



Financial Information

# **SIX Financial Information**

Index Calculation Rulebook - SIX60 Index



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## 1 Introduction

SIX Financial Information (SIX) is the Owner and Index Provider of the SIX60 Index (SIX60) and SIX60 Index\_PI (SIX60PI).

SIX60 is constructed to reflect the market performance of the 60 most traded shares listed on the Nasdaq Stockholm Stock Exchange. The weights for the shares included in the index are in relation to their market capitalization.

Returns received by shareholders in the form of dividends are reinvested in SIX60. SIX60PI is based on the same methodology as SIX60. Ordinary dividends are not reinvested in SIX60PI.

The start value for SIX60 is 100 with base date, 28<sup>th</sup> of December 2001.

The base currency for SIX60 is SEK.

### 1.1 Definitions

*Index Company* – The Company issuing an Index Share.

*Index Share* – A constituent share of SIX60. A share class of an Index Company.

*Index Provider* - The Index Calculator and Distributor of index values and reports.



## 2 Index population

### 2.1 Selection of Index Shares

SIX60's index population consists of the 60 most traded series of shares for the measurement period defined below.

The SIX60 index is reviewed semi-annually and the new population implemented on the first trading day in June and December (Implementation Date). The cut-off is done after closing the last trading day in April and October and applies to shares that meet the following requirements:

\* To be included in SIX60 the share must be listed on the Nasdaq Stockholm Stock Exchange.

\* Only ordinary shares can be included in the index.

Information regarding the new index population is published no later than 10 trading days after the cut-off in May and November.

The turnover of shares meeting these requirements is measured. The measurement period comprises the twelve-month period beginning thirteen months prior to the Implementation Date (May–April and November–October). The trading turnover is based on the accumulated turnover during the measurement period per share-serie in SEK.

If an Index Share is not ranked amongst the top 80 shares in terms of trading turnover, that Index Share will be replaced by the non-Index Share with the highest trading turnover.

If a non-Index Share is included in the top 40 shares in terms of trading turnover, that Index Share will replace the current Index Share with the lowest trading turnover.

If, during the measurement period, the trading of a share, which may be considered for inclusion as an Index Share, derives mainly from a small number of transactions or relates to a limited period of time so that the trading is therefore considered to be unrepresentative, the abnormal transactions will be excluded from the measurement.

If a non-Index Company is subject to a public purchase offer, then the company's share will not be considered for inclusion as an Index Share when a review takes place.

If the index population contains an Index Share that has been added due to an acquisition and the Index Share has not been listed throughout the entire measurement period, a separate trading measurement will be carried out. Trading is measured by calculating daily trading during the measurement period for all companies on the Nasdaq Stockholm Stock Exchange. If the Index Share in question is among the 60 most traded shares since its listing (in terms of accumulated turnover), that share will continue to be an Index Share in the next period. However, if it is not included in the 60 most traded shares since its listing (in terms of accumulated turnover), it will be removed and will be replaced by the non-Index Share with the highest trading turnover according to the standard measurement method.



## 2.2 Changes in the composition of SIX60 aside from ordinary reviews

In the event of bankruptcy of an Index Company, the Index Share will be excluded from SIX60. On its final day as SIX60 constituent the price of the Index Share will be set at zero

If an Index Company is subject to a public offer for acquisition of shares or an Index Company approves a merger agreement, the Index Provider may decide that the share will no longer be considered an Index Share or that it must be replaced by the share of the offerer/predator company. In the event of any such change, the number of shares included in the index calculation will be established by the Index Provider on the basis of the conditions for the offer or merger in question.

As soon as SIX has received information that an offerer/predator company owns greater than 90% of the target company's share capital, the target company will be excluded from the index population. In the event of any such change, the Index Provider, based on the conditions of the offer or merger in question, will establish the number of shares used in the index calculation. The Index Provider will establish the date for the change as follows:

- I. If the new Index Share is listed before the existing Index Shares last listing day, the change to the new Index Share will take place from its second listing day.
- II. If the existing Index Share is delisted before the new Index Shares first listing day, the existing Index Share will be removed from the index calculation the day after its last listing day. The new Index Share will be included in the index calculation from its second listing day.

