



## Index Rules and Methodology | October 3, 2022

# NYSE® FANG+® Index Rule Change

**Dwijen A. Gandhi**, Senior Director  
ICE Data Services | ICE Data Indices

**Sisi Xue**, Index Analyst  
ICE Data Services | ICE Data Indices

**ICE Index Hotline:**  
New York: +1 770 999 4501  
Email: [ICENYSEIndices@ice.com](mailto:ICENYSEIndices@ice.com)

## Updated Index methodology effective December 19, 2022

Following ICE Data Indices, LLC's ("IDI") consultation announced on May 23, 2022 and follow-up consultation announced on September 2, 2022 on proposed methodology updates to the NYSE FANG+ Index (NYFANG / Index), several changes to the methodology of the Index will be adopted and implemented with the quarterly reconstitution effective December 19, 2022.

The proposals of the two consultations are set out below along with a description of the changes that will be adopted in the Index methodology following IDI's consideration of the participants' feedback:

Proposal	Result
Modify the Index qualification criteria to require a U.S. incorporation and U.S. country of risk, and thereby remove ADRs and GDRs from the list of eligible security types	<b>Change adopted</b> - All Index constituents will be required to have both a United States (U.S.) country of incorporation and U.S. country of risk. This requirement will apply to both the 6 FAANMG companies [Meta Platforms Inc. (META), Apple Inc. (AAPL), Amazon.com Inc. (AMZN), Netflix Inc. (NFLX), Microsoft Corp. (MSFT), and Alphabet Inc. Class A (GOOGL)] and the remaining non-FAANMG companies comprising the Index. Due to the new country rule, ADRs and GDRs will be removed from the list of eligible security types.
Modify the Index qualification criteria to be completely rules-based and remove the responsibilities of the Index Advisory Committee	<b>Change adopted</b> - <ol style="list-style-type: none"><li>1. The Index methodology will include a rule that 6 securities in the Index will be comprised of the FAANMG companies. These companies are representative of the "FANG" theme based on their revenue exposures and will be included as long as they meet the Index security type, exchange listing, sector classification, market capitalization, liquidity, seasoning, country of incorporation and country of risk criteria.</li></ol>

Proposal	Result
	<p>2. The Index methodology will be modified to include a prescribed filter to select the remaining constituents from specific sub-industries in the Consumer Discretionary, Media &amp; Communications or Technology sectors based on the ICE Uniform Sector Classification schema. The specified sub-industries, as outlined in the Index methodology, contain companies more likely to be representative of the “FANG” theme.</p> <p>3. The non-FAANMG constituents selected for inclusion in the Index will be based on rankings among non-FAANMG qualifying securities incorporating the following factors, while also implementing a buffer rule to reduce turnover:</p> <ul style="list-style-type: none"> <li>(i) Full company market capitalization (35% weight),</li> <li>(ii) ADTV on the specific share class (35% weight),</li> <li>(iii) Price-to-sales ratio (LTM) (15% weight), and</li> <li>(iv) 1-year net sales growth (LTM) (15% weight).</li> </ul> <p>Rankings will be based on a universe of all qualifying, non-FAANMG securities. Current non-FAANMG Index constituents will only be deleted if they rank 11th or lower among this universe. For the initial Index reconstitution applying the new methodology, the top 4 non-FAANMG constituents will be selected, with no buffer criteria applied.</p> <p>4. Full details can be found in the updated Index methodology.</p> <p>These changes will result in an Index methodology that follows clear, rules-based criteria for Index constituent qualification and weighting and removes the responsibilities of the Index Advisory Committee.</p>
<p>Modify the reference date for the Index reconstitutions</p>	<p><b>Change adopted</b> - The new reference date will be the last Index Business Day of the month preceding the reconstitution month. The announcement date will not change and will remain the second Friday of the reconstitution month.</p> <p>This change will conform the rules to include a more standard period between the reference and announcement dates used to oversee and review the input data used in the qualification process.</p>
<p>Modify the date on which target weights are converted to Index constituent shares in the Index reconstitutions</p>	<p><b>Change adopted</b> - Information from the second Index Business Day preceding the third Friday of the reconstitution month (normally the Wednesday preceding the third Friday) will be used to convert the equal percentage constituent weights to Index constituent shares.</p> <p>This change will result in the actual reconstitution effective weights drifting from their equal percentage target weight based on the constituents’ relative market appreciation or depreciation on the remaining Index Business Days prior to effectiveness. It is</p>

