

# FTSE SET Index Series

v4.4



**FTSE  
RUSSELL**  
An LSEG Business



The Stock Exchange of Thailand

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## Section 1

# Introduction

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## 1. Introduction

### 1.1 General

- 1.1.1 This document sets out the Ground Rules for the construction and management of the FTSE SET Index Series. Copies of the Ground Rules are available from FTSE Russell on the website: [www.lseg.com/en/ftse-russell/](http://www.lseg.com/en/ftse-russell/).
- 1.1.2 The FTSE SET Index Series is designed to represent the performance of Thai companies, providing investors with a comprehensive and complementary set of indices, which measure the performance of the major capital and industry segments of the Thai market.
- 1.1.3 The FTSE SET Index Series does not take account of ESG factors in its index design.

### 1.2 FTSE SET Index Series

- 1.2.1 FTSE SET Large Cap Index  
This index comprises the largest 30 companies by full market capitalisation that meet stated eligibility requirements.
- 1.2.2 FTSE SET Mid Cap Index  
This index comprises the companies within the top 90% of the SET universe by full market capitalisation. They will also need to meet the stated eligibility requirements but are not constituents of the FTSE SET Large Cap Index.
- 1.2.3 FTSE SET Small Cap Index  
This index comprises the constituents within the top 98% of the SET universe by full market capitalisation. They will also need to meet the stated eligibility requirements but are not constituents of the FTSE SET Large Cap Index and the FTSE SET Mid Cap Index.
- 1.2.4 FTSE SET All-Share Index  
This index comprises the constituents in the FTSE SET Large Cap Index, the FTSE SET Mid Cap Index and the FTSE SET Small Cap Index.
- 1.2.5 FTSE SET All-Share Industry Indices  
There will be 10 (11) industry, 19 (20) supersector and 39 (45)<sup>1</sup> sector indices comprised of the constituents in the FTSE SET All-Share Index. These industries, supersectors and sectors are defined in the Industry Classification Benchmark (ICB).
- 1.2.6 FTSE SET Mid/Small Cap Index  
This index comprises the constituents in the FTSE SET Mid Cap Index and the FTSE SET Small Cap Index.

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<sup>1</sup> FTSE indices migrated to the new ICB classification system in March 2021.

1.2.7 FTSE SET Fledgling Index

This index comprises the constituents listed on the SET Universe that are too small to be in the FTSE SET All-Share Index.

1.2.8 FTSE SET Shariah Index

This index comprises the constituents of the FTSE SET All-Share Index that are Shariah compliant according to the Yasaar screening methodology.

1.2.9 Price and total return indices are published at the end of each working day. The total return indices are based on ex-dividend adjustments.

1.2.10 The indices commenced calculation on 29 February 2008 with a starting value of 1,000.

**1.3 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 Index objective and intended use**

1.4.1 The indices and index statistics are intended to reflect the investment markets included in the index definitions and to facilitate the detailed analysis of such markets.

1.4.2 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.

1.4.3 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 series<sup>2</sup>.

2.1.2 FTSE is responsible for the daily calculation, production and operation of the FTSE SET Index Series, and will:

- maintain records of the index weightings of all constituents and reserve list companies;
- make changes to the constituents and their weightings in accordance with the Ground Rules;
- carry out the periodic index reviews of the index series 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 indices.

2.1.3 The weightings of constituents in the real-time indices shall be used in the calculation of the end-of-day indices.

2.1.4 FTSE is also responsible for monitoring the performance of the FTSE SET Indices throughout the day and will determine whether the status of each Index should be firm, indicative or held (see Appendix B).

### 2.2 Status of these Ground Rules

2.2.1 This document sets out the Ground Rules for the construction and maintenance of the FTSE SET 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 continue to 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.

<sup>2</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).

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

## Section 3

# FTSE Russell index policies

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### 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, which 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:

[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 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 SET Index Series 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](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>3</sup>, the European benchmark regulation<sup>4</sup> and the UK benchmark regulation<sup>5</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>3</sup> IOSCO Principles for Financial Benchmarks Final Report, FR07/13 July 2013.

<sup>4</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>5</sup> The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019.



