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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 Med Index. Copies of the Ground Rules are available from FTSE Russell.

1.2 The FTSE Med Index is designed to represent the performance of the largest companies in the eastern Mediterranean region’s markets. Initial markets will comprise Cyprus, Greece and Israel (see Section 5). Other markets may be added over time.

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

1.4 The base currency for the FTSE Med Index is Euros. The Index is calculated and published in Euros, and on an end of day basis in Euros, Pounds Sterling, US Dollars and Israeli Shekels (see Appendix A).

1.5 The FTSE Med Index is calculated in real-time and published every minute during the hours of calculation (see Appendix A).

1.6 Capital and Total Return Indexes are available. Total Return Indexes are published at the end of each working day. The Total Return Index includes income based on ex dividend adjustments.

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 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 is responsible for the daily calculation, production and operation of the index and will:

• maintain records of the index weightings of all constituents and reserve companies;
• make changes to the constituents and their weightings in accordance with the Ground Rules;
• carry out the periodic index reviews of the FTSE Med Index 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.

2.1.3 FTSE is also responsible for monitoring the performance of the FTSE Med Index throughout the day and will 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 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.

2.2.2 Where an exception is granted to the Ground Rules it shall not be deemed to create a precedent for future decisions of FTSE Russell.

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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 Queries and Complaints

3.1.1 FTSE Russell’s complaints procedure can be accessed using the following link:

FTSE_Russell_Benchmark_Determination_Complaints_Handling_Policy.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 Med Index is recalculated whenever errors or distortions occur that are deemed to be significant. Users of the FTSE Med 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 Securities that are members of the FTSE All Cap Israel Index as part of the FTSE Global Equity Index Series, constituents from the FTSE/ATHEX Large Cap, FTSE/ATHEX Mid Cap Index and constituents from the FTSE/CySE 20 Index are eligible for the FTSE Med Index.

4.2 Companies whose business is that of holding equity and other investments are not eligible for inclusion in the Index.

4.3 The shares, free float weightings and treatment of secondary lines of stock of constituents are the same as in the FTSE Global Equity Index Series, the FTSE/ATHEX Large Cap Index, the FTSE/ATHEX Mid Cap Index or the FTSE/CySE 20 Index. Where two or more lines of a company are maintained separately within these indexes, they will be treated as individual securities for the purposes of these rules.

4.4 Ground Rules for the FTSE Global Equity Index Series, the FTSE/ATHEX Index Series and the FTSE/CySE 20 Index are available from FTSE Russell.
Section 5

Index Qualification Criteria

5.0 Index Qualification Criteria

5.1 The FTSE Med Index consists of the largest 90 companies by full market value (subject to Rule 5.2) that qualify under Section 4 as eligible for inclusion in the Index.

5.2 At each review each constituent exchange will be represented by at least five constituent companies, whenever at least five companies from each constituent exchange are eligible (see Rule 6.4.8).
Section 6

Review of Constituents

6.0 Review of Constituents

6.1 General

6.1.1 The rules for inserting and deleting companies at the semi-annual review are designed to provide stability in the selection of constituents of the FTSE Med Index while ensuring that the Index continues to be representative of the market by including or excluding those companies whose full market capitalisation has risen or fallen significantly.

6.2 Review Dates

6.2.1 The FTSE Med Index is reviewed semi-annually in June and December.

6.2.2 The data on which the semi-annual reviews are undertaken will be from the close of the last business day in April and October. Where all eligible markets are not open on that day, data from the previous business day on which all eligible markets were open will be used.

6.2.3 Changes arising from the semi-annual review will be implemented after the close of business on the third Friday of June and December.

