NASDAQ OMX Riga, AS
NASDAQ OMX Tallinn AS
AB NASDAQ OMX Vilnius

Rules for the Construction and Maintenance of the NASDAQ OMX Baltic Equity Indexes

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Table of contents

Definitions

Baltic equity Indexes – The Baltic equity Indexes cover the Baltic Indexes and the domestic Indexes

The Exchanges – NASDAQ OMX Riga, NASDAQ OMX Tallinn and NASDAQ OMX Vilnius

CSD – Central Securities Depository

EVK – Eesti Väärtpaberikeskus

LCD – Latvijas Centrālais depozitārijs

LCVPD – Lietuvos centrinis vertybinių popierių depozitoriumas

Sector Classification – The Exchanges adopt Industry Classification Benchmark (ICB)

1   Introduction

1.1   Background

This booklet describes how the NASDAQ OMX Baltic Exchanges calculate All-Share, Sector, Benchmark and Tradable Indexes. It is aimed at users, investors and others interested in the construction and computation of such Indexes[1].

Domestic All-Share Indexes: NASDAQ OMX Riga All-share, NASDAQ OMX Vilnius All-share and NASDAQ OMX Tallinn All-share and NASDAQ OMX First North Baltic All-Share Index follow the same methodology as NASDAQ OMX Baltic All-Share Index.

1.2   The Baltic Index Family

The Baltic index family can be divided into three groups.

The objective of the Indexes in the first group is to represent the overall state and changes in the level of the economy. The first group includes the **Baltic All-Share Index** and the **Baltic Sector Indexes**. The purpose of the first group is to mimic the population of stocks representing the index, without complying with liquidity and stability requirements. Since there is no filtering for liquidity the Indexes themselves may not be easy to replicate in a portfolio or benchmark against and the pricing of the constituents, and hence the index level, may lag due to infrequent trading in the underlying shares.

The second group is focused on investibility of the constituent companies and periodic stability of the index composition, while still reflecting the population of stocks from where the index was constructed. The objective of the benchmark index is to reduce administrative routines and costs due to continuous re-balancing of the portfolio and secure tradability of the Index Constituents in order for the index to function as an investible benchmark for the investment community. In the second group we find the **Baltic Benchmark Index.**

The purpose of the third group is to create a highly liquid and stable universe. In the third group we find the **Baltic 10 Tradable Index** constructed for derivatives trading, which consists of the 10 most liquid companies in the Baltic region.

The NASDAQ OMX Baltic equity Indexes except the Sector Indexes, have a base value of 100 with a base date as of December 31, 1999[2]. The Sector Indexes have a base value of 1,000 with a base date as of June 30, 2011.

1.3   Trademarks and intellectual property rights

NASDAQ OMX is the sole and exclusive owner of all rights, titles and interest in and to the Indexes[3]. Any products based on the Indexes require permission by NASDAQ OMX.

NASDAQ OMX carries out the periodical and daily maintenance of the Indexes, such as calculating and distributing the index levels and calculation parameters, in accordance with these rules.

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[1] See Appendix 2 for list of relevant indexes

[2] The Base date for NASDAQ OMX Tallinn index is June 3, 1996. Base date of NASDAQ OMX First North Baltic Index will be its launch date. The Index will be launched when there is at least one issuer on the First North market in the Baltic countries.

[3] The use of the Indexes is the sole responsibility of the user. The NASDAQ OMX Baltic Exchanges shall not be liable for any loss or damage whatsoever or howsoever caused or arising in connection with the use of the Indexes.

1.4 Information Policy

Changes to the index composition of these rules will be published by the Exchanges. Detailed information on special events, such as semi-annual review of the Baltic Benchmark and the Baltic 10 Tradable Index composition and adjustments caused by corporate actions, will be published in Global Index Watch.

The Global Index Watch is daily service, which among other types of information, distribute index information. Distribution is electronically by means of e.g. e-mail or FTP. For more information see: https://indexes.nasdaqomx.com/.

