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# FTSE ADX Index Series

v1.0

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## Ground Rules



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## Section 1

# Introduction

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### 1.0 Introduction

- 1.1 The FTSE ADX Index Series is designed to represent the performance of companies listed on Abu Dhabi Securities Exchange (ADX) providing investors with a comprehensive and complementary set of indices which measure the performance of the major capital and industry segments of the Abu Dhabi stock market.
- 1.2 The FTSE ADX Index Series is made up of following indices:
- FTSE ADX General Index
  - FTSE ADX Sector Indices
- 1.3 The FTSE ADX Index Series is calculated in UAE dirham (AED). Price and Total Return versions will be calculated for each Index. Price indices are calculated in real time and published every 15 seconds. Total Return Indices are calculated at the end of each working day. The Total Return Indices include income based on ex dividend adjustments.
- 1.4 The FTSE ADX Index Series does not take account of ESG factors in its index design.
- 1.5 FTSE ADX Index Series will also be provided in US Dollar and Euro on an end of day basis.
- 1.6 **FTSE Russell**
- FTSE Russell is a trading name of FTSE International Limited, Frank Russell Company, FTSE Global Debt Capital Markets Limited (and its subsidiaries FTSE Global Debt Capital Markets Inc. and FTSE Fixed Income Europe Limited), FTSE Fixed Income LLC, The Yield Book Inc and Beyond Ratings.
- 1.7 FTSE Russell hereby notifies users of the index series that it is possible that circumstances, including external events beyond the control of FTSE Russell, may necessitate changes to, or the cessation of, the index series and therefore, any financial contracts or other financial instruments that reference the index series or investment funds which use the index series to measure their performance should be able to withstand, or otherwise address the possibility of changes to, or cessation of, the index series.
- 1.8 Index users who choose to follow this index or to buy products that claim to follow this index should assess the merits of the index's rules-based methodology and take independent investment advice before investing their own or client funds. No liability whether as a result of negligence or otherwise is accepted by FTSE Russell (or any person concerned with the preparation or publication of these Ground Rules) for any losses, damages, claims and expenses suffered by any person as a result of:

- any reliance on these Ground Rules, and/or
- any errors or inaccuracies in these Ground Rules, and/or
- any non-application or misapplication of the policies or procedures described in these Ground Rules, and/or
- any errors or inaccuracies in the compilation of the Index or any constituent data.

## 1.9 **These Ground Rules**

1.9.1 These Ground Rules set out the methodology and provide information about the publication of the FTSE ADX Index Series.

## Section 2

# Management Responsibilities

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## 2.0 Management Responsibilities

### 2.1 FTSE International Limited (FTSE)

2.1.1 FTSE is the benchmark administrator of the index.<sup>1</sup>

2.1.2 FTSE is responsible for the daily calculation, production and operation of the Index Series and will:

- maintain records of the index weightings of all constituents;
- make changes to the constituents and their weightings in accordance with the Ground Rules;
- carry out the periodic index reviews of the Index Series and apply the changes resulting from the reviews as required by the Ground Rules;
- publish changes to the constituent weightings resulting from their ongoing maintenance and the periodic reviews;
- disseminate the indices.

2.1.3 FTSE is also responsible for monitoring the performance of the FTSE ADX Index Series throughout the day and will, on advice from ADX, determine whether the status of each index should be Firm, Indicative or Held.

### 2.2 Amendments to these Ground Rules

2.2.1 These Ground Rules shall be subject to regular review (at least once a year) by FTSE Russell to ensure that they continue to best reflect the aims of the index series. Any proposals for significant amendments to these Ground Rules will be subject to consultation with FTSE Russell advisory committees and other stakeholders if appropriate. The feedback from these consultations will be considered by the FTSE Russell Index Governance Board before approval is granted.

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<sup>1</sup> The term administrator is used in this document in the same sense as it is defined in [Regulation \(EU\) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds](#) (the European Benchmark Regulation) and [The Benchmarks \(Amendment and Transitional Provision\) \(EU Exit\) Regulations 2019](#) (the UK Benchmark Regulation).

2.2.2 As provided for in the Statement of Principles for FTSE Russell Equity Indices, where FTSE Russell determines that the Ground Rules are silent or do not specifically and unambiguously apply to the subject matter of any decision, any decision shall be based as far as practical on the Statement of Principles. After making any such determination, FTSE Russell shall advise the market of its decision at the earliest opportunity. Any such treatment will not be considered as an exception or change to the Ground Rules, or to set a precedent for future action, but FTSE Russell will consider whether the Rules should subsequently be updated to provide greater clarity.