If a company's share is listed on the Nasdaq Stockholm Stock Exchange before Implementation Date, that company's share may be considered for inclusion as an extra Index Share. In order for the company's share to be considered for inclusion, the share's market value must be expected to account for at least 5% of the market value of SIX60 and the share's liquidity is expected to be among the top 40 shares in terms of trading turnover.

If a company's share becomes an extra Index Share with less than three months of the measurement period remaining, that extra Index Share will also be included in SIX60 as an extra Index Share in the next period

### 3 Calculating the Index Value

#### 3.1 Calculation of market capitalization

The market capitalization for each Index Share will be calculated by multiplying the number of ordinary shares by the last traded price. The total market capitalization of the SIX60 is defined as the sum of the market capitalization of all the Index Shares on the respective calculation day.

The Index Value today (t) is calculated by dividing total market capitalization today (t) with total market capitalization yesterday (t-1, adjusted by new issues) and multiplying this ratio by the Index Value yesterday (t-1).

#### 3.2 Formula for calculating the Index Value

$$SIX60_t = \left( \frac{\sum (Q_t * P_t)}{\sum (((Q_{t-1} * P_{t-1}) + A) - D_t)} \right) * SIX60_{t-1}$$

SIX60 <sub>t</sub>	= Index value today
Q <sub>t</sub>	= Number of ordinary shares today
P <sub>t</sub>	= Last traded price today
D <sub>t</sub>	= Dividend today
Q <sub>t-1</sub>	= Number of ordinary shares yesterday
P <sub>t-1</sub>	= Last traded price yesterday
A	= Amount for adjustment of base value at new issues and the like
SIX60 <sub>t-1</sub>	= Index value yesterday

$$SIX60PI_t = \left( \frac{\sum (Q_t * P_t)}{\sum ((Q_{t-1} * P_{t-1}) + A)} \right) * SIX60PI_{t-1}$$

SIX60PI <sub>t</sub>	= Index value today
Q <sub>t</sub>	= Number of shares today
P <sub>t</sub>	= Last traded price today
Q <sub>t-1</sub>	= Number of shares yesterday
P <sub>t-1</sub>	= Last traded price yesterday
A	= Amount for adjustment of base value at new issues and the like
SIX60PI <sub>t-1</sub>	= Index value yesterday

#### 3.3 Share Prices (P)

Share prices are sourced directly from the respective stock exchange(s) on which the constituents of the index are traded (as mentioned in section 2.1). As a rule the last-paid price is used in the index calculation. If a share has not traded on a certain day, the last available last-paid price is used. This includes situations Suspended Trading.

- Last-paid price: The last traded price on the exchange
- Closing price: The last-paid price of a trading day from an exchange. This includes trades made in a closing call or auction if used by the exchange in question.
- Adjusted price: Both the opening and closing price may be subject to adjustments in accordance with the index methodology. Certain adjustments may require the share price to be fixed during an entire day's trading or longer.

The liquidity of the underlying market impacts how frequently last-paid prices update. If liquidity is poor, the index value will update less often, yet still reflect the underlying market at that point in time.



### 3.4 Number of Index shares in index (Q)

A current list of Index Shares is maintained by the Index Provider and available via index reports.

### 3.5 Dividend Payments (D)

#### 3.5.1 Gross Indices (GI)

Dividends are reinvested in the index by reducing the input share price on the ex-dividend date by the dividend amount. In this way, dividends are reinvested in Index Companies in relation to their weights. Dividends are based on declared dividends by the Index Company.

#### 3.5.2 Net Indices (NI)

Dividends are reinvested in the index by reducing the input share price on the ex-dividend date by the dividend amount, adjusted with tax. In this way, dividends are reinvested in Index Companies in relation to their weights. Dividends are based on declared dividends by the Index Company.

#### 3.5.3 Price Indices (PI)

Ordinary dividends are not reinvested in price indices.

#### 3.5.4 Dividends in foreign currency

If the dividend declared by the Index Company is not quoted in SEK then the dividend value is converted to SEK using the 17:00 CET WMC currency fixing on the day before ex-day.

