FTSE CNBC Asia 100 Index
v2.9
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Section 1

Introduction

1.0 Introduction

1.1 FTSE CNBC Asia 100 Index

1.1.1 The FTSE CNBC Asia 100 Index represents the performance of the 100 largest companies in Asia Pacific. The index uses the underlying universe of the FTSE Asia Pacific to select companies. The following countries that are eligible for inclusion in the index include Australia, China¹, Hong Kong SAR, India, Indonesia, Japan, Malaysia, New Zealand, Pakistan, Philippines, Singapore, South Korea, Taiwan and Thailand. In particular the index:

- captures the performance of the largest companies in Asia Pacific
- provides country and industry sub indexes that enable users to determine the key drivers of the index performance
- aims to avoid excessive index turnover through its stock selection process at the periodic index reviews

1.1.2 The FTSE CNBC Asia 100 Index does not take account of ESG factors in its index design.

1.2 Ground Rules

1.2.1 This document sets out the Ground Rules for the construction and maintenance of the FTSE CNBC Asia 100 Index. Copies of the Ground Rules are available from FTSE Russell on the website www.ftserussell.com.

1.3 Indexes Included as Part of the FTSE CNBC Asia 100 Index

The following indexes are included as part of the FTSE CNBC Asia 100 Index:

¹ China A to be assigned Secondary Emerging market status in June 2019 and will be eligible for inclusion in the FTSE CNBC Asia 100 Index from September 2019.
1.3.1 **FTSE CNBC Asia 100 Country Indexes**

These indexes comprise of all the companies in a particular country of the FTSE CNBC Asia 100 Index. A total of 14 country indexes will be available.

- FTSE CNBC Asia 100 Australia Index
- FTSE CNBC Asia 100 China Index
- FTSE CNBC Asia 100 Hong Kong Index
- FTSE CNBC Asia 100 India Index
- FTSE CNBC Asia 100 Indonesia Index
- FTSE CNBC Asia 100 Japan Index
- FTSE CNBC Asia 100 Malaysia Index
- FTSE CNBC Asia 100 New Zealand Index
- FTSE CNBC Asia 100 Pakistan Index
- FTSE CNBC Asia 100 Philippines Index
- FTSE CNBC Asia 100 Singapore Index
- FTSE CNBC Asia 100 South Korea Index
- FTSE CNBC Asia 100 Taiwan Index
- FTSE CNBC Asia 100 Thailand Index

1.3.2 **FTSE CNBC Asia 100 Industry Indexes**

These indexes comprise of all the companies in a particular ICB Industry of the FTSE CNBC Asia 100 Index. A total of 10 industry indexes will be available.

- FTSE CNBC Asia 100 Index - Oil & Gas
- FTSE CNBC Asia 100 Index - Basic Materials
- FTSE CNBC Asia 100 Index - Industrials
- FTSE CNBC Asia 100 Index - Consumer Goods
- FTSE CNBC Asia 100 Index - Health Care
- FTSE CNBC Asia 100 Index - Consumer Services
- FTSE CNBC Asia 100 Index - Telecommunications
- FTSE CNBC Asia 100 Index - Utilities
- FTSE CNBC Asia 100 Index - Financials
- FTSE CNBC Asia 100 Index - Technology

1.4 Capital and Total Return indexes are available. The Total Return Indexes are published at the end of each trading day. A series of net of tax indexes are also available. The total return indexes are based on ex dividend adjustments.

1.5 The base currency of the benchmark is US Dollars. Index values may also be published in other currencies.

1.6 **FTSE Russell**


1.7 FTSE Russell hereby notifies users of the index 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 and therefore, any financial contracts or other financial instruments that reference the index or investment funds which use the index to measure their performance should be able to withstand, or otherwise address the possibility of changes to, or cessation of, the index.
1.8 Index users who choose to follow this index series or to buy products that claim to follow this index series 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 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.
Section 2

Management Responsibilities

2.0 Management Responsibilities

2.1 FTSE International Limited (FTSE)

2.2 FTSE is the benchmark administrator of the index.\(^2\)

2.3 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 indexes.

2.4 Daily index profiles of the real time and end of day indexes are identical. Constituent weightings in the real time indexes shall be used in the calculation of the end of day indexes.

2.5 FTSE is responsible for monitoring the performance of the FTSE CNBC Asia 100 Index throughout the trading day and determines whether the status of each Index is Firm, Closed, Indicative or Held (see Appendix C).

2.6 Amendments to the Ground Rules

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. 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 Product Governance Board before approval is granted.

