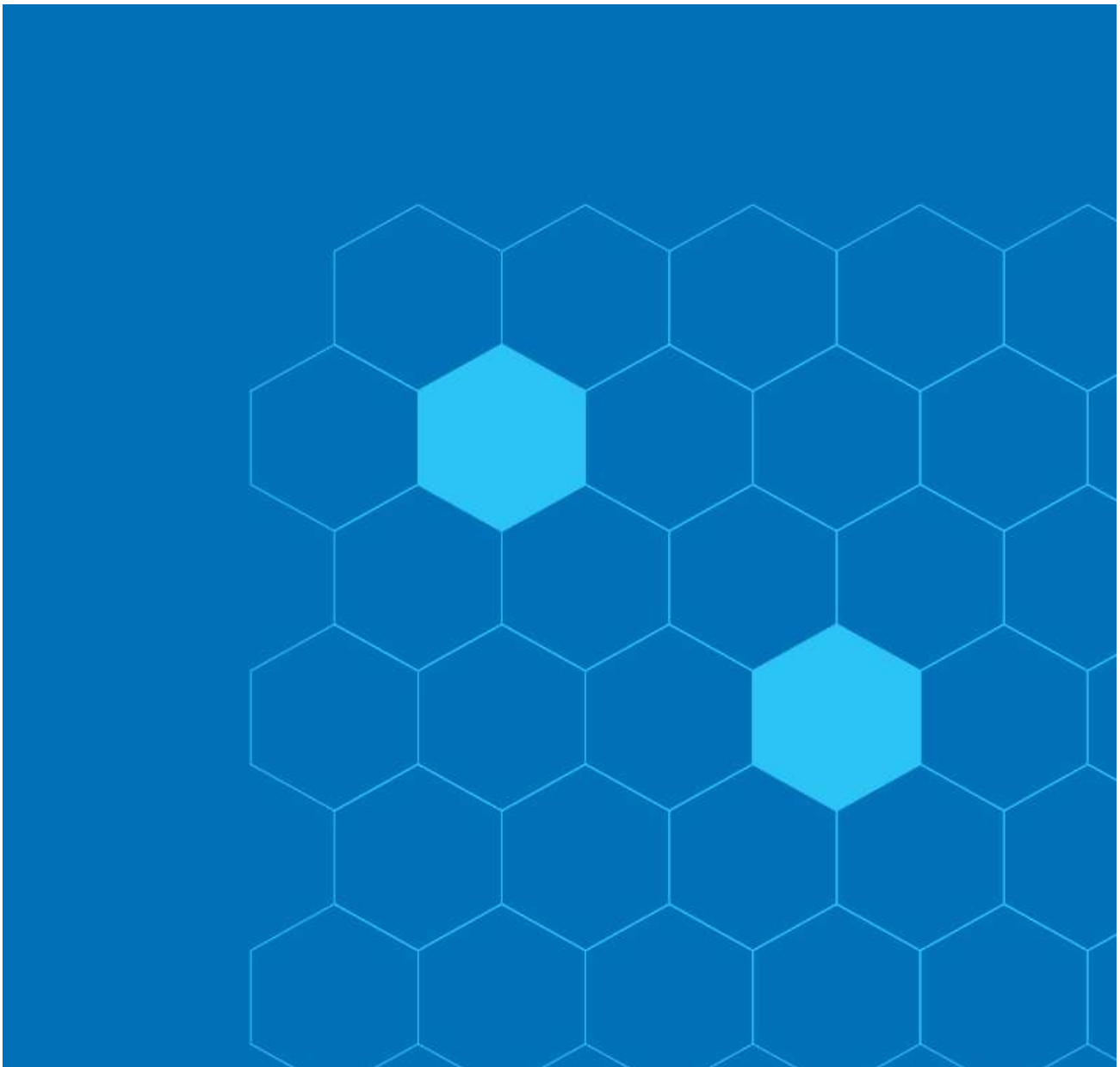


JUNE 2024

# STOXX<sup>®</sup> WORLD EQUITY INDEX METHODOLOGY GUIDE (PORTFOLIO BASED INDICES)



# STOXX WORLD EQUITY INDEX METHODOLOGY GUIDE

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# 1. INTRODUCTION TO THE STOXX INDEX GUIDES

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The STOXX index guides are separated into the following sub-sets:

- » The **STOXX Calculation guide** provides a general overview of the calculation of the STOXX equity indices, the dissemination, the index formulas and adjustments due to corporate actions
- » The **STOXX Index Methodology guide** contains the equity index specific rules regarding the construction and derivation of the portfolio based indices, the individual component selection process and weighting schemes
- » The **STOXX World Equity Index Methodology guide** contains the index specific rules regarding the construction and derivation of the STOXX World portfolio based indices, the individual component selection process and weighting schemes
- » The **STOXX Strategy Index guide** contains the formulas and description of all strategy indices
- » The **STOXX DVP Calculation guide** describes the dividend points products
- » The **STOXX Distribution Points Calculation guide** describes the distribution points products
- » The **STOXX ESG Index Methodology guide** contains the index specific rules regarding the construction and derivation of the ESG indices, the individual component selection process and weighting schemes
- » The **iSTOXX Methodology guide** contains the index specific rules regarding the construction and derivation of the iSTOXX indices, the individual component selection process and weighting schemes
- » The **STOXX Reference Rates guide** contains the rules and methodologies of the reference rate indices
- » The **STOXX Reference Calculations guide** provides a detailed view of definitions and formulas of the calculations as utilized in the reports, factsheets, indices and presentations produced by STOXX
- » The **STOXX Currency Rates Indices Methodology guide** contains the index specific rules regarding the construction and calculation of the derivation of the STOXX FX Rolling Spot Mid Rate and STOXX FX Rolling Spot Tomorrow Next Open Rate indices
- » The **Guide to Industry Classifications Used By STOXX** contains general information pertaining to industry classifications used in STOXX indices, together with any references and links to third-parties that create the data.
- » The **STOXX Eligible Market Segments guide** contains the list of stock exchanges and market segments.

All rule books are available for download on <http://www.stoxx.com/indices/rulebooks.html>

# 2. GENERAL PRINCIPLES

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## 2.1. INDEX RATIONALE

STOXX defines the index rationale as the basis for applying a certain methodology in order to achieve the index objective. STOXX performs intensive research and may conduct conversations with market participants and third parties for this purpose. STOXX discloses the index objective in every case.

## 2.2. METHODOLOGY REVIEW POLICIES

STOXX constantly monitors the execution of the index calculation rules in order to ensure the validity of the index methodology. STOXX also conducts general methodology reviews in a periodic and ad-hoc basis, to reflect economic and political changes and developments in the investment industry. As result of these activities, STOXX introduces changes to the methodology books. Material changes are notified to subscribers and the media through the usual communication channels. Clarifications of the methodology are updated in the rulebook. All changes are tracked in the section 7.1.

## 2.3. INDEX TERMINATION POLICY

For the termination of an index or index family for which outstanding products are present in the market to the knowledge of STOXX, a market consultation with the involved clients will be initiated by STOXX to take into account their views and concerns related to the termination or transition. A consultation period will be opened. Its duration depends on the specific issue. After the consultation period and in case of further action needed, a notification will be issued and the process defined above will be followed. In the case of a transition, STOXX will launch the alternative index and will notify of its character as a suitable replacement for an existing index whose calculation should be discontinued in the future. This notification advises clients on the alternative recommended by STOXX as replacement. The timeframe in which both indices will be calculated in parallel will be disclosed in the notification's text and will be no shorter than three months.

For the termination of an index or index family for which, to the knowledge of STOXX, no listed financial products are issued in the market, a press release notification or e-mail notification to subscribers will be communicated at least three months before coming into force. Clients or third parties with interest in the index or index family are urged to communicate as soon as possible their concerns to STOXX. Based on the feedback collected, STOXX may alter the index termination decision. For the termination of an index without financial product issued on there will be no market consultation. Changes to the original notification will be communicated in the same manner.

