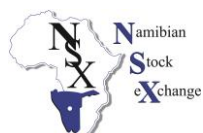


# FTSE NSX Index Series

v2.0



**FTSE  
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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 NSX Index Series. Copies of the Ground Rules are available from FTSE Russell.
- 1.2 The FTSE NSX Index Series is designed to represent the performance of Namibian companies, providing investors with a comprehensive and complementary set of indices that measure the performance of the major capital and industry segments of the Namibian market.
- 1.3 The FTSE NSX Index Series does not take account of ESG factors in its index design.
- 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.
- 1.5 The FTSE NSX Index Series is made up of the following indices:
- FTSE NSX Overall Index
  - FTSE NSX Overall Sector Indices (21 sectors)
  - FTSE NSX Local Index
  - FTSE NSX Capped Overall Index
- Companies in the index will be capped at 10% on a quarterly basis.
- 1.6 The FTSE NSX Index Series is calculated in NAD. Price and total return versions will be calculated for each index. Price indices are calculated in real time. Total return indices are calculated at the end of each working day. The total return indices include income based on ex-dividend adjustments.
- 1.7 FTSE NSX Capped Overall Index will be provided in NAD on an end-of-day basis.
- 1.8 FTSE Russell hereby notifies users of the index series 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 series and therefore any financial contracts or other financial instruments that reference the index series or investment funds that use the index series to measure their performance should be able to withstand, or otherwise address the possibility of changes to, or cessation of, the index series.
- 1.9 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 JSE 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 series<sup>1</sup>.

2.1.2 FTSE is responsible for the daily calculation, production and operation of the FTSE NSX Index Series, 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 indices.

2.1.3 FTSE is also responsible for monitoring the performance of the FTSE NSX Index Series throughout the day and will determine whether the status of each index should be firm, indicative or held.

### 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 NSX Index Series.

### 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 best reflect the aims of the index series. 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.

2.3.2 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 rules should subsequently be updated to provide greater clarity.

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

3.2.1 Indices need to keep abreast of changing markets and the Ground Rules cannot anticipate every eventuality. Where the 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 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 The FTSE NSX Index Series is recalculated whenever inaccuracies or distortions occur that are deemed to be significant. Users of the FTSE NSX Index Series are notified through appropriate media.

For further information, please 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](#)

### **3.7 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<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](#)

### **3.9 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](#)

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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

## 4. Eligible securities

### 4.1 FTSE NSX Overall Index

4.1.1 The universe of eligible constituents for the FTSE NSX Overall Index Series is all the companies that have a listing on the NSX. Only ordinary shares are considered for index inclusion.

### 4.2 The FTSE NSX Local Index

4.2.1 The universe of eligible constituents is made up of Namibian incorporated securities that have a primary listing on the NSX.

4.3 There are no liquidity requirements for entry to the FTSE NSX Index Series.

### 4.4 Secondary lines

4.4.1 Where there are multiple lines of equity capital in a company, all are included and priced separately, provided that they pass index eligibility screens in their own right.

- All partly paid classes of equity are priced on a fully paid basis if the calls are fixed and are payable at known future dates. Those where future calls are uncertain in either respect are priced on a partly paid basis.

### 4.5 Ineligible securities

4.5.1 Exchange-traded funds (ETFs) and funds whose prices are a direct derivation of underlying holdings (e.g. unit trusts, mutual funds) are not eligible for inclusion.

4.5.2 Stocks on the Development Capital Board are ineligible for index inclusion.

### 4.6 Investability weightings

4.6.1 Constituents of the FTSE NSX Index Series are adjusted for free float.

Further details on free float restrictions can be accessed using the following link:

[Free Float Restrictions.pdf](#)

4.6.2 Initial weighting

Free float is calculated using available published information rounded to 12 decimal places. Companies with a free float of 5% or below are excluded from the index.