Deadlines for announcements:
- **Rule amendments**: Material changes to the rules are normally announced 3 months before they are put into effect.
- **Periodic index composition**: A notice is normally announced no less than two weeks prior to implementation. The Exchanges reserve the right to alter the announced composition in case of a merger, take-over or other major events that is expected to deteriorate the index' ability to mimic the population of stocks representing the market.
- **Daily maintenance**: Adjustments of the Benchmark and Tradable Indexes due to corporate actions are announced as soon as possible after the Exchanges have received all information needed to accomplish the adjustments and no later than the day prior to the event taking effect.
  Adjustments of other Indexes are announced no later than the day prior to the event taking effect.

1.5 Index Currency

The NASDAQ OMX Baltic index family consists of securities quoted in different currencies and the underlying price of the securities is converted into Euro based on currency quotes provided by The World Markets Company plc ("WM") in conjunction with Thomson Reuters[4].

Domestic indexes are calculated in the trading currency of the respective Exchange.

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[4] The WM/Reuters Spot Rates provided by The World Markets Company plc ("WM") in conjunction with ThomsonReuters. WM shall not be liable for any errors in or delays in providing or making available the data contained within this service or for any actions taken in reliance on the same, except to the extent that the same is directly caused by its or its employees' negligence

2   Sector Classification

2.1   NASDAQ OMX and FTSE Group (FTSE)

NASDAQ OMX has entered into a licence agreement with FTSE Group (FTSE) with respect to classification of shares listed on NASDAQ OMX under the Industry Classification Benchmark (ICB).[5]

NASDAQ OMX has adopted the ICB as the official and primary method for classification of all share classes listed on NASDAQ OMX.

2.2   The Classification

The Industry Classification Benchmark (ICB) is a detailed and comprehensive structure for sector and industry analysis, facilitating the comparison of companies across four levels of classification and national boundaries. The classification system allocates companies to the subsector whose definition closely describes the nature of its business as determined from the source of its revenue or the source of the majority of its revenue. [6]

The ICB consists of 10 Industries, 19 Supersectors, 41 Sectors and 114 Subsectors.[7]. The 10 industries of the first level are as follow:

0001 Oil & Gas
1000 Basic Materials
2000 Industrials
3000 Consumer Goods
4000 Health Care
5000 Consumer Services
6000 Telecommunications
7000 Utilities
8000 Financials
9000 Technology

The key features of the ICB[8] are:
- **Reliable:** Delivered on a timely basis to ensure that new and changing securities are represented.
- **Comprehensive**: Comprehensive universe of stocks covering virtually any security an investment professional will encounter.
- **Accurate**:
    1. Single classification system with high sector correlation
    2. Continuously monitored by a professional research team
    3. Governed by an independent committee

2.3   Company Classification Guidelines

Please refer to the ICB rules[9] for more information about the guidelines.

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[5] *"The Industry Classification Benchmark ("ICB") is a product of FTSE International Limited and has been licensed for use. "FTSE®" is a trade mark of London Stock Exchange and is used by FTSE under license. FTSE and their licensors and affiliates do not accept liability to any person for any loss or damage arising out of any error or omission in the ICB. No use or distribution of ICB may be made without a license from FTSE."*
[6] 'ICB Rules', *Industry Classification Benchmark (ICB)*, http://www.icbenchmark.com
[7] 'ICB Structure', *Industry Classification Benchmark (ICB)*, http://www.icbenchmark.com
[8] 'ICB Database', *Industry Classification Benchmark (ICB)*, http://www.icbenchmark.com
[9] 'ICB Rules', *Industry Classification Benchmark (ICB)*, http://www.icbenchmark.com

3   Construction and Maintenance

3.1   Eligible securities

In principle, all stocks listed on the Exchanges are eligible for inclusion. However, certain criteria such as liquidity may make a stock ineligible for index purposes. Securities listed on Baltic First North are eligible only for First North index.

Companies where 90 per cent or more of the outstanding shares are controlled by a single shareholder will be deemed ineligible.

Companies with multiple listings in the Baltic countries and primary listing or national domicile in one of the countries can only be included once in an index. The country with the highest orderbook turnover captures the total market cap in the Baltic index. A revision will be conducted every 6 months to determine which orderbook that will apply. If a company's domicile is outside the Baltic region and it is listed in the Baltic countries, only the part of outstanding shares which is registered in the Baltic countries CSDs is eligible for inclusion.

