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Section 1

Introduction

1.0 Introduction

1.1 This document sets out the Ground Rules for the construction and management of the FTSE Finland 25 Index. Copies of the Ground Rules are available from FTSE Russell.

1.2 The FTSE Finland 25 Index is designed to reflect the performance of the largest 25 Finnish listed securities, ranked by full market capitalisation, i.e. before the application of any investability weighting.

1.3 The FTSE Finland 25 Index does not take account of ESG factors in its index design.

1.4 The FTSE Finland 25 Index is calculated in Euro.

1.5 Index constituents are weighted on investable market capitalisation.

1.6 The FTSE Finland 25 Price Index is calculated in real-time and published every 15 seconds.

1.7 Total Return Index is published at the end of each working day. The Total Return Index are based on ex dividend adjustments.

1.8 Unless specifically detailed in this document, all areas of the methodology regarding the management of the FTSE Finland 25 Index follow the FTSE Global Equity Index Series Ground Rules. The FTSE Finland 25 Index methodology should therefore be read in conjunction with the FTSE Global Equity Index Series Ground Rules. These rules are available on www.ftserussell.com.

1.9 FTSE Russell


1.10 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.
1.11 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 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 is responsible for the daily calculation, production and operation of the Index 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 Status of these Ground Rules

2.2.1 This document sets out the construction and maintenance of the FTSE Finland 25 Index.

2.3 Amendments to These Ground Rules

2.3.1 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. 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.

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).
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 Index Policy for Trading Halts and Market Closures

3.2.1 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

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

3.3.1 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

3.4 Recalculation Policy and Guidelines

3.4.1 The FTSE Finland 25 Index is recalculated whenever errors or distortions occur that are deemed to be significant. Users of the FTSE Finland 25 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

3.5 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

4.1.1 The universe of eligible constituents is all the Finnish securities that are current constituents of the FTSE Global All Cap Index Series which is part of the FTSE Global Equity Index Series.
Section 5

Index Qualification Criteria

5.0 Index Qualification Criteria

5.1 To be included in the index, a stock must pass free float and liquidity criteria.

5.2 The FTSE Finland 25 Index follows the same Index qualification criteria as defined in the FTSE Global Equity Index Series. Please refer to the FTSE Global Equity Index Series Ground Rules for more information. These rules are available on [www.ftserussell.com](http://www.ftserussell.com).
Section 6

Periodic Review of Constituent Companies

6.0 Periodic Review of Constituent Companies

6.1 Review Dates

6.1.1 The FTSE Finland 25 Index will be reviewed semi-annually in June and December using market data at the close of business on the Monday 4 weeks prior to the review effective date.

6.1.2 Changes to the index will be implemented after close of business on the third Friday (i.e. effective Monday) of June and December.

6.1.3 FTSE Russell will be responsible for publicising the outcome of the periodic review.

6.2 Steps for Conducting a Review

6.2.1 Eligible securities are taken from the FTSE Global All Cap Index Series.

6.2.2 These have been screened for size, liquidity and free float as part of the FTSE Global Equity Index Series review.

6.2.3 Companies are then ranked in descending order by their full market capitalisation.

6.2.4 The top 25 Finnish companies ranked by full market capitalisation are selected for FTSE Finland 25 Index.

6.3 Capping Dates

6.3.1 The constituents of the FTSE Finland 25 Index are capped at 10% using prices adjusted for corporate actions as at the close of business on the second Friday in March, June, September and December. The capping is implemented after close of business on the third Friday in March, June, September and December based on the constituents, shares in issue and free float on the next trading day following the third Friday of the capping month.
Section 7

Changes to Constituent Companies

7.0 Changes to Constituent Companies

7.1 New Issues

7.1.1 The FTSE Finland 25 Index will not have intra-review additions.

7.1.2 The new issues will be reviewed for index inclusion at the next semi-annual review. When a stock is added to the universe i.e. FTSE Global All Cap Index Series, it will be considered for inclusion at the next semi-annual review of the FTSE Finland 25 Index.