## Section 4

# Index construction

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## 4. Index construction

### 4.1 Eligible securities

- 4.1.1 All classes of the ordinary shares in issue are eligible for inclusion in the FTSE SET Index Series, subject to conforming to all other rules of eligibility, free float and liquidity.
- 4.1.2 Companies that have a full listing on the SET's main board are eligible for inclusion in the FTSE SET Index Series. Companies listed on other boards (markets) will not be included in the FTSE SET Index Series.
- 4.1.3 Convertible preference shares and loan stocks are excluded until converted.
- 4.1.4 Companies whose business is that of holding equity and other investments (e.g. investment trusts) classified by the Industry Classification Benchmark (ICB)<sup>6</sup> as subsector equity investment instruments (8985) (new ICB closed end investments (30204000)) and non-equity investment instruments classified by the ICB as subsector non-equity investment instruments (8995) (new ICB open end and miscellaneous investment vehicles (30205000)) will not be eligible for inclusion. For further details on the ICB, please visit the FTSE Russell website.
- 4.1.5 Securities that are subject to surveillance by the stock exchange and companies facing possible delisting according to No 9(6) of SET's Regulations on Delisting of Securities will not be eligible for index inclusion. Where an existing constituent is assigned to an ineligible segment, it will normally be deleted from the index at the next quarterly review and it will only be reconsidered for index inclusion after a period of 12 months from its deletion subject to it no longer being under surveillance. For the purposes of the index eligibility, it will be treated as a new issue.

### 4.2 Free float

- 4.2.1 Constituents of the FTSE SET Index Series are adjusted for free float.  
Further details on free float restrictions can be accessed using the following link:  
[Free Float Restrictions.pdf](#)
- 4.2.2 Initial weighting  
Free float will be calculated using available published information rounded to 12 decimal places. Companies with a free float of 15% or below are excluded from the index.

### 4.3 Liquidity

Securities must be sufficiently liquid to be traded. The following criteria will be used to ensure that illiquid securities are excluded.

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<sup>6</sup> FTSE indices migrated to the new ICB classification system in March 2021.

- 4.3.1 Each security will be tested for liquidity semi-annually in June and December by calculation of its monthly median daily trading volume.

Liquidity will be tested for the June review from the first business day of June of the previous year to the review cut-off date in May and for the December review from the first business day of December of the previous year to the review cut-off date in November. When calculating the median of daily trading volume of any security for a particular month, a minimum of five trading days in that month must exist, otherwise the month will be excluded from the test.

For each month, the daily trading volume for each security is calculated as a percentage of the shares in issue for that day adjusted by the free float at the review cut-off date. These daily values are then ranked in descending order and the median is taken by selecting the value for the middle ranking day if there is an odd number of days and the mean of the middle two if there is an even number of days.

Daily totals with zero trades are also included in the ranking, therefore a security that fails to trade for more than half of the days in a month will have a zero median trading volume for that month.

Any period of suspension will not be included in the test.

The liquidity test will be applied on a pro-rata basis where the testing period is less than 12 months.

- 4.3.2 For eligibility for inclusion, securities must turnover at least 0.05% of their shares in issue (after the application of any investability weightings) based on their median daily trading volume per month in 10 of the 12 months prior to the semi-annual review.

- 4.3.3 For existing constituents, securities must trade at least 0.04% of its shares in issue (after the application of any investability weightings) based on its median daily trading volume per month for at least eight of the 12 months prior to the semi-annual review.

- 4.3.4 A security that is excluded because it fails the liquidity requirement will be excluded from the index for the period until next semi-annual review.

- 4.3.5 In exceptional market conditions, if trading volumes are very low, FTSE Russell may reduce the percentage figure to avoid a large number of constituents being removed from the FTSE SET Index Series. This discretion may not be applied to individual securities. If FTSE Russell intends to exercise this discretion, it must make a public statement to that effect at least two weeks prior to the periodic review.

- 4.3.6 New issues, which do not qualify as early entrants, will become eligible for inclusion at the next periodic review of constituents providing they have, since the commencement of official non-conditional trading, a minimum trading record of at least 20 trading days prior to the date of the review and turnover of a minimum of 0.05% of their shares in issue based on its median daily trade, after the application of any free float and cross-holdings, per month in each month. For example, a new issue that did not qualify as an early entrant but has traded 21 days prior to the date of the review will need to have a turnover of a minimum of 0.05% of their shares in issue based on its median daily trade, after the application of any investability weightings. The inclusion of early entries (new issues) will not require a minimum trading record.