When the domicile of a security is determined, a number of criteria are used. These include headquarters of the company, registration, listing, place of operations and residence of the senior office.

If a company has multiple stock classes, each of which is priced and traded separately, all stock classes are eligible for inclusion and are treated as separate securities.

Security types generally not included in the Index are closed-end funds, exchange traded funds, mutual funds, unit-investment trusts, convertible debentures, preferred stocks, rights, warrants and other derivative securities.

Securities classified as '8985 Equity Investment Instruments' or '8995 Nonequity Investment Instruments' according to FTSE ICB are not considered eligible for index inclusion.

3.2   Baltic All-Share and Sector Indexes

3.2.1   General

The Baltic All-Share and Sector Indexes are by construction not intended to be investible indexes. The maintenance of the index compositions is carried out on a daily basis to reflect the continuous changes in outstanding shares and listed companies. New listings shall be included on the second day of listing providing that the company has been assigned an ICB classification.

3.2.2   Baltic All-Share Index

The Baltic All-Share Index consists of all eligible shares listed on the respective Exchanges.

3.2.3   Baltic Sector Indexes

A sector index is active when it includes one or more eligible securities. A sector index with no securities is closed until one or more securities are eligible for index inclusion. When resuming a sector index, an index base value and base date are both reset in the index.

All eligible listed securities are included in the Sector indexes. These indexes are calculated on Industry and Supersector levels (ICB level 1and 2).

3.3   Baltic Benchmark Index

3.3.1   Periodic review of the Benchmark index

The Benchmark Index is an investible index representing all shares listed in the Baltic region. In order to fulfil conditions set forth in the object of the index, the Benchmark Index is reviewed semi-annually by the Exchanges who apply the four criteria in 3.3.2-3.3.4. In the period between reviews the number of shares for each security applied in the index calculation is fixed with the exception of adjustments for corporate actions with priority for existing shareholders. The Exchanges will provide both an uncapped and a capped version of the Benchmark Index, the market capitalization limit is described in 3.3.4.

The review is conducted on the basis of figures as of after closing on the last trading day of November and May, converted to Euro. Implementation of the reviewed index is effective from first trading day of January and July, respectively. Rebalancing will be undertaken using closing prices the day prior to implementation.

3.3.2   Liquidity and industry target criteria

The following five-step process is applied selecting the securities that constitute the index:

(i)   To avoid seasonal fluctuations all eligible securities[10] listed on the Exchanges are sorted according to the previous 12 months official turnover[11] in Euro.

(ii)   Securities with lowest turnover according to (i) corresponding to 40% in number of all securities are deemed ineligible.

(iii)   Securities with highest turnover according to (i) corresponding to 10%, minimum 15 securities, are tagged qualified.

(iv)   All securities according to (i) are sorted according to Industry (ICB level 1). Within each Industry, securities are sorted according to the free float-adjusted market cap.

(v)   Within each Industry, securities are elected according to ordering in (iv), highest free float-adjusted market cap first, until at least 85% of the Industry's free float-adjusted market cap is reached. If needed additional securities with the highest turnover according to (iii) are added. The securities with lowest turnover according to (ii) are removed. The target of at least 85% of each Industry's free float-adjusted market cap may not be reached since some securities according to (ii) are removed.

If a significant portion of the trading volume of a stock, which qualifies as an Index Constituent, is attributable to a few transactions or to transactions within a limited time period so that the registered volume is considered not to be representative, NASDAQ OMX may decide that the stock is ineligible.

Securities which are delisted between the review date and the effective date are not eligible. Securities which are delisted between the reviews will be excluded from index when the share is delisted.

If a company gains control of 90 per cent or more of the outstanding shares in another company, according to the rules in section 5, in the period between November 30/May 31and time for publishing the preliminary composition, the acquired company will not be included in the selection process. During a merger or take-over when the outcome is uncertain the Exchanges reserve the right to publish more than one preliminary composition.

If a company changes from secondary to primary listing or changes domicile, the company will inherit historical turnover figures.

