

FTSE Denmark 20 Index

v3.4



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Contents

Section 1 Introduction	3
Section 2 Management responsibilities	5
Section 3 FTSE Russell index policies	6
Section 4 Eligible securities	9
Section 5 Index qualification criteria	10
Section 6 Periodic review of constituent companies	11
Section 7 Changes to constituent companies.....	13
Section 8 Corporate actions and events	14
Section 9 Index calculation	15
Appendix A Index opening and closing hours.....	16
Appendix B Capping methodology	17
Appendix C Status of index.....	18
Appendix D Further information	19

Section 1

Introduction

1. Introduction

- 1.1 This document sets out the Ground Rules for the construction and management of the FTSE Denmark 20 Index. Copies of the Ground Rules are available from FTSE Russell.
- 1.2 The FTSE Denmark 20 Index is designed to reflect the performance of the largest 20 Danish listed companies, ranked by full market capitalisation, i.e. before the application of any investability weighting.
- 1.3 The FTSE Denmark 20 Index does not take account of ESG factors in its index design.
- 1.4 The FTSE Denmark 20 Index is calculated in Danish Kronor (DKK).
- 1.5 Index constituents are weighted on investable market capitalisation.
- 1.6 The FTSE Denmark 20 Price Index is calculated in real-time and published every 15 seconds.
- 1.7 Total Return Index is published at the end of each working day. The Total Return Index includes income based on ex dividend adjustments.
- 1.8 Unless specifically detailed in this document, all areas of the methodology regarding the management of the FTSE Denmark 20 Index are similar to the FTSE Global Equity Index Series Ground Rules. The FTSE Denmark 20 Index methodology 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, 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 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;
- 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 Status of these Ground Rules

2.2.1 These Ground Rules set out the methodology and provide information about the publication of the FTSE Denmark 20 Index.

2.3 Amendments to these Ground Rules

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.

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

[FTSE Russell 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 or a Security

- 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 or a Security.pdf](#)

3.6 Recalculations

- 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 Denmark 20 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.

[Recalculation Policy and Guidelines Equity Indices.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 For indices that are calculated in real time, please refer to the following guide for details of real time status definitions:

[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.

Section 4

Eligible securities

4. Eligible Securities

- 4.1 The universe of eligible constituents is all the Danish companies that are current constituents of the FTSE Global All Cap Index Series which is part of the FTSE Global Equity Index Series, subject to conforming to all other rules of eligibility, free float and liquidity.

Section 5

Index qualification criteria

5. Index qualification criteria

- 5.1 To be included in the index, a stock must pass free float and liquidity criteria.
- 5.2 The FTSE Denmark 20 Index follows the same Index qualification criteria as defined in FTSE Global Equity Index Series. Please refer to the FTSE Global Equity Index Series Ground Rules for more information. These rules are available on www.lseg.com/en/ftse-russell/.

Section 6

Periodic review of constituent companies

6. Periodic review of constituent companies

6.1 Review dates

- 6.1.1 The FTSE Denmark 20 Index will be reviewed semi-annually in March and September using market data at the close of business on the Monday four weeks prior to the review effective date.
- 6.1.2 Changes to the index will be implemented after close of business on the third Friday (i.e. effective Monday) of March and September.
- 6.1.3 FTSE Russell will be responsible for publicising the outcome of the periodic review.

6.2 Steps for conducting a review

- 6.2.1 Eligible companies are taken from the FTSE Denmark Index.
- 6.2.2 These have been screened for size, liquidity and free float as part of the FTSE Global Equity Index Series review.
- 6.2.3 Companies are then ranked in descending order by their full market capitalisation.
- 6.2.4 The top 20 companies ranked by full market capitalisation are selected for FTSE Denmark 20 Index.

6.3 Capping dates

- 6.3.1 The constituents of the FTSE Denmark 20 Index are capped semi-annually at the close of business on the second Friday in March and September. The capping is implemented using prices adjusted for corporate events as at the close of business on the third Friday in March and September based on the constituents, shares in issue and free float.

