Methodology for Calculating Stock Exchange Market Capitalization Indices

Index Calculation Formula

The Market Capitalization Index of a stock exchange (hereinafter referred to as the Index) is a statistical indicator reflecting the aggregate market value of a selected group of shares traded on a given stock exchange. It serves as a tool for monitoring stock market dynamics and analyzing its structure and condition.

The Index is calculated monthly based on the market capitalization of common and preferred shares of issuers for whom the given stock exchange is the primary trading venue.

The total market capitalization of all common and preferred shares included in the Index List at time n is determined by the following formula:

$$MC_n = \sum_{i=1}^{N} MC_i$$

where:

N — number of securities included in the Index List;

MC_i — market capitalization of the *i*-th share.

The market capitalization of the *i*-th share is calculated as:

$$MC_i = P_i \times Q_i \times ER_n$$

where:

P_i — price of the *i*-th share on the calculation date, in the trading currency;

Q_i — total number of the *i*-th shares in circulation;

ER_n — exchange rate of the trading currency against the stock exchange's base currency on date *n* (if the currencies coincide, ER = 1).

Methodology for Forming the Index List

Market Capitalization Indices of Stock Exchanges

1. All shares of companies listed on the corresponding stock exchange are initially considered.
2. Securities that are not actively traded or are suspended from trading are excluded.
3. Securities for which the stock exchange is not the primary trading venue are also excluded.
4. All instruments other than common and preferred shares are excluded.
5. The resulting lists for each index are referred to as Index Lists.
6. The indices are calculated both in the local currency of the respective stock exchange and in U.S. dollars (USD).
7. When calculating indices in USD, the market capitalization of securities is converted from local currency into USD at the prevailing market exchange rate on the corresponding date.
8. If certain securities are traded in a currency different from the exchange's base currency, their market capitalization is converted into the base currency at the market exchange rate on that date.
9. Index values are calculated on the last trading day of each calendar month for the respective stock exchange.
10. The Index Lists are reviewed and updated monthly, with the inclusion of new issuers as appropriate.

Market Capitalization Indices by Listing Levels

1. All shares of companies listed on the corresponding stock exchange are initially considered.
2. Securities that are not actively traded or are suspended from trading are excluded.
3. Securities for which the stock exchange is not the primary trading venue are also excluded.
4. All instruments other than common and preferred shares are excluded.
5. From this pool, separate groups are formed according to listing levels (first, second, and third levels as defined by the exchange's classification).
6. Each Index List includes only those securities that correspond to its listing level.
7. The resulting lists for each index are referred to as Index Lists.
8. The indices are calculated both in the local currency of the respective stock exchange and in U.S. dollars (USD).
9. When calculating indices in USD, the market capitalization of securities is converted from local currency into USD at the prevailing market exchange rate on the corresponding date.
10. If certain securities are traded in a currency different from the exchange's base currency, their market capitalization is converted into the base currency at the market exchange rate on that date.
11. Index values are calculated on the last trading day of each calendar month for the respective stock exchange.
12. The Index Lists are reviewed and updated monthly, with the inclusion of new issuers as appropriate.