

# **Rules for the Construction and Maintenance of the OMX Baltic Equity Indexes**

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## Definitions

**Baltic equity indexes:** The Baltic equity indexes cover the Baltic indexes and the domestic indexes.

**The Exchanges:** Riga Stock Exchange, Tallinn Stock Exchange and Vilnius Stock Exchange.

**CSD – Central Securities Depository**

*EVK – Eesti Väärtpaberikeskus*

*LCD – Latvijas Centrālais depozitārijs*

*LCVPD – Lietuvos centrinis vertybinių popierių depozitoriumas*

**The Exchanges use Global Industry Classification Standard (GICS)** The Exchanges classify their securities according to Global Industry Classification Standard (GICS) constructed and maintained by Morgan Stanley Capital International (MSCI) and Standard & Poors (S&P). The use of a uniform classification standard (GICS) enables investors to easy and consistent make cross boarder comparisons in the Baltic region.

## 1 Introduction

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### 1.1 Background

This booklet describes how the OMX Baltic All-Share, Sector, Benchmark and Tradable indexes are calculated. It is aimed at users, investors and others interested in the construction and computation of such indexes.

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

### 1.2 The OMX Baltic Index Family

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The OMX 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 **OMX Baltic All-Share Index** and the **OMX 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.

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. In the second group we find the **OMX Baltic Benchmark Index**. 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.

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

The OMX Baltic equity indexes have a base value of 100 and a base date as of December 31, 1999<sup>1</sup>. The sector indexes are available on level 1.

### 1.3 Trademarks and intellectual property rights

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OMX AB (OMX) is the sole and exclusive owner of all rights, titles and interest in and to the indexes<sup>2</sup>. Any products based on the indexes require permission by OMX. OMX carries out the periodical and daily maintenance of the indexes, such as calculating and distributing the index values and calculation parameters, in accordance with “The Rules for the Construction and Maintenance of the OMX Baltic Equity Indexes”.

### 1.4 Information Policy

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Changes to the index composition of the OMX Baltic Benchmark and OMX Baltic 10, rule changes and corporate actions adjustments are published in index notices by the Exchanges.

Deadlines for announcements:

- **Rule amendments:** Material changes to the rules are normally announced 3 months before they are put into effect.

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<sup>1</sup> Base date for OMX Tallinn is June 3, 1996. Base date of 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.

<sup>2</sup> The use of the indexes is the sole responsibility of the user. The Exchanges shall not be liable for any loss or damage whatsoever or howsoever caused or arising in connection with the use of the indexes.

- **Periodic index composition:** A notice including the new composition of the Benchmark and Tradable indexes is normally published no less than 15 calendar days prior to the effective date. If necessary a corrected composition may be published before the effective date in case of a merger or take-over. The composition of the Tradable index including weights and constituents is published one day before the effective date.
- **Daily maintenance:** Adjustments of the Benchmark and Tradable indexes due to corporate actions are normally announced no later than the day prior to the event taking effect.

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## 1.5 Index Currency

The 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 Reuters<sup>3</sup>.

Domestic indexes are calculated in the trading currency of the respective exchange: OMX Tallinn in EUR, OMX Vilnius in LTL, and OMX Riga in LVL.

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<sup>3</sup> "The WM/Reuters Spot Rates provided by The World Markets Company plc ("WM") in conjunction with Reuters. 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 and Industry Classification

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### 2.1 The Exchanges and Morgan Stanley Capital International Inc. (MSCI)

The Exchanges have entered into a license agreement with Morgan Stanley Capital International Inc. (MSCI) and Standard and Poor's (S&P) with respect to classification under the Global Industry Classification Standard (GICS).<sup>4</sup>

The Exchanges have adopted the GICS as the official classification standard for all listed companies.

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### 2.2 The Classification

GICS aims at easing the investment research and asset management process for financial professionals worldwide. It is the result of numerous discussions with asset holders, asset managers, and investment analysts around the world and is designed to respond to the global financial community's need for an accurate, complete and standard industry definition.

GICS consists of 10 Sectors, 24 Industry Groups, 67 Industries and 132 Sub-Industries (28-04-2006). MSCI classifies all equities on Sub-Industry level. The Exchanges may decide to calculate indexes on Sector, Industry Group and Industry level.

The key features of the GICS are:

- **Universal:** The classification applies to companies globally
- **Accurate:** The structure accurately reflects the state of the Industries in the equity investment universe
- **Flexible:** Four levels of analysis, ranging from the most general Sector to the most specialized Sub-Industry
- **Evolutionary:** Annual reviews will be conducted to ensure that the classification remains fully representative of the universe

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### 2.3 Company Classification Guidelines

The GICS assigns each company into a Sub-Industry according to the definition of its principal business activity. Since the classification is strictly hierarchical at each of the four levels, a company can only belong to one grouping.

The classification aims at providing an accurate, complete and long-term view of the global investment universe from an industrial perspective. For most companies, revenues reflect more precisely companies' activities than earnings, as they are less volatile than earnings. Furthermore, industrial and geographical breakdowns of revenues are available for most companies while many companies still do not provide earnings' breakdowns. Nevertheless, company valuations are more closely related to earnings than revenues and therefore remain an important consideration. Consequently, companies are classified primarily on the basis of revenues, while earnings are considered as a second criterion.

The primary source of information used to classify shares is the companies' annual reports and accounts. Other sources include brokers' reports and other published research literature. As a general rule, a company is classified into the Sub-Industry whose definition most closely describes the business activities that generate the majority of the company's revenues. However, a company engaged in two or more substantially different business activities, none of which contributes 60% or more of revenues, is classified in the Sub-Industry, which provides the majority of both the company's revenues and earnings. When no Sub-Industry provides the majority of both the company's revenues and earnings, classification will be determined based on Morgan Stanley's analysis.

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<sup>4</sup> The Global Industry Classification Standard (GICS) was developed by and is the property of and a service mark of Morgan Stanley Capital International Inc (MSCI) and Standard and Poor's (S&P). The standard comprises the naming, methodology, structure, coding convention and other elements for classifying securities. MSCI is the sole and exclusive owner of all rights, titles and interest in and to the GICS. Riga Stock Exchange, Tallinn Stock Exchange and Vilnius Stock Exchange are entitled to distribute and permit third parties to redistribute and use the classifications made by MSCI and S&P using the Global Industry Classification Standard (GICS).

In addition, a company significantly diversified across three or more Sectors, none of which contributes the majority of revenues or earnings, is classified either in the Industrial Conglomerates Sub-Industry (Industrial Sector) or the Multi-Sector Holdings Sub-Industry (Financial Sector).

In the case of a new issue, the classification will be determined primarily on the basis of the description of the company's activities and pro forma results as given in the prospectus.