6.4 Capping methodology

- 6.4.1 The constituents of the FTSE Denmark 20 Index are capped at the time of the semi-annual reviews.
 - Step 1
No individual company in the Index can be greater than 20%. A company with a weight greater than 20% is capped at 20% capping weight.⁵
 - Step 2
Reweight and re-rank all companies by resulting weights largest to smallest. Find the highest ranked company by accumulated weight that is greater than 48%. This company and the companies ranked before it form the top capping group.

⁵ In the case more than two companies require 20% capping, then the top capping weight will be revaluated.

If the lowest ranked company in the top capping group is less than 5%, no further capping is needed. Otherwise proportionately cap the uncapped companies in the top capping group such that top capping group has an aggregate weight of 48% in the index.⁶

If the result of this round of capping causes any issues in the top capping group to fall below 4.75%, the weights of those companies will be capped at 4.75%.

Step 3

If the individual weights of the remaining lower ranking uncapped companies are greater than 4.75%, they will be capped at 4.75%.

⁶ Companies capped at 20% will not be capped further.

Section 7

Changes to constituent companies

7. Changes to constituent companies

7.1 New issues

7.2 The FTSE Denmark 20 Index will not have intra-review additions.

7.3 The new issues will be reviewed for index inclusion at the next semi-annual review. When a stock is added to the universe i.e. FTSE Global All Cap Index Series, it will be considered for inclusion at the next semi-annual review of the FTSE Denmark 20 Index.

7.4 Intra-review changes (Deletions)

A stock will be deleted from the FTSE Denmark 20 Index when the constituent is removed from the FTSE Global All Cap Index Series. Such vacancies are not filled immediately, and the FTSE Denmark 20 Index may comprise fewer than 20 constituents until the next periodic review.

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)
- 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 are covered in the Corporate Actions and Events Guide.

8.3 Mergers, restructuring and complex takeovers

8.3.1 Mergers/takeovers between constituents

If the effect of a merger or takeover is that one constituent in the FTSE Denmark 20 Index is absorbed by another constituent, the resulting company will remain a constituent of FTSE Denmark 20 Index at the combined weight.

8.3.2 Mergers/takeovers between a constituent and a non-constituent

If a constituent company in the FTSE Denmark 20 Index is taken over by a non-constituent company, the original constituent will be removed from the Index.

8.4 Splits/demergers

- 8.4.1 If an index constituent has a complex reorganisation or demerger, the newly spun-off company will remain eligible for inclusion in FTSE Denmark 20 Index.

8.5 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 Denmark 20 Index uses actual trade prices for securities with local stock exchange quotations. Reuter's real-time spot currency rates are used in the index calculation.

9.2 Calculation frequency

9.2.1 The FTSE Denmark 20 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 Denmark 20 Index will be displayed to two decimal points.

9.3.2 The FTSE Denmark 20 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.
- 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

Index	Open	Close
FTSE Denmark 20 Index	8:00	16:00

Timings are UK hours.

Appendix B

Capping methodology

The algorithm is applied to each constituent of the FTSE Denmark 20 that requires capping, i.e. any constituent whose uncapped weight is greater than 20%.

The Constituent Capping Factor c_i is given by:

$$c_i = \frac{Z}{I \times (p_i \times s_i \times f_i)} \sum_{j \in J} (p_j \times s_j \times f_j)$$

Where,

- i denotes the security to be capped.
- j denotes an uncapped security.
- J is the subset of securities that are uncapped.
- p_k is the official closing price of the k^{th} security.
- s_k is the number of shares in of the k^{th} security.
- f_k is the free float factor of the k^{th} security.
- I is the percentage of the index represented by all uncapped constituents.
- Z is the percentage capping level.

Appendix C

Status of index

The FTSE Denmark 20 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 Denmark 20 Index is set out in Appendix A. Variations to the official hours of the Indices will be published by FTSE Russell.

The FTSE Denmark 20 Index will not be calculated on Danish Public Holidays.

Appendix D

Further information

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

[Glossary.pdf](#)

Further information on the FTSE Denmark 20 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.

Website: www.lseg.com/en/ftse-russell/

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