

# FTSE BIVA Index

v2.4



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## Section 1

# Introduction

## 1. Introduction

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

1.2 The FTSE BIVA Index is designed to reflect the performance of liquid Mexican companies.

1.3 The FTSE4Good BIVA Index takes account of ESG factors in its index design.

The remaining benchmarks within the FTSE BIVA Index Series Family do not take account of ESG factors in the index design and do not pursue any ESG objectives. Please see the Ground Rules for the FTSE4Good Index Series for details of the relevant ESG factors.

1.4 The base currency of the benchmark is Mexican Peso (MXN). Index values may also be published in other currencies.

1.5 Index constituents are weighted by investable market capitalisation.

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

1.7 The price return index is published at the end of each working day.

1.8 Unless specifically detailed in this document, all areas of the methodology regarding the management of the FTSE BIVA Index are included in the FTSE Global Equity Index Series Ground Rules. The FTSE BIVA Index Ground Rules should therefore be read in conjunction with the FTSE Global Equity Index Series Ground Rules. These rules are available from FTSE Russell using the link below:

[FTSE Global Equity Index Series.pdf](#)

### 1.9 FTSE Russell

FTSE Russell is a trading name of FTSE International Limited, Frank Russell Company, FTSE Global Debt Capital Markets Limited (and its subsidiaries FTSE Global Debt Capital Markets Inc. and FTSE Fixed Income Europe Limited), FTSE Fixed Income LLC, FTSE (Beijing) Consulting Limited, Refinitiv Benchmark Services (UK) Limited, Refinitiv Limited and Beyond Ratings.

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 (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;
  - any inaccuracies in these Ground Rules;
  - any non-application or misapplication of the policies or procedures described in these Ground Rules;
  - any inaccuracies in the compilation of the index or any constituent data.

## Section 2

# Management responsibilities

## 2. Management responsibilities

### 2.1 FTSE International Limited (FTSE)

2.1.1 FTSE is the benchmark administrator of the index<sup>1</sup>.

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 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; and
- disseminate the index.

### 2.2 Status of these Ground Rules

2.2.1 These Ground Rules set out the methodology and provide information about the publication of the FTSE BIVA Index.

### 2.3 Amendments to these Ground Rules

2.3.1 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 Index governance board before approval is granted.

<sup>1</sup> 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) and [The Benchmarks \(Amendment and Transitional Provision\) \(EU Exit\) Regulations 2019](#) (the UK Benchmark Regulation).

## Section 3

# FTSE Russell Index policies

## 3. 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 or a Security

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 or a Security.pdf](#)

### 3.5 Recalculation Policy and Guidelines

3.5.1 Where an inaccuracy is identified, FTSE Russell will follow the steps set out in the FTSE Russell Index recalculation guidelines when determining whether an index or index series should be recalculated and/or associated data products reissued. Users of the FTSE BIVA Index will be 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](mailto:info@ftserussell.com).

[Recalculation Policy and Guidelines Equity Indices.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:

[Policy for Benchmark Methodology Changes.pdf](#)

### **3.7 FTSE Russell Governance Framework**

3.7.1 To oversee its indices, FTSE Russell employs a governance framework that encompasses product, service and technology governance. The framework incorporates the London Stock Exchange Group's three lines of defence risk management framework and is designed to meet the requirements of the IOSCO Principles for Financial Benchmarks<sup>2</sup>, the European benchmark regulation<sup>3</sup> and the UK benchmark regulation<sup>4</sup>. The FTSE Russell Governance Framework can be accessed using the following link:

[FTSE Russell Governance Framework.pdf](#)

### **3.8 Real Time Status Definitions**

3.8.1 Please refer to the following guide for details of real time status definitions for indices which are calculated in real time.

[Real Time Status Definitions.pdf](#)

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<sup>2</sup> IOSCO Principles for Financial Benchmarks Final Report, FR07/13 July 2013

<sup>3</sup> 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

<sup>4</sup> The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019

## Section 4

# Eligible securities

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## 4. Eligible securities

### 4.1 FTSE BIVA Index

4.1.1 All constituents of the FTSE Mexico All Cap Index are eligible for inclusion in the FTSE BIVA Index.

### 4.2 FTSE4Good BIVA Index

4.2.1 The FTSE4Good BIVA Index consists of all constituents of the FTSE Mexico Index that are current constituents of the FTSE4Good Emerging Index. Please refer to the FTSE4Good Ground Rules for additional details regarding the index construction and methodology of the FTSE4Good BIVA Index.

FTSE4Good Ground Rules can be accessed using the following link:

[FTSE4Good Index Series Ground Rules.pdf](#)

## Section 5

# ESG data inputs

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## 5. ESG data inputs

5.1 Further information on ESG data provided by FTSE Russell and third parties used in this index series can be found in the following guide:

[Guide to FTSE and Third Party ESG Data used in FTSE Russell Indices](#)

### 5.2 ESG metrics

5.2.1 Please see the FTSE Russell [ESG Metrics](#) website for the scores and values of the environmental, social and governance (ESG) factors listed in Annex II to Delegated Regulation (EU) 2020/1816, which are taken into account in the benchmark methodology for the benchmarks within this index series.