A Company's industry classification will be reviewed either when a significant corporate restructuring occurs or when the new annual report is made available. In any case, in order to provide a stable industry classification, when reviewing a company's classifications, Morgan Stanley will attempt to minimize changes in the industry classification by disregarding temporary fluctuations in the results of a company's different business activities.

In the event that the above guidelines should not appropriately capture a particular company's business activity, its classification will be determined on the basis of a more extensive analysis.

MSCI, together with S&P, shall have sole decision-making responsibility with respect to classifications under the Global Industry Classification Standard (GICS).

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## **2.4 Structure of the Global Industry Classification Standard**

The classification is structured into four levels, where the 10 Sectors at the first level are represented here. For a full breakdown on all levels, see Appendix 1 - Structure of the Global Industry Classification Standard.

10 Energy  
15 Materials  
20 Industrials  
25 Consumer Discretionary  
30 Consumer Staples  
35 Health Care  
40 Financials  
45 Information Technology  
50 Telecommunication Services  
55 Utilities

## **3 Construction and Maintenance**

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### **3.1 Eligible securities**

In principle, all securities listed and admitted to trading (hereafter – “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, the total quantity of shares registered in the Baltic countries CSDs will be included in the Baltic index.

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.

Rights, warrants or similar derived securities are not eligible for index inclusion.

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### **3.2 OMX Baltic All-Share and Sector Indexes**

#### **3.2.1 General**

The OMX 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 a GICS classification.

#### **3.2.2 OMX Baltic All-Share Index**

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

#### **3.2.3 OMX Baltic Sector Indexes**

All eligible listed securities are included in the Sector indexes. These indexes are calculated on Sector level (GICS level 1).

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### **3.3 OMX Baltic Benchmark Index**

#### **3.3.1 Periodic review of the index**

The Benchmark Index is an investible index representing all shares listed in the Baltic region. In order to fulfill conditions set forth in the object of the index, the "Benchmark Index" is reviewed semi-annually according to the criteria’s in rule 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 turnover statistics as of November 30 and May 31, converted to Euro. Implementation of the reviewed index is effective from January 1 and July 1, respectively. Re-balancing 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 listed securities<sup>5</sup> on the Exchanges are sorted according to the previous 12 months official turnover<sup>6</sup> 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 Sector (GICS level 1). Within each Sector, securities are sorted according to the **free float-adjusted** market cap.
- (v) Within each Sector, securities are ranked according to the highest free float-adjusted market cap until at least 85% of the Sector'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 Sector's free float-adjusted market cap may not be reached since some securities according to (ii) are not eligible.

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, 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 the control of 90 per cent or more of the outstanding shares is gained in a listed company according to 5.8 in the period between (a) November 30 or May 31 and (b) time for publishing the composition, the acquired company will not be included in the Sector during 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.

### 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 overall investibility of the index.

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. 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 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.

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<sup>5</sup> 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).

<sup>6</sup> The official turnover includes auto match trades and negotiated deals

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<sup>7</sup>. 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 Industry Group exceeding 10% of the capital are always considered as non-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 than 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 rule 5.8.2.

### **3.3.4 Market capitalisation limit (Capping)**

OMX 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 constituents 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 the 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.

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.

### **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

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<sup>7</sup> If, for any reason, this data is not available as of October 31 and April 30, the latest available figures are used.

issued by the same body weighting between more than 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.

If no capping is necessary, no groups are formed in the beginning of the quarter. Securities issued by the same body that exceeds 10 per cent are capped down to 9 per cent. Groups will be formed intra quarter if the securities issued by the same body above 5 per cent exceed the 40 per cent limit.

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.

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## **3.4 OMX Baltic 10 Tradable Index**

### **3.4.1 General**

- (i) 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 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<sup>8</sup>.
- (ii) Securities which have more than 5 days were 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.

### **3.4.3 Periodic review of the index**

The index consists of 10 constituents and the index portfolio is reviewed semiannually. The review dates are set to the first of January and first of July. The Baltic 10 Tradable index is free float adjusted and the maximum weight of a company is limited to 15%. To keep the population stable but yet able to capture the development in the Baltic region the following rules are applied in the continuous semiannual selection of securities to the index portfolio:

- (i) All eligible securities are ranked according to six months median daily turnover in Euro<sup>9</sup>.
- (ii) Securities which have more than 5 days were 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.

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<sup>8</sup> Daily official turnover includes auto match trades

<sup>9</sup> Daily official turnover includes auto match trades

- (iv) Securities which is a non-index constituent will automatically qualify as an index constituent if it is ranked among the top 8 securities in the final ranking, and will replace the lowest ranked index constituent.
- (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.

#### **3.4.4 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 follows the application of criteria's defined in rule 3.3.3.

#### **3.4.5 Market capitalization limit (Capping)**

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

## 4 Index Calculation

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### 4.1 General

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

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### 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 OMX Baltic indexes are calculated by using the following formula.

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

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
- $r_{i,t}$  = 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.

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### 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.

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## 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<sup>10</sup>. 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 rule 5.6, the indexes will be adjusted without delay.

### 4.4.2 OMX 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 semiannual 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 OMX Baltic Benchmark index, the market capitalization limit is described in 3.3.4.

### 4.4.3 OMX 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 semiannual review and is fixed in the period between reviews with the exception of adjustments for corporate actions with priority for existing shareholders.

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## 4.5 Dividends

All OMX Baltic equity indexes (except OMX Baltic 10 Tradable, OMX First North Baltic and domestic indexes) are calculated as Price (PI) and Gross (GI) indexes. OMX Baltic 10 Tradable and OMX First North Baltic index are only available as Price indexes. Domestic indexes are only available as Gross indexes.

### 4.5.1 Gross indexes (GI)

To reflect the true performance of a market, 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 formula - subtracting of dividends from this price on the ex-dividend date  $t$ . This adjustment reinvests the dividend in all index constituents in proportion to their weights in index.

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

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<sup>10</sup>Before May 21, 2007 the number of shares from both public and private issues were included in the OMX Riga All-Share index calculation.

#### 4.5.2 Price Indexes (PI)

In the price return index cash dividends are not reinvested in the index. Hence, the price return index reflects the market performance related to stock price movements only. 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.

##### OMX Baltic 10 dividend adjustment

OMX Baltic 10 is a price index and is only adjusted when a company decides to pay an ordinary cash dividend in excess of 10% of the relevant shares price or if a dividend is declared by the company to be a special dividend. The OMX Baltic 10 index will be adjusted according to the following formulas:

If  $(dividend - 0,1 \cdot p_{i,t-1}) > 0$ ,

$$\tilde{p}_{i,t-1} = p_{i,t-1} - (dividend - 0,1 \cdot p_{i,t-1})$$

Else

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

Special dividend:

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

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#### 4.6 Adjustment Factor

If a company carries out 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, an adjustment factor will be calculated and applied in the index calculation,  $j_{i,t}$  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.

