

FTSE Custom Bursa Malaysia Indices

v1.2

The FTSE Custom Bursa Malaysia Indices are not, and are not intended to be, used by supervised entities in the European Union or the United Kingdom and accordingly, the European Benchmark Regulation* and the UK Benchmark Regulation# do not apply to the indices. Consequently, supervised entities within the European Union and the United Kingdom are not permitted to use the indices as a benchmark as set out in article 3(1)(7) of the European Benchmark Regulation.

For the avoidance of doubt, neither FTSE International Limited nor any other member of the London Stock Exchange Group plc group of companies, is the benchmark administrator (as defined in article 3(1)(6) of the European Benchmark Regulation) of the indices.

** [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 Benchmarks \(Amendment and Transitional Provision\) \(EU Exit\) Regulations 2019 \(which amends the European benchmark regulation in the United Kingdom\)](#)



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Section 1

Introduction

1. Introduction

FTSE Custom Bursa Malaysia Indices

1.1 FTSE Custom Bursa Malaysia Top 100 ESG Index

1.1.1 The FTSE Custom Bursa Malaysia Top 100 ESG Index is designed to reflect the performance of constituents selected from the FTSE Bursa Malaysia Top 100 Index, which comprises the FTSE Bursa Malaysia KLCI and the FTSE Bursa Malaysia Mid 70 Index.

1.2 FTSE Custom Bursa Malaysia EMAS Shariah Index

1.2.1 The Custom Bursa Malaysia EMAS Shariah Index is designed to reflect the performance of constituents selected from the FTSE Bursa Malaysia EMAS Index that are Shariah compliant according to the Securities Commission's Shariah Advisory Council (SAC) screening methodology.

1.3 These Ground Rules should be read in conjunction with the FTSE Bursa Malaysia Index Series Ground Rules and associated index policy documents which are available using the following link:

[FTSE Bursa Malaysia Index Series Ground Rules.pdf](#)

Unless stated in these Ground Rules, the index will follow the same process as the FTSE Bursa Malaysia Index Series.

1.4 The FTSE Custom Bursa Malaysia Top 100 ESG Index takes account of ESG factors in its index design.

1.5 The base currency of the FTSE Custom Bursa Malaysia Indices is MYR.

1.6 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, The Yield Book Inc and Beyond Ratings.

1.6.1 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.

1.6.2 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 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 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 FTSE¹ is responsible for the daily calculation, production and operation of the indices 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;
 - disseminate the index.

2.2 Great Eastern Life

- 2.2.1 Great Eastern Life will provide an exclusion list on a quarterly basis in March, June, September and December.

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.

As provided for in the Statement of Principles for FTSE Russell Equity Indices, where FTSE Russell determines that the Ground Rules are silent or do not specifically and unambiguously apply to the subject matter of any decision, any decision shall be based as far as practical on the Statement of Principles. After making any such determination, FTSE Russell shall advise the market of its decision at the earliest opportunity. Any such treatment will not be considered as an exception or change to the Ground Rules, or to set a precedent for future action, but FTSE Russell will consider whether the Rules should subsequently be updated to provide greater clarity.

¹ FTSE is not the benchmark administrator of the Index as the term administrator is defined in the [IOSCO Principles for Financial Benchmarks](#) and [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 Queries and Complaints

3.1.1 A constituent or prospective constituent company (or professional advisor acting on behalf of the company), a national organisation or a group of no fewer than ten users of the Indices from different organisations acting in their professional capacity may appeal against decisions taken by FTSE Russell.

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

[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 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 Custom Bursa Malaysia Indices 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.

[Equity Index Recalculation Policy and Guidelines.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](#)

3.6 FTSE Russell Governance Framework

3.6.1 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 ensure compliance with the IOSCO Principles for Financial Benchmarks², the European benchmark regulation³ and the UK benchmark regulation⁴. The FTSE Russell Governance Framework can be accessed using the following link:

[FTSE Russell Governance Framework.pdf](#)

3.7 Real Time Status Definitions

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

[Real Time Status Definitions.pdf](#)

² IOSCO Principles for Financial Benchmarks Final Report, FR07/13 July 2013.

