

# Nasdaq-100 Index Methodology Updates

## Fast Entry for Mega-Capitalization Securities

Notable updates to Nasdaq-100 Index Methodology effective May 1<sup>st</sup>, 2026:

- “Fast Entry” rule for large listed securities trading on an eligible exchange
- Modified market capitalization weighting based on eligible listed shares and free float
- Elimination of minimum 10% float requirement initially introduced in June 2024

### Terms & definitions

#### Full market capitalization

Includes the value of both listed and unlisted shares

#### Modified market capitalization

Determined using the security’s price and the lesser of its reported total shares outstanding or three times the number of free-floating shares

#### Seasoning requirement

Securities are required to have been listed and available for trading on an eligible exchange for at least three full calendar months, excluding the month of initial listing, prior to their inclusion in the Index

#### Minimum float requirement

Securities were required to have at least 10% free float to be eligible for Index inclusion

### An evolving index for an evolving market

On May 1<sup>st</sup>, 2026, Nasdaq implemented updates to the Nasdaq-100 Index methodology that were intended to help “ensure the index remains transparent and investable for global market participants and continues to meet its stated objective of measuring the performance of 100 of the largest Nasdaq-listed non-financial companies”<sup>1</sup>.

#### 1 Fast Entry Eligibility

A new index rule was added that allows securities that rank within the top 40 of current Nasdaq-100 constituents by **full market capitalization** to be added to the index after fifteen days of trading on an eligible exchange, without requiring the removal of another security

#### 2 Fast Entry Timeline for Initial Public Offerings (“IPOs”)

A company is ranked and evaluated at the end of its seventh trading day on an eligible exchange. It must meet all index eligibility criteria except for the **seasoning requirement**. If it qualifies as a Fast Entry, it will be included after its 15<sup>th</sup> trading day<sup>2</sup>, with an announcement of its inclusion made after its 10<sup>th</sup> trading day

#### 3 Updated Weighting Methodology & Elimination of Minimum Float Requirement

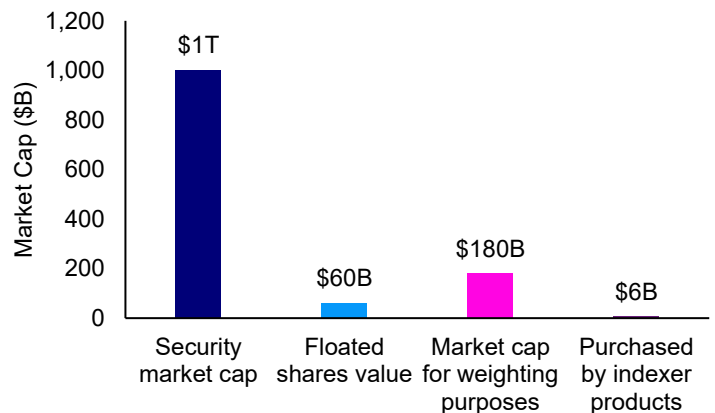
Security weights, including Fast Entry companies, are based on **modified market capitalization**, not full market capitalization. Modified market capitalization is calculated as the lesser of a company’s full eligible listed market capitalization or three times the value of its free-floating shares. This eliminated the need for the **minimum float requirement**

### Weighting of Low-Float Securities<sup>3</sup>

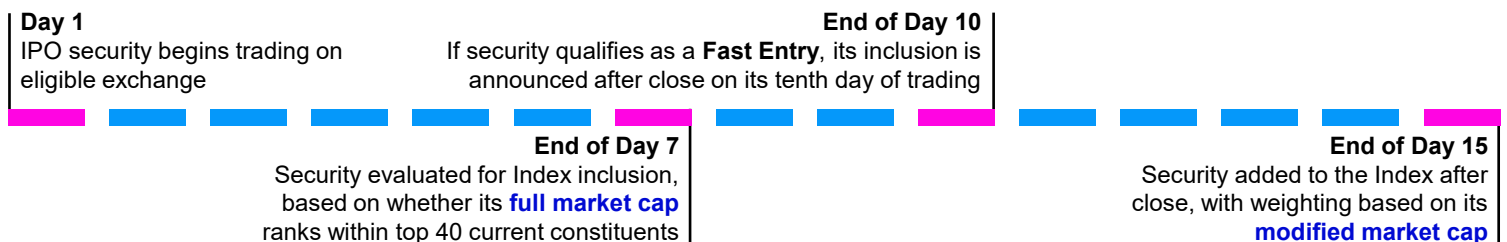
Consider a hypothetical company with a market cap of ~\$1 trillion, but a small float of only ~6%, or ~\$60 billion.