## 5 Corporate Actions

This section lists the most common corporate actions undertaken by listed companies and describes the appropriate adjustment applied by the Exchanges to uphold the correct representation of the index performance. Re-balancing will be undertaken using closing prices of the day prior to the revision..

The following corporate actions may lead to an adjustment of the indexes.

- Issues
- Split / Reverse split and change in face value
- Market price issue
- Spin-off and adjustments for issues
- Merger / take-over
- Redemption and cancellation of shares

The adjustments effected after the individual events are described in detail below.

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### 5.1 Discretionary adjustments

OMX decides which adjustment alternative shall be employed and may in the cases described below make other adjustments than those stated, if warranted by special circumstances. The Exchanges may also make adjustments to an index in other cases than stated below. Notwithstanding, the index adjustments shall wherever possible be in accordance with the aims set forth in 4.2.

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### 5.2 Daily vs. periodic review of number of shares in the index

There is a fundamental difference in the treatment of adjusting number of shares in indexes that only review number of shares periodically compared to that of indexes reviewing number of shares on a daily basis.

Indexes with daily review of number of shares include all shares outstanding or thereof implied number of shares in the event of corporate actions.

For indexes where the number of shares is reviewed periodically, the number of new shares is determined in accordance with the terms of the corporate action.

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### 5.3 New Share Issue with rights for existing shareholders (Rights Issue)

New share issue is an offer by the company to existing shareholders to take part in a new issue of shares. The new shares are offered in proportion to each shareholder's existing holding, generally at a reduced price. The issue of shares at below-market-price results in dilution of the existing shares. In a rights issue both the number of shares outstanding and market capitalization of the company increase.

Effective from the ex-date, the number of shares and price of the constituent are adjusted to reflect its true performance.

It is assumed that the rights offering are fully subscribed. For indexes reviewing number of shares on a daily basis and in the case of a not fully subscribed offering, the number of shares included in the index will be adjusted to reflect the actual number of shares subscribed. For indexes where the number of shares is reviewed periodically and in the case of a not fully subscribed offering, the number of shares included in the index may be adjusted to reflect the actual number of shares subscribed. If the new shares deviate significantly from the Index Constituent, the Method described in 5.7.1 shall be applied.

The adjustment factor is calculated by using the following formula:

$$\text{Adjustment factor } j = \left( \frac{P_{ex}}{P_{cum}} \right)$$

$$P_{ex} = \left( \frac{P_{cum} \cdot m + P \cdot n}{m + n} \right)$$

$P_{cum}$  = Security price cum-rights

$P_{ex}$  = Theoretical security price ex-rights

$P$  = Subscription price

$m$  = Number of head shares

$n$  = Number of new shares

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## 5.4 Bonus issue

A bonus issue or a stock dividend is an issue of shares free of charge to existing shareholders, the shares being brought into existence by the capitalization of the company's reserves. The new shares are issued in proportion to each shareholder's existing holding. The issue of bonus shares is merely an accounting transaction and results in no flow of capital into or out of the company. The number of shares increases but the market capitalization of the company remains unchanged. If the new shares deviate significantly from the Index Constituent, the Method described in 5.7.1 shall be applied.

The Exchanges will increase the number of shares of the constituent security, by the number of additional shares, on the day that the Index Constituent is first available for trading on the Exchange ex rights (ex-day).

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## 5.5 Split / Reverse split and change in face value

A stock split or a reverse split is the action of a company in splitting or recouping its shares, reducing or increasing, respectively, par value in proportion and so increases or decreases, respectively, the number of shares. The economic effect of a stock split or a reverse stock split is equivalent to a bonus issue, as there is no flow of capital into or out of the company. The number of shares increases but the market capitalization of the company remains unchanged. If the new shares deviate significantly from the Index Constituent, the Method described in 5.7.1 shall be applied.

A reduction of share capital removes part of the nominal share capital of a security without affecting the market value. If the reduction takes place by maintaining the number of shares but reducing the face value of the shares (change in denomination) the price will not be affected and only the face value will be changed.

The Exchanges will increase the number of shares of the constituent security, by the number of additional shares, on the day that the Index Constituent is first available for trading on the Exchange ex rights (ex-day).

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## 5.6 Market price issue

Market price issues where existing shareholders have waived their pre-emptive right to subscribe in the issue are usually offered to the public, directly to a person or an organization. As the issue is not reserved for present shareholders it is assumed that they are somehow compensated for, if any, dilution. The issue of new shares results in flow of capital into the company, the number of shares increases and the market capitalization of the company changes. Other issues like private placements and employee share issues, conversion of convertible debts and exercise of warrants or similar securities do also increase the share capital and are treated as a market price issue.

Effective on the ex-date, the number of shares of the constituent security is adjusted in indexes that review the number of shares on a daily basis in order to reflect the new market capitalization of the company. For indexes reviewing the number of shares on a periodically basis, new shares from the issue are not included before implementation of the new index composition at the next periodic review. If the new shares deviate significantly from the Index Constituent, the Method described in 5.7.1 shall be applied.

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## **5.7 Spin-off and adjustments for issues**

A spin-off is the action of a parent company in distributing out among its shareholders the controlling stock that it holds in a subsidiary company or issuing of shares in a new company based on a part of its current business. The spin-off results in outflow of capital in form of capital transfer from the parent company to the new company. In a spin-off the number of shares outstanding remains unchanged. However, the price of the company will be affected.

### **5.7.1 Direct inclusion and Exclusion from the Index**

When the company, the shares of which constitute an Index Constituent, carries out any of the following measures and where the shareholders have preferential rights of participation either the Direct Inclusion or Exclusion from the index shall be used:

- (i) issue of convertible bonds (debentures), debenture certificates carrying subscription warrants or similar securities,
- (ii) offer to acquire securities or rights of any type or receive such securities or rights without consideration and
- (iii) when a new issue is carried out which involves the issue of a new type of stock having rights that deviate significantly from the rights carried by the Index Constituent.

#### Direct Inclusion (Periodically reviewed indexes)

If the issued security is a controlling stock that the company holds in a subsidiary company or a stock based on part of its current business and the stock is listed on the ex-day on the exchange and the new stock by a high degree of probability is expected to be liquid so prices will be obtained on the ex-day, the security will be included in the index on the ex-day with starting price 0. The rights connected to the issued security must be in conjunction with rule 3.1 Eligible Securities.

#### Exclusion method

If no satisfactory estimate of the right has been obtained, effective on the ex-date only, the constituent security is excluded from the index. However, if no price has been obtained on the ex-day, the constituent security will remain excluded from the index until the day after the first price observation. The adjustment results in the excluded constituent having the same performance as the weighted average performance of the other Index Constituents as a proxy for its true performance.

### **5.7.2 Inclusion of issued securities in periodically reviewed indexes**

If a constituent company distributes the controlling stock that it holds in a subsidiary company or issuing of shares in a new company based on part of its current business and the distributed securities are listed on the exchange at the spin off date, but not later than three (t+3) days after the spin off, the new company will be included, on the second day of listing, in the periodically reviewed indexes until the next rebalancing date. Which method to be applied in the treatment of the spin off will be evaluated according to the rules in 5.7.1.