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[10] For all reviews before January 1, 2008 Main and I-list shares are eligible for inclusion (according to the list structure before list restructuring on May 21, 2007).

[11] The official turnover includes auto match trades and standard manual trades.

3.3.3 Free float criteria

Free float is an important issue when constructing an investible index. Free float is defined as the portion of the share capital of a company, which is freely available for trading in the market. The objective of introducing free float criteria is to avoid a distortion in the price of a security and to improve the index' overall investibility.

A low free float will not exclude a company from an index but will restrict the percentage portion of the outstanding shares, which is included in the Benchmark Index calculation. The free float criterion may be applied to secondary listings and foreign domicile if the number of shares in the index calculation is based on at least a majority of the total capital in the stock class. If a company is listed outside the Baltic region, free float adjustments are made if the majority of the number of shares is listed in the Baltic region.

Free float is measured by identifying the ownership of the ten largest investors. The review is conducted on the basis of figures as of October 31 and April 30[12]. Only publicly available information is used in calculating the free float restriction.

The following ownership is in general considered as restricting free float:

- Government holdings – Shareholdings owned by governments. This does not include shareholdings owned by a municipality.
- Controlling shareholders – Ownership Stakes exceeding 30% are considered as non-free float. If one ownership stake exceeding 10% combined with another ownership stake exceeds 40%, they are considered as non-free float. If three or more ownership stakes, all exceeding 10%, combined exceed 50%, they are considered as non-free float. Shareholdings owned by a company in the same Supersector exceeding 10% of the capital are always considered as non-free float. Portfolio investments such as pension funds, unit trusts (mutual funds) and shares held by insurance companies are generally not considered to restrict the free float. Securities registered on nominee accounts are considered as available for inclusion and will not be considered as restricting the free float. Exceptions can be made when analysis show that these holdings are unlikely to be made available in the market as free float.
- Company Insider stakes – Shares owned by persons included in the Insider list from the company or Financial Supervisory Authority. Including treasury shares owned by the company itself. Shares owned by companies with representatives on the board are considered as insider stakes.
- Cross holdings – Shares owned by an index constituent or a non-constituent. Note: The holdings are only classified as non-free float if both companies own shares in each other.

Securities with a free float greater than 15% will be included in the index with an inclusion factor equal to their actual free float (one decimal), rounded up to the closest 5%. Securities with a free float less then 15% will be included in the index with an inclusion factor equal to their actual free float, rounded down to the closest 1%. The constituent's free float is generally not changed between review dates unless the index´ ability to mimic the total market is seriously deteriorated or the free float has changed considerably as a result of a take-over according to the rules in section 5.

3.3.4 Market capitalization limit (Capping)

NASDAQ OMX will provide an uncapped and a capped version of the Benchmark index.

If one or few constituents dominate the index due to a large weight in the index, two problems arise. The constituent or its industry may be over-represented in the index and skew the index performance compared to the investment universe of all stocks listed on the Exchanges. The index is then no longer investible for a majority of the users who benchmark against the index due to possible investment restrictions.

Consequently, to comply with demands of an investible index, the capped version of the selected Indexes is constructed in a manner that complies with the investment restrictions implied by legislation regulating authorities in mutual funds.

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[12] If, for any reason, this data is not available as of October 31 and April 30, the latest available figures are used.

The following index weight restrictions must be met to comply with the legislation regulating investments in mutual funds:

- The market value of securities issued by the same body may not exceed 10 per cent of the index total market value.
- The market value of securities issued by the same body exceeding 5 per cent index weight must not combined exceed 40 per cent of the index' total market value.

The procedure maintaining these restrictions is applied subsequently to application of criteria 3.3.3.

The Exchanges are maintaining the weighting restrictions by using quarterly and daily procedure. The weighting restrictions will be imposed by adjusting the number of shares of the constituents $q_{i,t}$. Quarterly capping is applied on the first trading day in January, April, July and October respectively.

Quarterly adjustment:
Selection of constituents to the 40 per cent group on **quarterly** basis:
Securities are ranked by their company market value. Securities issued by the same body exceeding the 9 per cent limit will be capped at 9 per cent. Securities are separated into two groups. The first group is filled with securities issued by the same body weighting between 4.5 and up to 9 per cent until the total weight has reached the maximum of 36 per cent.

