

MARKET CLASSIFICATION FRAMEWORK

Euronext Indices

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VERSION NOTES

| Version | Effective date | New or changed parts | Reference/announcement |
|---------|----------------|--|------------------------|
| 23-01 | 15 Dec 2023 | Initial version | |
| 24-01 | 31 Jul 2024 | Removal of Neo Exchange from list of eligible regulated stock exchanges No changes in the Country/Market Classification framework | |

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1. INTRODUCTION

This document provides a description of the framework used by the Index Design Committee to classify countries as developed or out-of-scope for the investable universe as well as

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2. COUNTRY/MARKET CLASSIFICATION FRAMEWORK

Euronext employs a rule-based methodology to classify countries as either developed- or out-of-scope markets, thereby defining the investable universe. For this analysis the three relevant themes are economic development, governance and political stability, and market materiality and tradability. Any changes to the investable universe are published in the month of June and are effective as of the September review.

On the economic development theme, the country needs to be assigned as an **Advanced Economy** by the International Monetary Fund (IMF), as defined by its yearly World Economic Outlook analysis. The reason for choosing the IMF's definition is that it not only looks at the relative per capita GDP figures but also at the structure of the relevant country's economy, with metrics such as integration into the global financial system as well as the diversification of the country's exports.

In order to guard the consistency and reduce the volatility of the classification, the Index Design Committee look at the governance and political stability of the country in question. To do this, a composite estimate is created with the World Bank's **Worldwide Governance Indicators** pertaining to political stability, regulatory quality, and control of corruption. The resulting figure needs to be positive.

Since the resulting index constituents must be accessible to investors, the ruleset looks at the **tradability and materiality** of a country's equity markets. To satisfy this constraint, the market should contain a minimum of three companies of at least three billion USD full market capitalisation, one and a half billion free float market capitalisation and an annual traded value ratio of 20%. Based on market developments, the design committee will decide on possibly amending these thresholds on annual basis.

The ranking uses a cascading approach where only countries fulfilling the economic development criteria pass on to the governance indicator filter and then the remaining ones to the materiality- and tradability analysis. As a last step, the Index Design Committee uses a discretionary filter that looks at individual countries in more detail regarding their openness to foreign investors and stability infrastructure. The analysis is based, but not limited to, metrics such as market sentiment, availability of omnibus accounts, in-kind transfers, capital controls, and custody proceedings that might hindrance international investors from participating in such a market.

The current universe consist of the following:

| Investable Universe | | |
|---------------------|---------------|----------------|
| Australia | Hong Kong SAR | Portugal |
| Austria | Ireland | Singapore |
| Belgium | Israel | Spain |
| Canada | Italy | Sweden |
| Denmark | Japan | Switzerland |
| Finland | Netherlands | United Kingdom |
| France | New Zealand | United States |
| Germany | Norway | |

Only countries already present in the Country Observation Table can be added or removed from the investable universe. This table contains countries that pass most filters and are projected to fulfil all of them in the near future or countries inside the investable universe that are close to the

threshold. The table is likewise amended on a yearly basis to reflect potential movers, thereby applying a degree of predictability for the index as well as preventing countries from frequently entering and leaving the investable universe.

| Country Observation Table | |
|----------------------------------|-----------|
| South Korea | Promotion |
| Poland | Promotion |
| Greece | Promotion |
| Taiwan | Promotion |
| Israel | Demotion |

3. ELIGIBLE REGULATED STOCK EXCHANGES

The following table shows the markets within the investable universe and respective eligible regulated stock exchanges.

| Country Name | Exchange Name | Market Segment |
|--------------------|--------------------------------|---|
| Australia | Australian Securities Exchange | - |
| Austria | Wiener Boerse | Prime Market Standard Market |
| Belgium | Euronext Brussels | Euronext |
| Canada | Toronto Stock Exchange | - |
| Denmark | NASDAQ Copenhagen | Main Market First North Denmark |
| Finland | NASDAQ Helsinki | Main Market First North Finland |
| France | Euronext Paris | Euronext Euronext Growth |
| Germany | Deutsche Boerse | EU Regulated Market |
| Hong Kong | Stock Exchange of Hong Kong | Main Board Growth Enterprise Market |
| Ireland | Euronext Dublin | Euronext Euronext Growth |
| Israel | Tel Aviv Stock Exchange | - |
| Italy | Euronext Milan | Euronext Euronext Growth |
| Japan | Tokyo Stock Exchange | - |
| | Nagoya Stock Exchange | - |
| Netherlands | Euronext Amsterdam | Euronext |
| New Zealand | New Zealand Exchange | - |
| Norway | Oslo Stock Exchange | Euronext Euronext Growth Euronext Expand Oslo |
| Portugal | Euronext Lisbon | Euronext |
| Singapore | Singapore Exchange | Main Board Catalist |
| Sweden | NASDAQ Stockholm | Main Market First North Sweden |
| | Nordic Growth Market | - |

| Country Name | Exchange Name | Market Segment |
|-----------------------|-------------------------|--|
| Switzerland | SIX Swiss Exchange | - |
| United Kingdom | London Stock Exchange | Main Market |
| United States | NASDAQ Stock Exchange | Capital Markets Global Markets Global Select Markets |
| | New York Stock Exchange | NYSE NYSE American |
| | CBOE Global Markets | US Equities |