## Section 3

# FTSE Russell Index Policies

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### 3.0 FTSE Russell Index Policies

These Ground Rules should be read in conjunction with the following policy documents which can be accessed using the links below:

#### 3.1 Corporate Actions and Events Guide

- 3.1.1 Full details of changes to constituent companies due to corporate actions and events can be accessed in the Corporate Actions and Events Guide using the following link:

[Corporate Actions and Events Guide.pdf](#)

#### 3.2 Statement of Principles for FTSE Russell Equity Indices (the Statement of Principles)

- 3.2.1 Indices need to keep abreast of changing markets and the Ground Rules cannot anticipate every eventuality. Where the Rules do not fully cover a specific event or development, FTSE Russell will determine the appropriate treatment by reference to the Statement of Principles which summarises the ethos underlying FTSE Russell's approach to index construction. The Statement of Principles is reviewed annually and any changes proposed by FTSE Russell are presented to the FTSE Russell Policy Advisory Board for discussion before approval by the FTSE Russell Index Governance Board.

FTSE Russell's Statement of Principles can be accessed using the following link:

[Statement of Principles.pdf](#)

#### 3.3 Queries and Complaints

- 3.3.1 FTSE Russell's complaints procedure can be accessed using the following link:

[Benchmark Determination Complaints Handling Policy.pdf](#)

#### 3.4 Index Policy for Trading Halts and Market Closures

- 3.4.1 Guidance for the treatment of index changes in the event of trading halts or market closures can be found using the following link:

[Index Policy for Trading Halts and Market Closures.pdf](#)

#### 3.5 Index Policy in the Event Clients are Unable to Trade a Market

- 3.5.1 Details of FTSE Russell's treatment can be accessed using the following link:

[Index Policy in the Event Clients are Unable to Trade a Market.pdf](#)

### 3.6 **Recalculation Policy and Guidelines**

- 3.6.1 The FTSE ADX Index Series is recalculated whenever inaccuracies or distortions occur that are deemed to be significant. Users of the FTSE ADX Index Series are notified through appropriate media.

For further information refer to the FTSE Recalculation Policy and Guidelines document which is available from the FTSE Russell website using the link below or by contacting [info@ftserussell.com](mailto:info@ftserussell.com).

[Recalculation Policy and Guidelines Equity Indices.pdf](#)

### 3.7 **Policy for Benchmark Methodology Changes**

- 3.7.1 Details of FTSE Russell's policy for making benchmark methodology changes can be accessed using the following link:

[Policy for Benchmark Methodology Changes.pdf](#)

### 3.8 **FTSE Russell Governance Framework**

- 3.8.1 To oversee its indices, FTSE Russell employs a governance framework that encompasses product, service and technology governance. The framework incorporates the London Stock Exchange Group's three lines of defence risk management framework and is designed to meet the requirements of the IOSCO Principles for Financial Benchmarks<sup>2</sup>, the European benchmark regulation<sup>3</sup> and the UK benchmark regulation<sup>4</sup>. The FTSE Russell Governance Framework can be accessed using the following link:

[FTSE Russell Governance Framework.pdf](#)

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<sup>2</sup> IOSCO Principles for Financial Benchmarks Final Report, FR07/13 July 2013

<sup>3</sup> Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds

<sup>4</sup> The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019

## Section 4

# Eligible Securities

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### 4.0 Eligible Securities

- 4.1 The universe of eligible constituents is all the companies that have a primary listing on Abu Dhabi Stock Exchange. Only ordinary shares are considered for Index inclusion.
- 4.2 Foreign shares whose only listing is on Abu Dhabi Stock Exchange (exclusive listing) are eligible for inclusion into the indices.
- 4.3 **Multiple Lines**
- Where there are multiple lines of equity capital in a company, all are included and priced separately, provided that they pass index eligibility screens in their own right.
- All partly-paid classes of equity are priced on a fully-paid basis if the calls are fixed and are payable at known future dates. Those where future calls are uncertain in either respect are priced on a partly paid basis
- 4.4 Companies whose business is that of holding equity and other investments (e.g. Investment Trusts) which are classified by the Industry Classification Benchmark as Subsector Closed End Investments (30204000) and non-equity investment instruments classified by the Industry Classification Benchmark as Subsector Open End and Miscellaneous Investment Vehicles (30205000) will not be eligible for inclusion. For further details on the Industry Classification Benchmark (ICB), please visit the FTSE Russell website.