- The **modified market cap** used for weighting is the lesser of \$1T or three times its float,  $3 \times \$60B = \$180B$
- As of March 31, 2026, \$180B would have been ~1% of the Nasdaq-100 Index
- If Nasdaq-100 Index tracking products had ~\$600B in assets, they would have had to purchase  $\sim 1\% \times \$600B = \$6B$  of the stock, equal to ~10% of its available float

### Relevant Market Cap Values for Low-Float Index Inclusions<sup>4</sup>

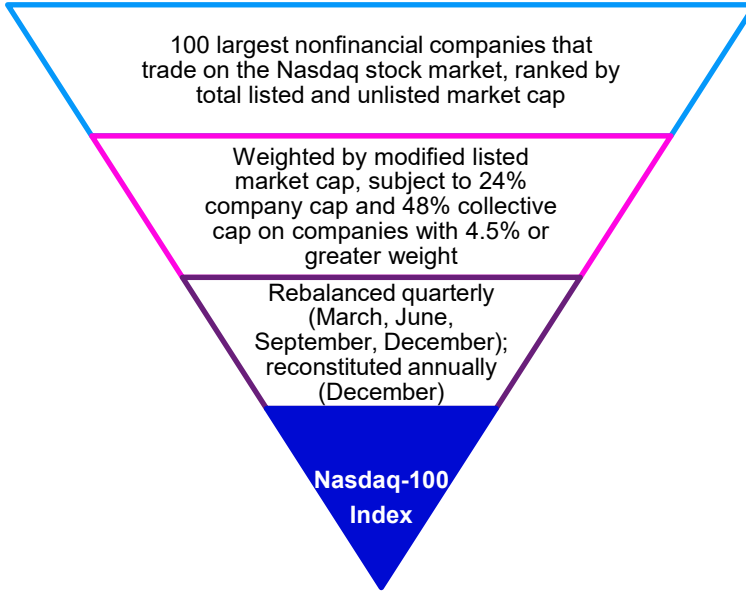


### Timeline for Fast Entry IPO<sup>2</sup>



# Additional Information

## Nasdaq-100 Index Methodology



## Selected Notable Index Updates<sup>5</sup>

**December 1998:** The weighting approach was changed from standard capitalization weighted to modified capitalization weighted, introducing individual security caps

**April 2012:** The seasoning requirement for Index eligibility was reduced from two years of listing on a recognized market to at least three full months (excluding the initial month of listing) on Nasdaq, NYSE, or NYSE Amex

**May 2026:** A Fast Entry rule was added that could waive the three-month seasoning requirement for securities that would rank within the top 40 of current NDX constituents by full market capitalization after their seventh day of trading on an eligible exchange. The weighting methodology was also updated to use price times the lesser of a company's reported shares outstanding or three times its free-floating shares

<sup>1</sup>Source: Nasdaq, as of 05/01/2026. [Nasdaq-100 Index Methodology Changes: Frequently Asked Questions.pdf](#), pg. 1. Retrieved 05/15/2026.

<sup>2</sup>The timeline for inclusion may be altered if the security's 15<sup>th</sup> trading day occurs in the same calendar month as a scheduled index reconstitution or rebalance (at market open on the first trading day following the third Friday in March, June, September, or December):

If the security's seventh trading days is on or before the rebalance or reconstitution reference date (the last trading day of February, May, August, or November), then it is added to the index as part of the reconstitution or rebalance; otherwise, the security will be added no sooner than five trading days after the reconstitution or rebalance effective date.

The annual December reconstitution and the December rebalance occur simultaneously.

<sup>3</sup>Source: Nasdaq, as of 05/01/2026. [Nasdaq-100 Index Methodology Changes: Frequently Asked Questions.pdf](#), pg. 6. Retrieved 05/15/2026.

<sup>4</sup>Calculations performed assuming approximately \$600 billion in Nasdaq-100 Index-tracking assets. Assets under management assumptions do not include assets in other products tracking Nasdaq-100 related indexes, such as those that use the Nasdaq-100 Index as a parent.

<sup>5</sup>Source: CBOE and Nasdaq, as of 05/01/2026.

## Investment risks

This does not constitute a recommendation of any investment strategy or product for a particular investor. Investors should consult a financial professional before making any investment decisions. An investment cannot be made directly into an index.

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