



Financial Information

SIX Financial Information

Index Calculation Rulebook – SIX Sweden Dividend 15 Index

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1 Introduction

SIX Financial Information (SIX) is the Owner and Index Provider of the SIX Sweden Dividend 15 Index, SIXDIV15SW.

SIXDIV15SW is constructed to reflect the market performance of the 15 Large Cap shares with the highest dividend yield listed on the Nasdaq Stockholm Exchange. Constituent shares are weighted in accordance with their market capitalization.

Two dividend variants of the SIXDIV15SW are calculated:

* SIXDIV15SWG: Gross Index. The total dividend is reinvested in the index.

* SIXDIV15SWPI: Price Index: Dividends are not reinvested in the index

The start value for SIXDIV15SW is 100 with base date, 28th of February 2003.

SIXDIV15SW is calculated in SEK.

1.1 Definitions

Index Company – The Company issuing the Index Share.

Index Share – A constituent share of SIXDIV15SW. The largest share class of an Index Company.

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



2 Selection of Index Shares and review process

2.1 Selection of Index Shares

To qualify as an index constituent, each share must be included amongst the 40 most traded, in terms of accumulated turnover, share series on the Stockholm Stock Exchange. The selection of the 40 most traded shares is based on the population of SIX60. (The SIX60 index is based on the 60 most traded stock series on the Nasdaq Stockholm Stock Exchange, please see the SIX60 rule book for further information).

Of the 40 most traded series of shares in the SIX60, the index population in SIXDIV15SW consists of the 15 companies with the highest weighted dividend yield over the past three years. If the company has several share series listed, the most traded share is selected.

The dividend yield is weighted as follows:

The proposed dividend for the current year is weighted at 60% and the two previous years dividends are weighted at 30% (last year) and 10% (two years ago) respectively.

If a company is the subject of a public takeover bid, the company shall not be considered as an Index Share at the time of the revision.

The index is revised annually and implementation begins on the first trading day in March and lasts for five trading days. The cut off day is five trading days prior to the first implementation day.

During the review period, the existing portfolio is withdrawn from the index at 20 percent per share series per day. The number of shares withdrawn is based on data from the last trading day in February. The review commences on the first trading day in March and lasts for five trading days. The amount received by withdrawn companies is equally invested in the new portfolio throughout the five-day period. In this way, the old population is replaced and the new population is weighted continuously. During the review period, the index may contain more than 15 companies. After closing the fourth trading day in March, all companies in the company are weighted equally.

2.2 Changes in the composition of SIXDIV15SW aside from ordinary reviews

In the event of bankruptcy of an Index Company, the Index Share will be excluded from SIXDIV15SW. On its final day as SIXDIV15SW 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.



3 Calculating the Index Value

3.1 Calculation of market capitalization

Market capitalization is calculated for each Index Share by multiplying the number of ordinary shares by the last traded price.

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

$$\text{SIXDIV15SWG I}_t = \left(\frac{\sum (Q_t * P_t)}{\sum ((Q_{t-1} * P_{t-1}) + A) - D_t} \right) * \text{SIXDIV15SWG I}_{t-1}$$

SIXDIV15SWG I_t = Index value today

Q_t = Number of ordinary shares today

P_t = Last traded price today

D_t = Dividend today

Q_{t-1} = Number of ordinary shares yesterday

P_{t-1} = Last traded price yesterday

A = Amount for adjustment of base value at new issues and the like

SIXDIV15SWG I_{t-1} = Index value yesterday

$$\text{SIXDIV15SWPI}_t = \left(\frac{\sum (Q_t * P_t)}{\sum ((Q_{t-1} * P_{t-1}) + A)} \right) * \text{SIXDIV15SWPI}_{t-1}$$

SIXDIV15SWPI_t = Index value today

Q_t = Number of shares today

P_t = Last traded price today

Q_{t-1} = Number of shares yesterday

P_{t-1} = Last traded price yesterday

A = Amount for adjustment of base value at new issues and the like

SIXDIV15SWPI_{t-1} = 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 of 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 trading day 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 in 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 SIXDIV15SW 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 in 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 Issues without precedence for existing shareholders

Issues without precedence for existing holders of Index Shares and conversion of convertible debt certificates, exercise of warrants, etc. are updated on a daily basis.

When the Index Provider receives information of the above events, the number of shares (Q_t) is updated. The base value in accordance with section 3.2 above is adjusted on that day. The amount by which the base value (A) is adjusted is obtained by multiplying number of newly-added shares by the previous day's last traded price (P_{t-1}).

3.8 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 Introduction of new companies

A company listed on an approved Stock Exchange is included in the index calculation from the first Trading Day after the listing day, where the last traded price (P_{t-1}) for the company on the listing day is used.

5 Trading day

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

6 Correction policy

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

6.1 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.

6.2 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.

7 Changes to the methodology

7.1 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.

7.2 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.

8 General information on SIX indices

8.1 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.

8.2 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/>

9 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.

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Financial Information

10 Contact

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