### 3.6 Equity Corporate Actions (A)

#### 3.6.1 Sources

Corporate action information is collected from public information sources, listed companies, Stock Exchanges and regulatory agencies.

#### 3.6.2 Stock Split and Reverse Split

Stock splits and reverse stock splits in an Index Share result in an adjustment of the share price, in accordance with the conditions of the split, from the day on which the Index Share is traded ex-split on the Stock Exchange. The share price adjustment is offset by a change in number of shares.

#### 3.6.3 Bonus Issue

In the event of a bonus issue of an Index Share, the number of shares in the index calculation for the Index Share is increased by the number of new shares from the day on which the bonus issue of the Index Share is listed excluding fractional rights on the Stock Exchange. If a bonus issue involves the issue of a new type of share that deviates from the Index Share, the Fixed Price Method described in section 3.6.4.6 will be used.

#### 3.6.4 Adjustments for Rights Issue, etc.

SIX use the following index methods to ensure that SIX60 accurately reflects the market performance of its constituents.

##### 3.6.4.1 Standard Method

When a rights issue with precedence for existing shareholders takes place for an Index Share and the newly issued share does not significantly deviate from the ordinary share, the number of Index Shares will be increased according to the so-called Standard Method with effect from the day the share is listed ex-rights on the Stock Exchange (ex-day). On that day, the base value will be adjusted in accordance with section 3.2 above. Parameter (A) is calculated by multiplying the newly added number of shares by the rights issue price per share. It is assumed that the shares in the issue are fully subscribed.





#### **3.6.4.2 Valuation Method, Inclusion Method and Fixed Price Method**

If the Index Company to which the Index Share relates adopts any of the measures listed below in any circumstances other than those described in section 3.6.4.1 above – where the company's shareholders have a preferential right to participate, then the Valuation Method, the Inclusion Method or the Fixed Price Method will be used. The following measures may form the basis for an adjustment in accordance with this section 3.6.4.2

- Issue of convertible debt certificates, debt certificates associated with warrants to subscribe for new issues or similar securities that affect the Index Share.
- Offer to acquire securities or rights of any kind or to acquire such securities or rights without payment.
- New issue involving a new type of share that is not an ordinary share and that deviates from the Index Share.

#### **3.6.4.3 Valuation Method**

The Valuation Method can be used if the rights are listed on a Stock Exchange or other regulated market place. The valuation is based on the price for the rights on the day before the ex-rights day. If the rights can be valued according to the Valuation Method, the input share price of the Index Share on the ex-rights day is equal to the previous trading day's last traded price with a deduction for the calculated value of the rights. The intra-day index calculation is carried out thereafter using the last traded prices from the Nasdaq Stock Exchange or other regulated market place.

#### **3.6.4.4 Inclusion Method**

When available an external valuation will be processed in the following way:

On the ex-day, the input share price for the Index Company carrying out the spin-off (Parent Company) is reduced by the external valuation and the calculation is then carried out using the last traded price. For the Index Company subject to the spin-off (Subsidiary Company), the input and output share prices are equal to the valuation. This value remains until the company is listed or removed from the index population.

#### **3.6.4.5 Lack of external valuation**

If there is no external valuation, the index will be processed as follows:

On the ex-day, the input share price for the Index Company carrying out the spin-off is the previous day's closing price and the output share price is the present day's closing price. For the Index Company subject to the spin-off (Subsidiary Company), the input share price is equal to zero and the output share price is equal to the reduction in base currency for the first transaction by the company carrying out the spin-off in relation to the condition. This value remains until the company is listed or removed from the index population.

If the Subsidiary Company is not listed on the Stock Exchange within three months, it will be excluded from the index calculation. If the Subsidiary Company is listed on the Stock Exchange within three months, the input share price on the listing day is equal to the valuation and the output share price is equal to the official closing price for the company

#### **3.6.4.6 Fixed Price Method**

On the day the Index Share is traded exclusive of a subscription right (or similar right) at the Stock Exchange, the index is calculated by using the last traded price from the previous day's trading. This price will be used in the index calculation up to and including the day when the first traded price exclusive of a subscription right (or corresponding right) was listed at the Stock Exchange. A new base value will be calculated for the following day using the last traded price from the previous day.