## Section 5

# Periodic review of constituent companies

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## 5. Periodic review of constituent companies

### 5.1 Review dates

- 5.1.1 The quarterly review of the FTSE NSX Index Series constituents takes place in March, June, September and December. The index constituents will be compiled using data for the purpose of determining full market cap as at the close of business on the Monday four weeks prior to the review effective date.
- 5.1.2 Any constituent changes will be implemented after the close of business on the third Friday of the review month (i.e. effective Monday).
- 5.1.3 FTSE Russell will be responsible for publishing the outcome of the periodic review.



## Section 6

# Changes to constituent companies

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## 6. Changes to constituent companies

### 6.1 New issues

6.1.1 There will be no intra review additions for the FTSE NSX Index Series. If a constituent is added to the underlying universe, it will only be considered for inclusion at the next quarterly review.

### 6.2 Deletions and replacements

6.2.1 If a constituent is delisted from the Namibian Stock Exchange, ceases to have a firm quotation, is subject to a takeover or has, in the opinion of FTSE Russell, ceased to be a viable constituent as defined by these rules, it will be removed from the relevant index.

## 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); 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.

### 7.2 Shares in issue

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

### 7.3 Investability weightings

7.3.1 Changes to free float for constituent securities are covered in 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

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

## Section 8

# Industry Classification Benchmark (ICB)

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## 8. Industry Classification Benchmark (ICB)

### 8.1 Classification of constituents within industry and sectors<sup>5</sup>

8.1.1 The FTSE NSX Index Series constituents are classified into industries, supersectors, sectors and subsectors, as defined by the ICB.

8.1.2 Details of the ICB are available from FTSE Russell and published on the FTSE Russell website ([www.lseg.com/en/ftse-russell/](http://www.lseg.com/en/ftse-russell/)) and can be accessed using the following link: [Industry Classification Benchmark](#).

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<sup>5</sup> FTSE indices migrated to the new ICB classification system in March 2021.

## Section 9

# Index calculation

## 9. Index calculation

### 9.1 Index algorithm

9.1.1 All indices within the FTSE NSX Index Series will be displayed to one decimal point.

9.1.2 The FTSE NSX Index Series is calculated using the following formula:

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

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).
- $s_i$  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

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Index	Open	Close
FTSE NSX Index Series	09:00	17:00

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Timings are local hours.

## Appendix B

# Status of indices

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The FTSE NSX Index Series 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 NSX Index Series are set out in appendix A. Variations to the official hours of the index will be published by FTSE Russell.

## Appendix C

# Capping methodology

### Capping methodology at quarterly reviews

Capping will only be applied at the quarterly review and therefore the percentage weight of any constituent in the index may move above/below the capped level during the quarter due to price changes and corporate actions.

1. The calculation of the constituent capping factors (c) will be based on prices at close on the second Friday of the review month using shares in issue and investability weights as designated to take effect after close on the third Friday of the review month (i.e. taking effect on the review effective date).
2. The calculation will take into account any corporate actions/events that take effect after close on the second Friday of the review month up to and including the review effective date if they have been announced and confirmed by the second Friday of the review month.
3. Corporate actions/events announced after the second Friday of the review month that become effective up and including the review effective date will not result in any further adjustment.
4. Upon completion of the above steps the capping procedure is applied using the following algorithm.

N.B. The algorithm is applied to each constituent that requires capping, i.e. any constituent whose uncapped weight is greater than the capping level (capping level: 10%).

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  $k^{\text{th}}$  security;
- $s_k$  is the number of shares in issue of the  $k^{\text{th}}$  security;
- $f_k$  is the free float factor of the  $k^{\text{th}}$  security;
- I is the percentage of the index represented by all uncapped constituents; and
- Z is the percentage capping level.

The constituent capping factor is calculated for all constituents whose uncapped weight after the application of investability weightings is greater than the capping level. The weights of the capped and uncapped constituents in the index are then calculated. If following the application of this capping procedure other constituents have moved above the capping level in weight, then the process is repeated including the new constituent(s) which require capping.

## Appendix D

# 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](#)

Further information on the FTSE NSX Index Series 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:** [www.lseg.com/en/ftse-russell/](http://www.lseg.com/en/ftse-russell/)

The Namibian Stock Exchange can be contacted at [info@nsx.com.na](mailto:info@nsx.com.na).



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