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## **5.8 Merger / take-over**

A merger or take-over is to combine the ownership of two companies into a new company or that one company obtains the ownership of the other.

### **5.8.1 Take-over, control of 90 % of the acquiring company**

The adjustments below will be effective on the third day the acquiring company controls at least 90% of the outstanding shares in the acquired company. The term “control” is here defined as when either, (a) the acquiring company notifies the Exchanges of their control or receiving accepts of at least 90 per cent, (b) the transaction is registered in the Exchanges trading system or (c) the ownership of the shares is registered with the CSDs (EVK, LCD and LCVPD).

In case such a replacement shall take place, the number of shares to be included in the Index Calculation is determined in accordance with the terms of the take-over offer or merger. Any conditions in the offer are not considered if the acquiring company gains control.

- (i) If the acquiring company and the acquired company are index constituents and the acquisition is settled entirely or partly in eligible shares, the market capitalization of the acquiring company is increased in accordance with the terms of the offer or merger. The acquired company is deleted from the index.
- (ii) If the acquiring company is not a constituent and the acquisition is settled entirely or partly in eligible shares, a part of the market capitalization of the acquiring company is included in the index in accordance with the terms of the offer or merger. In case the new Index Constituent is listed on the Exchange before the last listing day for the existing Index Constituent, the replacement shall take place with effect from the second listing day regarding the new Index Constituent on the Exchange. In cases where the constituent is de-listed from the Exchange before the first listing day for the new Index Constituent, the Index Constituent shall be deleted effective from the day following the last trading day of the Index Constituent. The new Index Constituent shall be included from the second listing day.
- (iii) If the acquiring company is not listed on the Exchanges or otherwise deemed unsuitable for inclusion, the acquired company is deleted from the index without including a new constituent.
- (iv) If the acquiring company is a constituent and the acquired company is not a constituent, the market capitalization of the acquiring company is not increased until the next semi-annually review.

However, if a breach in the conditions of the offer results in reversing the adjustment, the reversing is treated as spin-off in subsection 5.6.

### **5.8.2 Take-over: Adjustment of Free Float**

For the Benchmark and the Tradable index to maintain its investibility after a substantial decrease in the shares available for trading the free float may be adjusted in the following case. When the terms and conditions of the take-over offer, including the minimum control of the acquired company, are fulfilled the free float can be adjusted. The adjustment will take effect two trading days after the acquiring company has announced the result of the offer. If the acquiring company obtains over 90% control of the acquired company rule 5.8.1 will be applied.

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## **5.9 Redemption and cancellation of shares**

When an Index Constituent resolves upon the redemption and cancellation of shares, the number of shares in indexes shall be adjusted by reviewing the number of shares on a daily basis when the cancellation has been registered with the CSDs, according to the rule 4.4.1. Adjustment shall take place through a reduction in the number of shares included in the Index.

In indexes reviewing number of shares periodically the adjustment is only made if the Index Constituent resolves upon the redemption and cancellation of shares and if the shareholders have preferential rights to participation, the number of shares shall be adjusted normally on the bank day following the day on which the Exchange has received the conclusive announcement. Adjustment shall take place through a reduction in the number of shares included in the Index Constituent.

If the capital reduction is followed by a distribution of cash and/or rights, the corporate action is treated according to subsection 5.7.

## **5.10 Repurchase of own shares**

When an Index Constituent repurchases its own shares, the number of shares included in the index is adjusted to reflect the company's market value.

In indexes reviewing number of shares periodically however, company's own shares are adjusted in connection with the semiannual review of the indexes according to subsection 3.3.2.

If the Index Constituent repurchases and cancels its own shares and the shareholders have preferential rights to participate, an adjustment is made on the periodically reviewed indexes. The number of shares will normally be adjusted on the bank day following the day on which the Exchange has received the conclusive announcement. The adjustment shall take place through a reduction in the number of shares included in the Index Constituent.

If the capital reduction is followed by a distribution of cash and/or rights, the corporate action is treated according to subsection 5.7.

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## **5.11 Fast entry**

A new stock class listed on the Exchanges is generally not included in the index composition immediately in indexes where the number of securities is reviewed periodically. However if a newly listed stock class is considered by the relevant Exchange to result in a serious deterioration in the Benchmark Index' ability to mimic the population of stocks representing the market, or if it is of significant probability for the company to constitute the Benchmark Index at next rebalancing date, fast entry may be considered. No other securities are excluded resulting from addition of a new security.

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## **5.12 Fast exit**

If a security is de-listed from the Exchanges, an eligible replacement constituent is generally not included in the index composition immediately. This principle of fast exit is used in indexes where the number of securities is reviewed periodically. The exclusion of an Index Constituent will usually be carried out on its last trading day unless the security is deemed unsuitable for index purposes earlier.

Constituents will be removed at zero value, if considered to be in liquidation (and therefore of no value), or at the suspension price for all other circumstances.

Should a deleted constituent that has been suspended at a price other than zero (which would normally be the suspension price) be subsequently de-listed and deemed to be of zero value, this stock will be included for one day's calculation in the index from which it was removed to enable the fall in the stock's value to be reflected in the index value. In this situation, the stock will be re-included at the suspension price, and its price will be zero throughout that day's calculation, including the closing price.

## **6 Limits of liability**

OMX assume(s) no liability for loss or damages related to or arising out of the use of the indexes. OMX expressly disclaim all warranties of accuracy, completeness, merchantability or fitness for a particular purpose with respect to the indexes. Neither OMX 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 Global Industry Classification Standard

Sector (10)	Industry Group (24)	Industry (62)	Sub-Industry (132)
10 Energy	1010 Energy	101010 Energy Equipment & Services	10101010 Oil & Gas Drilling  Drilling contractors or owners of drilling rigs that contract their services for drilling wells
			10101020 Oil & Gas Equipment & Services  Manufacturers of equipment, including drilling rigs and equipment, and providers of supplies and services to companies involved in the drilling, evaluation and completion of oil and gas wells.
		101020 Oil & Gas	10102010 Integrated Oil & Gas  Integrated oil companies engaged in the exploration & production of oil and gas, as well as at least one other significant activity in either refining, marketing and transportation, or chemicals.
			10102020 Oil & Gas Exploration & Production  “Companies engaged in the exploration and production of oil and gas not classified elsewhere.”
			10102030 Oil & Gas Refining & Marketing & Transportation  Companies engaged in the refining, marketing, processing and/or transportation of oil, gas and /or refined products not classified in the Integrated Oil & Gas sub-industry. Includes diversified midstream natural gas companies facing competitive markets.
15 Materials	1510 Materials	151010 Chemicals	15101010 Commodity Chemicals  “Companies that primarily produce industrial chemicals and basic chemicals. Including but not limited to plastics, synthetic fibers, films, commodity-based paints, explosives and petrochemicals. Excludes chemical companies classified in the Diversified Chemicals, Fertilizers & Agricultural Chemicals, Industrial Gases, or Speciality Chemicals sub-industries”
			15101020 Diversified Chemicals  “Manufacturers of a diversified range of chemical products not classified in the Industrial Gases, Commodity

