



**NYSE<sup>®</sup> Arca Major Market Index<sup>™</sup>  
(XMI)**

Version 2.0  
Valid from  
April 30, 2018

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## Version History:

### Version 2.0 (Effective April 30, 2018)

The new methodology format for the NYSE® Arca Major Market Index™ is being released to provide details on the calculation and selection processes applied, and to provide clarity into the Index governance, structure, and maintenance of the Index Administrator, IDI.

### Version 1.0 (Effective April 29, 1983)

The methodology document covers the NYSE® Arca Major Market Index™.

## 1. Index summary

<b>Factsheet</b>	
<b>Full Names</b>	NYSE® Arca Major Market Index™
<b>Index Types</b>	Price Return (USD): XMI
<b>Index Description</b>	The NYSE® Arca Major Market Index™ is a price-weighted Index that consists of twenty blue chip U.S. industrial stocks. Index compositions and corporate actions can be accessed from NYSE Market Data at <a href="http://www.nyse.com/market-data/indices">www.nyse.com/market-data/indices</a> .
<b>Eligible Stocks</b>	Common stocks listed on a major U.S. exchange (NYSE, NASDAQ, NYSE American)
<b>Number of Constituents</b>	Fixed - 20
<b>Weighting</b>	Price-weighted
<b>Review of Composition</b>	No scheduled rebalances, the Index and methodology are reviewed periodically.
<b>Effective Date of the Rebalance</b>	No scheduled rebalances
<b>Calculation Frequency</b>	Price Return (USD): Every 15 seconds between 09:30 & 18:00 ET
<b>Base Date</b>	April 29, 1983
<b>Base Level</b>	200.00
<b>Historic Data Available Since</b>	April 29, 1983
<b>Bloomberg Code</b>	XMI <INDEX>
<b>Reuters Code</b>	.XMI
<b>Launch Date</b>	April 29, 1983
<b>Website</b>	<a href="https://www.theice.com/market-data/indices">https://www.theice.com/market-data/indices</a>

## 2. Governance

### Index Sponsor & Administrator

ICE Data Indices, LLC (“IDI”) is the Index Sponsor and the Index Administrator.

IDI is responsible for the day-to-day management of the Index, including retaining primary responsibility for all aspects of the Index determination process, including implementing appropriate governance and oversight, as required under the International Organization of Securities Commission’s Principles for Financial Benchmarks (the IOSCO Principles). The Governance Committee is responsible for helping to ensure IDI’s overall compliance with the IOSCO Principles, by performing the Oversight Function which includes overseeing the Index development, design, issuance and operation of the indices, as well as reviewing the control framework. IDI is also responsible for decisions regarding the interpretation of these rules and the Governance Committee is responsible for reviewing all rule book modifications and Index constituent changes with respect to the Index to ensure that they are made objectively, without bias, and in accordance with applicable law and regulation and IDI’s policies and procedures. Consequently, all IDI’s and the Governance Committee discussions and decisions are confidential until released to the public.

### Cases not covered in rules

In cases which are not expressly covered in these rules, operational adjustments will take place along the lines of the aim of the Index. Operational adjustments may also take place if, in the opinion of the Index Administrator, it is desirable to do so to maintain a fair and orderly market in derivatives on this Index and/or this is in the best interests of the investors in products based on the Index and/or the proper functioning of the markets.

Any such modifications described under this section or exercise of Expert Judgment will also be governed by any applicable policies, procedures and Guidelines in place by IDI at such time.

### Rule book changes

The Governance Committee reviews all rule book modifications and Index changes to ensure that they are made objectively, without bias and in accordance with applicable law and regulation and IDI’s policies and procedures. These rules may be supplemented, amended in whole or in part, revised or withdrawn at any time in accordance with applicable law and regulation and IDI applicable policies and procedures. Supplements, amendments, revisions and withdrawals may also lead to changes in the way the Index is compiled or calculated or affect the Index in another way.

### Limitations of the Index

All the NYSE indices produced by IDI (“the NYSE Indices”) may be subject to potential limitations, such as a decline in the pool of available eligible securities due to advancements in technology,

shifts in demographic spending or the economy, changes in regulation or accounting rules, consolidation in certain sectors or industries, or other factors. This can affect the ability of the Administrator to maintain the required minimum number of constituents for this index. Other limitations may include the ability of the Benchmark to operate in illiquid or fragmented markets.

IDI seeks to manage and mitigate these limitations through the Benchmark design, review and oversight process.

By design, the Index is focused on U.S industrial companies, excluding transportation and utilities companies. As the underlying markets transform due to consolidation and technology transformation, the companies included in the Index will adjust and change accordingly.