## Section 5

# Index Qualification Criteria

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### 5.0 Index Qualification Criteria

To be included in the Index, a stock must pass free float criteria.

#### 5.1 Free Float

Securities with a free float of 5% or below are excluded from the index. Existing constituents with a free float of less than 5% will be grandfathered until further notice.

Free float is calculated using available published information rounded to 12 decimal places.

#### 5.2 Investability Weightings

The entire quoted equity capital of a constituent company is included in the calculation of its market capitalisation, subject to free float restrictions. The FTSE ADX Index Series is adjusted for free float.

Further details on free float restrictions can be accessed using the following link:

[Free Float Restrictions.pdf](#)

#### 5.3 The FTSE ADX Index Series will be made up of the following indices:

##### FTSE ADX General Index

The Index will consist of all companies that have a primary listing on Abu Dhabi Stock Exchange, subject to conforming to all other rules of eligibility and free float.

##### FTSE ADX Sector Indices

The FTSE ADX Sector Indices are sub-indices of the FTSE ADX General Index, based on FTSE new ICB classification. Industry level indices based on the following new ICB classification are available.

Industry code	Industry
10	Technology
15	Telecommunications
20	Health Care
30	Financials
35	Real Estate
40	Consumer Discretionary

45	Consumer Staples
50	Industrials
55	Basic Materials
60	Energy
65	Utilities

## Section 6

# Periodic Review of Constituent Companies

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### 6.0 Periodic Review of Constituent Companies

#### 6.1 Review Dates

- 6.1.1 The FTSE ADX Index Series is reviewed semi-annually in March and September. The Index constituents will be compiled using market data as at the close of the second Thursday in February and August respectively.
- 6.1.2 Changes arising from the reviews will be implemented after the close on the Sunday following the third Friday of March and September (effective Monday).

## Section 7

# Changes to Constituent Companies

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### 7.0 Changes to of Constituent Companies

#### 7.1 New Issues

- 7.1.1 If the investable market capitalisation of a new issue is so large i.e. amounting to 3% or more of the total capitalisation of the FTSE ADX Index before the application of individual constituent investability weightings, that the effectiveness of the index as a market indicator would be significantly and adversely affected by its omission, FTSE Russell may decide to include the new issue as a constituent of the FTSE ADX Index after the close of business on the third (3rd) day of trading.
- 7.1.2 New issues of companies which do not qualify for fast entry, but which meet the criteria for eligible securities will be eligible for inclusion at the next review.



## Section 8

# Corporate Actions and Events

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### 8.0 Corporate Actions and Events

8.1 Full details of changes to constituent companies due to corporate actions and events can be accessed in the Corporate Actions and Events Guide using the following link:

[Corporate Actions and Events Guide.pdf](#)

A Corporate 'Action' is an action on shareholders with a prescribed ex date. The share price will be subject to an adjustment on the ex date. The index will be adjusted in line with the ex date.

These include the following:

- Capital Repayments
- Rights Issues/Entitlement Offers
- Stock Conversion
- Splits (sub-division) / Reverse splits (consolidation)
- Scrip issues (Capitalisation or Bonus Issue)

A Corporate 'Event' is a reaction to company news (event) that may impact the index depending on the index rules. For example, a company announces a strategic shareholder is offering to sell their shares (secondary share offer) – this could result in a free float weighting change in the index. Where an index adjustment is required FTSE Russell will provide notice advising of the timing of the change.

### 8.2 Shares in Issue

8.2.1 Changes to the number of shares in issue for constituent securities are covered in the Corporate Actions and Events Guide.

### 8.3 Investability Weightings

8.3.1 Changes to free float for constituent securities are covered in the Corporate Actions and Events Guide.

#### 8.4 **Deletions and Replacements**

- 8.4.1 If a constituent is delisted from the Abu Dhabi Stock Exchange, ceases to have a firm quotation, is subject to a takeover offer which has been declared wholly unconditional or has, in the opinion of FTSE Russell, ceased to be a viable constituent as defined by these rules, it will be removed from the relevant Index.

For further details please refer to the Corporate Actions and Events Guide.