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## 3.1. STOXX WORLD EQUITY UNIVERSE

The STOXX World Equity Universe contains securities with similar characteristics from financial markets that provide real-time and historical component and currency pricing. The following securities are considered for inclusion in the STOXX World Equity Universe:

- All common stocks and equities with similar characteristics;
- American Depositary Receipt (ADR);
- Global Depositary Receipt (GDR);
- China Connect Securities (China A shares eligible to “both buy and sell” on the Shanghai Connect Northbound Trading or on the Shenzhen Connect Northbound Trading schemes of the Stock Exchange of Hong-Kong).

This universe and the following framework described in Chapters 3 and 4 are used for the STOXX World Equity Index Series.

## 3.2. STOXX WORLD INVESTABLE UNIVERSE

The STOXX World investable universe is the fraction of the STOXX World equity universe listed on the following stock exchanges and countries:

Americas		
NYSE (US)	Mexican Stock Exchange (MX)	B3 S.A. - Brasil, Bolsa, Balcão (BR)
NASDAQ (US)	Lima Stock Exchange (PE)	Buenos Aires Stock Exchange (AR)
Toronto Stock Exchange (CA)	Bolsa de Valores de Colombia (CO)	Santiago Stock Exchange (CL)

All Europe		
Athens Stock Exchange (GR)	EURONEXT Paris (FR)	NASDAQ Helsinki (F)
Bolsa De Madrid (ES)	EURONEXT Amsterdam (NL)	NASDAQ Iceland (IS)
Deutsche Boerse (DE)	EURONEXT Brussels (BE)	NASDAQ Stockholm AB (SE)
London Stock Exchange (GB)	EURONEXT Lisbon (PT)	NASDAQ Riga (LV)
SIX Swiss Exchange (CH)	EURONEXT Dublin (IE)	NASDAQ Tallinn AS (EE)
Vienna Stock Exchange (AT)	EURONEXT Milan (IT)	NASDAQ Vilnius (LT)
Bucharest Stock Exchange (RO)	Oslo Stock Exchange (NO)	Ljubljana Stock Exchange (SI)
Budapest Stock Exchange (HU)	Malta Stock Exchange (MT)	Macedonian Stock Exchange (MK)
Bulgarian Stock Exchange (BG)	Cyprus Stock Exchange (CY)	Zagreb Stock Exchange (HR)
Warsaw Stock Exchange (PL)	Istanbul Stock Exchange (TR)	Belgrade Stock Exchange (RS)
Prague Stock Exchange (CZ)	NASDAQ Copenhagen (DK)	

Asia/Pacific		
Tokyo Stock Exchange (JP)	Korea Exchange (KR)	Philippine Stock Exchange (PH)
Stock Exchange of Hong Kong (HK)	Taiwan Stock Exchange (TW)	Hanoi Stock Exchange (VN)
Stock Exchange of Hong-Kong - Shanghai Connect Northbound Trading scheme (CN)	Bursa Malaysia (MY)	Ho Chi Minh Stock Exchange (VN)

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Stock Exchange of Hong-Kong - Shenzhen Connect Northbound Trading scheme (CN)	Singapore Exchange (SG)	National Stock Exchange (IN)
Shanghai Stock Exchange (CN)	Stock Exchange of Thailand (TH)	Bombay Stock Exchange (IN)
Shenzhen Stock Exchange (CN)	Indonesia Stock Exchange (ID)	Pakistan Stock Exchange (PK)
Australian Securities Exchange (AU)	New Zealand Exchange (NZ)	

Middle East and Africa		
Tel Aviv Stock Exchange (IL)	Riyadh SE (SA)	Tunis Stock Exchange (TN)
Abu Dhabi Exchange (AE)	Kuwait Exchange (KW)	Casablanca Stock Exchange (MA)
Bahrain SE (BH)	Muscat SE (OM)	Egyptian Exchange (EG)
Doha Securities Mkt (QA)	Johannesburg Stock Exchange (ZA)	Nigerian Stock Exchange (NG)
Dubai Financial Markets (AE)	NASDAQ Dubai (AE)	

The detailed disclosure of market segments per eligible exchanges is available in the STOXX Eligible Market Segments Guide available on [www.stoxx.com](http://www.stoxx.com)

# 3. COVERAGE

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## 3.3. STOXX WORLD COUNTRY AND REGIONAL CLASSIFICATIONS

### 3.3.1. OVERVIEW

The STOXX WORLD country classification model relies on a rules-based methodology. The criteria for the classification of a country as a developed, emerging or frontier market include macroeconomic data, market capitalization, market liquidity, free currency convertibility on on-shore and off-shore markets, restrictions on capital flows, governance based on political stability, control of corruption and regulatory quality, and restrictions on foreign investments.

A formal reassessment of all country classifications is done annually in Q1, when a final classification assignment decision is made for each country. A public announcement<sup>1</sup> of any classification changes resulting from the annual reassessment is released latest by April of each year. Implementation of the classification changes occurs with the index review in Q3 of the same year.

### 3.3.2. STOXX WORLD COUNTRY SELECTION CRITERIA

#### 3.3.2.1. SELECTION CRITERIA DEFINITION

#### **World Bank Gross National Income (GNI) per capita (Source: World Bank, National Statistics, Republic of China (Taiwan))**

Definition: Only countries that are classified as Advanced by the World Bank in terms of GNI per capita (GNI/n) are considered as eligible for Developed Market status by STOXX.

Advanced countries are those that have a GNI/n 25% above the World Bank high-income threshold for three consecutive years (e.g. USD 12535 for 2020, Atlas method), as published by the World Bank on an annual basis.

#### **Governance Score (Source: World Bank)**

Definition: Each country is assigned a governance score based on Political Stability, Control of Corruption, and Regulatory Quality as contained within the Worldwide Governance Indicators report of the World Bank. For each year over the last three consecutive years, the values of the indicators are added up then the Governance Score is given by the average value over the three years. For instance, the 2022 Governance score is based on data from 2019 to 2021.

Advanced countries are those that have a Governance Score greater than or equal to the lowest Governance Score among all developed countries as a result of the most recent country classification.

#### **Market Capitalization / Liquidity Screening (Source: Refinitiv QAD / STOXX internal data)**

Definition: A country is considered eligible for Developed market status, if at least 4 listed securities belonging to that country have a full market capitalization equal to or greater than the Minimum Size Requirement and a free-float market capitalization that is equal to or greater than 50% of the Minimum Size Requirement, and a minimum level of 20% of both the 3-month and 12-month Annual Traded Value Ratio (ATVR), (see section 3.3.2.2.2 ATVR calculation).

The Minimum Size Requirement is computed considering the market capitalization of all developed countries as a result of the most recent country classification. (see section 3.3.2.2.1

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<sup>1</sup> [http://www.stoxx.com/indices/country\\_classification.html](http://www.stoxx.com/indices/country_classification.html)



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Minimum Size Requirement Calculation). Countries that do not meet this criterion, will only be eligible for Emerging market status.

A country is considered eligible for Emerging market status if at least 3 listed securities belonging to that country have a full market capitalization equal to or greater than 33% of the Minimum Size Requirement (from now on Emerging threshold), and a free-float market capitalization equal to or greater than 50% of the Emerging threshold, and a minimum level of 15% of both the 3-month and 12-month ATVR. Countries that do not meet this criterion, will only be eligible for Frontier market status.

A country is considered eligible for Frontier market status if at least 1 listed security belonging to that country has a full market capitalization equal to or greater than 33% of the Emerging threshold (from now on Frontier threshold), and a free-float market capitalization equal to or greater than 50% of the Frontier threshold, and a minimum level of 2% of both the 3-month and 12-month ATVR.

Countries that do not meet this criterion, will be Not Classified.

## **Free Currency Convertibility on On-Shore and Off-Shore Markets (Source: STOXX internal research / IMF)**

Definition: To be eligible for Developed Countries, countries must have free currency convertibility and availability of on-shore and off-shore markets. To get into and out of their positions, foreign investors should be able to freely buy and sell the local currency.