## Section 6

# Periodic review of constituents

## 6. Periodic review of constituents

### 6.1 Review dates

6.1.1 The FTSE BIVA Index will be reviewed semi-annually in March and September.

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

### 6.2 Review of index constituents

6.2.1 Constituents of the FTSE Mexico All Cap Index that pass the liquidity rule detailed in rule 6.2.2 are selected.

6.2.2 Liquidity rule

Calculating liquidity:

Each security will be tested for liquidity semi-annually in March and September by calculation of its monthly median daily trading volume. Daily volume data sourced from Bolsa Mexicana de Valores and Bolsa Institucional de Valores aggregated for the purposes of this test.

Liquidity thresholds:

A. An existing constituent which, based on its median daily trading volume per month, does not meet the below liquidity threshold for existing constituents (Table 1) for at least eight of the 12 months prior to a semi-annual review will be considered to have failed the first part (test 1) of the liquidity test of this index. Those existing constituents which fail test 1 will be subject to a further test (test 2) whereby the last six months of the testing period will be assessed on a pro-rata basis. If the constituent passes at least four out of the last six months (equating to eight out of 12 months on a pro-rata basis), it will be considered to have passed the liquidity test.

Constituents that have not met the liquidity requirements in test 1 or test 2 will be removed from the FTSE BIVA Index.

Please note: the liquidity thresholds applied (as per Table 1) will take into account any change in size classification at the respective semi-annual review.

B. A non-constituent with a median daily trading volume that meets the liquidity threshold for non-constituents (Table 1) in at least 10 of the 12 months prior to a semi-annual review will be added to FTSE BIVA Index.

C. New issues that do not have a 12-month trading record must have a minimum three-month trading record at the index review. The median daily trading volume on a pro-rata basis since listing must exceed the liquidity threshold for non-constituents (Table 1). This rule will not apply to new issues added under the fast entry rule (rule 7.1.1).

Newly eligible securities will be treated as new issues and liquidity will be tested from the date of eligibility. Trading records prior to this date will not be considered.

**Table 1:** existing constituent and non-constituent liquidity thresholds

Size segment*	Constituent	Non-constituent
Large	0.040	0.050
Mid	0.070	0.080
Small	0.110	0.120

\*The constituent size segment is as used in the FTSE Mexico All Cap Index. Please refer to the [FTSE Global Equity Index Series Ground Rules](#) for further details. If multiple lines issued by the same company are eligible, only the larger issue by investable market capitalisation will be included in the FTSE BIVA Index.

6.2.3 If multiple lines of the same company are eligible at review, the existing multiple line constituent will remain a constituent, unless the investable market capitalisation of an eligible non-constituent line exceeds the investable market capitalisation of the existing constituent by at least 25%.

### 6.3 Capping

6.3.1 Index constituents are capped at the semi-annual review.

6.3.2 If in the FTSE BIVA Index weights, there are any constituents that are greater than 15%, they are capped at 15%. The weights of all lower-ranking constituents are increased correspondingly. The weights of lower ranking constituents are then checked and if they are greater than 15%, they will be capped at 15%. The process will be repeated until no threshold is breached i.e. the process is repeated until the constituents whose individual weights is greater than 15% are capped at 15%.

6.3.3 Further information on the capping procedure can be found in the FTSE Russell Capping Methodology using the following link:

[Capping Methodology Guide.pdf](#)

## Section 7

# Changes to constituent companies

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## 7. Changes to constituent companies

### 7.1 Intra-review addition

7.1.1 A fast entrant to the FTSE Mexico All Cap Index will be added to the FTSE BIVA Index on the same date.

### 7.2 Intra-review deletion

7.2.1 A constituent will be deleted from the FTSE BIVA Index if the stock is removed from the FTSE Mexico All Cap Index. The deletion will be concurrent with the deletion from the underlying index.

## Section 8

# Corporate actions and events

## 8. 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); and
- 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 can be found in the Corporate Actions and Events Guide.

### 8.3 Takeovers, mergers and demergers

8.3.1 The treatment of takeovers, mergers and demergers can be found within the Corporate Actions and Events Guide.

### 8.4 Suspension of dealing

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

## Section 9

# Index calculation

## 9. Index calculation

### 9.1 Prices

9.1.1 The FTSE BIVA Index uses actual trade prices for securities with local stock exchange quotations.

### 9.2 Calculation frequency

9.2.1 The FTSE BIVA Price 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 BIVA Index will be displayed to eight decimal points.

9.3.2 The FTSE BIVA Index is calculated using the following formula:

$$\sum_{i=1}^N \frac{(p_i \times e_i \times s_i \times f_i \times c_i)}{d}$$

Where:

- $i=1,2,\dots,N$ ;
- $N$  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; and
- $d$  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

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Index	Open	Close
FTSE BIVA Index	14:30	21:10

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\*Note: timings are UK hours.

## Appendix B

# Status of index

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The FTSE BIVA Index is calculated in real time.

For further details of real time definitions please refer to the following guide:

[Real Time Status Definitions.pdf](#)

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

The FTSE BIVA Index will not be calculated on Mexican public holidays.

## Appendix C

# Further information

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

[Glossary.pdf](#)

The FTSE Russell ESG Metrics website can be found using the following link:

[ESG Metrics](#)

Further information on the FTSE BIVA 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:** <https://www.lseq.com/en/ftse-russell>

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