			Chemicals, Speciality Chemicals or Fertilizers & Agricultural Chemicals sub-industries.”
			15101030 Fertilizers & Agricultural Chemicals “Producers of fertilizers, pesticides, potash or other agriculture-related chemicals not classified elsewhere.”
			15101040 Industrial Gases “Manufacturers of industrial gases.”
			15101050 Specialty Chemicals “Companies that primarily produce high value-added chemicals used in the manufacture of a wide variety of products, including but not limited to fine chemicals, additives, advanced polymers, adhesives, sealants and speciality paints, pigments and coatings.”
		151020 Construction Materials	15102010 Construction Materials “Manufacturers of construction materials, including sand, clay, gypsum, lime, aggregates, cement, concrete and bricks. Other finished or semi-finished building materials are classified in the Building Products sub-industry.”
		151030 Containers & Packaging	15103010 Metal & Glass Containers "Manufacturers of metal, glass or plastic containers. Includes corks and caps."
			15103020 Paper Packaging “Manufacturers of paper and cardboard containers and packaging.”
		151040 Metals & Mining	15104010 Aluminum “Producers of aluminum and related products, including companies that mine or process bauxite and companies that recycle aluminum to produce finished or semi-finished products. Excludes companies that primarily produce aluminum building materials classified in the Building Products sub-industry.”
			15104020 Diversified Metals & Mining “Companies engaged in diversified production or extraction of metals and minerals not classified elsewhere. Includes companies that are primarily involved in coal mining or production.”
			15104030 Gold “Producers of gold and related products, including companies that mine or process gold and the South

			African finance houses which primarily invest in, but do not operate, gold mines.”
			15104040 Precious Metals & Minerals “Companies mining precious metals and minerals not classified in the Gold sub-industry. Includes companies primarily mining platinum.”
			15104050 Steel “Producers of iron and steel and related products.”
		151050 Paper & Forest Products	15105010 Forest Products “Manufacturers of timber and related wood products. Includes lumber for the building industry.”
			15105020 Paper Products “Manufacturers of all grades of paper. Excludes companies specializing in paper packaging classified in the Paper Packaging sub-industry.”
20 Industrials	2010 Capital Goods	201010 Aerospace & Defense	20101010 Aerospace & Defense “Manufacturers of civil or military aerospace and defense equipment, parts or products. Includes defense electronics and space equipment.”
		201020 Building Products	20102010 Building Products “Manufacturers of building components and home improvement products and equipment. Excludes lumber and plywood classified under Forest Products and cement and other materials classified in the Construction Materials sub-industry.”
		201030 Construction & Engineering	20103010 Construction & Engineering “Companies engaged in primarily non-residential construction. Includes civil engineering companies and large-scale contractors. Excludes companies classified in the Homebuilding sub-industry.”
		201040 Electrical Equipment	20104010 Electrical Components & Equipment “Companies that produce electric cables and wires, electrical components or equipment not classified in the Heavy Electrical Equipment sub-industry.”
			20104020 Heavy Electrical Equipment “Manufacturers of power-generating equipment and other heavy electrical equipment, including power turbines, heavy electrical machinery intended for fixed-use and large electrical systems. Excludes cables and wires classified in

			the Electrical Components & Equipment sub-industry.”
		201050 Industrial Conglomerates	20105010 Industrial Conglomerates  Diversified industrial companies with business activities in three or more sectors, none of which contributes a majority of revenues. Stakes held are predominantly of a controlling nature and stake holders maintain an operational interest in the running subsidiaries.
		201060 Machinery	20106010 Construction & Farm Machinery & Heavy Trucks  “Manufacturers of heavy duty trucks, rolling machinery, earth-moving and construction equipment, heavy farm machinery and manufacturers of related parts. Includes shipbuilding.”
			20106020 Industrial Machinery  “Manufacturers of industrial machinery and industrial components. Includes companies that manufacture presses, machine tools, compressors, pollution control equipment, elevators, escalators, insulators, pumps, roller bearings and other metal fabrications.”
		201070 Trading Companies & Distributors	20107010 Trading Companies & Distributors  “Trading companies and other distributors of industrial equipment and products.”
	2020 Commercial Services & Supplies	202010 Commercial Services & Supplies	20201010 Commercial Printing  “Companies providing commercial printing services. Includes printers primarily serving the media industry.”
			20201030 Diversified Commercial Services  "Companies providing commercial and consumer services not classified elsewhere. Includes commercial cleaning services, education services and security services."
			20201040 Employment Services  “Employment agencies and related services.”
			20201050 Environmental Services  “Providers of environmental services. Includes waste management and pollution control services. Excludes large-scale water treatment systems classified in the Water Utilities sub-

			industry.”
			20201060 Office Services & Supplies “Providers of office services and manufacturers of office supplies and equipment not classified elsewhere.”
	2030 Transportation	203010 Air Freight & Logistics	20301010 Air Freight & Logistics “Companies providing air freight transportation, courier and logistics services, including package and mail delivery and customs agents. Excludes those companies classified in the Airlines, Marine or Trucking sub-industries.”
		203020 Airlines	20302010 Airlines “Companies providing primarily passenger air transportation.”
		203030 Marine	20303010 Marine “Companies providing goods or passenger maritime transportation. Excludes cruise ships classified in the Hotels sub-industry.”
		203040 Road & Rail	20304010 Railroads “Companies providing primarily goods and passenger rail transportation.”
			20304020 Trucking “Companies providing primarily goods and passenger land transportation. Includes vehicle rental and taxi companies.”
		203050 Transportation Infrastructure	20305010 Airport Services “Operators of airports and companies providing related services.”
			20305020 Highways & Railtracks “Owners and operators of roads, tunnels and railtracks.”
			20305030 Marine Ports & Services “Owners and operators of marine ports and related services.”
25 Consumer Discretionary	2510 Automobiles & Components	251010 Auto Components	25101010 Auto Parts & Equipment “Manufacturers of parts and accessories for automobiles and motorcycles. Excludes companies classified in the Tires & Rubber sub-industry.”
			25101020 Tires & Rubber “Manufacturers of tires and rubber.”
		251020 Automobiles	25102010 Automobile Manufacturers “Companies that produce mainly passenger automobiles and light trucks.

