



# INDEX RULE BOOK

## EQUITY CERTIFICATE INDEX

Version 20-02

Effective from 09<sup>th</sup> November 2020

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

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## 1. GENERAL

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### 1.1 HIGHLIGHTS

Objective	The Equity Certificate Family is designed to reflect price level trends in the trading of Equity certificates listed on (Euronext) Oslo Børs.
Administrator	Oslo Børs is the Administrator of the Index
Supervisor	Euronext Internal supervisor
Trademarks	Euronext N.V. or its subsidiaries (hereinafter jointly "Euronext") owns all intellectual and other property rights to the index, including the name, the composition and the calculation of the index.  Euronext®, OBX®, OSEBX® and OSEFX® are registered trademarks of Euronext.

### 1.2 VERSION NOTES

Version	Effective date	New or changed parts
20-01	09 November 2020	First version

## 2. REFERENCE INFORMATION AND PUBLICATION OF INDEX LEVELS

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### 2.1 REFERENCE TABLE

Index name	ISIN Code	MNEMO	Bloomberg Code	Reuters code	Base date	Base value	Publication since	Type of index
Oslo Børs Equity Certificate Index	NO0000000062	OSEEX			30-12-1994	100	02-01-1995	Gross
Oslo Børs Equity Certificate Index PR	NO0010890668	OSEEP					09-11-2020	Price
OSEEXR Index	NO0010865371	OSEER			01-01-2010	100	05-01-2010	Gross
OSEEXR Index PR	NO0010892201	OSEXP					09-11-2020	Price

### 2.2 BASE CURRENCY

All Indices have Norwegian Krone as their Base Currency.

### 2.3 PUBLICATION OF INDEX LEVELS

The indices are calculated based on the most recent prices of transactions concluded on Euronext Markets. The level of indices are 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. The closing level is the last level disseminated on the trading day

### **3. INDEX REVIEWS**

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#### **3.1 REVIEW FREQUENCY AND RELEVANT DATES**

##### **Semi-annual Reviews**

The Review Cut-Off Date is after the market close of the penultimate<sup>1</sup> Friday of February and August.

The Review Composition Announcement Date is at least two days before the Review Effective Date.

The Review Effective Date is after the market close of the third Friday of March and September.

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<sup>1</sup> Penultimate means the one immediately before the last one, so the Friday before the last Friday.

## **3.2 SELECTION STEPS**

### **3.2.1.1 Index Universe**

#### **OSEEX Index**

The universe of the index is defined as Equity Certificates that have been admitted to listing on (Euronext) Oslo Børs.

### **3.2.1.2 Selection at the Semi-Annual Reviews**

#### **OSEEX Index**

All eligible securities are included in the Index.

#### **OSEEXR Index**

The Index shall contain all companies included in the Oslo Børs Equity Certificate Index (OSEEX), as well as the security Sparebank 1 SR-Bank (SRBANK).

## **4. PERIODICAL UPDATE OF WEIGHTING**

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### **4.1 UPDATE OF NUMBER OF SHARES AND FREE FLOAT FACTORS**

At the semi-annual reviews, the number of shares and Free Float Factors included in the index will be updated with the number of shares listed on the Review Cut-Off Date, taking into account adjustments due to Corporate Actions as described in Chapter 5.

## 5. CORPORATE ACTIONS

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### 5.1 EVENTS THAT CHANGE THE COMPOSITION

#### Mergers and acquisitions

##### Acquisitions in cash

In the event of a bid in cash, the target company will be removed from the index. The removal will take place with effect after the close of the first full business day following the acceptance of the bid. If a company is removed from the index, the divisor will be adapted to maintain the index level.

##### Mergers and takeovers in securities

In the event of a merger, acquisition or similar situation where the bid is made in the form of securities, the constituent will be replaced by the newly formed company, provided that this company is included in the Index Universe defined in the index reviews section. The replacement will take place in line with the schedule of the transaction. The replacement of the securities of the relevant index constituent by the securities of the newly formed company will be executed on the basis of the bid ratio.

##### Mixed transactions

In case a of a mixed bid of cash and shares the Compiler will treat the bid as a share bid if the share part amounts to at least 75% of the offer price, on the day of the publication of the terms of the offer. The replacement of the shares of the relevant index constituent by the shares of the company that continues to be traded will be executed on the basis of the bid ratio. The divisor will be adapted only for the cash part of the offer price.

##### Continued inclusion or specific treatments

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.

In case of a specific treatment a separate announcement detailing the specific treatment will be issued timely to the market.

##### Inclusion of new companies

Newly listed companies are included in the index on the second day of listing. In case the certificate is not traded on the first day it will be included at the periodical review.

#### Suspensions, Company distress and Delistings

##### Suspension

If a constituent is suspended, the Compiler will consider whether the constituent should be removed or not within five trading days. If it is decided to maintain the constituent a further reassessment date will be set. The Compiler reserves the right to take action before that date if new developments give reason to do so.

In case a constituent is removed following suspension, it will be removed from the index as soon as possible and on a day announced by the Compiler. The company will be removed from the index after



the close of the markets assuming a price of zero unless the Compiler sets a different price, where possible supported by an objective source.