## **No Restrictions on Capital Flows (Source: STOXX internal research / IMF)**

Definition: Additionally, international investors have to be able to move funds freely in and out of the country.

## **Foreign Investment Restrictions (Source: STOXX internal research, Refinitiv QAD)**

Definition: Advanced countries are those that have a percentage of the market being closed to foreign investors less than or equal to 10%, also defined as Low Foreign Investment Restrictions. Countries that do not meet this criterion will only be eligible for Emerging market status.

Emerging countries are those that have a percentage of the market being closed to foreign investors greater than 10% and less than or equal to 50%, or a percentage of the market being closed to foreign investors greater than 50% and a percentage of openness to foreign ownership greater than or equal to 35%, also defined as Modest Foreign Investment Restrictions. Countries that do not meet this criterion will only be eligible for Frontier market status.

Frontier countries are those that have a percentage of the market being closed to foreign investors greater than 50% and a percentage of openness to foreign ownership less than 35%, also defined as High Foreign Investment Restrictions.

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## Application of the selection criteria for the STOXX World country classification in 2022:

Criteria	Developed	Emerging	Frontier
<b>Economic Development</b>			
GNI Per Capita*	Country GNI per capita 25% above the World Bank high income threshold for 3 consecutive years	No requirement	No requirement
Governance Score**	Governance Score $\geq$ 1.13	No requirement	No requirement
<b>Market Size &amp; Liquidity</b>			
Number of companies meeting the following criteria	4	3	1
Full Market Capitalization***	USD 3,000 mm	USD 1,000 mm	USD 333 mm
Free-Float Market Capitalization***	USD 1,500 mm	USD 500 mm	USD 167 mm
Annual Traded Value Ratio (ATVR)	20%	15%	2%
<b>Capital Market Structure</b>			
Currency Convertibility on On-Shore and Off-shore Markets	Free Currency Convertibility	No requirement	No requirement
Restrictions on Capital Flows	No restrictions	No requirement	No requirement
Foreign Investment Restrictions	Low	Modest	High

\* High income threshold for 2020: GNI per capita of USD 12,535 (World Bank, Atlas method)

\*\* Lowest Governance Score for the 2022 annual index review

\*\*\* Minimum Size Requirement for the 2022 annual index review

### 3.3.2.2. SELECTION CRITERIA CALCULATION

#### 3.3.2.2.1. MINIMUM SIZE REQUIREMENT

We define the Developed markets universe (DM universe) as follows:  
DM Universe consists of all securities in the STOXX World investable universe classified into a Developed country according to the most recent country classification.

The minimum size requirement is implemented in the following order:

1) The companies in the DM universe are sorted in descending order of full market capitalization, and the cumulative coverage of the free float market capitalization of the DM universe is calculated at each company. Each company's free float market capitalization is represented by the aggregation of the free float market capitalization of the securities of that company in the DM universe.

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2) When the cumulative free float market capitalization coverage of 95% of the sorted DM universe is achieved, the full market capitalization of the company at that point defines the Minimum Size Requirement.

The full market capitalization and the free float market capitalization are as of the last trading day of the previous year, according to the STOXX Global calendar.

**Example (for illustrative purpose only):** The full market capitalization of the 7004<sup>th</sup> company of USD 2,700 million will be chosen as the Minimum Size Requirement:

Company	Country	Full Market Capitalization (USD Mln)	Free-Float Market Capitalization (USD Mln)	Cumulative Free-Float Market Capitalization (USD Mln)	Rank of Company
A	a	600,000	600,000	2.14%	1
B	a	450,000	400,000	3.57%	2
C	a	400,000	360,000	4.86%	3
D	d	380,000	380,000	6.21%	4
AF	b	200,000	170,000	6.82%	5
GB	c	185,000	185,000	7.48%	6
HH	a	80,000	75,000	7.75%	7
...	...	...	...	...	...
...	...	...	...	...	...
WV	g	7,000	6,200	94.99%	7,003
<b>XXY</b>	<b>f</b>	<b>2,700</b>	<b>2,500</b>	<b>95.00%</b>	<b>7,004</b>
YYY	a	1,800	1,800	95.01%	7,005
ZZZ	c	900	500	95.02%	7,006
...	...	...	...	...	...
<b>Total</b>			<b>28,000,000</b>	<b>100.00%</b>	

### 3.3.2.2.2. ANNUAL TRADED VALUE RATIO (ATVR)

The ATVR of each security is calculated in a 3-step process:

**1)** Monthly median traded values are calculated using the median daily traded value, multiplied by the number of days in the month when the security was traded. Missing daily traded volumes are set equal to zero. The daily traded value of a security is equal to the number of shares traded during the day, multiplied by the closing price of that security. The median daily traded value is the median of the daily traded values in a given month. If the security was not traded on any day in the month, its monthly median traded value is zero.

**2)** The monthly median traded value of a security is divided by its free float market capitalization at the end of the month for each month, giving the monthly median traded value ratio.

**3)** The 12-month ATVR is obtained by taking the average of the monthly median traded value ratios of the previous 12 months and annualizing it by multiplying it by 12. The 3-month ATVR is obtained by taking the average of the monthly median traded value ratios of the previous 3 months and annualizing it by multiplying it by 12.

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### 3.3.3. STOXX WORLD COUNTRY WATCH LIST

The general spirit of the country classification is to reflect the economic realities and to be suitable for investors' purposes. The country classification also needs to be stable and to be robust to random fluctuations in the underlying input data. The country classification process can be a complex task, which cannot always be performed by a pre-defined rule-based approach. Therefore, the final layer of the country classification process includes an examination by the STOXX Index Governance Committee. While exercising this authority, the STOXX Index Governance Committee applies a holistic framework that covers all relevant economic and financial aspects of both quantitative and qualitative nature and reflects the changing nature of economic reality. The examination process is guided by the following principles:

1. All countries that result in a different classification from the previous year will be flagged and captured in a watch list. Countries will stay on this list for at least one year, in some circumstances they may stay on the list for a longer period to avoid countries being classified and reclassified because of a certain outlier data point at a particular point in time.
2. Particular attention is paid to all countries that have been promoted concerning the previous year's country classification. For example, countries that were previously classified as Emerging are now classified as Developed.
3. Countries that fluctuate between classification levels will retain their latest classification and remain on the watch list unless the STOXX Index Governance Committee decide otherwise. The watch list would allow countries to be reclassified in the event that the STOXX Index Governance Committee considers that it is in the interest of market participants to accelerate a new classification, within the framework provided by the STOXX governance process.
4. Countries can only change their classification one level at a time from their current classification. STOXX may consider some countries as borderline (countries just below or just above established thresholds) and may include them on the watch list to be observed and possibly reclassified by the STOXX Index Governance Committee, within the framework provided by the STOXX governance process.
5. Countries may change their classification due to random peculiarities in the input data or due to extreme events. The following calculations/extreme events can be considered, in case they change the results of the new classification:
  - a) Market capitalization can be calculated using the average USD to local exchange rate over the last three months
  - b) Adjusting the country GNI/n threshold above the World Bank high income threshold for three consecutive years
  - c) Market size & liquidity – checks the annualized ATVR only over the latest 3 months for Developed, Emerging and Frontier
  - d) Slight adjustments of the thresholds for Low, Modest and High foreign investment restrictions
  - e) Extreme events that affect a specific country or region, but not the entire market
  - f) Any other extreme event and reasonable calculation adjustment
6. For some countries, foreign investment restrictions can be high when estimated using ordinary shares. The STOXX Index Governance Committee can consider using a different

# 3. COVERAGE

class of instruments that has similar properties as ordinary shares from investor's point of view. For example, foreign investment restrictions can be estimated using depository receipts instead of ordinary shares. For Thailand, non-voting depository receipts can be considered.