- 4.3.7 There is no liquidity requirement for constituents of the FTSE SET Fledgling Index.

#### **4.4 Shariah screening methodology by Yasaar**

- 4.4.1 Yasaar will ensure that all constituents and potential constituents are screened quarterly to determine their Shariah status. An overview of the Yasaar/FTSE Russell stock screening criteria is listed below.

- 4.4.2 Companies involved in the following activities will be non-permitted business sectors:

- A. conventional finance (non-Islamic banking, finance and insurance, etc.);
- B. alcohol and intoxicants: All forms of Alcohol or Alcohol based products and other intoxicants including, but not limited to, those participating in the alcohol/intoxicants trade businesses and offerings including the entire process chain; such as distillers, conveyers, packagers, distributors, vendors, storers, bars and restaurants;
- C. pork-related products and non-halal food production, packaging and processing or any other activity related to pork and non-halal food;

- D. entertainment (casinos, gambling, cinema, music, pornography and hotels)
- E. tobacco in all its forms, processors, vendors and manufacturers including but not limited to raw or treated tobacco, electronic cigarettes and vapes, cigarettes, cigars, Shisha and other water pipes using tobacco;
- F. weapons, arms and defence manufacturing.

This list is not exhaustive and is provided as a basic guidance to the broad principles involved.

4.4.3 After companies have been screened by their business sector activity, the remaining companies are further examined on their finances to ensure that those companies are Shariah compliant. Only those companies that pass the following financial ratios will be considered Shariah compliant.

- A. Debt is less than 33.333% of total assets.
- B. Cash and Interest-bearing items are less than 33.333% of total assets.
- C. Accounts receivable and cash are less than 50% of total assets.
- D. Total interest and non-compliant activities income should not exceed 5% of total revenue.

Companies that change financial compliance between two successive quarters will be monitored to check if their debt and/or cash/interest bearing ratios fall within 33.333% +/- 5% (i.e. below 31.667% and 35% or above). If, during the monitoring period, any company remains above or below 33.333% +/- 5% for two consecutive quarters, the compliance of that company will change accordingly.

Appropriate purification of dividends at 5%. This ratio calculates the recommended purification amount to be paid by the investor.

## Section 5

# Periodic review of constituent companies

## 5. Periodic review of constituent companies

### 5.1 Review dates

- 5.1.1 The FTSE SET Index Series will be reviewed on a semi-annual basis in June and December. The reviews will be based on data from the close of business on the Monday four weeks prior to the review effective date. The reviews will be implemented after the close of business on the third Friday (i.e. effective Monday) of June and December.
- 5.1.2 Yasaar will determine the Shariah-compliant companies semi-annually on the Monday four weeks prior to the review effective date. Any changes to the FTSE SET Shariah Index will be implemented after the close of business on the third Friday (i.e. effective Monday) of June and December.
- 5.1.3 Details of the outcome of the periodic review and the dates, on which any changes are to be implemented, will be published after the close of business on the first Friday of June and December to give users of the index sufficient notification of the changes before their implementation.

### 5.2 Rules for insertion and deletion at the periodic review

- 5.2.1 The rules for inserting and deleting securities at the periodic review are designed to provide stability in the selection of constituents of the FTSE SET Index Series while ensuring that the indices continue to be representative of the market by including or excluding those securities that have risen or fallen significantly.
- 5.2.2 No company can be a member of more than one of the following indices simultaneously:
- FTSE SET Large Cap Index
  - FTSE SET Mid Cap Index
  - FTSE SET Small Cap Index
  - FTSE SET Fledgling Index
- 5.2.3 A company will be inserted at the periodic review if it rises above the position stated below for the relevant index when the eligible securities for each FTSE SET Index are ranked by full market capitalisation, i.e. before the application of any investability weighting:
- |                          |   |                        |
|--------------------------|---|------------------------|
| FTSE SET Large Cap Index | – | Risen to 20th or above |
| FTSE SET Mid Cap Index   | – | Risen to 86% or above  |
- 5.2.4 A company will be deleted at the periodic review if it falls below the position stated below for the relevant index when the eligible securities for each FTSE SET Index are ranked by full market capitalisation, i.e. before the application of any investability weighting:
- |                          |   |                         |
|--------------------------|---|-------------------------|
| FTSE SET Large Cap Index | – | Fallen to 41st or below |
| FTSE SET Mid Cap Index   | – | Fallen to 92% or below  |