7.2 Intra-Review Changes (Deletions)

A stock will be deleted from the FTSE Finland 25 Index when the constituent is removed from the FTSE Global All Cap Index Series. Such vacancies are not filled immediately, and the FTSE Finland 25 Index may comprise fewer than 25 constituents until the next periodic review.

7.2.1 In the event where a company has been deleted from the index following a takeover but retains a listing with a float greater than 5% it will be considered for index eligibility as a new issue following a period of 12 months.
Section 8

Corporate Actions and Events

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. 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.

8.2 Shares in Issue

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

8.3 Mergers, Restructuring and Complex Takeovers

8.3.1 Mergers / Takeovers between Constituents

If the effect of a merger or takeover is that one constituent in the FTSE Finland 25 Index is absorbed by another constituent, the resulting company will remain a constituent of FTSE Finland 25 Index at the combined weight.

8.3.2 Mergers / Takeovers between a Constituent and a Non- Constituent

If a constituent company in the FTSE Finland 25 Index is taken over by a non-constituent company, the original constituent will be removed from the Index.
8.4 Splits / Demergers

8.4.1 If an index constituent has a complex reorganisation or demerger, the newly spun-off company will remain eligible for inclusion in FTSE Finland 25 Index.

8.5 Suspension of Dealing

Suspension of dealing rules can be found within the Corporate Actions and Events Guide.
Section 9

Index Calculation

9.0 Index Calculation

9.1 Prices

9.1.1 The FTSE Finland 25 Index 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 Finland 25 Index 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 Finland 25 Index will be displayed to two decimal points.

9.3.2 The FTSE Finland 25 Index is calculated using the following formula:

\[
\frac{\sum_{i=1}^{N} \left( p_i \times e_i \times s_i \times f_i \times c_i \right)}{d}
\]

Where,

- \( i = 1, 2, \ldots, N \)
- \( N \) 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.
- \( c_i \) is the Capping Factor to be applied to a security to correctly weight that security in the index. This factor maps the investable market capitalisation of each stock to a notional market capitalisation for inclusion in the 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**

<table>
<thead>
<tr>
<th>Index</th>
<th>Open</th>
<th>Close</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTSE Finland 25 Index</td>
<td>08:00</td>
<td>16:30</td>
</tr>
</tbody>
</table>

Timings are UK hours.
Appendix B: Capping Methodology

The algorithm is applied to each constituent of the FTSE Finland 25 that requires capping. Any constituents whose weights are greater than 10% are capped at 10%. The weights of all lower ranking constituents are increased as a consequence of reducing the weights of the bigger stocks. The remaining lower ranking constituents are then checked and if they exceed 10% they are also capped at 10%. This process is repeated until no constituent weight exceeds 10%.

The Constituent Capping Factor $c_i$ is given by:

$$c_i = \frac{Z}{I \times \left( \sum_{j \in J} (p_j \times s_j \times f_j) \right) \sum_{i} (p_i \times s_i \times f_i)}$$

Where,

- $i$ denotes the security to be capped.
- $j$ denotes an uncapped security.
- $J$ is the subset of securities that are uncapped.
- $p_k$ is the official closing price of the $k^{th}$ security.
- $s_k$ is the number of shares in of the $k^{th}$ security.
- $f_k$ is the free float factor of the $k^{th}$ security.
- $I$ is the percentage of the index represented by all uncapped constituents.
- $Z$ is the percentage capping level.
Appendix C: Status of Index

The FTSE Finland 25 Index is calculated in real time and may exist in the following states:

A. Firm

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

The Official Closing Prices for the FTSE Finland 25 Index is will be the Official Closing Prices (see Appendix A).

B. Closed

When the index has ceased all calculations for the day, the message 'CLOSED' is displayed against the index value.

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.

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 Finland 25 Index is set out in Appendix A. Variations to the official hours of the Indices will be published by FTSE Russell.

The FTSE Finland 25 Index will not be calculated on Finnish Public Holidays.
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](Glossary.pdf)

Further information on the FTSE Finland 25 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](mailto:info@ftserussell.com).

Website: [www.ftserussell.com](http://www.ftserussell.com)