7. This list of principles is not meant to be exhaustive. Depending on the economic reality at the time of the country classification process, any reasonable principle can be applied by the STOXX Index Governance Committee when examining the newly created country classification.
8. All thresholds used in the selection criteria may be revised on an annual basis, within the framework provided by the STOXX governance process.

STOXX will review the regional classifications and index compositions in case a country announces changes to its currency and its companies adopt a new local currency at a future date. Changes will be implemented with two trading days' notice provided that orderly trading in the original currency is possible following the announcement.

In addition, STOXX generally reviews a country's eligibility to any index at short notice in case of major market disruptions in that country.

## 3.3.4. REGIONAL SPECIFICS

The following regions are defined for the purposes of the STOXX World Equity Index Series:

### 3.3.4.1. CAPITAL MARKETS

Region	Description
World	All developed and emerging countries
Developed markets	All developed countries
Emerging markets	All emerging countries
Frontier markets	All frontier countries

### 3.3.4.2. GEOGRAPHICAL REGIONS

STOXX classifies the European Union (EU) as an association of European nations formed in 1993 for the purpose of achieving political and economic integration. The Eurozone contains companies that are allocated to one of the defined Eurozone countries according to the rules set out in Section 4.6 (Country and Listing), and that are traded in Euro. Companies allocated to Eurozone countries and not trading in EUR are not eligible for the Eurozone indices. The ASEAN region includes the country members of the Association of Southeast Asian Nations, that belong to the STOXX World investable universe.

In case of formal regional membership changes (e.g. countries leaving or entering the European Union, the Eurozone or the ASEAN) with respect to the respective regional indices:

- Countries entering: the changes would usually be effective on the Monday after the 3rd Friday in the next quarter in March, June, September, or December, after the effective date of the formal membership change, and announced in a timely manner subject to market conditions
- Countries leaving: the changes would usually be effective on the Monday after the 3rd Friday in the previous quarter in March, June, September, or December, preceding the effective date of the formal membership change, and announced in a timely manner subject to market conditions

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The following geographical regions are defined as:

- **Americas:** Argentina, Brazil, Canada, Chile, Colombia, Mexico, Peru, USA
  - **North America:** Canada, USA
  - **Latin America:** Argentina, Brazil, Chile, Colombia, Mexico, Peru
  
- **Asia and Pacific:** Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Pakistan, Philippines, Singapore, South Korea, Taiwan, Thailand, Vietnam
  - **Asia:** China, Hong Kong, India, Indonesia, Japan, Malaysia, Pakistan, Philippines, Singapore, South Korea, Taiwan, Thailand, Vietnam
  - **East Asia:** China, Hong Kong, Indonesia, Japan, Malaysia, Philippines, Singapore, South Korea, Taiwan, Thailand, Vietnam
  - **ASEAN:** Indonesia, Malaysia, Philippines, Singapore, Thailand, Vietnam
  - **Greater China:** China, Hong Kong, Taiwan
  - **Pacific:** Australia, New Zealand
  
- **All Europe:** Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, Macedonia, Malta, Netherlands, Norway, Poland, Portugal, Romania, Serbia, Slovenia, Spain, Sweden, Switzerland, Turkey, UK
  - **European Union:** Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovenia, Spain, Sweden
  - **Eurozone:** Austria, Belgium, Cyprus, Croatia, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Portugal, Slovenia, Spain
  - **Western Europe:** Austria, Belgium, Denmark, Finland, France, Germany, Iceland, Ireland, Italy, Luxembourg, Malta, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK
  - **Eastern Europe:** Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Macedonia, Poland, Romania, Serbia, Slovenia, Turkey
  - **Nordic:** Denmark, Finland, Iceland, Norway, Sweden
  - **Balkan:** Bulgaria, Croatia, Greece, Macedonia, Romania, Serbia, Slovenia, Turkey
  
- **Middle East and Africa:** Bahrain, Egypt, Israel, Kuwait, Morocco, Nigeria, Oman, Qatar, Saudi Arabia, South Africa, Tunisia, United Arab Emirates
  - **Middle East:** Bahrain, Israel, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates
  - **Africa:** Egypt, Morocco, Nigeria, South Africa, Tunisia

To cover depositary receipts and the different share classes of companies from China, Taiwan and Hong Kong, the following STOXX index universe and regions exist:

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Index family	Shares classes covered	Region
STOXX China A	A shares	Separate family outside of the STOXX Global index universe
STOXX China P Chips	P chip	Separate family outside of the STOXX Global index universe
STOXX World DR	ADR's and GDR's	Includes the ADR's and GDR's traded at the New York Stock Exchange, NASDAQ, or the London Stock Exchange

Side note: Up to June 2022, the following countries were historically eligible to join the following regions:

Venezuela was eligible to join the Americas and Latin America from March 2003 to September 2006;

Jordan was eligible to join Middle East and Africa and Middle East from March 2003 to March 2009;

Russia was eligible to join All Europe and Eastern Europe from March 1997 to March 2022;

The United Kingdom was eligible to join the European Union from January 1973 to January 2020.

# 4. INDEX CHARACTERISTICS

The following framework is used for the STOXX World AC All Cap Index and all related derived indices calculated by STOXX.

## 4.1. MARKET CAPITALIZATION-WEIGHTED INDICES

The Free-Float Market Capitalization determines the weights of each component in Free-Float Market Capitalization weighted indices. For details on the calculation formula please consult the STOXX Calculation Guide and this document.

## 4.2. INDEX REVIEW

All indices are reviewed on a regular basis to ensure a transparent and up-to-date index composition. The implementation ("the rebalancing") is conducted semi-annually after the close every third Friday in March and September and effective the next dissemination day.

If the implementation day is a non-dissemination day then all dates will be preponed by one dissemination day accordingly. The review effective day remains the next dissemination day following the implementation day.



The free-float data as of the effective day are used for the component selection. Further details are available in the STOXX Calculation Guide.

The underlying data (i.e. shares, free-floats and cap factors) are announced after close on the seventh dissemination day prior to the review implementation. This applies only for the STOXX World AC All Cap Index, and the derived cap weighted benchmark indices, described in Chapter 6.

For the calculation of capping factors, the closing prices on the dissemination day before the announcements are used.

Diverging underlying announcement schedules may occur and are defined in the specific index methodology and communicated in advance. The detailed review schedule is published on the STOXX website.<sup>2</sup>

<sup>2</sup> [http://www.stoxx.com/news/review\\_dates.html](http://www.stoxx.com/news/review_dates.html)



# 4. INDEX CHARACTERISTICS

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## 4.3. BUFFERS

Buffers are used in the periodic reviews to reduce turnover. Based on an index-specific characteristic, an upper and a lower limit is set around the index target coverage. Stocks ranked at and above the upper limit are selected for the index. The remaining stocks necessary to achieve the target coverage (fixed number of stocks or market capitalization threshold) are selected from the highest-ranked remaining current stocks between the upper and lower limit. If the target coverage is still not achieved, the highest remaining stocks are selected until the target coverage is achieved.

## 4.4. LIQUIDITY

### 4.4.1. AVERAGE DAILY TRADED VALUE (ADTV)

During the period review processes liquidity screening is applied as defined in the specific index methodology sections (e.g. companies must have a minimum Average Daily Traded Value over a given time period). A company's ADTV is based on the trading volumes of the specific listing used for the index calculation

In case of market events that negatively influence the aggregated liquidity and market capitalization of entire markets, the liquidity requirements can be lowered or the period index review can be postponed to the next quarterly review date. In such cases, the composition remains unchanged, but new weighting factors will be implemented. Market participants will be notified of such changes in a timely manner.

### 4.4.2. TURNOVER RATIO

The annualized turnover ratio is defined as the median value of the daily traded volume to the free-float shares ratio over the previous 12 months, multiplied by 252. Index methodologies determine whether the free float should be without the adjustment for foreign ownership restrictions (defined in Section 4.12.1), or with this adjustment (defined in Section 4.12.2).