			Excludes companies producing mainly motorcycles and three-wheelers classified in the Motorcycle Manufacturers sub-industry and heavy duty trucks classified in the Construction & Farm Machinery sub-industry.”
			25102020 Motorcycle Manufacturers “Companies that produce motorcycles, scooters or three-wheelers. Excludes bicycles classified in Leisure Products & Toys.”
	2520 Consumer Durables & Apparel	252010 Household Durables	25201010 Consumer Electronics “Manufacturers of consumer electronics products including TVs, VCRs, hi-fi equipment, game consoles and related products. Excludes personal home computer manufacturers classified in the Computer Hardware sub-industry, and electric household appliances classified in the Household Appliances sub-industry.”
			25201020 Home Furnishings “Manufacturers of soft home furnishings or furniture, including upholstery, carpets and wall-coverings.”
			25201030 Homebuilding “Residential construction companies. Includes manufacturers of prefabricated houses and semi-fixed manufactured homes.”
			25201040 Household Appliances “Manufacturers of electric household appliances and related products. Includes manufacturers of power and hand tools, including garden improvement tools. Excludes TVs and other audio and video products classified in the Consumer Electronics sub-industry and personal computers classified in the Computer Hardware sub-industry.”
			25201050 Housewares & Specialties “Manufacturers of durable household products, including cutlery, cookware, glassware, crystal, silverware, utensils, kitchenware and consumer specialties not classified elsewhere.”
		252020 Leisure Equipment & Products	25202010 Leisure Products “Manufacturers of leisure products and equipment, including sports equipment, bicycles and toys.”
			25202020 Photographic Products

			“Manufacturers of photographic equipment and related products.”
		252030 Textiles, Apparel & Luxury Goods	25203010 Apparel, Accessories & Luxury Goods  “Manufacturers of apparel, accessories and luxury goods. Includes companies primarily producing designer handbags, wallets, luggage, jewelry and watches. Excludes shoes classified in the Footwear sub-industry”
			25203020 Footwear  “Manufacturers of footwear. Includes sport and leather shoes.”
			25203030 Textiles  “Manufacturers of textile and related products not classified in the Apparel & Accessories, Footwear or Home Furnishings sub-industries.”
	2530 Hotels Restaurants & Leisure	253010 Hotels Restaurants & Leisure	25301010 Casinos & Gaming  “Owners and operators of casinos and gaming facilities. Includes companies providing lottery and betting services.”
			25301020 Hotels, Resorts & Cruise Lines  “Owners and operators of hotels, resorts and cruise ships. Includes travel agencies, tour operators and related services not classified elsewhere. Excludes casino-hotels classified in the Casinos & Gaming sub-industry.”
			25301030 Leisure Facilities  “Owners and operators of leisure facilities, including sport and fitness centers, stadiums, golf courses and amusement parks not classified in the Movies & Entertainment sub-industry.”
			25301040 Restaurants  “Owners and operators of restaurants, bars, pubs, or fast-food or take-out facilities. Includes companies that provide food catering services.”
	2540 Media	254010 Media	25401010 Advertising  “Companies providing advertising, marketing or public relations services.”
			25401020 Broadcasting & Cable TV  “Owners and operators of television or radio broadcasting systems and providers of cable or satellite television services, including programming.”
			25401030 Movies & Entertainment  “Companies that engage in producing

			and selling entertainment products and services, including companies engaged in the production, distribution and screening of movies and television shows, producers and distributors of music, entertainment theaters and sports teams”
			25401040 Publishing “Publishers of newspapers, magazines and books, and providers of information in print or electronic formats.
	2550 Retailing	255010 Distributors	25501010 Distributors “Distributors and wholesalers of general merchandise not classified elsewhere. Includes vehicle distributors.”
		255020 Internet & Catalog Retail	25502010 Catalog Retail “Mail order and TV home shopping retailers. Includes companies that provide door-to-door retail.”
			25502020 Internet Retail “Companies providing retail services primarily on the Internet not classified elsewhere.”
		255030 Multiline Retail	25503010 Department Stores “Owners and operators of department stores.”
			25503020 General Merchandise Stores Owners and operators of stores offering diversified general merchandise. Excludes hypermarkets and large-scale super centers classified in the "Hypermarkets & Super Centers" sub-industry.
		255040 Specialty Retail	25504010 Apparel Retail “Retailers specialized mainly in apparel and accessories.”
			25504020 Computer & Electronics Retail “Owners and operators of consumer electronics, computers, video and related products retail stores.”
			25504030 Home Improvement Retail “Owners and operators of home and garden improvement retail stores. Includes stores offering building materials and supplies.”
			25504040 Specialty Stores “Owners and operators of specialty retail stores not classified elsewhere. Includes toy stores, office supply stores and automotive retail.”

30 Consumer Staples	3010 Food & Staples Retailing	301010 Food & Staples Retailing	30101010 Drug Retail “Owners and operators of primarily drug retail stores and pharmacies.”
			30101020 Food Distributors “Distributors of food products to other companies and not directly to the consumer.”
			30101030 Food Retail “Owners and operators of primarily food retail stores.”
			30101040 Hypermarkets & Super Centers Owners and operators of hypermarkets and super centers selling food and a wide-range of consumer staple products. Excludes Food and Drug Retailers classified in the Food Retail and Drug Retail sub-industries, respectively.
	3020 Food Beverage & Tobacco	302010 Beverages	30201010 Brewers “Producers of beer and malt liquors. Includes breweries not classified in the Restaurants sub-industry.”
			30201020 Distillers & Vintners “Distillers, vintners and producers of alcoholic beverages not classified in the Brewers sub-industry.”
			30201030 Soft Drinks “Producers of non-alcoholic beverages, including mineral waters. Excludes producers of milk classified in the Packaged Foods sub-industry.”
		302020 Food Products	30202010 Agricultural Products “Producers of agricultural products. Includes crop growers, owners of plantations and companies that produce and process foods but do not package and market them. Excludes companies classified in the Forest Products sub-industry and those that package and market the food products classified in the Packaged Foods sub-industry.”
			30202030 Packaged Foods & Meats “Producers of packaged foods including dairy products, fruit juices, meats, poultry, fish and pet foods.”
		302030 Tobacco	30203010 Tobacco “Manufacturers of cigarettes and other tobacco products.”

