control.

A separate announcement detailing the specific treatment will be issued timely to the market.

#### 6.2.2 Delisting, suspension and company distress

If a constituent is suspended, the Supervisor will consider whether the constituent should be removed on the understanding that a transitional period with a maximum of three months may be observed. When a constituent is removed following suspension, it will be removed at its suspension price unless otherwise decided by the Compiler.

If a constituent will be delisted from Euronext, it will be removed from the index as soon as possible and on a day announced by the Compiler.

The company will be deleted from the index based on either the last known price established during regular daytime trading or else a price determined by the Compiler, whereby the company may also be deleted at EUR 0.

#### 6.2.3 Price sources

In the event that the trading in shares is suspended, the last known price established during regular daytime trading will be used.

### 6.3 SPLIT UP / SPIN-OFF

In the event that a company included in the index is split up, the companies resulting from the split, including the original company where appropriate will continue to be included in the index providing they still qualify as an eligible company in their own right. The index may then temporarily consist of fewer than, or more than the standard number of constituents until the next periodical review takes place.

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 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.

The removal of any non-qualifying company resulting from a split up will take place after the close of the first day of trading in the shares of that company. If all companies resulting from the split are to be removed, the removal will take place at the close of the last trading day before the split.

#### **6.4 INCLUSION OF NON-CONSTITUENTS**

As a rule, newly listed companies are considered for inclusion in the index at the time of the periodical index rebalancing.

#### **6.5 DIVIDENDS**

##### **6.5.1 Distinction ordinary and special dividend**

The price index will be adjusted for dividends that are special.

The following criteria will be applied to decide whether a dividend should be considered a special dividend:

- a) The declaration of 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, no adjustment will be made for the following situations:

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

##### **6.5.2 Adjustment for special dividend**

The adjustment of the index takes place by the reduction of the closing price of the share in question. Subsequently the divisor will be adapted in order to maintain the index level. The adjustments will be based on gross amounts.

#### **6.6 RIGHTS ISSUES AND OTHER RIGHTS**

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 divisor will be adjusted on the basis of the theoretical value of the rights issue as calculated by the Compiler.

Adjustments shall be made only if the rights represent a positive value.

The index will also be adjusted if a value can be attributed to a subscription right for convertible bonds, bonds with warrants or warrants with preferential rights for shareholders or similar situations.

#### **6.7 BONUS ISSUES, STOCK SPLITS AND REVERSE STOCK SPLITS**

For bonus issues, stock splits and reverse stock splits, the number of shares included in the index will be adjusted in accordance with the ratio given in the corporate action. The divisor will not be changed because of this. The Compiler may regard a bonus issue as the issue of an entitlement in lieu of an ordinary dividend and therefore treat this in accordance with 6.5.1.

#### **6.8 CHANGES IN NUMBER OF SHARES, FREE FLOAT**

Not applied for this index.

## 7. INDEX CALCULATION FORMULAS

---

The general formula for the **price index** is:

$$I_t = \frac{\sum_{i=1}^N Q_{i,t} F_{i,t} f_{i,t} C_{i,t} X_{i,t}}{d_t}$$

Where:

- t Time of calculation
- N Number of constituent equities in index
- $Q_{i,t}$  Number of shares of equity i included in the index on day t
- $F_{i,t}$  Free Float factor of equity i <sup>1</sup>
- $f_{i,t}$  Capping factor of equity i <sup>1</sup>
- $C_{i,t}$  Price of equity i on t
- $X_{i,t}$  Current exchange rate on t <sup>1</sup>
- $d_t$  Divisor of the index on day t

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 Number of constituent equities in index
- $g_i$  The announced dividend per share of the i<sup>th</sup> component stock (for net return index withholding tax is deducted from this dividend);
- $w_i$  The weighting of the i<sup>th</sup> component stock in the index, based on number of shares included in the index, Free Float factor, capping factor and exchange rate;
- d Divisor of the index.

The second step of the calculation uses the figures calculated in step one (XD adjustment). The dividend is assumed to be reinvested at the close of the ex-date.

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

Where:

- $\text{TR}_{t-1}$ : Total return index value yesterday;
- $\text{TR}_t$ : Total return index value on t;
- $\text{IV}_{t-1}$ : Underlying price index yesterday;
- $\text{IV}_t$ : Underlying price index on t;

---

<sup>1</sup> Factor is equal to 1 if not applied for the index

## **8. DEFINITIONS**

---

### **8.1 COMITÉ D'EXPERTS INDÉPENDANTS**

Committee that consists of 9 independent European experts, qualified in at least one of the three Tech business areas.