Ground Rules

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FTSE India Equity Index

v1.0

FTSE RUSSELL
An LSEG Business

lseg.com/en/ftse-russell

Contents

Section 1
Introduction

1. Introduction

1.1 FTSE India Equity Index

1.1.1 This document sets out the Ground Rules for the construction and management of the FTSE India Equity Index.

1.1.2 The FTSE India Equity Index is designed to reflect the performance of large and mid cap securities listed in India. These securities are compliant with the requirements set by the Securities and Exchange Board of India (“SEBI”). The SEBI requirements are listed under Rule 4.2.2.

These Ground Rules should be read in conjunction with the FTSE Global Equity Index Series Ground Rules, which is available at www.lseg.com/en/ftse-russell/.

1.1.3 The base currency of the benchmark is Indian Rupee. Index values may also be published in other currencies.

1.1.4 The FTSE India Equity Index does not take account of ESG factors in its index design.

1.1.5 Net, price and total return indices will be calculated on an end-of-day basis.

1.1.6 Additional variants can be calculated on request including indices with industry or sector exclusions. The index might be calculated and disseminated on a real-time basis.

1.2 FTSE Russell

1.2.1 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 that 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.

1.2.2 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;

– any inaccuracies in these Ground Rules;

– 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 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.

2.1.3 These Ground Rules set out the methodology and provide information about the publication of FTSE India Equity Index.

2.2 Amendments to these Ground Rules

2.2.1 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.

2.2.2 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 Ground Rules should subsequently be updated to provide greater clarity.

[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:

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 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 India Equity 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 meet the requirements of the IOSCO Principles for Financial Benchmarks[2], the European benchmark regulation[3] and the UK benchmark regulation[4]. 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 which 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

Section 4

Security inclusion criteria

4. Security inclusion criteria

4.1 Eligible securities

4.1.1 Companies are eligible for inclusion in the FTSE India Equity Index if they are eligible for inclusion in FTSE India Index (securities designated as Large or Mid Cap as part of FTSE Global Equity Index Series).

4.1.2 The size segment for the FTSE India Equity Index are based on the size segments for FTSE India Index.

4.1.3 Unless stated otherwise, these Ground Rules follow the Ground Rules of the FTSE Global Equity Index Series which are available from the FTSE Russell Website using the link below:

FTSE Global Equity Index Series Ground Rules

4.2 SEBI requirement screening

4.2.1 Eligible securities fall under Group I (Rule 4.2.2.2) will be treated as passing SEBI's requirements on liquidity, including stock trading frequency and impact cost.

4.2.2 SEBI Requirements

4.2.2.1 The Securities and Exchange Board of India ("SEBI") sets porfolio concentration norms for Equity Exchange Traded Funds ("ETFs") and Index Funds in the Master Circular for Mutual Funds.

The individual constituent of the index shall have a trading frequency greater than or equal to 80% and an average impact cost of 1% or less over previous six months.

4.2.2.2 Stocks listed in India are classified into three categories by the National Stock Exchange ("NSE") on the basis of their liquidity, which includes stock trading frequency and impact cost.

No. of Group	Trading Frequency	Average Impact Cost
Group I	>=80%	<=1%
Group II	>=80%	>1%
Group III	<80%	N/A

Section 5

Periodic Review of constituents

5. Periodic Review of constituents

5.1 Review and price dates

5.1.1 The FTSE India Equity Index is reviewed in line with the underlying index, which is semi-annually in March and September based on data as at the close of business on the last business day of December and June respectively. Any constituent changes resulting from the periodic review will be implemented after the close of business on the third Friday (i.e. effective the following Monday) of March and September.

5.1.2 The SEBI requirement screening will be asessed quarterly in March, June, September and December based on data as at the close of business on the last trading day of February, May, August and November.

Any eligibile securities that cease to be classified under Group 1 (Rule 4.2) will be excluded. Such changes will be implemented after the close of business on the third Friday (i.e. effective the following Monday) of March, June, September and December.