### **3. Index Description**

The NYSE® Arca Major Market Index™ (“XMI” or “Index”) is a price-weighted Index that consists of twenty blue chip U.S. industrial stocks.

## **4. Publication**

### **4.1 The opening, intraday and closing or daily publication of Index values.**

#### **Opening**

The first Index level is calculated and published around 09:30 ET, when the U.S. equity markets open for their regular trading session. The calculation of that level utilizes the most updated prices available at that moment. In the case of constituents that have a non-traded, halted or suspended status, or have not opened for the current day, the previous day's reference prices (primary exchange official closes) or estimated prices (for IPOs, buyouts and swap offers) are used.

#### **Dissemination frequency**

The level of the price return Index is in principle published every 15 seconds to the ICE Data Global Index Feed (ICE Data GIF). The calculated Index levels incorporate the latest traded price of each constituent from within the regular trading session, normally 09:30 to 16:00 ET. The Index only holds equities listed and traded in the U.S., and thus, intraday calculations of the Index would incorporate trades on a consolidated level, from all exchanges including those not designated as the official primary exchange.

The Indexes are calculated on those days specified as Index business days. Index business days will be classified as days on which the U.S. Equity Markets (NYSE, NASDAQ and NYSE American) are open for a full or partial day of trading.

#### **Closing level**

The closing level is the last level disseminated on the trading day and uses the official close prices from the primary listing market for each constituent. For constituents that have non-traded, halted or suspended status, or have not opened for the current day, the previous day's reference prices (primary exchange official closes) or estimated prices (for IPOs, buyouts and swap offers) are used instead. In the case of exceptional market conditions, the Index Administrator reserves the right to utilize other prices in the calculation of the official closing level, as indicated below in Section 4.2.

#### **Sources of Data**

The Consolidated Tape (CTS/UDTF) is the primary market data source for U.S. equity real-time and closing prices. Additional sources of data less commonly used include market data vendors, company announcements, exchange announcements and other official sources.

## 4.2 Exceptional market conditions and corrections

The Index Administrator retains the right to delay the publication of the opening level of the Index. Furthermore, the Index Administrator retains the right to suspend the publication of the level of the Index if it believes that circumstances prevent the proper calculation of the Index.

If Index constituent prices are cancelled, the Index will not be recalculated unless the Index Administrator decides otherwise.

Reasonable efforts are made to ensure the correctness and validity of data used in real-time Index calculations. If incorrect price or corporate action data affects Index daily closing values, they are corrected retroactively as soon as possible and all revisions are communicated out to the public and market data vendors.

There is the possibility of an exchange or market-wide event resulting in the normal closing auction not going off or official closing prices not being available. In those situations, the Index will take guidance from the respective exchange(s) and address on an event-by-event basis. Exchange or market-wide events include, but are not limited to, the following:

- Volatility Halts
  - LULD (Limit Up / Limit Down)
  - Market Wide Circuit Breaker
- Technological Problems / Failures
- Natural Disaster or Other BCP-Related Event

## 4.3 Changes to the Index

### **Announcement policy**

Changes to the Index methodology will be announced by an Index announcement which will be distributed by IDI via [www.nyse.com/indices](http://www.nyse.com/indices) and NYSE Market Data at [www.nyse.com/market-data/indices](http://www.nyse.com/market-data/indices).

As a general rule, the announcement periods that are mentioned below will be applied. However, emergency actions, including urgently required corporate action treatments, often resulting from late notices from the relevant company or exchange, may require the Index Administrator to deviate from the standard timing.

### **Inclusion of new constituents**

The inclusion of new companies in the Index will typically only occur as a result of a specific corporate action affecting a current constituent, although there could be exceptions based upon the results of a periodic Index and methodology review. The inclusion of the new company will be announced at least one trading day prior to the effective date of the actual inclusion.



## **Removal of Constituents**

Components would be removed from the Index as a result of periodic corporate actions as well as the results of the periodic Index and methodology reviews. All removals will be announced at least one trading day before the effective date of the removal. It should be noted that in the case of mergers and acquisitions, every effort will be made to remove the company at some reasonable time ahead of the suspension in trading in the acquired company. There will be certain situations and corporate actions that would require the removal of a company that has already ceased trading. In those cases, the company will be removed from the Index at its last traded price, or, at the discretion of the Index Administrator, at a derived price that most accurately represents its post-suspension value.

## **Corporate actions**

In case of an event that could affect one or more constituents, the Index Administrator will inform the market about the intended treatment of the event in the Index shortly after the firm details have become available and have been confirmed. When possible, the corporate action will be announced, even if not all information is known, at least one trading day before the effective date of the action. Once the corporate action has been effectuated, the Index Administrator will confirm the changes in a separate announcement.