	3030 Household & Personal Products	303010 Household Products	30301010 Household Products “Producers of non-durable household products, including detergents, soaps, diapers and other tissue and household paper products not classified in the Paper Products sub-industry.”
		303020 Personal Products	30302010 Personal Products “Manufacturers of personal and beauty care products, including cosmetics and perfumes.”
35 Health Care	3510 Health Care Equipment & Services	351010 Health Care Equipment & Supplies	35101010 Health Care Equipment “Manufacturers of health care equipment and devices. Includes medical instruments, drug delivery systems, cardiovascular & orthopedic devices, and diagnostic equipment.”
			35101020 Health Care Supplies “Manufacturers of health care supplies and medical products not classified elsewhere. Includes eye care products, hospital supplies, and safety needle & syringe devices.”
		351020 Health Care Providers & Services	35102010 Health Care Distributors Distributors and wholesalers of health care products not classified elsewhere.
			35102015 Health Care Services “Providers of patient health care services not classified elsewhere. Includes dialysis centers, lab testing services, and pharmacy management services. Also includes companies providing business support services to health care providers, such as clerical support services, collection agency services, staffing services and outsourced sales & marketing services.”
			35102020 Health Care Facilities “Owners and operators of health care facilities including hospitals, nursing homes, rehabilitation centers and animal hospitals.”
			35102030 Managed Health Care “Owners and operators of Health Maintenance Organizations (HMOs) and other managed plans.”
		351030 Health Care Technology	35103010 Health Care Technology “Companies providing information

			technology services primarily to health care providers. Includes companies providing application, systems and/or data processing software, internet-based tools, and IT consulting services to doctors, hospitals or businesses operating primarily in the Health Care Sector.”
	3520 Pharmaceuticals, Biotechnology & Life Sciences	352010 Biotechnology	35201010 Biotechnology  “Companies primarily engaged in the research, development, manufacturing and/or marketing of products based on genetic analysis and genetic engineering. Includes companies specializing in protein-based therapeutics to treat human diseases.”
		352020 Pharmaceuticals	35202010 Pharmaceuticals  “Companies engaged in the research, development or production of pharmaceuticals. Includes veterinary drugs.”
		352030 Life Sciences Tools & Services	35203010 Life Sciences Tools & Services  “Companies enabling the drug discovery, development and production continuum by providing analytical tools, instruments, consumables & supplies, clinical trial services and contract research services. Includes firms primarily servicing the pharmaceutical and biotechnology industries.”
40 Financials	4010 Banks	401010 Commercial Banks	40101010 Diversified Banks  Commercial banks whose businesses are derived primarily from commercial lending operations and have significant business activity in retail banking and small and medium corporate lending. Excludes banks classified in the Regional Banks and Thrifts & Mortgage Finance sub-industries. Also excludes investment banks classified in the Investment Banking & Brokerage sub-industry.
			40101015 Regional Banks  Commercial banks whose businesses are derived primarily from commercial lending operations and have significant business activity in retail banking and small and medium corporate lending. Regional banks tend to operate in

			limited geographic regions. Excludes companies classified in the Diversified Banks and Thrifts & Mortgage Banks sub-industries. Also excludes investment banks classified in the Investment Banking & Brokerage sub-industry.
		401020 Thrifts & Mortgage Finance	40102010 Thrifts & Mortgage Finance  Financial institutions providing mortgage and mortgage related services. These include financial institutions whose assets are primarily mortgage related, savings & loans, mortgage GSE's (government sponsored enterprises), mortgage lending institutions, building societies and companies providing insurance to mortgage banks.
	4020 Diversified Financials	402010 Diversified Financials Services	40201020 Other Diversified Financial Services  Providers of a diverse range of financial services and/or with some interest in a wide range of financial services including banking, insurance and capital markets, but with no dominant business line.
			40201030 Multi-Sector Holdings  A company with significantly diversified holdings across three or more sectors, none of which contributes a majority of profit and/or sales. Stakes held are predominantly of a non-controlling nature. Includes diversified <u>financial</u> companies where stakes held are of a controlling nature. Excludes other diversified companies classified in the Industrials Conglomerates sub-industry.
			40201040 Specialized Finance  Providers of specialized financial services. Includes credit agencies, stock exchanges and specialty boutiques. Companies in this sub-industry derive a majority of revenue from one, specialized line of business.
		402020 Consumer Finance	40202010 Consumer Finance  Providers of consumer finance services, including personal credit, credit cards, lease financing, travel-related money services and pawn shops. Excludes mortgage lenders classified in the Thrifts & Mortgage Banks sub-industry.

		402030 Capital Markets	40203010 Asset Management & Custody Banks  Financial institutions primarily engaged in investment management and/or related custody and securities fee-based services. Includes companies operating mutual funds, closed-end funds and unit investment trusts. Excludes banks and other financial institutions primarily involved in commercial lending, investment banking, brokerage and other specialized financial activities.
			40203020 Investment Banking & Brokerage  Financial institutions primarily engaged in investment banking & brokerage services, including equity and debt underwriting, mergers and acquisitions, securities lending and advisory services. Excludes banks and other financial institutions primarily involved in commercial lending, asset management and specialized financial activities.
			40203030 Diversified Capital Markets  Financial institutions primarily engaged in diversified capital markets activities, including a significant presence in at least two of the following area: large/major corporate lending, investment banking, brokerage and asset management. Excludes less diversified companies classified in the Asset Management & Custody Banks or Investment Banking & Brokerage sub-industries. Also excludes companies classified in the Banks or Insurance industry groups or the Consumer Finance sub-industry.
	4030 Insurance	403010 Insurance	40301010 Insurance Brokers  "Insurance and reinsurance brokerage firms."
			40301020 Life & Health Insurance  "Companies providing primarily life, disability, indemnity or supplemental health insurance. Excludes managed care companies classified in the Managed Health Care sub-industry."
			40301030 Multi-line Insurance  "Insurance companies with diversified interests in life, health, property and casualty insurance."
			40301040 Property & Casualty Insurance

			“Companies providing primarily property and casualty insurance.”
			40301050 Reinsurance “Companies providing primarily reinsurance.”
	4040 Real Estate		
		404020 Real Estate Investment Trusts (REITs)	40402010 Diversified REITs “A Company or Trust with significantly diversified operations across two or more property types.”
			40402020 Industrial REITs “Companies or Trusts engaged in the acquisition, development, ownership, leasing, management and operation of industrial properties. Includes companies operating industrial warehouses and distribution properties.”
			40402030 Mortgage REITs “Companies or Trusts that service, originate, purchase and/or securitize residential and/or commercial mortgage loans. Includes trusts that invest in mortgage-backed securities and other mortgage related assets.”
			40402040 Office REITs “Companies or Trusts engaged in the acquisition, development, ownership, leasing, management and operation of office properties.”
			40402050 Residential REITs “Companies or Trusts engaged in the acquisition, development, ownership, leasing, management and operation of residential properties including multifamily homes, apartments, manufactured homes and student housing properties.”
			40402060 Retail REITs “Companies or Trusts engaged in the acquisition, development, ownership, leasing, management and operation of shopping malls, outlet malls, neighborhood and community shopping centers.”
			40402070 Specialized REITs “Companies or Trusts engaged in

			the acquisition, development, ownership, leasing, management and operation of properties not classified elsewhere. Includes trusts that operate and invest in health care, leisure, hotel/resort and storage properties. It also includes REITs that do not generate a majority of their revenues and income from real estate rental and leasing operations.”
		404030 Real Estate Management & Development	40403010 Real Estate Management & Development  “Companies engaged in real estate ownership, development or management.”
45 Information Technology	4510 Software & Services	451010 Internet Software & Services	45101010 Internet Software & Services  “Companies developing and marketing Internet software and/or providing Internet services, including online databases and interactive services, web address registration services, database construction and Internet design services. Excludes companies classified in the Internet Retail sub-industry.”
		451020 IT Services	45102010 IT Consulting & Other Services  Providers of information technology and systems integration services not classified in the Data Processing & Outsourced Services or Internet Software & Services sub-industries. Includes information technology consulting and information management services.
			45102020 Data Processing & Outsourced Services  Providers of commercial electronic data processing and/or business process outsourcing services. Includes companies that provide services for back-office automation.
		451030 Software	45103010 Application Software  Companies engaged in developing and producing software designed for specialized applications for the business or consumer market. Includes enterprise and technical software. Excludes companies classified in the Home Entertainment Software Sub-Industry. Also excludes companies producing systems or database management software classified in the Systems Software sub-industry.
			45103020 Systems Software