Proposal	Result
	intended to help users of the Index plan and execute any required trades to match the Index constituents and weights in the quarterly reconstitutions. This may also result in reduced trading costs and decreased tracking error with the Index.
Modify the required seasoning period for Index constituents	<p><b>Change adopted</b> - The required seasoning period for new constituents to be added to the Index will be decreased from 6 months to 60 calendar days.</p> <p>This change will allow for recent IPOs and new listings to be eligible for the Index, while also requiring enough trading to occur to properly assess a company's market capitalization and liquidity profile.</p>
Fix the Index constituent count at 10 constituents	<p><b>Change adopted</b> - The number of Index constituents will be fixed at 10. If a corporate action leads to the removal of a security between the quarterly reconstitutions, then the next highest ranked security from the last reconstitution will be added to the Index at the weight of the security being deleted.</p> <p>This change will add certainty for users in the methodology and allow the Index to maintain focused exposure to the FAANMG companies along with other selected FANG-like names selected in accordance with the new rules.</p>

Other changes were also made to the format and presentation of the methodology, with information relating to the general publication, corporate actions, calculation, governance rules and disclaimer for the Index now provided in the ICE Equity Index Methodology.

The full updated methodology document of the Index can be found on the ICE Index Platform at [indices.theice.com](https://indices.theice.com).

Please contact [ICENYSEIndices@ice.com](mailto:ICENYSEIndices@ice.com) or call +1 770 999 4501 Option 6, Sub-Option 2 with any questions.

## Disclosures

Source: ICE Data Indices, LLC.

This document is not to be published, reproduced, copied, disclosed or used without the express written consent of Intercontinental Exchange, Inc. ("ICE"). This document is provided for informational purposes only. The information contained herein is subject to change without notice and does not constitute any form of warranty, representation, or undertaking. Nothing herein should in any way be deemed to alter the legal rights and obligations contained in agreements between ICE, ICE Data Indices, LLC ("IDI") and/or any of their affiliates and their respective clients relating to any of the products or services described herein. This document may include observations made by IDI of general market movements and trends, but nothing herein is intended to be a solicitation or a recommendation to buy, sell or hold securities. IDI does not provide legal, tax, accounting, investment or other professional advice. Clients should consult with an attorney, tax, or accounting professional regarding any specific legal, tax, or accounting situation. Each index provides a general investment strategy, does not take into account any of the specific needs or financial circumstances of any person, entity or group of persons and should not be considered investment advice. All information provided by IDI, including without limitation, any materials that describe any Index, is of general nature only.

Unless otherwise indicated, these materials have been prepared solely for informational purposes based upon information generally available to the public from source(s) believed to be reliable and are subject to change without notice. No content contained in this document (including index data, ratings, credit-related analyses and data, model, software or other application or output therefrom) or any part thereof ("Content") may be modified, reverse-engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of IDI. The Content shall not be used for any unlawful or unauthorized purposes. ICE, IDI and their affiliates and their third-party data providers and licensors (collectively "ICE Indices Parties") do not guarantee that the Content is accurate, complete, timely or error free and it should not be relied upon as such. ICE Indices Parties are not responsible for any errors, omissions, or interruptions regardless of the cause, or for the results obtained from the use of the Content, and in no event shall the ICE Indices Parties have any liability (whether in negligence or otherwise) to any person in connection with such person's unauthorized use of any Index or Content. THE CONTENT IS PROVIDED ON AN "AS IS" BASIS. ICE INDICES PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES AND CONDITIONS, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR ANY OTHER MATTER. Without limiting the foregoing, the ICE Indices Parties make no representation or warranty that any data or information (including but not limited to evaluated pricing) supplied to or by it are complete or free from errors, omissions, or defects. In no event shall the ICE Indices Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Content even if advised of the possibility of such damages.

Any available index returns are hypothetical and do not represent the results of actual trading of Investable Products, and as such, do not represent actual past performance and are not indicative of any specific investment. The Content (including any of the output derived from any analytic tools or models) is not intended to predict actual results, which may differ substantially from those reflected. Past performance is not necessarily indicative of future results.

