

# FTSE TWSE Taiwan Dividend Plus Index – Ground Rule Update

25 November 2021

FTSE Russell would like to inform clients of the following update to the FTSE TWSE Taiwan Dividend Plus Index Ground Rules which is effective immediately.

## Section 4: Index Review and Implementation

### Rule 4.2 Review of Index Constituents

#### New Rule

#### 4.2.2 I/B/E/S Forecast/Estimate Dividend Yields

The dividend yield data is based on the mean dividends per share forecast/estimates from I/B/E/S for the next 12 months. For FTSE TWSE Taiwan 50 and FTSE TWSE Taiwan Mid-Cap 100 constituents that do not have this information FTSE's historical dividend yield data is used. To be able to rank the review universe the I/B/E/S mean dividends per share forecast/estimates for the next **12 months** are divided by the underlying stock price at the review data cut-off date. I/B/E/S data will be taken from the close of business on the Thursday before the third Friday of May and November.

4.2.3 The review universe is ranked in descending order by the forecast/estimate **12 month** forward dividend yields (see below). The current index constituents are marked. To reduce index turnover buffers are used. Securities that rank 15th place or above are added to the index, constituents that rank 46th or below are removed from the index.

4.2.8 Potential additions that prevent the index from trading TWD 1.5 billion (the notional value) within one trading day are not eligible for inclusion into the index. To conduct the liquidity test, the number of days to trade for each security in the pro forma index is calculated as the notional value times its weight and then divided by its 6-month average daily traded value, where its weight is estimated as the ratio of its 12 month forward dividend yield and the aggregate **12 month forward dividend yield** of the current index. Existing constituents are not subject to this liquidity requirement.

### 4.3. Weighting Methodology

4.3.1 Each of the index constituents are weighted within the index at review by their 12 month forward dividend yields.

#### Old Rule

#### 4.2.2 I/B/E/S Forecast/Estimate Dividend Yields

The dividend yield data is based on the mean dividends per share forecast/estimates from I/B/E/S for the next fiscal year end (FY1). For FTSE TWSE Taiwan 50 and FTSE TWSE Taiwan

Mid-Cap 100 constituents that do not have this information FTSE's historical dividend yield data is used. To be able to rank the review universe the I/B/E/S mean dividends per share forecast/estimates for FY1 are divided by the underlying stock price at the review data cut-off date. I/B/E/S data will be taken from the close of business on the Thursday before the third Friday of May and November.

- 4.2.3 The review universe is ranked in descending order by the forecast/estimate FY1 dividend yields (see below). The current index constituents are marked. To reduce index turnover buffers are used. Securities that rank 15th place or above are added to the index, constituents that rank 46th or below are removed from the index.
- 4.2.8 Potential additions that prevent the index from trading TWD 1.5 billion (the notional value) within one trading day are not eligible for inclusion into the index. To conduct the liquidity test, the number of days to trade for each security in the pro forma index is calculated as the notional value times its weight and then divided by its 6-month average daily traded value, where its weight is estimated as the ratio of its forecast FY1 dividend yield and the aggregate forecast FY1 dividend yield of the current index. Existing constituents are not subject to this liquidity requirement.

### **4.3 Weighting Methodology**

- 4.3.1 Each of the index constituents are weighted within the index at review by their forecast/estimate FY1 dividend yields.

An updated copy of the FTSE TWSE Taiwan Dividend Plus Index Ground Rules (v3.1) is now available using the following link: [FTSE\\_TWSE\\_Taiwan\\_Dividend\\_Plus\\_Index\\_new.pdf](#)

Or on the FTSE Russell website: [www.ftserussell.com](http://www.ftserussell.com)

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