2.7 Exceptions

2.7.1 Where an exception is granted to the Ground Rules it will not be deemed to create a precedent for future decisions of the FTSE Russell Product Governance Board.

\(^2\) 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).
2.8 Status of these Ground Rules

2.8.1 These Ground Rules provide information about the publication of the FTSE CNBC Asia 100 Index and set out the methodology underlying the FTSE CNBC Asia 100 Index.
Section 3

FTSE Russell Index Policies

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 Queries and Complaints

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

Benchmark_Determination_Complaints_Handling_Policy.pdf

3.3 Index Policy for Trading Halts and Market Closures

3.3.1 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

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

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

FTSE_Russell_Index_Policy_in_the_Event_Clients_are_Unable_to_Trade_a_Market.pdf

3.5 Recalculation Policy and Guidelines

3.5.1 The FTSE CNBC Asia 100 Index is recalculated whenever significant errors or distortions occur that are deemed to be significant. Users of the Index are notified through appropriate media.

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

Recalculation_Policy_and_Guidelines_Equity_Indexes.pdf
3.6 **Policy for Benchmark Methodology Changes**

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

Section 4

Treatment of Eligible Securities

4.0 Treatment of Eligible Securities

4.1 Eligible Securities

4.1.1 Securities that are current constituents of the FTSE Asia Pacific Index from each participating exchange will be eligible for inclusion in the FTSE CNBC Asia 100 Index.

4.1.2 Exceptionally, HSBC will be eligible for inclusion in the FTSE CNBC Asia 100 Index, notwithstanding it is classified as a constituent of the UK Index in the FTSE All-World Index. The Hong Kong Dollar price of HSBC will be used in the index calculation.
Section 5

Qualification Criteria and Periodic Review of Constituents

5.0 Qualification Criteria and Periodic Review of Constituents

5.1 Review Dates

5.1.1 The FTSE CNBC Asia 100 Index constituents are reviewed semi-annually in March and September. Constituent changes are implemented after the close of business on the third Friday of the same month (i.e. effective Monday). Data used in the review process is taken after the close of business on the Monday 4 weeks prior to the effective review date.

5.1.2 Index changes resulting from index reviews are published as soon as practical following the conclusion of the review.

5.2 Review Process

5.2.1 The review universe is comprised of all eligible securities that satisfy Rule 4.1. Specifically, the review will be based on data from the close of the FTSE Asia Pacific Index calculation on the Monday 4 weeks prior to the review effective date. The review will take into consideration any constituent changes announced by FTSE Russell, but will be conducted before the implementation date of these changes.

5.2.2 Companies are ranked by their full market capitalisation (i.e. before the application of any investability weightings) in descending order. For multiple lines included in the FTSE Asia Pacific Index, their full market capitalisation’s will be joined for ranking purposes. The different multiple lines will be counted as one company.

5.2.3 Following the application of three screens – size, liquidity and free float – as part of the FTSE Global Equity Index Series periodic reviews, the remaining securities form the Index Universe.

5.2.4 Multiple Lines

Where there are multiple lines of equity capital in a company, all are included and priced separately, provided that they are constituents of the FTSE Asia Pacific Index.

5.3 Rules for Addition and Deletion of a Country at the Periodic Review

5.3.1 At review countries that have an investable market capitalisation weight of more than 1 per cent in the index, when companies are aggregated together will be eligible for index inclusion.
5.3.2 At review existing countries that have an investable market capitalisation weight of less than 0.8 per cent in the index when companies are aggregated together will be ineligible for index inclusion.

5.3.3 For countries that were originally ineligible but now pass the country screen, eligible companies will be added to the index with the smallest constituent companies being removed to align the index company total to 100.

5.4 **Rules for Insertion and Deletion at the Periodic Review**

5.4.1 The rules for inserting and deleting securities at the periodic review are designed to provide stability in the selection of constituents of the FTSE CNBC Asia 100 Index while ensuring that the Index continues to be representative of the market by including or excluding those securities which have risen or fallen significantly.