- 5.2.5 A constant number of constituents will be maintained for the FTSE SET Large Cap Index. Where a greater number of companies qualify to be inserted in an index than those qualifying to be deleted, the lowest-ranking constituents presently included in the index will be deleted to ensure that an equal number of companies are inserted and deleted at the periodic review. Likewise, where a greater number of companies qualify to be deleted than those qualifying to be inserted, the securities of the highest-ranking companies that are presently not included in the index will be inserted to match the number of companies being deleted at the periodic review.
- 5.2.6 A constant number of constituents will not be maintained for the FTSE SET Mid Cap Index, the FTSE SET Small Cap, the FTSE SET All-Share Index, the FTSE SET Mid/Small Cap Index, the FTSE SET Fledgling Index and the FTSE SET Shariah Index.
- 5.2.7 Yasaar's list of Shariah-compliant companies will be used to analyse the status of each FTSE SET All-Share Index constituent using the methodology described in rule 4.4. Any change will be implemented in the FTSE SET Shariah Index at the periodic review.
- 5.2.8 Where a company is deleted from either the FTSE SET Large Cap Index after FTSE Russell has approved periodic changes to the indices, but before the periodic changes have been implemented, the highest-ranking company from the new reserve list, excluding current index constituents, will replace the deleted company.
- 5.2.9 Buffers will be applied to provide stability in the selection of constituents of the FTSE SET All-Share Index. Non-constituents that are within the top 97% of the SET universe will be included in the FTSE SET All-Share Index, providing they meet the eligibility requirements as outlined in section 4. Non-constituents that are ranked below the top 97% of the SET universe will be included in the FTSE SET Fledgling Index, providing they meet the requirements as outlined in section 4. Existing constituents of the FTSE SET All-Share Index that are ranked below 99% of the SET universe will be excluded from the FTSE SET All-Share Index and included in the FTSE SET Fledgling Index. The FTSE SET Fledgling constituents that rank between 97% and 99% of the SET universe cut-offs will remain eligible for inclusion, providing they meet the requirements as outlined in section 4.
- 5.3 Reserve lists**
- 5.3.1 FTSE Russell will be responsible for publishing the five highest-ranking non-constituents of the FTSE SET Large Cap Index at the time of the periodic review. The reserve list will be used if one or more constituents are deleted during the period up to the next periodic review.

## Section 6

# Corporate actions and events

## 6. Corporate actions and events

- 6.1 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.

### 6.2 Shares in issue

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

### 6.3 Investability weightings

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

### 6.4 New issues

- 6.4.1 If, in the view of FTSE Russell, a new issue is so large (i.e. its full market capitalisation amounts to 2% or more of the FTSE SET All-Share Index, before application of individual constituent investability weightings) that the effectiveness of the index as a market indicator would be significantly and adversely affected by its own omission, FTSE will normally decide to include the new issue as a constituent of the FTSE SET Large Cap Index and remaining FTSE SET Indices that it qualifies for after the close of business on the fifth day of trading and eligibility will be determined using the closing price on the first day of trading. In all cases, advance notification confirming the timing of the inclusion of the new constituent will be given accordingly. The security that is the lowest-ranking constituent of the index will be selected for removal and placed in the reserve list for the FTSE SET Large Cap Index. In the event of the fifth day of trading occurring during the week of the index review, an eligible fast entrant will be added to the index concurrent with the review effective date.

Please note: only those shares being offered for sale in the IPO will be included in the index weighting at the time of fast entry inclusion (subject to not being categorised as restricted shares as defined within the Free float restrictions document).

#### 6.4.2 SPAC IPOs

If an unlisted special purpose acquisition company (“SPAC”) acquires a target company, becomes an eligible company structure and files an IPO registration statement and lists, then the company will be considered an IPO for the purposes of index inclusion.