## 4.5. STOCK CHARACTERISTICS

Index values are calculated within the STOXX framework based on, but not limited to, one or more of the following characteristics. These characteristics are screened during the quarterly review process (ordinary adjustment) and extraordinarily outside of the review period in case of corporate actions. Please refer to the STOXX Calculation Guide for further details about extraordinary adjustments and corporate actions treatment. To access the latest information about extraordinary adjustments subscribe to the STOXX E-Mail distribution list and download regularly the Corporate Action forecast<sup>3</sup>.

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<sup>3</sup> <https://www.stoxx.com/my-profile>

<https://www.stoxx.com/corporate-actions>, updated daily

# 4. INDEX CHARACTERISTICS

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## 4.6. COUNTRY AND LISTING

Each stock is uniquely assigned to a specific country and listing within the STOXX World investable universe. The country nationality (i.e. the country the stock is assigned to) and listing is based on the country of incorporation, the primary listing and the country with the largest trading volume. American and depositary receipts (e.g. ADRs/GDRs) are assigned to the same country as the stock on which the receipt is issued.

Changes to country nationality and listing are effective quarterly. At that time all indices are adjusted accordingly to remain consistent with their respective country membership rules by deleting the company where necessary, or adding the company if applicable.

Each country is assigned to one or more regions according to Section 3.3.4.2.

## 4.7. CURRENCY

Each stock is uniquely assigned a specific currency depending on the selected listing.

In case of currency change for a given security or for a country, the new currency is applied on the effective date of the currency change for the given security or for the concerned country.

## 4.8. INDUSTRY CLASSIFICATION BENCHMARK (ICB) CODE

Each stock is assigned a specific and unique ICB Code. The Industry Classification Benchmark (ICB) groups together companies that have similar sources of primary revenue. The detailed hierarchy of the Industry Classification Benchmark is shown in the Guide to Industry Classifications Used By STOXX<sup>4</sup>. The STOXX World Indices use only the ICB classification effective from September 2020, that contains eleven industries. The ICB classifications of individual securities are re-engineered for the period prior to September 2020.

Sector changes are implemented immediately subsequent to corporate actions. Otherwise they are published at the next component announcement and applied quarterly.

## 4.9. CORPORATE ACTIONS

All index components are adjusted for corporate actions. Any event is treated in the same way in all indices. Please consult to the STOXX Calculation Guide for the detailed treatments.

## 4.10. NUMBER OF SHARES

A number of shares including treasury stock held by the company itself is assigned uniquely to each stock within the STOXX universe. The number of shares are reviewed on a quarterly basis.

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<sup>4</sup> <http://www.stoxx.com/indices/rulebooks.html>

# 4. INDEX CHARACTERISTICS

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They are published on the quarterly underlying data announcement and implemented on the quarterly review implementation.

## 4.11. FOREIGN HOLDINGS, FOREIGN OWNERSHIP LIMIT AND FOREIGN HEADROOM

### 4.11.1. FOREIGN HOLDINGS

A foreign investor is an investor whose country is different from the country of the security. Foreign holdings are defined as the sum of all eligible holdings of foreign investors. To be eligible, a holding of a foreign investor should be greater than, or equal to, 5% of the total number of shares. (This is consistent with the STOXX methodology for free float calculation). For example, if each foreign investor holds less than 5% of the total number of shares, then the foreign holdings shall be zero. Foreign holdings are expressed as a percentage of the total number of shares.

The foreign holdings are calculated quarterly. All public data, which is available to STOXX prior to and including the last dissemination day of the pre-review month, is considered for the determination of the foreign holdings. If data is missing, STOXX may consult with analysts or make a decision on a case by case basis. As a last resort, if data is missing, and no decision can be reached otherwise, foreign holdings are set equal to zero.

### 4.11.2. FOREIGN OWNERSHIP LIMIT (FOL)

Foreign ownership limits (FOL) are imposed by local governments and are expressed as a cap on the percentage of the total number of shares that may be held by foreign investors. FOL can be either company specific, or sector specific and can apply to all companies from the specific sector. When determining FOL, STOXX firstly checks for company specific FOL, and if no such FOL apply, STOXX checks for sector specific FOL.

For companies that impose FOL only for non-European Union investors, such FOL are fully taken into account in the calculation of the foreign ownership limit. In other words, the foreign ownership limit would apply for both EU and non-EU foreign investors.

In some legislation there can be legal exceptions from the FOL for some specific cases or companies. In these cases, the foreign holdings can be higher than the FOL.

The foreign ownership limits are updated quarterly. All public data, which is available to STOXX prior to and including the last dissemination day of the pre-review month, is considered for the determination of the foreign ownership limits. If data is missing, STOXX may consult with analysts or make a decision on a case-by-case basis. As a last resort, if data is missing, and no decision can be reached otherwise, foreign ownership limits are set equal to one.

### 4.11.3. FOREIGN HEADROOM (FHR)

Foreign headroom (FHR) is defined as

$$\text{FHR} = (\text{foreign ownership limit} - \text{foreign holdings}) / \text{foreign ownership limit}$$

If the foreign ownership limit is not strictly positive, then the FHR is set equal to zero.

# 4. INDEX CHARACTERISTICS

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Indian securities included in the National Securities Depository Limited's (NSDL) and Central Depository Services Limited's (CDSL) official list of securities for which the aggregate FPI Investment or Sectoral Cap Red flag or Breach limit has been reached are assigned FHR of zero.

The use of FHR makes sense only for securities whose FOL are known and smaller than 1 (100%).

## 4.12. FREE-FLOAT FACTORS

Each stock is assigned a unique free-float factor within the STOXX World universe. The free-float factor reduces the number of shares to the actual amount available on the market.

### 4.12.1. FREE FLOAT

All fractions of the total number of shares that are larger than or equal to 5% and whose holding is of a long-term nature are excluded from the index calculation. This includes:

Cross-ownership: stock owned either by the company itself, in the form of treasury shares, or owned by other companies;

Government ownership: stock owned by either governments or their agencies;

Private ownership: stock owned by either individuals or families;

Restricted shares that cannot be traded during a certain period or have a foreign ownership restriction.

Block ownership is not applied for holdings of custodian nominees, trustee companies, mutual funds, investment companies with short-term investment strategies, pension funds and similar entities.

### 4.12.2. FREE FLOAT ADJUSTED FOR FOREIGN OWNERSHIP RESTRICTIONS

Once the free float is calculated following section 4.12.1, when applicable, it is adjusted for foreign ownership restrictions (FOR) as follows

If a foreign ownership limit is not available, or if it is equal to 1 (100%), then the FOR adjusted free float is put equal to the free float as calculated in section 4.12.1. Otherwise, the FOR adjusted free float is calculated as follows

$$\text{FOR adjusted free float} = \min[\text{free float}, \max(0, (\text{foreign ownership limit} - \text{foreign holdings}))].$$

where free float, adjusted free float, foreign ownership limit, and foreign holdings are all expressed as a percentage of the total number of shares.

The FOR adjusted free float of China Connect securities is multiplied by a factor of 0.2.

The free-float factors are reviewed on a quarterly basis. They are published on the quarterly underlying data announcement and implemented quarterly.

If there is no historical free float data (for example in case of an index addition which is linked to a newly created company), currently available free float is used historically.

# 4. INDEX CHARACTERISTICS

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In case of spin-offs where no foreign ownership limit nor foreign holdings data are available at the time of the Corporate Action announcement, the spun-off company inherits the FOR adjusted free float from the parent company.

In case of spin-offs where foreign ownership limit and foreign holdings data are available at the time of the Corporate Action announcement, the FOR adjusted free float of the spun-off company will reflect the adjustment, if any, on its second trading day.

## 4.13. FREE-FLOAT MARKET CAPITALIZATION

The free-float market capitalization is the share of a stocks' total market capitalization that is available for trading:

Free-float market capitalization = free-float factor × full market capitalization

The weighting factor multiplied by the price of the share determines the weight of a company within a price-weighted index.