5.4.2 A security will be inserted at the periodic review if it rises above the position stated below when the eligible securities for FTSE CNBC Asia 100 Index are ranked by full market capitalisation (the ranking excludes companies from ineligible countries as defined in Rule 5.3):

- FTSE CNBC Asia 100 Index - Risen to 80th or above

5.4.3 A security will be deleted at the periodic review if it falls below the position stated below when the eligible securities for FTSE CNBC Asia 100 Index are ranked by market capitalisation (the ranking excludes companies from ineligible countries as defined in Rule 5.3):

- FTSE CNBC Asia 100 Index - Fallen to 121st or below

5.4.4 A constant number of constituents, i.e. 100 will be maintained for the FTSE CNBC Asia 100 Index. Where a greater number of companies qualify to enter the index than those dropping out (see Rules 5.4.2 and 5.4.3), the lowest ranking constituents presently included in the index will be deleted to ensure that an equal number of companies are inserted and deleted. Likewise, where a greater number of companies are dropping out than those qualifying to enter (see Rules 5.4.2 and 5.4.3), the securities of the highest ranking excluded companies will be inserted to match the number of companies being deleted at the periodic review.

5.4.5 Securities which fall out of the FTSE CNBC Asia 100 Index due to suspension, takeover, etc. (see Section 6) will not be replaced, nor will a constituent of the index be removed to accommodate new issues or new companies arising from restructuring of constituents, etc.

5.4.6 Where a company is deleted from the FTSE CNBC Asia 100 Index after the periodic review changes to the index have been determined but before the periodic changes have been implemented, the vacancy will not be filled until the next semi-annual review.
Section 6

Corporate Actions and Events

6.0 Corporate Actions and Events

6.1 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. 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 will provide notice advising of the timing of the change.

6.2 Shares in Issue

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

6.3 New Issues

6.3.1 If a new issue into the FTSE All-World Index has a full market capitalisation of 80th position or above in the index universe when companies are ranked in descending order (the ranking excludes companies from ineligible countries as defined in Rule 5.3), then it will normally be included as a constituent of the FTSE CNBC Asia 100 Index after the close of business on the fifth day of official trading. In all cases, advance notification confirming the timing of the inclusion of the new constituent will be given accordingly. The security which is the lowest ranking constituent of the index will be selected for removal.

6.3.2 New issues that do not qualify as an eligible country as per the country weighting requirement in Rule 5.3 of the review process, will not qualify as a new issue into the index.

6.3.3 New issues that are not large enough for fast entry will be eligible for inclusion at the next semi-annual review if large enough to become a constituent.
6.4 **Removal and Replacement**

6.4.1 If a constituent is delisted, or ceases to have a firm quotation, or is subject to a declared wholly unconditional takeover offer, the policy on constituent removal will follow the ground rules of the FTSE Global Equity Index Series. Any deletions to the FTSE CNBC Asia 100 Index will not be replaced until the next review.

6.5 **Mergers, Restructuring, and Complex Takeovers**

6.5.1 If the effect of a merger or takeover is that one constituent in the FTSE CNBC Asia 100 Index is absorbed by another, the resulting company will remain a constituent in the index, and a vacancy will be created. This vacancy will not be replaced until the next semi-annual review.

6.5.2 If a constituent company in the FTSE CNBC Asia 100 Index is taken over by a non-constituent company, the original constituent will be removed. The company resulting from the takeover will enter the index if it meets the inclusion eligibility requirement. If the resulting company is ineligible for inclusion the vacancy will be filled at the next semi-annual review.

6.5.3 If a constituent company is split so as to form two or more companies eligible* for index inclusion, then the resulting companies index memberships will be re-assessed in order to rebalance the index back to 100 companies. The full market capitalisations at close on the day of the split will be used to determine index inclusion. The changes will then be applied at market close giving two business days’ notice from the date of the ranking. Consequently, the FTSE CNBC Asia 100 may have more than 100 companies for three days.

* Where a split results in the inclusion of ineligible non-equity, the security will remain in the index for two trading days and then be deleted at market price or if no market price is available, at zero value.

6.5.4 For illustration purposes: a FTSE CNBC Asia 100 constituent splits into two eligible companies resulting in 101 companies in the FTSE CNBC Asia 100. The lowest ranking constituent at the close on the day of the split will be removed giving two business days' notice.

6.6 **Suspended Companies**

6.6.1 Please refer to the Corporate Actions and Events Guide.

[Corporate_Actions_and_Events_Guide.pdf](Corporate_Actions_and_Events_Guide.pdf)
Section 7

Industry Classification Benchmark (ICB) System

7.0 Industry Classification Benchmark (ICB) System

7.1 Classification of Constituents

7.1.1 The FTSE CNBC Asia 100 Index constituents are classified into Industries, Supersectors, Sectors and Subsectors, as defined by the Industry Classification Benchmark (ICB).

7.1.2 Details of the Industry Classification Benchmark are available from FTSE Russell and published on the FTSE Russell website (www.ftserussell.com) and can be accessed using the following link: Industry Classification Benchmark
Section 8

Algorithms and Calculation Method

8.0 Algorithms and Calculation Method

8.1 Prices

8.1.1 FTSE Russell may remove a security from the FTSE CNBC Asia 100 Index should it consider that ‘accurate and reliable’ prices are not available.