## **Rule changes**

Going forward, barring exceptional circumstances, the Index Administrator shall announce proposed Rules changes to stakeholders prior to them being implemented. Stakeholders shall also be notified of when the changes shall take effect.

## **Index Reviews**

IDI shall undertake regular reviews of the Index, the methodology and the market which it represents to ensure it continues to meet the Index objective, in accordance with IDI's policies and procedures. Should changes to the Index be required or proposed, this will be communicated to stakeholders in accordance with IDI's policies and procedures.

## **Consultations**

IDI may from time to time consult with stakeholders on proposed material changes that affect the Index in accordance with IDI's policies and procedures including IDI's consultation policy: [https://www.theice.com/publicdocs/Consultation\\_Policy.pdf](https://www.theice.com/publicdocs/Consultation_Policy.pdf). Such proposals shall be published to Stakeholders and all feedback received will be considered by the Index Administrator. Any resulting changes to the Index will be announced prior to it being implemented.

## **Review: Publication of Results**

There are no scheduled rebalances for the Index. However, any information around Index changes resulting from a corporate action or periodic Index and methodology review can be accessed from NYSE Market Data at [www.nyse.com/market-data/indices](http://www.nyse.com/market-data/indices).

## **5. Calculation**

### **5.1 Calculation of the Index**

The Index is calculated on a Price Return basis. The current Index level would be calculated by dividing the current modified Index market capitalization by the Index divisor. The divisor was determined off of the initial capitalization base of the Index and the base level. The divisor is updated as a result of corporate actions and composition changes.

A full description of the formulae used to calculate Index values can be found in the “NYSE Indices Guide to Index Mathematics” at <https://www.nyse.com/indices/rules>.

## **6. Index reviews**

### **6.1 General aim of reviews and frequency**

#### **General aim of the periodic review**

The general aim of the annual review of the Index is to ensure that the selection and weightings of the constituents continues to reflect as closely as possible the Index's objective of representing the U.S. equity markets' blue-chip, industrial companies. The Index Administrator reserves the right to, at any time, replace one or more stocks contained in the Index with one or more substitute stocks of its choice, if in the Index Administrator's discretion such addition, deletion or substitution is necessary or appropriate to maintain the quality and/or character of the Index. Such Index constituent changes are reviewed by the Governance Committee to ensure that they are made objectively, without bias and in accordance with applicable law and regulation and IDI's policies and procedures.

#### **Frequency**

Changes to the Index constituents may occur during a periodic review and as a result of the removal of an Index constituent.

The NYSE® Arca Major Market Index™ does not rebalance or reconstitute on a scheduled frequency. The Index and methodology review is done in accordance with Section 4.3.

### **6.2 Index universe and selection principle**

#### **Index Universe**

Development and maintenance of the component Universe for the NYSE® Arca Major Market Index™ is undertaken by IDI. The Index Universe will consist of all U.S. stocks other than transportation and utility stocks, as classified by IDI, that are listed on a major U.S. stock exchange like NYSE, NASDAQ, or NYSE American and are representative of blue-chip industrial companies. ADRs are not eligible for inclusion in the Index. This determination is completed using publically available information on individual security issuers as well as the industry. Also instrumental in this determination is IDI employees' expertise concerning Index design and development and their knowledge surrounding Index use and stakeholder feedback. IDI may change the composition of the Universe at any time to reflect the conditions of the underlying blue-chip industrials Industry, and to ensure that the pool of component securities continues to represent the Industry, in accordance with the Index requirements.

### **Selection of constituents**

In the event of a change resulting from a corporate action or annual Index and methodology review, the Index Universe will be screened for all mega-cap, highly liquid, and influential market-leading companies. Any constituent selected for inclusion in the Index will be a dominant company in its specific industry exhibiting a high growth rate and be a widely-recognized brand.

## **6.3 Periodical update of weighting**

### **Determining constituent weightings**

If the Index portfolio is adjusted as a result of an Index and methodology review or a corporate action, the Index portfolio is adjusted by setting component shares of the portfolio to one. By setting component shares to one, component weights are determined by applying share prices.

The newly adjusted portfolio becomes the basis for the Index's value effective on the first trading day following the adjustments. If necessary, a divisor adjustment is made to ensure continuity of the Index's value.

## **7. Corporate Actions**

### **7.1 General**

The Index may be adjusted in order to maintain the continuity of the Index level and the composition. The underlying aim is that the Index continues to reflect as closely as possible the Index's objective of representing the U.S. equity markets by holding twenty of the leading U.S. blue-chip industrial companies.

Adjustments take place in reaction to events that occur with constituents in order to mitigate or eliminate the effect of that event on the Index performance.

A full description of standard corporate action events and their handling can be found in the "NYSE Indices Corporate Action Handling Guide" at <https://www.nyse.com/indices/rules>.

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