If it has been announced that a constituent will be delisted from the relevant market, it will be removed from the index as soon as possible and on a day announced by the Compiler. The company will be removed from the index based on either the last known price established during regular daytime trading or on a price determined by the Compiler, whereby the company may also be removed at a price of zero.

Removing assuming a price of zero implies no divisor change because of the removal. If another price is set, the divisor will change based on the removal of the value of that company from the index portfolio when applying that price.

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

#### **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 it is included in the Index Universe defined in the index reviews section.

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.

In case a company resulting from the split up will not be admitted to listing on (Euronext) Oslo Børs, the Compiler will select an appropriate price source for the calculation of the index and the removal of the spun off company on the first trading day after the spin-off.

## **5.2 EVENTS THAT CHANGE THE WEIGHTING FACTORS**

### **Dividends**

#### **Criteria for determining special dividends**

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.

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

The adjustment of the index takes place by a 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.

#### **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.

#### **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.

#### **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 as a dividend.

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

In the event of a rights issue an adjusted closing price will be applied as calculated by the Compiler. The index is adjusted based on the value of the rights only. The divisor will be adapted in such a way that the level of the index remains the same.

The index will be adjusted 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. If the value cannot be attributed straightforward, the Compiler may also decide to include the detached instrument for one day and adjust the index at the close based on the closing price for that subscription right on that day.

#### **Partial tender offers on own shares**

The Compiler will adjust the divisor of the index if the premium represents more than 5% of the share price of the close on the penultimate day before the ex-date (the day prior to the last day before the ex-day). The premium is calculated as the difference between the offered price and the closing price, multiplied by the percentage of the share capital targeted in the offer. If the divisor is adjusted, the number of shares in the index will be adjusted as well.

## 6. INDEX CALCULATION FORMULAS

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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>2</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 $i^{\text{th}}$ component stock (for net return index withholding tax is deducted from this dividend);
$w_i$	The weighting of the $i^{\text{th}}$ 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;

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<sup>2</sup> Factor is equal to 1 if not applied for the index

## 7. DEFINITIONS

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### 7.1 REVIEW DATES

The **Review Cut-Off Date** is the date on which, after the market close, relevant data are gathered that will serve as basis for the periodical review of the index.

The **Review Composition Announcement Date** is the date on which, after the close, the full details are announced regarding the index composition that will come into effect after the Review effective date. This includes numbers of shares, free float factors and capping factors of all companies included in the new index portfolio.

The **Review Effective Date** is the date on which, after the market close, the changes relating to the periodical review are being effectuated in the index portfolio.

### 7.2 FREE FLOAT FACTOR

The Free Float Factor is the percentage representing all listed securities of the selected line of the relevant company eligible for index inclusion (as described in section 5.2), minus any shareholdings that are considered non-free float. The Free Float Factor is based on public information available on the Review Cut-Off Date. The Free Float Factor will be rounded to the nearest 5%.

The following shareholdings are considered non-free float (based on public information available on the Review Cut-Off Date):

- Any single shareholder who holds 5% or more of the listed securities in the selected line eligible for index inclusion, with the exception of collective entities or pension funds.  
Collective entities are those entities that fulfill all the following criteria:
  - i. are open for investment to investors or tradable on the market; and
  - ii. have a diversified portfolio; and
  - iii. have an open ended structure.Collective entities include mutual funds and other open end-funds.
- Collective entities or pension funds that hold 5% or more of the listed securities in the selected line eligible for index inclusion and are represented in any governing body of the company in question.
- Parties acting in concert that collectively hold 5% or more of the listed securities in the selected line eligible for index inclusion.
- Employee shareholding plans, employee pension plans, individual employees, management or members of the board of directors of the relevant company when their cumulative shareholding is 5% or more of the listed securities in the selected line eligible for index inclusion.
- Shares held by the relevant company that represent 5% or more of the listed securities in the selected line eligible for index inclusion (e.g. treasury shares).

### 7.3 TURNOVER (EOB)

Turnover (EOB) consists of value of turnover traded via the (Euronext) Oslo Børs electronic order book.

## 8. ESG DISCLOSURES

EXPLANATION OF HOW ESG FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY	
Item 1. Name of the benchmark administrator.	Oslo Børs
Item 2. Type of benchmark	Equity Benchmark
Item 3. Name of the benchmark or family of benchmarks.	<b>Investable Sector Indices</b>
Item 4. Does the benchmark methodology for the benchmark or family of benchmarks take into account ESG factors?	No
Item 5. If the response to Item 4 is positive, please find below the ESG factors that are taken into account in the benchmark methodology and how they are used for selection, weighting and exclusion	
a) List of environmental factors considered:	
b) List of social factors considered:	
c) List of governance factors considered:	
Item 6. Data and standards used.	
a) Data input. <i>(i) Describe whether the data are reported, modelled or, sourced internally or externally. (ii) Where the data are reported, modelled or sourced externally, please name the third party data provider.</i>	
b) Verification of data and guaranteeing the quality of those data. <i>Describe how data are verified and how the quality of those data is ensured.</i>	
c) Reference standards <i>Describe the international standards used in the benchmark methodology.</i>	
<b>Information updated on:</b>	30 <sup>th</sup> April 2020