Historical returns and weights before the launch date of an Index are based upon backtested data. For the period prior to the launch date of an Index, simulated performance data has been provided as an illustration of how the Index would have performed during the relevant period had the Index been calculated by IDI using the current Index methodology. Such simulated performance data has inherent limitations, as the simulated data is produced by the retroactive application of the methodology. Simulated performance data is based on criteria applied retroactively with the benefit of hindsight and knowledge of factors that may have positively affected its performance and may reflect a bias toward strategies that have performed well in the past.

The IDI Governance Committee reserves the right to treat individual indices differently in accordance with the stated objectives in the relevant index methodologies. In addition, IDI reserves the right to re-evaluate and modify the removal price of any security, subject to market accessibility and availability of pricing. Please note that users of IDI's indices are solely responsible for ensuring such users' compliance with all applicable law (including, without limitation, sanctions laws and any other rules, regulations or prohibitions) in connection with such use (including, without limitation, trading, investment or other use).

ICE, the ultimate parent company of IDI, keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of ICE may have information that is not available to other business units. IDI has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process. There is no obligation on IDI to disclose information held by it in relation to any Index to other parties.

The various businesses of ICE provide a wide range of products and services to a diverse group of clients and, as such, ICE faces potential conflicts of interest in the ordinary course of its business. ICE may be acting in a number of capacities in connection with Investable Products or other transactions entered into in relation to IDI. ICE, acting in such capacities in connection with such transactions, shall have only the duties and responsibilities expressly agreed to by it in its relevant capacity and shall not, by virtue of its acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to hold a standard of care other

than as expressly provided with respect to each such capacity. IDI has established policies and procedures designed to identify and address conflicts of interest.

In addition, ICE provides a wide range of services to, or relating to, many organizations, including issuers of securities, investment advisers, broker-dealers, investment banks, other financial institutions and financial intermediaries, and accordingly may receive fees or other economic benefits from those organizations, including organizations whose securities may form part of any index or other evaluation IDI carries out.

**ABOUT INTERCONTINENTAL EXCHANGE:** Intercontinental Exchange, Inc. (NYSE: ICE) is a Fortune 500 company and provider of marketplace infrastructure, data services and technology solutions to a broad range of customers including financial institutions, corporations and government entities. We operate regulated marketplaces, including the New York Stock Exchange, for the listing, trading and clearing of a broad array of derivatives contracts and financial securities across major asset classes. Our comprehensive data services offering supports the trading, investment, risk management and connectivity needs of customers around the world and across asset classes. As a leading technology provider for the U.S. residential mortgage industry, ICE Mortgage Technology provides the technology and infrastructure to transform and digitize U.S. residential mortgages, from application and loan origination through to final settlement.

**ABOUT ICE DATA SERVICES:** ICE Data Services refers to a group of products and services offered by certain Intercontinental Exchange, Inc. (NYSE:ICE) companies and is the marketing name used for ICE Data Services, Inc. and its subsidiaries globally, including ICE Data Indices, LLC, ICE Data Pricing & Reference Data, LLC, ICE Data Services Europe Limited and ICE Data Services Australia Pty Ltd. ICE Data Services is also the marketing name used for ICE Data Derivatives, Inc., ICE Data Analytics, LLC certain other data products and services offered by other affiliates of Intercontinental Exchange, Inc.

Fixed income evaluations, continuous evaluated pricing, end-of-day evaluations, evaluated curves, model-based curves and Fair Value Information Services related to securities are provided in the US through ICE Data Pricing & Reference Data, LLC and internationally through ICE Data Services entities in Europe and Asia Pacific. ICE Data Pricing & Reference Data, LLC is a registered investment adviser with the US Securities and Exchange Commission. Additional information about ICE Data Pricing & Reference Data, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). A copy of ICE Data Pricing & Reference Data, LLC's Form ADV is available upon request.

Trademarks of ICE and/or its affiliates include: Intercontinental Exchange, ICE, ICE block design, NYSE, ICE Data Services, New York Stock Exchange, Intellidex, StrataQuant and Interactive Data. Information regarding additional trademarks and intellectual property rights of ICE and/or its affiliates is located at [www.intercontinentalexchange.com/terms-of-use](http://www.intercontinentalexchange.com/terms-of-use). BofA® is a registered trademark of Bank of America Corporation licensed by Bank of America Corporation and its affiliates ("BofA") and may not be used without BofA's prior written approval. Other products, services or company names mentioned herein are the property of, and may be the service mark or trademark of, their respective owners.