			“Companies engaged in developing and producing systems and database management software.”
			45103030 Home Entertainment Software  Manufacturers of home entertainment software and educational software used primarily in the home.
	4520 Technology Hardware & Equipment	452010 Communications Equipment	45201020 Communications Equipment  Manufacturers of communication equipment and products, including LANs, WANs, routers, telephones, switchboards and exchanges.
		452020 Computers & Peripherals	45202010 Computer Hardware  “Manufacturers of personal computers, servers, mainframes and workstations. Includes manufacturers of Automatic Teller Machines (ATMs). Excludes manufacturers of copiers, faxes and related products classified in the Office Electronics sub-industry.”
			45202020 Computer Storage & Peripherals  “Manufacturers of electronic computer components and peripherals. Includes data storage components, motherboards, audio and video cards, monitors, keyboards, printers and other peripherals. Excludes semiconductors classified in the Semiconductors sub-indus”
		452030 Electronic Equipment & Instruments	45203010 Electronic Equipment Manufacturers  Producers of electronic equipment, instruments or components. Includes analytical, electronic test and measurement instruments, electronic components, connection devices and equipment not classified elsewhere. Excludes OEM suppliers classified in the Electronic Manufacturing Services sub-industry.
			45203020 Electronic Manufacturing Services  Producers of electronic equipment mainly for the OEM (Original Equipment Manufacturers) markets.
			45203030 Technology Distributors  Distributors of technology hardware and equipment. Includes distributors of communications equipment, computers

			& peripherals, semiconductors, and electronic equipment and components.
		452040 Office Electronics	45204010 Office Electronics “Manufacturers of office electronic equipment, including copiers and faxes.”
	4530 Semiconductors & Semiconductor Equipment	453010 Semiconductors & Semiconductor Equipment	45301010 Semiconductor Equipment Manufacturers of semiconductor equipment.
			45301020 Semiconductors Manufacturers of semiconductors and related products.
50 Telecommunication Services	5010 Telecommunication Services	501010 Diversified Telecommunication Services	50101010 Alternative Carriers “Providers of communications and high-density data transmission services primarily through a high bandwidth/fiber-optic cable network”
			50101020 Integrated Telecommunication Services “Operators of primarily fixed-line telecommunication networks and companies providing both wireless and fixed-line telecommunication services not classified elsewhere.”
		501020 Wireless Telecommunication Services	50102010 Wireless Telecommunication Services “Providers of primarily cellular or wireless telecommunication services, including paging services.”
55 Utilities	5510 Utilities	551010 Electric Utilities	55101010 Electric Utilities “Companies that produce or distribute electricity. Includes both nuclear and non-nuclear facilities.”
		551020 Gas Utilities	55102010 Gas Utilities  Companies whose main charter is to distribute and transmit natural and manufactured gas. Excludes companies primarily involved in gas exploration or production classified in the Oil & Gas Exploration & Production sub-industry. Also excludes diversified midstream natural gas companies classified in the Oil & Gas Refining, Marketing & Transportation sub-industry.
		551030 Multi-Utilities & Unregulated Power	55103010 Multi-Utilities & Unregulated Power  “Utility companies with significantly diversified activities in the Electric Utilities, Gas Utilities and/or Water Utilities sub-industries not classified elsewhere. Includes unregulated

			independent power producers and distributors.”
		551040 Water Utilities	55104010 Water Utilities “Companies that purchase and redistribute water to the end-consumer. Includes large-scale water treatment systems.”

## Appendix 2 – OMX Baltic Equity Indexes

Shortname	Full_name	ISIN
OMXBGI	OMX_Baltic_GI	SE0001849977
OMXBPI	OMX_Baltic_PI	SE0001849985
OMXBBDGI	OMX_Baltic_Benchmark_GI	SE0001849993
OMXBBDPI	OMX_Baltic_Benchmark_PI	SE0001850009
OMXBBCAPGI	OMX_Baltic_Benchmark_Cap_GI	SE0001850017
OMXBBCAPPI	OMX_Baltic_Benchmark_Cap_PI	SE0001850025
OMXB10	OMX_Baltic_10	SE0001850033
OMXB10EXP	OMX_Baltic_10_EXP	OMX Baltic Tradable Expiration Index
B10GI	OMX_Baltic_Energy_GI	SE0001850041
B10PI	OMX_Baltic_Energy_PI	SE0001850058
B15GI	OMX_Baltic_Materials_GI	SE0001850066
B15PI	OMX_Baltic_Materials_PI	SE0001850074
B20GI	OMX_Baltic_Industrials_GI	SE0001850082
B20PI	OMX_Baltic_Industrials_PI	SE0001850090
B25GI	OMX_Baltic_Consumer_Discretionary_GI	SE0001850108
B25PI	OMX_Baltic_Consumer_Discretionary_PI	SE0001850116
B30GI	OMX_Baltic_Consumer_Staples_GI	SE0001850124
B30PI	OMX_Baltic_Consumer_Staples_PI	SE0001850132
B35GI	OMX_Baltic_Health_Care_GI	SE0001850140
B35PI	OMX_Baltic_Health_Care_PI	SE0001850157
B40GI	OMX_Baltic_Financials_GI	SE0001850165
B40PI	OMX_Baltic_Financials_PI	SE0001850173
B45GI	OMX_Baltic_Information_Technology_GI	SE0001850181
B45PI	OMX_Baltic_Information_Technology_PI	SE0001850199
B50GI	OMX_Baltic_Telecommunication_Services_GI	SE0001850207
B50PI	OMX_Baltic_Telecommunication_Services_PI	SE0001850215
B55GI	OMX_Baltic_Utilities_GI	SE0001850223
B55PI	OMX_Baltic_Utilities_PI	SE0001850231
OMXR	OMX_Riga_GI	
OMXT	OMX_Tallinn_GI	EE0000000008
OMXV	OMX_Vilnius_GI	LT0000999963