5.2 Capping

5.2.1.1 A 25% cap at a stock level is applied to the constituents of the FTSE India Equity Index.

5.2.2 The aggregated weighting of the Top 3 constituents (in terms of weighting) within the FTSE India Equity Index are capped at 65%.

5.2.3 The capping is conducted quarterly in March, June, September and December based on data as at the close of business on the second Friday of the capping month and effective after the close of business on the thrid Friday of the capping month.

Section 6

Changes to constituent companies

6. Changes to constituent companies

6.1 Intra-review additions

6.1.1 Additions into the underlying index will be considered for inclusion to the FTSE India Equity Index at the next index review.

6.1.2 Stocks that meet the eligibility criteria for inclusion in June and December may be added to the FTSE India Equity Index if they become eligible for the underlying index.

6.2 Intra-review deletions

6.2.1 A constituent will be removed from the FTSE India Equity Index if it is also removed from the underlying index. The deletion will be concurrent with its deletion from the underlying index and its weight will be distributed pro-rata amongst the remianing constituents in the FTSE India Equity Index.

Section 7

Corporate actions and events

7. Corporate actions and events

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

7.1 Shares in issue

7.1.1 Changes to the number of shares in issue for constituent securities are covered in the Corporate Actions and Events Guide.

7.2 Investability weightings

7.2.1 Changes to free float for constituent securities are covered in the Corporate Actions and Events Guide.

7.3 Spin-offs

7.3.1 If a constituent company of the FTSE India Equity Index is split so as to form two or more companies, then the resulting companies will remain in the FTSE India Equity Index until the next quarterly SEBI requirement screening.

7.3.2 For further details, please refer to the Corporate Actions and Events Guide.

7.4 Suspension of dealing

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

7.5 Takeovers, mergers and demergers

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

Section 8

Treatment of dividends

8. Treatment of dividends

8.1 Declared dividends are used to calculate the FTSE India Equity Index. All dividends are applied as at the ex-div date.

8.2 Net of tax total return index is also calculated based on the maximum withholding tax rates applicable to dividends received by institutional investors who are not resident in the same country as the remitting company and who do not benefit from double taxation treaties.

Withholding tax rates used in the net-of-tax indices can be accessed using the following link:

Withholding_Tax_Service

Please also refer to the FTSE Russell Withholding Tax Guide which can be accessed using the following link:

FTSE_Russell_Withholding_Tax_Guide.pdf

Section 9

Indices algorithm and calculation method

9. Indices algorithm and calculation method

9.1 Prices

9.1.1 The FTSE India Equity Index usesthe official closing price , where available, for securities with local market quotations. Further details can be accessed using the following link:

Closing_Prices_Used_For_Index_Calculation.pdf

9.2 Calculation frequency

9.2.1 The FTSE India Equity Index will be calculated on an end-of-day basis and displayed to eight decimal points.

9.3 Algorithm

9.3.1 For details on the algorithm and calculation methods used for the FTSE Global Equity Index Series see the Guide to Calculation Methods.

9.3.2 The performance of the FTSE India Equity Index on a given day is determined by calculating the percentage difference between:

– the index's market capitalisation as at the close of that day; and

– the market capitalisation at the start of that day.

'Start of the day' is defined as the previous day's close adjusted for capital changes, investability weight changes, additions and deletions.

9.3.3 Adjustments are applied whenever capital changes take place, so that the performance of the FTSE India Equity Index reflects the experience of investors (for further details see the Corporate Actions and Events Guide).

Appendix A

Index opening and closing hours

Stock market trading times:

	Open	Close
India	09:15	15:30
	(03:45)	(10:00)

The indices will not be calculated on public holidays.

Timings are local hours (GMT hours in brackets)

Appendix B

Status of indices

The FTSE India Equity Index may be calculated in real time.

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

Real_Time_Status_Definitions.pdf

Appendix C

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 India Equity Index, visit www.lseg.com/en/ftse-russell/ or e-mail info@ftserussell.com. Contact details can also be found on this website.

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

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