The initial capping limit for the second group will be 4.5 per cent. This means that limits are used initially for all constituents in the index when the weights are set on quarterly basis. The limits imposed by legislative authorities (5, 10 and 40 per cent) will in the daily capping process be used as threshold values for the capped companies.

The process of the quarterly division of groups will be applied intra **quarterly** in the event of a Fast Entry.

Daily adjustment:
"As needed" rebalancing is done at the close of each day. Securities issued by the same body exceeding the 10 per cent limit will be capped at 9 per cent. Securities issued by the same body initially capped at 4.5 and 9 per cent will be allowed to float freely up to 10 per cent. If the total weight of the securities issued by the same body above 5 per cent exceeds 40 per cent, the securities issued by the same body above 5 per cent with the smallest weight are capped to 4.5 per cent. Using a stepwise approach Index Constituents are reduced in weight until all weight restrictions are satisfied. This procedure is applied once a day, and as a consequence, the weight of the Index Constituents may exceed the 40 and 10 per cent limits during the day.

3.4 Baltic 10 Tradable Index

3.4.1   General

The index is aimed to have a highly liquid composition of shares that reflects the Baltic investment universe and function as a desired investment tool for all types of investors, fund managers etc. in the marketplace. The index portfolio is fixed between revisions.

3.4.2   Periodic review of the Tradable index

The index consists of 10 constituents and the index portfolio is reviewed semi-annually. The review dates are set to the first trading day of January and July, respectively. The index is free float adjusted and the maximum weight of a company is limited to 15%.

3.4.3   Selection criteria, first time selection

The following method is used in the selection of constituents to the index portfolio:

(i)   All Baltic securities are ranked according to six months median daily official turnover in Euro[13].

(ii)   Securities which have more than 5 days where no trading has been conducted during the Exchanges opening during the last six months period are deemed ineligible.

(iii)   Number of index constituents is fixed to 10 shares.

(iv)   New listings are eligible in the selection and can qualify if the median (i) and trading day's (ii) criteria are fulfilled.

3.4.4 Selection criteria, continuously selection

To keep the population stable but yet able to capture the development in the Baltic region the following rules are applied in the continuously semi-annually selection of securities to the index portfolio:

(i)   All eligible securities are ranked according to six months median daily turnover in Euro[14].

(ii)   Securities which have more than 5 days where no trading has been conducted during the Exchanges opening during the last six months period are deemed ineligible.

(iii)   Securities from the current composition are first tagged as qualified.

(iv)   Securities which are non-index constituents will automatically qualify as index constituents if they are ranked among the top 8 securities in the final ranking, and will replace the lowest ranked index constituents.

(v)   Index constituents with ranking lower than top 12 in the final ranking, will be replaced with the highest ranked non index constituent that is closest to qualify.

3.4.5 Free float criteria

Free float is an important issue when constructing an investible index. Free float is defined as the portion of the share capital of a company, which is freely available for trading in the market. The objective of introducing free float criteria is to avoid a distortion in the price of a security and to improve the overall investibility of the index.

The free float calculation follows the application of criteria defined in rule 3.3.3.

3.4.6 Market capitalization limit (Capping)

The maximum weight for a company in the Baltic 10 tradable index is 15 %. The capping will be conducted in connection to the revision.

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[13] Daily official turnover includes auto match trades.
[14] Daily official turnover includes auto match trades.

4 Index Calculation

4.1 General

The Exchanges calculate and disseminate the index-values in real-time and in batch.

4.2 Formula

The main objective of the index calculation is to exceedingly reflect the changes in value of a portfolio consisting of the Index Constituents.