## 4.14. SIZE

Each security is assigned a size flag (large/mid/small) during the semiannual reviews in March and September. Size flags do not change between reviews. The size flags are assigned in a process that aims to ensure that large securities cover approximately 70% of the free float market cap for the respective country. Large and Mid securities cover approximately 85% of the free float market cap for the respective country. Further details are provided in Section 6.1.2.

## 4.15. CAPPING FACTORS

The factor limits the maximum weighting for a stock at the time of the review. Cap factors can be updated during the regular quarterly index reviews, and also intra quarterly if required. The cap factors are used to achieve a diversification and avoid a dominance of a single stock, region, country or sector in an index.

Depending on the objective of the index different maximum weights are sets.

## 4.16. REGULATORY TRADING PROHIBITIONS

### 4.16.1. U.S. SECURITIES AND EXCHANGE HOLDING FOREIGN COMPANIES ACCOUNTABLE ACT (HFCAA) (suspended)

*Following the update of the Holding Foreign Companies Accountable Act (HFCAA) in STOXX and STOXX World indices published on 24 May 2024, the below section has been suspended. As a result, and until further notice, no deletions will be made based on the HFCAA.*

The Companies which are on the "Conclusive list of issuers identified under the HFCAA" ("HFCAA conclusive list") published by the U.S. Securities and Exchange Commission (SEC) are screened for eligibility in the STOXX World Equity Universe as follow:

- » At the World DR index review cutoff (see Chapter 5 of the STOXX World Equity Index Methodology Guide), if a company being part of the HFCAA conclusive list reaches the

# 4. INDEX CHARACTERISTICS

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trading prohibition term within the next 6 months, the security is deleted from STOXX World Equity Universe effective the next trading day following the 3rd Friday of March, June, September and December.

- » At the World DR index review cutoff (see Chapter 5 of the STOXX World Equity Index Methodology Guide), if a company being part of the HFCAA conclusive list reaches the trading prohibition term within the next 6 months, the security is ineligible to STOXX World Equity Universe.

If an alternative listing is available for companies which are on the “Conclusive list of issuers identified under the HFCAA”, and subject to STOXX World Equity Universe coverage, the alternative listing might be added to the STOXX World Equity Universe only at the following World DR index review cutoff.

STOXX will communicate on the first trading day of March, June, September and December the list of identified securities that are excluded from the STOXX World Equity Universe.

# 5. STOXX WORLD DR INDEX

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## 5.1. OVERVIEW

The STOXX WORLD DR Index is a free-float market capitalization-weighted index of depositary receipts.

**Universe:** The ADRs and GDRs that are traded on the New York Stock Exchange, NASDAQ, or the London Stock Exchange.

**Weighting scheme:** The index is weighted according to free-float market capitalization. The free float is not adjusted for foreign ownership restrictions.

**Base values and dates:** The following base values and dates apply: 1000 on March 24, 1997

**Index types:** Price, net and gross return.

**Dissemination calendar:** STOXX Global calendar.

## 5.2. INDEX REVIEW

### Composition list:

The following filters are applied to determine eligibility:

- Traded on the New York Stock Exchange [MIC: XNYS], NASDAQ [MIC: XNGS, XNMS, XNCM] or the London Stock Exchange [MIC: XLON, XLOM]
- STOXX World country classification in developed or emerging markets
- Traded in USD
- At least EUR 150 million full market capitalization (EUR 100 million for current components)
- No more than 10 no-trade days in 3 months preceding the cutoff date
- 3-months average daily trading volume (ADTV) of at least EUR 1 million (EUR 0.75 million for current components)

If there are multiple listings of the same security selected, only the one with the higher ADTV is selected.

**Review frequency:** The reviews are conducted on a quarterly basis in March, June, September and December. The review cut-off date for the underlying data is the last dissemination day of the month following the last quarterly index review, which will be the last dissemination day in January, April, July, and October. The review date is the Monday after the third Friday of the review month.

For the review implementation please see the generic implementation description in Section 4.2, taking into account that the STOXX World DR Index is rebalanced quarterly, and the cut-off date is the last dissemination day in January, April, July and October.

# 5. STOXX WORLD DR INDEX

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## 5.3. ONGOING MAINTENANCE

**Replacements:** Deleted companies are not replaced.

**Spin-offs:** A spin-off is added permanently if qualifying for the STOXX World DR Index in terms of full market capitalization.

**Corporate Actions:** All components are maintained for corporate actions as outlined in the STOXX Calculation Guide available on [stoxx.com](https://stoxx.com).



# 6. STOXX WORLD EQUITY INDEX SERIES

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The STOXX World Equity Index Series is a family of regional equity indices covering single countries as well as regional aggregates. Large, mid cap versions covering approximately 70% and 85% of the respective countries' free float market as well as small cap versions are available. The STOXX World Equity Index Series include the STOXX World AC All Cap Index, and a number of regional, country and sector equity indices which are modular components of the STOXX World AC All Cap Index.

## 6.1. STOXX WORLD AC ALL CAP INDEX

### 6.1.1. OVERVIEW

The STOXX World AC All Cap Index (AC stands for All Countries) aims to provide a broad universe that includes all investable stocks, ADR's and GDR's from all developed and emerging markets in the world. Large and mid cap versions covering approximately 70% and 85% of the free float market as well as small cap versions are available. Numerous derived indices can be created by filtering the STOXX World AC All Cap Index components on geographic region / country, capital markets (developed or emerging), size (large, mid or small), and/or sector. The component weights of the derived indices are proportional to the respective component weights of the STOXX World AC All Cap Index, unless specified otherwise.

**Universe:** For all countries besides China, the universe is the combination of the respective STOXX Total Market Index<sup>5</sup>, STOXX GCC Total Market Index and the STOXX World DR Index. For China the universe is the aggregate of the STOXX China Total Market Index, the STOXX China A Total Market Index, the STOXX China P-Chip Total Market Index, the STOXX China Growth Market Index, and the STOXX World DR Index. The STOXX World DR Index is discussed in Chapter 5, and all other indices are defined in the STOXX Index Methodology Guide<sup>6</sup>. The index universe is defined by all the securities included in the universe defined in this section, as observed on the review effective date.

**Base values and dates:** The following base values and dates apply: 1000 on March 21st, 1997.

**Index types:** Price, net return and gross return. For a complete list including index currencies, please consult the data vendor code sheet on the website<sup>7</sup>.

**Dissemination calendar:** STOXX Global calendar.

### 6.1.2. INDEX REVIEW

The STOXX World AC All Cap Index is created according to the rules outlined below and includes all eligible securities from all size classifications (large, mid and small), and all eligible countries.

**Tradability screens:** Only securities with an annualized turnover ratio of at least 15% are selected (10% for current components). The annualized turnover ratio is defined as the median value of the

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<sup>5</sup> <https://www.stoxx.com/index-details?symbol=TW1P>

<sup>6</sup> [https://www.stoxx.com/document/Indices/Common/Indexguide/stoxx\\_index\\_guide.pdf](https://www.stoxx.com/document/Indices/Common/Indexguide/stoxx_index_guide.pdf)

<sup>7</sup> [http://www.STOXX.com/download/indices/vendor\\_codes.xls](http://www.STOXX.com/download/indices/vendor_codes.xls)

# 6. STOXX WORLD EQUITY INDEX SERIES

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daily traded volume<sup>8</sup> to the FOR adjusted free-float shares ratio over the last 12 months prior to the cut-off date, multiplied by 252<sup>9</sup>. In case a company is present with both a local listing as well as depository receipts, only one can be selected; an eligible depository receipt with the highest turnover ratio (in the case of multiple depository receipts) is selected only if the local listing's annualized turnover ratio is below 10%, else the local listing is selected and the depository receipts are removed.

**Foreign Headroom screens:** For components whose foreign ownership limit is smaller than 1 (100%), the foreign headroom (FHR) as of the cut-off date should be at least 15% (10% for current components). The FHR should be at least 15% for the components of the first composition whose foreign ownership limit is smaller than 1 (100%). See Section 4.11.3 for the definition of foreign headroom.

