Contents

1.0 Introduction .............................................................................................................. 3
2.0 Management Responsibilities ................................................................................ 5
3.0 FTSE Russell Index Policies ................................................................................ 7
4.0 Eligible Securities ................................................................................................... 8
5.0 Periodic Review of Constituents .......................................................................... 9
6.0 Changes to Constituent Companies .................................................................... 11
7.0 Corporate Actions and Events ............................................................................. 12
Appendix A: Index Opening and Closing Hours ................................................. 14
Appendix B: Status of Index ...................................................................................... 15
Appendix C: Further Information ............................................................................. 16
Section 1

Introduction

1.0 Introduction

1.1 This document sets out the Ground Rules for the construction and management of FTSE Coast Kuwait 40 Index. Copies of the Ground Rules are available from FTSE Russell.

1.2 The FTSE Coast Kuwait 40 Index is designed to represent and relatively track the performance of the Kuwait Stock Exchange in real time for the purpose of trading exposure and derivative trading on the Kuwait Stock Exchange.

1.3 The FTSE Coast Kuwait 40 Index does not take account of ESG factors in its index design.

1.4 The FTSE Coast Kuwait 40 Index will be calculated in USD and Kuwait Dinars.

1.5 The FTSE Coast 40 Index will be calculated as a price index in real time in KWD.

1.6 Index constituents are weighted on investable market capitalisation.

1.7 FTSE Russell


1.8 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.

1.9 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 Coast (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.
Section 2

Management Responsibilities

2.0 Management Responsibilities

2.1 FTSE International Limited (FTSE)

2.1.1 FTSE is the benchmark administrator of the index.¹

2.1.2 FTSE Russell 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.

2.2 Coast Investment & Development Company

2.2.1 Coast Investment & Development Company is responsible for providing the local expertise in monitoring any changes in the constituents.

2.3 FTSE Russell & Coast Investment & Development Company (Coast)

2.3.1 FTSE Russell & Coast are responsible for the implementation of corporate events and actions according to the Ground Rules.

2.4 Status of These Ground Rules

2.4.1 These Ground Rules provide information about the publication of the FTSE Coast Kuwait 40 Index and set out the methodology underlying the FTSE Coast Kuwait 40 Index.

¹ 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).
2.5 Amendments to These Ground Rules

2.5.1 These Ground Rules shall be subject to regular review 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 Product Governance Board before approval is granted.
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:

Index_Policy_in_the_Event_Clients_are_Unable_to_Trade_a_Market.pdf

3.5 Policy for Benchmark Methodology Changes

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

Policy_for_Benchmark_Methodology_Changes.pdf
Section 4

Eligible Securities

4.0 Eligible Securities

4.1 All companies listed on the Kuwait Stock Exchange are eligible for inclusion in the FTSE Coast Kuwait 40 Index, with a limitation of a maximum of two companies that are not domiciled in Kuwait, called hereafter “non Kuwaiti”.

4.2 The companies should be listed for more than 180 days on the Kuwait Stock Exchange to be included in the Index universe.

4.3 Companies suspended from trading for 6 consecutive months or more shall be excluded and are only eligible for inclusion after 1 year from the date suspension has been uplifted.

4.4 A company should trade with no less than 40% of total sessions in the last 12 months.

4.5 Investability Weightings

Constituents of the FTSE Coast Kuwait 40 Index Series are adjusted for free float and foreign ownership limits.

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

[Free_Float_Restrictions.pdf](Free_Float_Restrictions.pdf)

A. Initial Weighting

Free float will be calculated using available published information rounded to 12 decimal places. Companies with a free float of 15% or below are excluded from the index.
Section 5

Periodic Review of Constituents

5.0 Periodic Review of Constituents

5.1 Review Dates

5.1.1 The FTSE Coast Kuwait 40 Index will be reviewed semi-annually in May and November based on data collected after the close of the FTSE Coast Kuwait 40 Index calculation on the last trading day of April and October. Constituent changes will be implemented after the close of business on the Thursday prior to the third Friday of May and November.

5.2 Steps for Conducting a Review

5.2.1 The periodic review of the constituents will follow the same procedures that have been applied to formulate the Index, and the steps are:

5.2.2 All companies listed on the Kuwait Stock Exchange are ranked by each of the following:
   A. Investable market capitalisation
   B. Liquidity (12 months daily average value traded)

5.2.3 If a company ceases to meet the eligibility criteria detailed in Rules 4.2, 4.3 and 4.4, it will be filtered and removed.

5.2.4 The remaining companies from Rule 5.2.3 are ranked according to the investable market capitalisation; the first 100 companies are set to be compared with the first 100 companies from Rule 5.2.5.

5.2.5 All the remaining companies from Rule 5.2.3 are ranked according to their 12 months daily average value traded; the first 100 companies are filtered to be matched with the first 100 companies chosen in Rule 5.2.4.

5.2.6 If the company was available at the investable market capitalisation ranking and was not available at the liquidity ranking, the company will be filtered and removed, and vice versa.

5.2.7 For each company the final rank is calculated by adding:
   A. Investable market capitalisation weighted 60% and
   B. The 12 months daily average value traded weighted 40%.

5.2.8 If an Index constituent is no longer an eligible security, it will be removed from the Index and replaced by the highest-ranked non-constituent company.
5.3 **Rules for Insertion and Deletion at the Periodic Review**

5.3.1 The rules for inserting and deleting securities at the periodic review are designed to provide stability in the selection of constituents in the FTSE Coast Kuwait 40 Index, while ensuring that the index continues to represent the market by including or excluding those companies which have risen or fallen significantly.