³ 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.

⁴ [The Benchmarks \(Amendment and Transitional Provision\) \(EU Exit\) Regulations 2019](#) (the UK Benchmark Regulation).

Section 4

Custom inclusion criteria

4. Custom inclusion criteria

4.1 Index universe

- 4.1.1 Constituents of the FTSE Bursa Malaysia Top 100 Index are eligible to be included in the FTSE Custom Bursa Malaysia Top 100 ESG Index.
- 4.1.2 Constituents of the FTSE Bursa Malaysia EMAS Index that are Shariah compliant according to the Securities Commission's Shariah Advisory Council (SAC) screening methodology are eligible to be included in the FTSE Custom Bursa Malaysia EMAS Shariah Index.

4.2 Exclusion list

- 4.2.1 Great Eastern Life will provide an exclusion list on a quarterly basis in March, June, September and December on the Monday following the second Friday of the review month.
- 4.2.2 The price cut-off date for the Indices is the second Friday of the Review month. The semi-annual review will be implemented on the Monday following the third Friday of the Review month.

4.3 Capping

- 4.3.1 Great Eastern Life will provide a list of constituents to be capped with the capping weights on a semi-annual basis in June and December on the Monday following the second Friday of the review month. Following the capping of the constituents in the capping list all other constituents of the indices will be reweighted accordingly.
- 4.3.2 Great Eastern Life use a bottom-up approach analysis to calculate capping weights for specific companies in order to achieve internal carbon emission targets for 2025 (20% reduction from 2020). Assumptions are also input where AUMs and other stock holdings remain the same in order to calculate Great Eastern Life's ideal weight targets for 2025.
- 4.3.3 The capping will be calculated using the second Friday's closing prices of June and December adjusted for corporate actions, with the constituent shares and investability weightings from the start of trading on the review implementation date (i.e. the next working day following the third Friday).

Section 5

Periodic review of constituents

5. Periodic review of constituents

5.1 Index reviews

5.1.1 The Indices are reviewed on a semi-annual basis in June and December.

5.1.2 The index reviews will be implemented after close of business on the third Friday (i.e., effective Monday) of June and December.

5.2 Data dates

5.2.1 The review will be conducted using prices (adjusted for any corporate actions) as at the close of business on the Wednesday before the first Friday of the review month (price cut-off date) based on the constituents, shares in issue and free float on the next trading day following the third Friday of the review month.

5.3 Exclusion lists

5.3.1 FTSE Russell will apply the exclusion list provided by Great Eastern Life on a quarterly basis after the close of business on the third Friday of March, June, September and December.

Section 6

Changes to constituent companies

6. Changes to constituent companies

6.1 Intra-review additions

- 6.1.1 Additions to the underlying indices will be added to the FTSE Custom Bursa Malaysia indices at the same time as the underlying index.
- 6.1.2 IPOs added to the indices following inclusion in the underlying index but which do not meet the eligibility requirements shown in Section 4 will be deleted from the FTSE Custom Bursa Malaysia Indices with two days notice.

6.2 Intra-review deletions

- 6.2.1 If a constituent ceases to be a constituent of the underlying index it will be deleted from the FTSE Custom Bursa Malaysia indices. The deletion will be concurrent with its deletion from the underlying Index.

6.3 Intra-review changes to exclusion lists

- 6.3.1 A constituent will be removed from the FTSE Custom Bursa Malaysia indices if it is added to a relevant exclusion list. The deletion will be concurrent with its addition to the exclusion list.
- 6.3.2 A stock that is removed from a relevant exclusion list will be considered for inclusion at the next index review.

Section 7

Corporate actions and events

7. 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 Russell will provide notice advising of the timing of the change.

Appendix A

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 Custom Bursa Malaysia Indices please email FTSE Russell client services at info@ftserussell.com.

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