**Security Price screens:** To ensure adequate liquidity, non-components, that are considered for index inclusion, may not have USD-converted prices as of the cut-off date greater than 10,000 USD.

**Country Classification screens:** only securities that belong to developed or emerging countries as of the review effective date are considered for index inclusion.

After all screens are applied to the universe, the selection universe is created.

## Composition list of single country indices:

### 1) Determination of global consistency bounds

In a first step global consistency bounds are determined based on the aggregate of the securities comprising all developed and emerging market selection universes. For this purpose, all securities are sorted by their full company market cap (full security market cap to break ties) and the cumulative free-float market capitalization coverage percentage for each security is calculated, whereby the percentages are scaled so that the total coverage percentage in terms of free-float market capitalization sums to the weighted average of STOXX Total Market Country coverage<sup>10</sup>. Then, the upper (lower) global consistency bound for Large Cap is represented by the full market cap of the first security for which the above cumulative free-float market capitalization coverage percentage is greater than 67.5 (80%). Similarly, the upper (lower) global consistency bound for Mid Cap is represented by the full market cap of the first security for which the above cumulative free-float market capitalization coverage percentage is greater than 83.25% (92%). When calculating market cap, the free float is the expected one for the review effective date, and all other security data, including number of shares, are as of the cut-off date.

### 2) Determination of country large cap size

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<sup>8</sup> Volume is taken from the STOXX eligible exchange. For India volumes from National Stock Exchange, for Vietnam from Hanoi Stock Exchange are added.

<sup>9</sup> FOL, foreign holdings, free-float and FOR adjusted free-float values are kept fixed within each quarter as they are updated on quarterly basis

<sup>10</sup> This is done since the STOXX Total Market Indices are already only covering less than 100%, see <https://www.stoxx.com/methodology> for the current coverage by country. The STOXX Total Market country coverage is weighted by the respective country's weight, taking into account Developed and Emerging countries as defined by the STOXX World Country Classification.

# 6. STOXX WORLD EQUITY INDEX SERIES

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In a second step, the following selection procedure is applied to the selection universe for the respective country to select approximately 70% free-float market cap coverage:

- **Local coverage percentage (LCP):** Next, after sorting securities by full company market cap, the cumulative free-float market capitalization local (relative to the country) coverage percentage (LCP) for each security is calculated, whereby the percentages are scaled so that the total coverage percentage sums to the coverage for that country as applied in the STOXX Total Market Index creation<sup>11</sup>. The securities that cover the top 70% by LCP (i.e. with a full market cap greater or equal than the largest company with LCP greater than 70%) directly qualify.
- **Global consistency:** Next, it is checked if the full company market cap of the smallest security that directly qualified lies within the global consistency bounds. If this is not the case and the smallest security has a full company market cap greater (smaller) than the upper (lower) global consistency bound, securities with full company market cap greater (smaller) or equal than the upper (lower) global consistency bound are added (removed).
- **Turnover buffer:** To reduce turnover, the following buffer rule is applied to existing components:
  - o Only securities with LCP lower than 68% can be newly added to the Large Cap index
  - o Only securities with LCP higher than 72% can be removed from the Large Cap index

Securities determined by this selection procedure form the Large Cap Index.

### 3) Determination of country mid cap size

In a third step, the following selection procedure is applied to the selection universe for the respective country to select approximately 85% free-float market cap coverage:

- Securities that cover the top 85% by LCP (see previous step) are selected
- Apply global consistency (see previous step) using Mid Cap bounds
- **Turnover buffer:** To reduce turnover, the following buffer rule is applied to existing components:
  - o Only securities that were previously small cap with LCP lower than 82% can be newly added to the Mid Cap index
  - o Only securities with LCP higher than 86% can be removed from the Mid Cap index and added to the respective Small Cap index

Securities determined by this selection procedure which have not been identified as Large Cap in the previous step, form the Mid Cap Index.

### 4) Determination of small cap size

Securities in the selection universe, that were not assigned large or mid cap size in previous steps, are assigned small cap size.

## Treatment of China A and China Connect Securities

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<sup>11</sup> See <https://www.stoxx.com/methodology> for a list of STOXX Total Market coverage by country.

# 6. STOXX WORLD EQUITY INDEX SERIES

All China A shares are considered when large/mid/small cap size is assigned. China Connect Securities inherit the respective China A shares size assignment. Only China Connect Securities are eligible for index inclusion. China A securities, that are not China Connect Securities, are removed from the index.

The data cut-off date for the China Connect Securities selection for index inclusion is the last dissemination day of the previous month. New China Connect Securities announced after the data cut-off date are not selected for the index inclusion.

China Connect Securities are screened on a daily basis between the cut-off date and the review effective date.

If STOXX is informed 3 days before the review effective date about a China Connect Security ineligibility effective after the review effective date, the China Connect Security will not be included in the index at the review effective date.

If STOXX is informed 2 days or 1 day before the review effective date about a China Connect Security ineligibility effective after the review effective date, the China Connect Security will be deleted in line with Section 8.6.3 Delisting of the STOXX Calculation Guide.

**Review frequency:** The indices are reviewed on a semi-annual basis after the close on every third Friday in March and September, and the effective date is the first dissemination day after the third Friday. The data cut-off date is the last dissemination day of the previous month. The free float as of the index review date is used for component selection.

**Weighting scheme and cap factors:** Securities are weighted by FOR adjusted free-float market cap as defined in Section 'Free Float Adjusted For Foreign Ownership Restrictions'. The weighting factors are published seven disseminations days before the effective day and calculated based on prices from the previous day.

**Derived indices:** All STOXX Country Indices, STOXX Regional Indices, and the following STOXX World Size and Sector Indices:

Index Name	Size Segment	Sector Segment
STOXX World AC All Cap*	Large, Mid and Small cap	-
STOXX World AC	Large and Mid cap	
STOXX World AC Large Cap	Large cap	-
STOXX World AC Mid Cap	Mid cap	-
STOXX World AC Small Cap	Small cap	-
STOXX World AC <Industry>	Large and Mid cap	ICB Industry
STOXX World AC <Supersector>	Large and Mid cap	ICB Supersector
STOXX World AC <Sector>	Large and Mid cap	ICB Sector
STOXX World AC <Subsector>	Large and Mid cap	ICB Subsector
STOXX World AC <Industry/Sector> All Cap	Large, Mid and Small cap	ICB Industry/Sector
STOXX World AC <Industry/Sector>	Large and Mid cap	ICB Industry/Sector
STOXX World AC <Industry/Sector> Large Cap	Large cap	ICB Industry/Sector
STOXX World AC <Industry/Sector> Mid Cap	Mid cap	ICB Industry/Sector
STOXX World AC <Industry/Sector> Small Cap	Small cap	ICB Industry/Sector

\*In the index names, "STOXX World AC" can be replaced by "STOXX Developed World" or "STOXX Emerging Markets" to reflect indices based on Capital Markets as discussed in Section 3.3.4.1.

# 6. STOXX WORLD EQUITY INDEX SERIES

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## 6.1.3. ONGOING MAINTENANCE

**Replacements:** Deleted companies are not replaced.

**Fast exit:** China Connect Securities are monitored on a daily basis. If there is an announcement that a China Connect Security index component is ineligible in the future, then the China Connect Security index component is removed from the index with a two-day notice.

**Spin-offs:** If a spin-off is added between reviews to the underlying universe (i.e., to the STOXX TMI indices, the STOXX China A Total Market Index, the STOXX China P-Chip Total Market Index, the STOXX China Growth Market Index, or the STOXX World DR Index), then it is added also to the STOXX World AC All Cap Index. Spin-offs added to the STOXX China A Total Market Index are added to the STOXX World AC All Cap Index only if they are defined as China Connect Security on the Spin-off effective date.

**Size classification of spin-offs:** Intra-review additions are assigned a size classification (large/mid/small) based on the boundaries (top 70% and 85% by LCP) that were used at the previous semi-annual index review for the respective country.

