

NYSE Arca Defense Index (DFI)

Index Description

NYSE Arca Defense Index (DFI) is designed to represent a cross section of widely held, highly capitalized companies involved in providing systems, equipment and services to the United States government and its allies for the purpose of supporting military, defense and intelligence efforts. The component stocks operate in industry segments that include, but are not limited to, military aircraft manufacturing, shipbuilding, ground transportation, aerospace instrumentation and technology, specialized communication and radar systems, ammunition and weapon systems. The Index was established with a benchmark value of 500.00 on September 28, 2001. Similar to other index values published by NYSE Arca ("NYSE Arca"), the value of the Index is published every 15 seconds through the Consolidated Tape Association's Network B under the ticker symbol "DFI".

Index Calculation

The Index is calculated using an equal-dollar weighting methodology to ensure that each of the component securities is represented in approximately equal dollar amounts in the Index. Equal-dollar weighting was established by designating the number of shares of each component security to represent approximately \$10,000 in market value, based on closing prices on September 21, 2001. The aggregate value of the stocks was reduced by a divisor to establish an Index benchmark value of 500.00. To ensure that each component stock continues to represent an approximately equal dollar value, adjustments are made after the close of trading on the third Friday of March, June, September, and December.

Index Level

The official closing level of the index is calculated each day using the official closing price from the primary listing exchange of each index constituent. If no official closing price is available due to the following reasons, the respective course of action will be taken:

1. Trading of index component is suspended before market close and remains suspended through market close – The index will use the last traded price of the current day from the primary listing exchange in calculating the current day's official closing level.
2. Trading of index component is not opened for current day – The index will use the previous day's official closing price or last traded price; until a particular stock opens, its adjusted closing price from the previous day is used in the index computation.
3. Exchange or market-wide event resulting in normal closing auction not going off or official closing prices not being available – 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:
 - Volatility Halts
 - LULD
 - Circuit breaker
 - Technological problems/failures
 - Natural disaster or other BCP related event

Index Eligibility & Maintenance

The Index is calculated and maintained by NYSE Arca. NYSE Arca may change the composition of the Index at any time to reflect the conditions of the defense industry and to ensure that the component securities continue to represent the defense industry. The Index is maintained in accordance with Exchange Rule 901c, which, among other things, requires that securities meet the following requirements in order to be eligible for inclusion in the Index:

- All component stocks will either be listed on NYSE Arca, the New York Stock Exchange, or traded through the facilities of the National Association of Securities Dealers Automated Quotation System and reported National Market System securities;
- A minimum market value of at least \$75 million, except that for each of the lowest weighted component securities in the index that in the aggregate account for no more than 10% of the weight of the index, the market value can be at least \$50 million;
- Trading volume in each of the last six months of not less than 1,000,000 shares, except that for each of the lowest weighted component securities in the index that in the aggregate account for no more than 10% of the weight of the index, the trading volume may be at least 500,000 shares in each of the last six months;
- At least 90% of the index's numerical index value, and at least 80% of the total number of component securities, will meet the current criteria for standardized option trading set forth in Exchange Rule 915;
- Foreign country securities or American Depositary Receipts ("ADRs") thereon that are not subject to comprehensive surveillance agreements do not in the aggregate represent more than 20% of the weight of the index;

Every quarter after the close of trading on the third Friday of March, June, September

and December, the Index portfolio is adjusted by changing the number of shares of each component stock so that each one again represents an approximately equal dollar amount in the Index. The newly adjusted portfolio becomes the basis for the Index's value effective on the first trading day following the quarterly adjustments. If necessary, a divisor adjustment is made to ensure continuity of the Index's value.

The number of shares of each component stock in the Index portfolio remain fixed between quarterly reviews, except in the event of certain types of corporate actions such as the payment of a dividend, other than an ordinary cash dividend, stock distribution, stock split, reverse stock split, rights offering, or a distribution, reorganization, recapitalization, or some such similar event with respect to a component stock. When the Index is adjusted between quarterly reviews for such events, the number of shares of the relevant security will be adjusted, to the nearest whole share, to maintain the component's relative weight in the Index at the level immediately prior to the corporate action. The Index may also be adjusted in the event of a merger, consolidation, dissolution, or liquidation of an issuer of a component stock. In the event of a stock replacement, the average dollar value of the remaining components will be calculated and that amount invested in the new component stock to the nearest whole share. In choosing among pharmaceutical industry stocks that meet the minimum criteria set forth in Exchange Rule 901c, NYSE Arca represents that it will make every effort to add new stocks that are representative of the pharmaceutical industry and will take into account, among other factors, a stock's capitalization, liquidity, volatility, and name recognition. In connection with any adjustments to the Index, the Index divisor is adjusted to ensure that there are no changes to the Index level as a result of non-market forces.

Further info

To find out more, please email:
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Disclaimer

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