8.1.2 The FTSE CNBC Asia 100 Index uses the official closing prices for securities with local bourse quotation for the end-of-day index calculation.

8.1.3 Reuters prices are used in the real-time index calculations.

8.2 Algorithm

8.2.1 The FTSE CNBC Asia 100 Index is calculated using the chained Paasche methodology.

8.2.2 The performance of the FTSE CNBC Asia 100 Index on any given day is determined by calculating the percentage difference between:

- the index’s market capitalisation as at the close of that day and
- the market capitalisation at the start of that day.

‘Start of the day’ is defined as the previous day’s close adjusted for capital changes, free float weighting changes, additions and deletions, etc.

8.2.3 Adjustments apply whenever capital changes take place, so that the performance of the FTSE CNBC Asia 100 Index reflects the experience of investors. The Guide to Calculation Methods are available from FTSE Russell (see Appendix D) contains descriptions of the statistical procedures and algorithms used in the compilation of the Index.
Appendix A: Treatment of Tracker Stocks

1.1 Definition of Tracking Stock

1.1.1 A line of stock issued to “track” the fortunes of a particular division, business unit, subsidiary or group of assets of the issuing company (the “parent”). Commonly called a Tracking Stock.

1.1.2 Tracking Stocks may be included in the Index if the Tracking Stock meets all the Ground Rules used to determine individual stock eligibility (as detailed in Section 4) after considering the points below:

- Tracking Stocks will not be reviewed as a multiple line of stock of the parent company but as a separate line of stock of the business unit. The business unit will be treated as a distinct company for the purposes of determining "shares in issue", free float, and industry classification
- A Tracking Stock's "shares in issue", used by FTSE Russell to determine ranking by market capitalisation and other related variables, will be the total number of shares imputed to the business unit by virtue of the economic interest retained by the parent company after the issue of tracking stocks
- Free float of tracking stocks will be determined as for the free float of any stock, using the imputed total number of shares in issue as the base
- The principles used to determine a business unit's imputed shares in issue, and the tracking stock's free float, are illustrated below:

Example 1: Parent issues 100 tracking shares, representing 20% of its economic interest of the business unit. The remaining 80% economic interest remains in the hands of the Parent, but no securities representing that interest are formally issued.

Tracking shares legally in issue = 100
Imputed total shares in issue = 100/0.2 = 500
Free float is 20% (100/500).

Example 2: Parent issues 100 tracking shares, 50 to the public and 50 to a strategic investor, representing 20% of the economic interest of the business unit. The remaining 80% economic interest remains in the hands of the Parent, but no securities representing that interest are formally issued.

Tracking shares legally in issue = 100
Imputed total shares in issue = 100/0.2 = 500
Free float is 10% (50/500).
Appendix B: List of Indexes

The following indexes are calculated as part of the FTSE CNBC Asia 100 Index:

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<th>Composite Index:</th>
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<td>FTSE CNBC Asia 100 Index</td>
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<th>Country Indexes:</th>
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<td>FTSE CNBC Asia 100 Australia Index</td>
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<tr>
<td>FTSE CNBC Asia 100 Index - Technology</td>
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Appendix C: Status of Indexes

The FTSE CNBC Asia 100 Country Indexes are calculated in real time. At any given moment, they may exist in one of the following four states.

A) Firm
   The indexes are calculated during Official Market Hours. No message is displayed with the index value.

B) Closed
   Real-time calculations have ceased for the day. The message ‘CLOSE’ is displayed with the index value.

C) Held
   An index has exceeded pre-set real-time operating parameters and the calculation has been suspended pending resolution of the issue. The message ‘HELD’ is displayed with the last index value.

D) Indicative
   Arises when a situation develops that affects the quality of the constituent prices during calculation.
   In this case, the index is declared indicative (e.g. normally when a ‘fast market’ exists). The message ‘IND’ is displayed with the index value.

The real time indexes will be calculated during official Stock Exchange trading hours. Whenever a country is open for trading the index will be calculated.
Appendix D: Further Information

A Glossary of Terms used in FTSE Russell’s Ground Rule documents can be found using the following link:

Glossary.pdf

Further information on the FTSE CNBC Asia 100 Index is available from FTSE Russell.

For contact details please visit the FTSE Russell website or contact FTSE Russell client services at info@ftserussell.com.

Website: www.ftserussell.com