

FTSE Custom Indonesia Shariah Index

v1.0

The Index is not, and is 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 index. Consequently, supervised entities within the European Union and the United Kingdom are not permitted to use the index 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 index.

** [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

1.1 FTSE Custom Indonesia Shariah Index

1.1.1 The FTSE Custom Indonesia Shariah Index is designed to reflect the performance of constituents selected from the FTSE Indonesia Shariah Index excluding securities that are not local regulatory Shariah compliant.

1.2 The FTSE Custom Indonesia Shariah Index does not take account of ESG factors in its index design.

1.3 The base currency of the FTSE Custom Indonesia Shariah Index is IDR.

1.4 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.

1.4.1 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.

1.4.2 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 Bahana Investment Management

2.2.1 Bahana Investment Management (“Bahana”) will provide a list of local regulatory Shariah compliant securities.

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 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 Statement of Principles for FTSE Russell Equity Indices (the Statement of Principles)

Indices need to keep abreast of changing markets and the Ground Rules cannot anticipate every eventuality. Where the Ground Rules do not fully cover a specific event or development, FTSE Russell will determine the appropriate treatment by reference to the Statement of Principles which summarises the ethos underlying FTSE Russell's approach to index construction. The Statement of Principles is reviewed annually and any changes proposed by FTSE Russell are presented to the FTSE Russell Policy Advisory Board for discussion before approval by the FTSE Russell Product Governance Board.

The Statement of Principles can be accessed using the following link:

[Statement of Principles.pdf](#)

3.3 Queries and Complaints

- 3.3.1 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](#)

3.4 Index Policy for Trading Halts and Market Closures

- 3.4.1 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](#)

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

- 3.5.1 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](#)

3.6 Recalculation Policy and Guidelines

- 3.6.1 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](#)

3.7 **Policy for Benchmark Methodology Changes**

- 3.7.1 Details of FTSE Russell's policy for making benchmark methodology changes can be accessed using the following link:

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

3.8 **FTSE Russell Governance Framework**

- 3.8.1 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](#)

3.9 **Real Time Status Definitions**

- 3.9.1 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

Eligible securities

4. Eligible securities

- 4.1 The index universe of the FTSE Custom Indonesia Shariah Index is the FTSE Indonesia Shariah Index (“underlying”). The FTSE Indonesia Shariah Index is subject to quarterly Shariah screening.
- Full details of the FTSE Yassar Global Equity Shariah Index Series and Shariah screening methodology can be accessed using the following link:
- [FTSE Yassar Global Equity Shariah Index Series Ground Rules](#)
- 4.2 **Custom screening**
- 4.2.1 Bahana Investment Management (“Bahana”) will provide a list of local regulatory Shariah compliant securities. All constituents and potential constituents from eligible universe (Section 4.1) are screened semi-annually in June and December to determine their local regulatory Shariah status.

Section 5

Periodic review of constituents

5. Periodic review of constituents

5.1 Index reviews

- 5.1.1 The quarterly review will be conducted in line with the underlying and will be implemented after the close of trading on the third Friday (i.e. effective the following business day) of March, June, September and December.
- 5.1.2 The custom screening (Section 4.2) will be assessed semi-annually and implemented after the close of trading on the third Friday (i.e. effective the following business day) of June and December using the local regulatory Shariah compliant security list provided by Bahana in May and November respectively.
- 5.1.3 In March and September, the new additions to the underlying will be assessed for its local regulatory Shariah status based on the latest local regulatory Shariah compliant security list provided by Bahana.
- 5.1.4 Bahana will provide the list of local regulatory Shariah compliant securities on or before the last business day in May and November.

Section 6

Changes to constituent companies

6. Changes to constituent companies

6.1 Intra-review additions

- 6.1.1 If a security is added to the underlying, it will become eligible for inclusion in the FTSE Custom Indonesia Shariah Index subject to satisfying rule 5.1.2 and 5.1.3 at the next periodic review.

6.2 Intra-review deletions

- 6.2.1 If a constituent ceases to be a constituent of the underlying it will be deleted from the FTSE Custom Indonesia Shariah Index. The deletion will be concurrent with its deletion from the underlying and its weight will be distributed pro-rata amongst the remaining constituents in the FTSE Custom Indonesia Shariah Index.
- 6.2.2 If a constituent of the FTSE Custom Indonesia Shariah Index ceases to meet the eligibility criteria detailed in rule 4.2.1, it will be removed from the FTSE Custom Indonesia Shariah Index at the quarterly Shariah screening review, with the provision of a minimum two days' notice.

Section 7

Corporate actions and events

7. Corporate actions and events

7.1 The FTSE Custom Indonesia Shariah Index will treat corporate events such as mergers, restructuring and complex takeovers in line with the FTSE Global Equity All-Cap Index.

7.2 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.

7.3 If an index constituent has a complex reorganisation or demerger, the newly spun-off company will remain eligible for inclusion in the FTSE Custom Indonesia Shariah Index. The Shariah status of the newly spun-off company will be reassessed at the next quarterly Shariah screening review.

7.4 Suspended companies

FTSE Russell's treatment can be found using the following link:

[Suspended Companies: Ground Rules](#)

Section 8

Index calculations

8. Index calculations

8.1 Prices

- 8.1.1 The FTSE Custom Indonesia Shariah Index uses actual closing mid-market or last trade prices, where available, for securities with local market quotations. Further details can be assessed using the following link:

[Closing Prices Used For Index Calculation](#)

8.2 Calculation frequency

- 8.2.1 The FTSE Custom Indonesia Shariah Index will be calculated on an end of day basis.

8.3 Index Calculation

- 8.3.1 For details on the Algorithm and calculation methods used for the FTSE Custom Indonesia Shariah Index see the Guide to Calculation Methods.

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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