6.3 Responsibilities and Reporting

6.3.1 FTSE is responsible for conducting the semi-annual review of constituents for the FTSE Med Index.

6.3.2 FTSE Russell is responsible for publishing the outcome of the semi-annual review.

6.4 Rules for Insertion and Deletion at the Semi-Annual Review

6.4.1 The constituents of the FTSE Med Index are determined by using the following methodology:

6.4.2 Using a database of all constituent securities of the FTSE All Cap Israel Index, the FTSE/ATHEX Large Cap Index and the FTSE/ATHEX Mid Cap Index for Greece, and the FTSE/CySE 20 Index for Cyprus;

6.4.3 Remove from the database those securities whose business is that of holding other equity (see Rule 4.2);

6.4.4 Rank all remaining securities by full market capitalisation i.e. before the application of any investability weightings (see Rule 4.3);

6.4.5 Non-constituent securities which have risen to position 80 or above will be included in the Index at the periodic review;
6.4.6 Existing securities which have fallen to position 101 or below will be removed from the Index at the periodic review;

6.4.7 Where a greater number of securities qualify to be included in the Index than those qualifying to be removed, the lowest ranking securities presently included in the Index will be removed to ensure that the number of securities remains constant. Likewise, where a greater number of securities qualify to be removed from the Index than those qualifying for inclusion, the highest ranking securities which are presently not in the Index will be included to match the number of securities being removed at the periodic review.

6.4.8 Each participating exchange will at review be represented in the FTSE Med Index by a minimum of five constituent securities. Where the FTSE Med Index has less than five securities belonging to a participating exchange, the smallest security (excluding those from the exchange that has less than five securities) will be removed and the largest eligible non-constituent security from that exchange will be added. This process is repeated until all participating exchanges are represented by a minimum of five constituent securities.

6.4.9 Between semi-annual reviews the number of securities representing a participating exchange may fall below five. At the following review, the minimum representation will be returned to five.

6.5 Reserve Lists

6.5.1 FTSE Russell is responsible for publishing the five highest ranking non-constituent securities of the FTSE Med Index following each semi-annual review. This Reserve List will be used in the event that one or more constituent securities is deleted from the FTSE Med Index during the period up to the next semi-annual review of the Index. Securities on the Reserve List will be constituents of the FTSE All Cap Israel Index, the FTSE/ATHEX Large Cap Index, FTSE/ATHEX Mid Cap Index and the FTSE/CySE 20 Index.

6.5.2 Where a security is removed from the Reserve List and leaves only two eligible securities remaining on the Reserve list, the Reserve List will be replenished. The Reserve List will be replenished by selecting the next three highest-ranking non-constituent securities from the eligible universe at the time of the last semi-annual review. FTSE Russell is responsible for publishing these new Reserve List securities.

6.5.3 Where a security is removed from the Index after the announcement of the index review but before the semi-annual changes have been implemented, the highest ranking security by full market capitalisation from the new Reserve List (excluding current Index constituents) will replace the deleted security.
Section 7

Changes to Constituent Companies

7.0 Changes to Constituent Companies

7.1 Removal

7.1.1 If a constituent ceases to be a constituent of the FTSE All Cap Israel Index, the FTSE/ATHEX Large Cap Index, FTSE/ATHEX Mid Cap Index or the FTSE/CySE 20 Index, it will be removed from the FTSE Med Index. The removal will be concurrent with its removal from the underlying index. The highest ranking non-constituent from the reserve list will become eligible for inclusion in the Index and will be added to the Index at the same time.

7.2 Additions & New Issues

7.2.1 If a constituent is added to the FTSE All Cap Israel Index, the FTSE/ATHEX Large Cap Index, the FTSE/ATHEX Mid Cap Index or the FTSE/CySE 20 Index it will be eligible for inclusion in the FTSE Med Index at the next semi-annual review.

7.3 Mergers, Restructuring and Complex Takeovers

7.3.1 If the effect of a merger or takeover is that one constituent is absorbed by another, the resulting company will remain a constituent of the Index and a vacancy will be created. This vacancy will be filled by selecting the largest eligible non-constituent security by full market capitalisation from the reserve list at the time of the event. The removal and replacement of these stocks will be simultaneous.

7.3.2 If a constituent is taken over by an eligible non-constituent, the original constituent will be removed and replaced by the merged entity. In the event that the merged entity is ineligible for the index, it will be replaced by the largest eligible non-constituent from the reserve list at the time of the event. The removal and replacement of these stocks will be simultaneous.