#### **3.6.4.7 Redemption of Index Shares**

When shares are redeemed, aimed at all shareholders, the valuation method described in section 3.6.4.3 will be used. If a subscription period extends over more than two weeks from the day the Index Share is listed ex-rights to participate in the redemption, the number of shares will be reduced, down-weighted, the day after the Index Provider has received the information on the number of shares redeemed. The number of shares today ( $Q_t$ ) and the number of shares yesterday ( $Q_{t-1}$ ) is reduced by the number of redeemed shares. If the subscription period is less than two weeks, the down-weighting will take place on the day the Index Share is listed ex-rights to participate in the redemption.

### **3.7 Other adjustments**

With regard to adjustments in accordance with this rulebook, SIX may carry out an adjustment other than that referred to above or may decide to change a provision on adjustment in order to maintain the purpose of the Index.

## **4 Trading Day**

SIX60 is calculated every day Nasdaq Stockholm Stock Exchanges is open for trade.

## **5 Correction policy**

An index-related correction is made if the necessary input data is not available or is incorrect.

### **5.1 Unavailable data**

If data that is necessary to determine the price or weight of an index component is not available to SIX due to trade suspensions or market distortions the latest available data is used. Such cases may lead to a deviation from the principles of an index defined in this rulebook. These changes may be related to review schedules, ordinary reviews and extraordinary component changes and are announced with a minimal lead-time of two trading days to customers.

### **5.2 Incorrect data**

Errors in the necessary data can be caused by calculation errors or by incorrect input data.

Calculation errors that are detected within a trading day are corrected immediately. Intraday data is not corrected retrospectively. Calculation errors older than one trading day are only corrected when technically feasible and appropriate. If the correction leads to a significant difference in the index values, the index values can be corrected retrospectively.

## **6 Changes to the methodology**

### **6.1 Methodology changes**

The validity of the index methodology is reviewed on a regular basis. SIX has a right to stipulate changes to the rules if necessary to maintain the purpose of the index or if any law, regulation or decision by an authority makes this necessary or if such a change is considered appropriate due to a change in market practice. In exceptional cases a broad market consultation can be conducted. The changes to the index methodology are publicly announced with an appropriate lead time.

### **6.2 Cessation of calculation**

A decision to discontinue the calculation of the index will be publicly announced by SIX Financial Information with an appropriate lead-time.

In the event existing financial products are linked to the index, of which the Index Provider is aware, a market consultation will be conducted in advance and a transition period introduced before the definitive termination.



## 7 General information on SIX indices

### 7.1 Calculation interval and publication

SIX calculates index values end of day for all the indices and intra-day for the most common indices. Index values can be found via different data vendors and index reports can be subscribed on a daily basis.

### 7.2 Notification service

Customers are notified via e-mail or via index reports for index trigger events such as:

- Changes in corporate actions and dividends
- IPOs and delisting of companies
- Updates to the periodic index reviews
- Problems and errors in the index calculation
- Launch of new indices

The Index methodology and index related information can be found at: <http://www.six.se/>

## 8 Limitation of liability

SIX Financial Information Nordic AB is not liable for damage caused by the enactment of Swedish or foreign laws, measures adopted by Swedish or foreign authorities, acts of war, power cuts, interruptions in telecommunications, fire, water damage, strikes, blockades, lockouts, boycotts or other similar circumstances beyond the Index Owner's control. The reservation applying to strikes, blockades, lockouts and boycotts applies even if the Index Owner itself is subject to or adopts any such conflict measure.

Under no circumstances is the Index Owner liable for any loss of data, loss of earnings or indirect damage.

The Index Owner gives no express or implied guarantee with regard to the results to which use of indices provided by SIX Financial Information Nordic AB may give rise or with regard to the value of the indices at any given moment.

## 9 Contact

If you are interested in signing license subscriptions, index reports or other index-related products, please contact:

[sales@six-group.se](mailto:sales@six-group.se)

Any other requests linked to index are directed to the following address:

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