

# The NYSE Arca Pharmaceutical Index (DRG)

## Index Description

The NYSE Arca Pharmaceutical Index (DRG) is designed to represent a cross section of widely held, highly capitalized companies involved in various phases of the development, production, and marketing of pharmaceuticals. The DRG Index was developed with a base value of 200.00 on July 31, 1991. (The index value was later split 2-for-1 on March 23, 1999). The value of the Index is published every 15 seconds through the Consolidated Tape Association's Network B and/or the NYSE Euronext Global Index Feed under the ticker symbol "DRG".

## Index Calculation

The NYSE Arca Pharmaceutical Index is market-capitalization weighted, using the U.S. primary market prices for component securities, and current shares outstanding. For American Depositary Receipts (ADRs), the ADR price in the U.S. primary market and total worldwide shares on an ADR equivalent basis are used.

## Total Return Calculation

A total return version of the Index will be calculated incorporating the cash dividends of the index components. Dividends will be reinvested into the Index at the end of their respective ex-date.

## 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 DRG Index is calculated and maintained by NYSE Arca. The DRG Index contains stocks and ADRs of some of the most highly capitalized companies in the pharmaceutical industry. The NYSE Arca Pharmaceutical Index Committee ("Index Committee") may change the composition of the Index at any time to reflect the conditions of the pharmaceutical industry and to ensure that the component securities continue to represent the pharmaceutical industry. The Index is maintained in accordance with NYSE Amex Options 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 Amex, the New York Stock Exchange, NYSE Arca or Nasdaq 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 NYSE Amex Options 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.

In choosing among pharmaceutical stocks that meet the minimum criteria set forth in Rule 901C, the Index Committee will focus on stocks that have a minimum market value of at least \$500 million and have an average monthly trading volume in the U.S. markets over the previous six month period of not less than 1,000,000 shares (or ADRs). Although the stocks currently selected for inclusion in the DRG Index surpass the above additional criteria, the Index Committee uses these additional criteria as guidelines only. Additionally, to ensure adequate diversification, the Index Committee will maintain at least 15 components in the Index provided the index meets the criteria set forth in NYSE Amex Options rules 915 and 901c.

If the inclusion of any component causes the Index to not meet the criteria of NYSE Amex Options rules 915 and 901c, the respective component(s) will be removed from the Index.

Every quarter (March, June, September, December) the Index portfolio is reviewed to ensure that each of the components continues to meet the minimum criteria set forth in Rule 901c. In addition, the shares outstanding used in the calculation of the DRG Index are updated quarterly (typically after the close of trading on the third Friday of March, June, September and December) to reflect changes in current shares outstanding of each the component securities.

## Further info

To find out more, please email: [usindex@nyse.com](mailto:usindex@nyse.com)

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### Disclaimer

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