7.3.3 If a constituent company is split so as to form two or more companies, the two or more companies arising from the split will be eligible for inclusion in the Index if they qualify in all respects. If two or more of the new companies are ineligible then a vacancy(ies) will be created. If two or more companies are eligible, the smallest constituent(s) at the market close on the day of the event will be deleted. The removal and replacement of these stocks will be simultaneous.

7.3.4 If a new issue is included as a constituent security other than as part of the normal semi-annual review procedure, this decision must be publicly announced at the earliest practicable time.
7.3.5 If a constituent is suspended from the FTSE All Cap Israel Index, the FTSE/ATHEX Large Cap Index, the FTSE/ATHEX Mid Cap Index or the FTSE/CySE 20 Index, the same treatment will be applied in the FTSE Med Index.
Section 8

Index Algorithm and Calculation Method

8.0 Index Algorithm and Calculation Method

8.1 Prices

8.1.1 The FTSE Med Index uses actual trade prices for securities with local stock exchange quotations. Thomson Reuters real-time spot currency rates are used in the index calculation.

8.1.2 The FTSE Med Index receives share prices and currency spot rates in real-time.

8.2 Algorithm

8.2.1 The index is calculated using the algorithm described below.

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

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.
- \( d \) 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 & Market Opening & Closing Times, Pricing & Exchange Rates

Hours of Calculation
The FTSE Med Index is calculated from 09:45 until 18:00, local Greek time (the Official Index Period). The index closing values are disseminated after the closing FTSE Med Index foreign exchange rates are received from Thomson Reuters.

Stock Market Trading Times:

<table>
<thead>
<tr>
<th>Market</th>
<th>Open</th>
<th>Close</th>
</tr>
</thead>
<tbody>
<tr>
<td>Athens (ATHEX)</td>
<td>10:30</td>
<td>17:20</td>
</tr>
<tr>
<td>Cyprus (CSE)</td>
<td>10:30</td>
<td>17:20</td>
</tr>
<tr>
<td>Israel (TASE)</td>
<td>09:45</td>
<td>17:30</td>
</tr>
</tbody>
</table>

(All times are Local Greek Time)

The FTSE Med Index is calculated on public holidays whenever at least one exchange is trading. The Index will not be calculated on 1 January.

Constituent Pricing
All exchange closing prices are sourced from Thomson Reuters.
All times detailed are local.

<table>
<thead>
<tr>
<th>Market</th>
<th>Price Used</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greece</td>
<td>ATHEX Official Close price at 17:20.</td>
</tr>
<tr>
<td>Israel</td>
<td>Last trade price at 17:30.</td>
</tr>
<tr>
<td>Cyprus</td>
<td>Official close price at 17:20.</td>
</tr>
</tbody>
</table>

Foreign Exchange Rates
The foreign exchange rates used in the calculation of the FTSE Med Index are Thomson Reuters’ real time spot rates.
The Euro is the base currency for all index calculations. Non Euro denominated constituent prices are converted into Euros in order to calculate the Index. End of day index values are available denominated in Euros, Pounds Sterling, US Dollars and Israeli Shekels.
The real time foreign exchange rates are used throughout the period of calculation (see Hours of Calculation). Therefore foreign exchange movements are taken into account in the Index calculation for each market even though the underlying market may be closed.

The foreign exchange rates received from Thomson Reuters at 18:30 (Greek time) are used to calculate the final Index levels and are termed the “closing FTSE Med Index foreign exchange rates”.
Appendix B: Status of Index

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

A. Firm

The index is calculated using trade prices from the relevant local stock exchanges for all constituents during the hours of the Official Index Period (see Appendix A).

The Official Closing Index for the FTSE Med Index is the last index value calculated at the end of the firm period.

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 Med Index are set out in Appendix A. Variations to the official hours of the indexes are published by FTSE Russell as appropriate.

The FTSE Med Index is calculated on public holidays whenever at least one market is trading. The Index will not be calculated on 1 January.
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

For further information on the FTSE Med Index please visit www.ftserussell.com or e-mail info@ftserussell.com. Contact details can also be found on this website.