5.3.2 A company will be inserted at the periodic review if it rises to the 25th position or above when the eligible companies for FTSE Coast Kuwait 40 Index are ranked by investable market capitalisation and liquidity with limitation of two non-Kuwaiti companies.

5.3.3 A company will be deleted at the periodic review if it falls to 55th position or below when the eligible securities for FTSE Coast Kuwait 40 Index are ranked by investable market capitalisation and liquidity.

5.3.4 A constant number of constituents will be maintained for FTSE Coast Kuwait 40 Index. Where a greater number of constituents qualify to be inserted in an index than those qualifying to be deleted, the lowest ranking constituents presently included in the index will be deleted to ensure that an equal number of companies are inserted and deleted at the periodic review. Likewise, where a greater number of companies qualify to be deleted than those qualifying to be inserted, the securities of the highest ranking companies which are presently not included in the index will be inserted to match the number of companies being deleted at the periodic review.

5.3.5 If the highest non-constituent was a non-Kuwaiti, and the maximum eligible number of non-Kuwaiti companies is already included within the constituents, the following eligible Kuwaiti non-constituent will take its place.

5.4 **Reserve List**

5.4.1 Coast will be responsible for publishing the 10 highest ranking non-constituents of FTSE Coast Kuwait 40 Index at the time of the periodic review. The appropriate Reserve List will be used in the event that one or more constituents are deleted during the period up to the next periodic review.

5.5 **Capping**

5.5.1 If a constituent accounts for more than 25% of the weight of the index, then FTSE Russell and Coast will decide if and when the Index is to be capped.

Constituents will be capped using prices as at the close of business on the Thursday before the second Friday in May and November. The capping is implemented after the close of business on the third Friday of May and November.
Section 6

Changes to Constituent Companies

6.0 Changes to Constituent Companies

6.1 New Issues

6.1.1 New issues in the FTSE Coast Kuwait 40 Index will only be applied at the next review unless a new issue is so large that the effectiveness of the index would be significantly and adversely affected by its omission, the new issue will be deferred to FTSE Russell and Coast where a decision is to be made.

6.2 Deletions and Replacements

6.2.1 Where an existing FTSE Coast Kuwait 40 Index constituent is no longer eligible to remain in the Index due to not meeting the index requirements detailed in Section 4. The constituent will be removed from the Index. For example, a constituent would be deleted from an Index if no longer listed on an eligible exchange. The vacancy will be filled by selecting the highest ranking non-constituent by investable market capitalisation i.e. after the application of any investability weighting, from the appropriate reserve list as at the close of the index calculation two days prior to the deletion.
Section 7

Corporate Actions and Events

7.0 Corporate Actions and Events

7.1 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.

7.2 Shares in Issue

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

7.3 Investability Weightings

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

7.4 Mergers, Restructuring and Complex Takeovers

7.4.1 If a FTSE Coast Kuwait 40 Index constituent is acquired by a non-constituent, the company will be removed the Index. The vacancy will be filled by selecting the highest ranking non-constituent by investable market capitalisation i.e. after the application of any investability weighting, from the reserve list as at the close of the index calculation two days prior to the deletion.

7.4.2 Where two index constituents merge, or one index constituent is acquired by another constituent a vacancy will be created. This vacancy will be filled by selecting the highest ranking non-constituent
by investable market capitalisation i.e. after the application of any investability weighting, from the reserve list as at the close of the index calculation two days prior to the deletion.

7.4.3 If an index constituent has a complex reorganisation or demerger, the newly spun-off company will remain eligible for inclusion in the FTSE Coast Kuwait 40 Index subject to passing the criteria detailed in Section 4 and its investable market capitalisation i.e. after the application of any investability weighting; being larger than the smallest Index constituent. The smallest FTSE Coast Kuwait 40 Index constituent will be deleted.

7.5 **Suspension of Dealing**

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

7.6 **Relisting of Suspended Constituents**

7.6.1 If a company relists then it will be eligible for inclusion in the FTSE Coast Kuwait 40 Index at the next semi-annual review providing it meets the eligibility criteria.
## Appendix A: Index Opening and Closing Hours

<table>
<thead>
<tr>
<th>Index</th>
<th>Open</th>
<th>Close</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTSE Coast Kuwait 40 Index</td>
<td>06:00</td>
<td>09:45</td>
</tr>
</tbody>
</table>

Timings are UK hours.
Appendix B: Status of Index

A Price Index calculated on a real-time basis may exist in the following states:

A) Firm
   i) The FTSE Coast Kuwait 40 Index is being calculated during Official Market Hours (see Appendix A). No message will be displayed against the Index values calculated by FTSE Russell.
   ii) The Official Closing Price for FTSE Coast Kuwait 40 Index will be the Exchange Official Closing Price for the whole market.

B) Closed
   The FTSE Coast Kuwait 40 Index has ceased all calculations for the day. The message 'CLOSE' will be displayed against the Index values calculated by FTSE Russell.

C) Held
   During Official Market Hours, Index has exceeded pre-set operating parameters and the calculations have been suspended pending resolution of the problem. The message 'HELD' will be displayed against the last Index values calculated by FTSE Russell.

D) Indicative
   If there is a system problem or a situation in the market that is judged to affect the quality of the constituent prices at any time when the Index are being calculated, the Index will be declared indicative (e.g. normally where a 'fast market' exists in the equity market). The message 'IND' will be displayed against the Index values calculated by FTSE Russell.

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

The FTSE Coast Kuwait 40 Index will not be calculated on Kuwait Public Holidays or when Kuwait Stock Exchange is closed.
Appendix C: Further Information

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

[Glossary.pdf](Glossary.pdf)

Further information on the FTSE Coast Kuwait 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](http://www.ftserussell.com)