



**NYSE® Dynamic U.S. Allocation Index™  
(NYUSDA)**

Version 3.1  
Valid from  
October 1, 2018

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## Version History:

### **Version 3.1 (Effective October 1, 2018)**

This version incorporates name change of NYSE US 10 Year Treasury Futures Index to ICE US 10 Year Treasury Futures Index

### **Version 3.0 (Effective April 24, 2018)**

This version incorporates language reflecting changes to the announcement policy, legal structure of the Index Administrator, introduces language codifying certain procedures relating to Index governance, consultation and index rule reviews and includes an updated Disclaimer.

### **Version 2.0 (Effective May 19, 2016)**

This version incorporates the changes to the index compositions after the discontinuation of NYSE Current 10 Year U.S. Treasury Index and replacement with NYSE US 10 Year Treasury Futures Index.

### **Version 1.0 (Effective October 16, 2014)**

The methodology document covers the newly-launched NYSE® Dynamic U.S. Allocation Index™.

## 1. Index summary

<b>Factsheet</b>	
<b>Full Names</b>	NYSE® Dynamic U.S. Allocation Index™
<b>Index Types</b>	Price Return (NYUSDA)
<b>Index Description</b>	The NYSE® Dynamic U.S. Allocation Index™ is a rules-based forecast free strategy which uses a dynamic asset allocation model. Index compositions and corporate actions, including rebalance information, can be accessed from NYSE Market Data at <a href="http://www.theice.com/market-data/indices/equity-indices/products">www.theice.com/market-data/indices/equity-indices/products</a> .
<b>Eligible Stocks</b>	The index is based on an allocation among U.S. equities (NYSE Large Cap Equal Weight Index, Ticker: NYLGCAPT) and U.S. treasuries (ICE US 10 Year Treasury Futures Index, Ticker: USTTEN).
<b>Number of Constituents</b>	Fixed - 2
<b>Weighting</b>	Factor-weighted
<b>Review of Composition</b>	Monthly. Announced on the last business day of the month.
<b>Effective Date of the Rebalance</b>	Effective after the close of the last trading day of the month
<b>Calculation Frequency</b>	Price Return: Every 15 seconds between 09:30 & 18:00 ET
<b>Base Date</b>	December 31, 1999
<b>Base Level</b>	1000.00
<b>Historic Data Available Since</b>	December 31, 1999
<b>Bloomberg Code</b>	NYUSDA <INDEX>
<b>Reuters Code</b>	.NYUSDA
<b>Launch Date</b>	October 16, 2014
<b>Website</b>	<a href="http://www.theice.com/market-data/indices/equity-indices">www.theice.com/market-data/indices/equity-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

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. Other limitations may include the ability of the Benchmark to operate in illiquid or fragmented markets.

Any potential limitations that affect either of the component Indices may also, by design, have a limiting effect on this Index.

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

### **3. Index Description**

The NYSE® Dynamic U.S. Allocation Index™ is a rules-based, forecast free strategy which uses a dynamic asset allocation model. Allocation decisions of the dynamic model are strictly quantitative, transparent and traceable. On a monthly basis the index shifts the allocation among U.S. equities (NYSE Large Cap Equal Weight Index, Ticker: NYLGCAPT) and U.S. treasuries (ICE US 10 Year Treasury Futures Index, Ticker: USTTEN). The allocation decisions are strictly forecast-free hence there are no return expectations included in those decisions.

At the beginning of each calendar year the allocation of the index starts with 50% NYLGCAPT and 50% USTTEN. The allocation is then adjusted in favor of the “better performing” asset class, thus trending following during the year. The allocation shifts are made on a monthly basis within their width (0% - 100%). At the end of the year allocation is reset to equal weight.

## **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 not begun pricing for the current day, the previous day's reference prices are used.

#### **Dissemination frequency**

The level of the price return index is in principle published every 15 seconds to the ICE Data 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 is calculated from 09:30 until 18:00 ET 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 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 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 ICE Data GIF is the primary market data source for index component 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 of the index 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 closing prices not being available. In those situations, the index will 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.theice.com/market-data/indices/equity-indices/](http://www.theice.com/market-data/indices/equity-indices/) and NYSE Market Data at [www.theice.com/market-data/indices/equity-indices/products](http://www.theice.com/market-data/indices/equity-indices/products)

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 component in the index will typically only occur on a specific corporate action affecting a current constituent, e.g. Discontinuation/termination of a component index. The inclusion of the new component will be announced at least two trading days before the effective date of the actual inclusion.

#### **Removal of Constituents**

Components would be removed from the index as a result of specific corporate actions e.g. Discontinuation/termination of a component index. All removals will be announced at least one trading day before the effective date of the removal.

#### **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.

### **Reconstitution/Rebalance: Publication of Results**

The new composition of the index, including the companies to be a part of the index and their corresponding new index shares, will be announced at least two trading days before the effective date and can be accessed from NYSE Market Data at <https://www.theice.com/market-data/indices/equity-indices>.

## **5. Calculation**

### **5.1 Calculation of the price 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 Price and Total Return index values can be found in the “NYSE Indices - Guide to Index Mathematics” at [www.theice.com/market-data/indices/equity-indices/methodologies](http://www.theice.com/market-data/indices/equity-indices/methodologies).

## **6. Index rebalances**

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

#### **General aim of the periodical rebalance**

The general aim of the rebalance 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. The Index Administrator reserves the right to, at any time, change the number of components comprising the index by adding or deleting one or more components, or replacing one or more components contained in the index with one or more substitutes 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 reviews to ensure that they are made objectively, without bias and in accordance with applicable law and regulation and IDI's policies and procedures.

#### **Frequency**

The rebalance becomes effective after the close of the last trading day of each month.

The announcement will be made before the market open on the last trading day of the month.

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

#### **Selection of constituents**

The index constituent pool is currently composed of U.S. equities represented by the NYSE Large Cap Equal Weight Index, (Ticker: NYLGCAPT) and U.S. Treasuries as represented by the ICE US 10 Year Treasury Futures Index, (Ticker: USTTEN).

### **6.3 Periodical update of weighting**

#### **Determining constituent weightings at Index Rebalances**

At the beginning of each calendar year the allocation of the index starts with 50% NYLGCAPT and 50% USTTEN. The allocation is then adjusted in favor of the "better performing" asset class, thus trending following during the year. The allocation shifts are made on a monthly basis within their width (0% - 100%) until the end of the year when the allocation is reset to equal weight.

## **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 identifying and selecting stocks from a particular market segment that have a greater potential for capital appreciation.

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.theice.com/market-data/indices/equity-indices/methodologies> .

## 8. Disclaimer

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