**Corporate Actions:** All components are maintained for corporate actions as outlined in the STOXX Calculation Guide available on [stoxx.com](http://stoxx.com)

# 6. STOXX WORLD EQUITY INDEX SERIES

## 6.2. STOXX COUNTRY INDICES

### 6.2.1. OVERVIEW

Each STOXX Country Index aims to provide a broad market representation of the respective country. The parent index of each STOXX Country Index is the STOXX World AC All Cap Index. The STOXX Country Indices serve as basis for the component selection of the STOXX Regional Indices.

For a complete list of the STOXX Country Indices please consult the data vendor code sheet on the website<sup>12</sup>.

**Weighting scheme:** The indices are weighted according to the FOR adjusted free float market capitalization, i.e. in the same way as the parent STOXX World AC All Cap Equity Index.

The base value, the base dates and the index types are as of the parent STOXX World AC All Cap Equity Index, unless specified otherwise.

### 6.2.2. INDEX REVIEW

**Component selection:** Each STOXX Country Index consist of the components of the parent STOXX World AC All Cap Equity Index, that belong to the respective country, see Section 4.6.

**Review frequency:** The review frequency of each STOXX Country Index is the same as the review frequency of the parent STOXX World AC All Cap Equity Index, unless specified otherwise.

#### Derived indices:

Index Name	Size Segment	Sector Segment
STOXX <Country> All Cap	Large, Mid and Small cap	-
STOXX <Country>	Large and Mid cap	-
STOXX <Country> Large Cap	Large cap	-
STOXX <Country> Mid Cap	Mid cap	-
STOXX <Country> Small Cap	Small cap	-
STOXX <Country> <Industry>	Large and Mid cap	ICB Industry
STOXX <Country> <Supersector>	Large and Mid cap	ICB Supersector
STOXX <Country> <Sector>	Large and Mid cap	ICB Sector
STOXX <Country> <Subsector>	Large and Mid cap	ICB Subsector
STOXX <Country> <Industry/Sector> All Cap	Large, Mid and Small cap	ICB Industry/Sector
STOXX <Country> <Industry/Sector>	Large and Mid cap	ICB Industry/Sector
STOXX <Country> <Industry/Sector> Large Cap	Large cap	ICB Industry/Sector
STOXX <Country> <Industry/Sector> Mid Cap	Mid cap	ICB Industry/Sector
STOXX <Country> <Industry/Sector> Small Cap	Small cap	ICB Industry/Sector

### 6.2.3. ONGOING MAINTENANCE

Each STOXX Country Index is maintained in the same way as the parent STOXX World AC All Cap Equity Index, unless specified otherwise.

<sup>12</sup> [http://www.STOXX.com/download/indices/vendor\\_codes.xls](http://www.STOXX.com/download/indices/vendor_codes.xls)

# 6. STOXX WORLD EQUITY INDEX SERIES

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**Country classification change:** If a security changes its country classification at the quarterly updates in June and December, the affected STOXX Country Indices are updated respectively. The security size classification (large/mid/small) is updated only in March and September, as discussed in Section 4.14.

**Spin-offs:** If a spin-off is added the STOXX World AC All Cap Index as described in Section 6.1.3, then it is added permanently to the respective country index.

## 6.3. STOXX REGIONAL INDICES

### 6.3.1. OVERVIEW

The STOXX Regional Indices are aggregates of the respective STOXX Country Indices.

Indices can be built for any of the regions as defined in Section 3.3.4.2. A number of regions (ex regions) are derived from other regions with the exclusion of certain countries. Similarly, regions can be derived from other regions with the addition of certain countries.

For a complete list of the existing STOXX Regional Indices please consult the data vendor code sheet on the website<sup>13</sup>.

**Weighting scheme:** The indices are weighted according to the FOR adjusted free float market capitalization, i.e. in the same way as the parent STOXX World AC All Cap Equity Index.

The base value, the base dates and the index types are as of the parent STOXX World AC All Cap Equity Index, unless specified otherwise.

### 6.3.2. INDEX REVIEW

**Component selection:** The indices consist of the components of the relevant STOXX Country Indices.

**Review frequency:** The review frequency of each STOXX Regional Index is the same as the review frequency of the parent STOXX World AC All Cap Equity Index, unless specified otherwise.

#### Derived indices:

Index Name	Size Segment	Sector Segment
STOXX <Region*> All Cap	Large, Mid and Small cap	-
STOXX <Region>	Large and Mid cap	-
STOXX <Region> Large Cap	Large cap	-
STOXX <Region> Mid Cap	Mid cap	-
STOXX <Region> Small Cap	Small cap	-
STOXX <Region> <Industry>	Large and Mid cap	ICB Industry
STOXX <Region> <Supersector>	Large and Mid cap	ICB Supersector
STOXX <Region> <Sector>	Large and Mid cap	ICB Sector

<sup>13</sup> [http://www.STOXX.com/download/indices/vendor\\_codes.xls](http://www.STOXX.com/download/indices/vendor_codes.xls)

# 6. STOXX WORLD EQUITY INDEX SERIES

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STOXX <Region> <Subsector>	Large and Mid cap	ICB Subsector
STOXX <Region> <Industry/Sector> All Cap	Large, Mid and Small cap	ICB Industry/Sector
STOXX <Region> <Industry/Sector>	Large and Mid cap	ICB Industry/Sector
STOXX <Region> <Industry/Sector> Large Cap	Large cap	ICB Industry/Sector
STOXX <Region> <Industry/Sector> Mid Cap	Mid cap	ICB Industry/Sector
STOXX <Region> <Industry/Sector> Small Cap	Small cap	ICB Industry/Sector

\*In the index names, <Region> can denote a geographical region, or a combination of capital markets (Developed or Emerging, see Section 3.3.4.1) and a geographical region.

### 6.3.3. ONGOING MAINTENANCE

Each STOXX Regional Index is maintained in the same way as the parent STOXX World AC All Cap Equity Index, unless specified otherwise.

**Country classification change:** If a security changes its country classification at the quarterly updates in June and December, the affected STOXX Regional Indices are updated respectively.

**Spin-offs:** If a spin-off is added the STOXX World AC All Cap Index as described in Section 6.1.3, then it is added permanently to the respective regional index (indices).



# 7. CHANGES TO THE GUIDE BOOK

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## 7.1. HISTORY OF CHANGES TO THE STOXX WORLD EQUITY INDEX METHODOLOGY GUIDE

July 2022: Publication of the STOXX World Equity Index Methodology Guide

July 2022(2): Update of Section 4.8

August 2022: Extension of the STOXX World Universe to the GCC Countries. Implementation of the China Connect Securities in the STOXX World Universe.

November 2022: Country classification replaced with “country nationality” in section ‘Country & Listing’, correction in ISO code for Nigeria and clarification on Foreign Ownership Restrictions of Spin-offs.

November 2022(2): Rule clarification in section 3.3.4.2 ‘Geographical Regions’, section 4.7 ‘Currency’ and minor change in ‘free float’ section

December 2022: Added reference of STOXX Eligible Market Segments Guide.

January 2023: Added reference of STOXX Bond index guide

January 2023(2): Changes in the STOXX World DR Index composition list.

February 2023: Removed reference of STOXX Bond index guide

March 2023: Minor correction for index ‘STOXX World AC All Cap Index’ in section 6.1.1 ‘Overview’ and addition of ‘Croatia’ to the STOXX World Eurozone region in section 3.3 ‘STOXX World country and regional classifications in the sub-section 3.3.4.2 ‘Geographical Regions’

April 2023: Addition of a sub-section ‘Regulatory Trading Prohibitions’

October 2023: Change in the STOXX logo.

February 2024: Update in the methodology of STOXX World AC All Cap Index

May 2024: Rule suspension of U.S. Securities and Exchange Holding Foreign Companies Accountable Act (HFCAA).

June 2024: Rule clarification in section ‘Free-Float Factors’ and ‘STOXX World AC All Cap Index’

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