The Exchanges are calculating the Indexes by using the following formula.

$$I_t = \frac{\sum_{i=1}^{n} q_{i,t} * p_{i,t} * r_{i,t}}{\sum_{i=1}^{n} q_{i,t} * (p_{i,t-1} - d_{i,t}) * r_{i,t-1} * j_{i,t}} * I_{t-1},$$

where
I_t =   Index level at time t
$q_{i,t}$ =   Number of shares of company i applied in the index at time t
$p_{i,t}$ =   Price in quote currency of a share in company i at time t
$d_{i,t}$ =   Dividend only used for total return Indexes
$r_{i,t}$ =   Foreign exchange rate of index quote currency to quote currency of company i at time t
$j_{i,t}$ =   Adjustment factor for adjusting the share price of a constituent security due to corporate actions by the issuing company at time t

The formula yields the end of period t index value represented by the sum of the previous index value and the periodic percentage change in the market capitalization (adjusted for corporate actions) multiplied by the previous index value. I.e. $I_t = (1+R) * I_{t-1}$, where R represents the periodic percentage change in the value of the portfolio consisting of the Index Constituents.

4.3 Price Algorithm

To represent the price in the quote currency of a share, $p_{i,t}$ in the formula in 4.2, the Exchanges apply the following rule for the All-Share and Sector Indexes:

If an officially registered trading price for an index stock has not been quoted on the relevant trading day, the last quoted trading price shall be used in the calculation. If a bid has been quoted that is higher than the last quoted trading price, the bid shall be applied in the calculation. If an offer has been quoted that is lower than the last quoted trading price, the offer shall be applied in the calculation. If either the closing bid or offer is used as the closing value, this price will be viewed as the last traded price in the calculation of the index on the following day, until a new official trade price is registered.

In algorithmic form:

If there exists an official trade then
         if bid > trade then $p_{i,t}$ = bid
         if ask > 0 and ask < trade then $p_{i,t}$ = ask
         else $p_{i,t}$ = trade
else if bid > start then $p_{i,t}$ = bid

else if ask > 0 and ask < start then $p_{i,t}$ = ask
else $p_{i,t}$ = start

where
bid = best official buying order
ask = best official selling order
trade = last official trade in the security
start = the starting price of the security in the index

The calculation for the Benchmark and Tradable index is based on the official last quoted trading price for the security or the price at the close of the Index on the previous day.

4.4 Number of Shares

4.4.1   All-Share and Sector Indexes

The number of shares of a company applied in the index, $q_{i,t}$ in the formula in 4.2, is the current outstanding number of public issued shares[15]. If corporate actions cause adjustments to the index, the number of shares is changed to fully reflect the new market capitalization of the company in the index.

In connection with non-cash issues and similar issues, see the rules in section 5, the Exchanges make the adjustment without delay.

For secondary listings, the number of shares for each security applied in the index calculation is changed by the Exchanges on the registry day if the information on the shares registered in the relevant Exchange's CSD is received in advance or on the next bank day following the day on which the Exchange has received information that the number of shares is registered in the relevant Exchange's CSD.

4.4.2   Baltic Benchmark Index

The number of shares of a constituent applied in the index, $q_{i,t}$ in the formula in 4.2 is a result of the semi-annual review and is fixed in the period between reviews with the exception of adjustments for corporate actions with priority for existing shareholders. The Exchanges will provide both an uncapped and a capped version of the Baltic Benchmark index, the market capitalization limit is described in 3.3.4.

4.4.3   Baltic Tradable Index

The number of shares of a constituent applied in the index, $q_{i,t}$ in the formula in 4.2 is a result of the semi-annual review and is fixed in the period between reviews with the exception of adjustments for corporate actions with priority for existing shareholders.

4.5 Dividends

All NASDAQ OMX Baltic equity indexes (except NASDAQ OMX First North Baltic and domestic indexes) are calculated as price (PI) and total return (GI) indexes. NASDAQ OMX First North Baltic index is only available as Price (PI) index. Domestic indexes are only available as Total return (GI) indexes.