#### 8.5 **Mergers, Restructuring and Complex Takeovers**

##### 8.5.1 Mergers / Takeovers between Constituents

If the effect of a merger or takeover is that one constituent in the Index series is absorbed by another constituent, then the existing constituent is deleted on the effective date of the acquisition and the resulting company will remain a constituent of the FTSE ADX Index Series..

- 8.5.2 If an existing constituent is acquired for cash or by a non-quoted company in its own or another country, then the existing constituent is deleted on the effective date of the acquisition from the relevant Index.

#### 8.6 **Splits / Demergers**

- 8.6.1 If a constituent company is split so as to form two or more companies, then the resulting companies will be eligible for inclusion as index constituents in the FTSE ADX Index Series based on their respective full market capitalisations i.e. before the application of any investability weightings.

- 8.6.2 Index constituent changes resulting from the split will be determined based on market values at close on the day of the split. The changes will then be applied one day later (i.e. using prices as at close the following day)..

#### 8.7 **Suspended Companies**

- 8.7.1 Suspension of dealing rules can be found within the Corporate Actions and Events Guide.

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## Section 9

# Index Calculation

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### 9.0 Index Calculation

#### 9.1 Prices

9.1.1 The FTSE ADX Index Series uses actual trade prices for securities with local stock exchange quotations. Reuter's real-time spot currency rates are used in the Index calculation.

#### 9.2 Calculation Frequency

9.2.1 The FTSE ADX Index Series will be calculated in real-time and published every 15 seconds during their opening hours using real time prices.

#### 9.3 Index Calculation

9.3.1 The FTSE ADX Index Series will be displayed to two decimal points.

9.3.2 The FTSE ADX Index Series is calculated using the following formula:

$$\sum_{i=1}^N \frac{(p_i \times e_i \times s_i \times f_i)}{d}$$

Where,

- $i=1,2,\dots,N$
- $N$  is the number of securities in the index.
- $p_i$  is the latest trade price of the component security (or the price at the close of the index on the previous day).
- $e_i$  is the exchange rate required to convert the security's currency into the index's base currency.
- $s_i$  is the number of shares in issue used by FTSE Russell for the security, as defined in these Ground Rules.
- $f_i$  is the Investability Weighting Factor to be applied to a security to allow amendments to its weighting, expressed as a number between 0 and 1, where 1 represents a 100% free float. This factor is published by FTSE Russell for each security in the underlying index.
- $d$  is the divisor, a figure that represents the total issued share Capital of the Index at the base date. The divisor can be adjusted to allow changes in the issued share Capital of individual securities to be made without distorting the index.

## Appendix A: Index Opening and Closing Hours

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Index	Open	Close
FTSE ADX General Index	10:00	15:00
FTSE ADX Sector Indices	10:00	15:00
Ramadan trading hours	10:00	15:00

Monday – Friday, times are GST (Gulf Standard Time)

## Appendix B: Status of Index

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### Status of Index

The FTSE ADX Index Series is calculated in real time and may exist in the following states:

**A. Firm**

The Indices are active and being calculated during Official Market Hours (see Appendix A). No message will be displayed against the Index values.

The official index closing value for the FTSE ADX Index Series will be based on official closing prices.

**B. Closed**

When the Indices have ceased all calculations for the day, the message 'CLOSED' is displayed against the Index value calculated by FTSE Russell.

**C. Held**

During the firm period, the Index has exceeded pre-set operating parameters and calculation has been suspended pending resolution of the problem. The message 'HELD' is displayed against the last Index value calculated by FTSE Russell.

**D. Indicative**

If there is a system problem or a situation in the market that is judged to be affecting the quality of the constituent prices at any time when the Index is being calculated, the Index will be declared indicative. The message 'IND' will be displayed against the Index value.

The official opening and closing hours of the FTSE ADX Index Series is set out in Appendix A. Variations to the official hours of the Index will be published by FTSE Russell.

The FTSE ADX Index Series will not be calculated on UAE Public Holidays.

## Appendix C: Further Information

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A Glossary of Terms used in FTSE Russell's Ground Rule documents can be found using the following link:  
[Glossary.pdf](#)

For further information on the FTSE ADX Index Series visit [www.ftserussell.com](http://www.ftserussell.com) or e-mail [info@ftserussell.com](mailto:info@ftserussell.com). Contact details can also be found on this website.

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