4.5.1   Gross indexes (GI)

To reflect the true performance of an index, dividends are reinvested in the total return version of the index. The reinvestment is carried out by adjusting the price $p_{i,t-1}$ in the denominator of the index with subtraction of dividends from this price on the ex-dividend date t. This adjustment reinvests the dividend in all index constituents in

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[15]Before May 21, 2007 the number of shares from both public and private issues were included in the NASDAQ OMX Riga All-Share index calculation.

proportion to their respective weights. Adjustment shall also be made for other cash distributions or for capital reductions where the whole or part of the cash distribution or the amount of the reduction replaces an ordinary dividend.

$$\tilde{p}_{i,t-1} = \mathrm{p}_{i,t-1} - dividend$$

4.5.2 Price Indexes (PI)

In the price return index no cash dividend is reinvested in the index. Hence, the price return index only yields the performance of stock price movements. The difference in rate of return for the total and price return version of an index is attributable to the dividend yield of the index.

4.5.3 Dividend adjustment for Tradable index (Baltic 10)

Adjustment shall not be made for the payment of ordinary dividends. Adjustment shall neither also not be made for scrip dividends, other cash distributions or for capital reductions where the whole or part of the cash distribution or the amount of the reduction replaces an ordinary dividend.

Where the company, the shares of which constitute an Index Share, decides upon a distribution of cash which is declared by the company to be additional or non–regular the Exchange shall carry out an adjustment. The adjustment is carried out by adjusting the opening exchange value of the Index Share, which on the Ex-Day shall be determined at the most recent transaction price on the preceding Bank Day, less the value of the cash dividend that is calculated according to the above mentioned principles.

$$\tilde{p}_{i,t-1} = \mathrm{p}_{i,t-1} - dividend$$

4.6 Adjustment Factor

If a company carries through with a corporate action with priority for existing shareholders, any diluting effects must be adjusted for in order to reflect the true performance of the security in the index. In the event of a corporate action undertaken by a constituent company, the Exchanges will calculate an adjustment factor applied in the index calculation, $\mathrm{j}_{i,t}$ in the formula in 4.2, according to the rules in section 5.

The adjustment factor used expresses the theoretical percentage change in the stock price as a result of the dilution.

4.7 Suspension and Trading Halt

In case of a suspension or trading halt of an Index Constituent, please refer to the trading rules of the relevant Exchange.

5   Corporate Actions

The appropriate adjustment undertaken by the Exchanges of Baltic All-share and Sector indexes, Baltic Benchmark index and Baltic 10 Tradable index corresponds to the treatment of corporate actions of All-share, Sector, Benchmark and Tradable indexes described in the "Rules for the Construction and Maintenance of the NASDAQ OMX and Oslo Børs All-Share, Benchmark, Tradable and Sector Indexes" respectively. Where the "Rules for the Construction and Maintenance of the NASDAQ OMX and Oslo Børs All-Share, Benchmark, Tradable and Sector Indexes" refer to the CSDs, the corresponding reference is to the relevant Baltic CSDs (EVK, LCD and LCVPD).

6   Limits of liability

NASDAQ OMX assumes no liability for loss or damages related to or arising out of the use of the Indexes. The Exchanges expressly disclaim all warranties of accuracy, completeness, merchantability or fitness for a particular purpose with respect to the Indexes. Neither the Exchange(s) nor any third party make any express or implied warranties or representations in respect of the Indexes, the results to be obtained by the use hereof or the value of the Indexes at any given time.

Appendix 1 – Structure of the Industry Classification Benchmark

For more information about the Industry Classification Benchmark (ICB), please visit: http://www.icbenchmark.com

Appendix 2 – NASDAQ OMX Baltic Equity Indexes

Index name	Index code	ISIN code
OMX Baltic GI	OMXBGI	SE0001849977
OMX Baltic PI	OMXBPI	SE0001849985
OMX Baltic Benchmark GI	OMXBBGI	SE0001849993
OMX Baltic Benchmark PI	OMXBBPI	SE0001850009
OMX Baltic Benchmark Cap GI	OMXBBCAPGI	SE0001850017
OMX Baltic Benchmark Cap PI	OMXBBCAPPI	SE0001850025
OMX Baltic 10 GI	OMXB10GI	SE0002020933
OMX Baltic 10 PI	OMXB10PI	SE0001850033
OMX Baltic 10 EXP	OMXB10EXP	SE0002683490
OMX Baltic Oil & Gas GI	B0001GI	SE0004383933
OMX Baltic Oil & Gas PI	B0001PI	SE0004384220
OMX Baltic Oil & Gas GI	B0500GI	SE0004383941
OMX Baltic Oil & Gas PI	B0500PI	SE0004384238
OMX Baltic Basic Materials GI	B1000GI	SE0004383958
OMX Baltic Basic Materials PI	B1000PI	SE0004384246
OMX Baltic Chemicals GI	B1300GI	SE0004383966
OMX Baltic Chemicals PI	B1300PI	SE0004384253
OMX Baltic Basic Resources GI	B1700GI	SE0004383974
OMX Baltic Basic Resources PI	B1700PI	SE0004384261
OMX Baltic Industrials GI	B2000GI	SE0004383982
OMX Baltic Industrials PI	B2000PI	SE0004384279
OMX Baltic Construction & Materials GI	B2300GI	SE0004383990
OMX Baltic Construction & Materials PI	B2300PI	SE0004384287
OMX Baltic Industrial Goods & Services GI	B2700GI	SE0004384006
OMX Baltic Industrial Goods & Services PI	B2700PI	SE0004384295
OMX Baltic Consumer Goods GI	B3000GI	SE0004384014
OMX Baltic Consumer Goods PI	B3000PI	SE0004384303
OMX Baltic Automobiles & Parts GI	B3300GI	SE0004384022
OMX Baltic Automobiles & Parts PI	B3300PI	SE0004384311
OMX Baltic Food & Beverage GI	B3500GI	SE0004384030
OMX Baltic Food & Beverage PI	B3500PI	SE0004384329
OMX Baltic Personal & Household Goods GI	B3700GI	SE0004384048
OMX Baltic Personal & Household Goods PI	B3700PI	SE0004384337
OMX Baltic Health Care GI	B4000GI	SE0004384055
OMX Baltic Health Care PI	B4000PI	SE0004384345
OMX Baltic Health Care GI	B4500GI	SE0004384063
OMX Baltic Health Care PI	B4500PI	SE0004384352
OMX Baltic Consumer Services GI	B5000GI	SE0004384071
OMX Baltic Consumer Services PI	B5000PI	SE0004384360
OMX Baltic Retail GI	B5300GI	SE0004384089

OMX Baltic Retail PI	B5300PI	SE0004384378
OMX Baltic Media GI	B5500GI	SE0004384097
OMX Baltic Media PI	B5500PI	SE0004384386
OMX Baltic Travel & Leisure GI	B5700GI	SE0004384105
OMX Baltic Travel & Leisure PI	B5700PI	SE0004384394
OMX Baltic Telecommunications GI	B6000GI	SE0004384113
OMX Baltic Telecommunications PI	B6000PI	SE0004384402
OMX Baltic Telecommunications GI	B6500GI	SE0004384121
OMX Baltic Telecommunications PI	B6500PI	SE0004384410
OMX Baltic Utilities GI	B7000GI	SE0004384139
OMX Baltic Utilities PI	B7000PI	SE0004384428
OMX Baltic Utilities GI	B7500GI	SE0004384147
OMX Baltic Utilities PI	B7500PI	SE0004384436
OMX Baltic Financials GI	B8000GI	SE0004384154
OMX Baltic Financials PI	B8000PI	SE0004384444
OMX Baltic Banks GI	B8300GI	SE0004384162
OMX Baltic Banks PI	B8300PI	SE0004384451
OMX Baltic Insurance GI	B8500GI	SE0004384170
OMX Baltic Insurance PI	B8500PI	SE0004384469
OMX Baltic Real Estate GI	B8600GI	SE0004384188
OMX Baltic Real Estate PI	B8600PI	SE0004384477
OMX Baltic Financial Services GI	B8700GI	SE0004384196
OMX Baltic Financial Services PI	B8700PI	SE0004384485
OMX Baltic Technology GI	B9000GI	SE0004384204
OMX Baltic Technology PI	B9000PI	SE0004384493
OMX Baltic Technology GI	B9500GI	SE0004384212
OMX Baltic Technology PI	B9500PI	SE0004384501
OMX Riga GI	OMXRGI	LV0007100017
OMX Vilnius GI	OMXVGI	LT0000999963
OMX Tallinn GI	OMXTGI	EE0000000008