6.4.3 In the case of a demutualisation where upon listing the entire free float of a new eligible security is immediately transferred to private shareholders, the addition of the security will be deferred for one month after trading has commenced – provided that adequate liquidity over the intervening period is demonstrated.

6.4.4 Variable, best effort and direct listing IPOs\* will not be considered for fast entry inclusion since FTSE Russell is:

- unable to confirm if the minimum free float requirement has been met; and
- unable to assign an accurate free float for the purposes of the index calculation.

6.4.5 Variable, best effort and direct-listing IPOs will be considered for index inclusion at the next semi-annual review if, by the review cut-off date, a public disclosure\* (which has been published post-IPO) is available confirming the updated shareholder structure. Index inclusion remains subject to meeting all other eligibility criteria. If the post IPO shareholder structure has not been disclosed by the review cut-off date, the evaluation of the company will be deferred to a subsequent semi-annual review.

\*A public disclosure is typically by way of a company filing, stock exchange notice or shareholding regulatory announcement.

6.4.6 New issues with a secondary market listing on SET (i.e. where there is a primary listing on another exchange) will be considered for inclusion at the next semi-annual review.

6.4.7 If FTSE decides to include a new issue as a constituent security other than as part of the normal periodic review procedure, this decision must be publicly announced at the earliest practicable time.

6.4.8 The new issue will also be subject to the free float and cross-holdings and other requirements detailed in section 4.

6.4.9 If a constituent is added to the FTSE SET All-Share Index, it will be eligible for inclusion in the FTSE SET Shariah Index at the next semi-annual review, subject to the constituent passing Yasaar’s screening methodology as described in rule 4.4.

#### 6.5 Deletions and replacements

6.5.1 If a constituent is de-listed from the SET, ceases to have a firm quotation, is subject to a takeover or has ceased to be a viable constituent as defined by the Ground Rules, it will be removed from the list of constituents.

6.5.2 Where the company to be removed is a constituent of the FTSE SET Large Cap Index, the vacancy will be filled by selecting the highest-ranking security by full market value in the appropriate reserve list as at the close of the index calculation two days prior to the deletion and related indices adjusted in accordingly. When the company is removed, no replacement will be found for the FTSE SET Mid Cap Index, the FTSE SET Small Cap Index, the FTSE SET All-Share Index, the FTSE SET Mid/Small Cap Index, the FTSE SET Fledgling Index and the FTSE SET Shariah Index.

6.5.3 Changes to the FTSE SET Large Cap Index, the FTSE SET Mid Cap Index, the FTSE SET Small Cap Index and the FTSE SET Mid/Small Cap Index will be made automatically to the FTSE SET All-Share Index.

6.5.4 A company deleted following a takeover, with a remaining free float of 15% or less, will not be reconsidered for index inclusion until completion of a one-year trading record.

## **6.6 Mergers, restructuring and complex takeovers**

- 6.6.1 If the effect of a merger or takeover is that one constituent in the FTSE SET Large Cap Index is absorbed by another constituent, the resulting company will remain a constituent of the appropriate index and a vacancy will be created. This vacancy will be filled by selecting the highest-ranking security by full market capitalisation in the appropriate reserve list as at the close of the index calculation two days prior to the deletion and related indices adjusted in accordance with rule 6.3. The vacancy will not be filled for the FTSE SET Mid Cap Index, the FTSE SET Small Cap Index, the FTSE SET All-Share Index, the FTSE SET Mid/Small Cap Index, the FTSE SET Fledgling Index and the FTSE SET Shariah Index.
- 6.6.2 If a constituent company in the FTSE SET Large Cap Index is taken over by a non-constituent company, the original constituent will be removed and replaced by the highest-ranking non-constituent in the appropriate reserve list. Any eligible company resulting from the takeover, subject to section 4, will be eligible to become the replacement company if it is ranked higher than any company on the reserve list. Any eligible company resulting from the takeover, subject to section 4, will be eligible to become a company of the FTSE SET Mid Cap Index if their respective full market capitalisations are equal or greater than the lowest ranking FTSE SET Mid Cap Index constituent. If smaller, they can be added to FTSE SET Small Cap Index if their respective full market capitalisations are equal or greater than 0.7% of the full market capitalisation of the FTSE SET Small Cap Index. If smaller than 0.7% they will be added to the FTSE SET Fledgling Index.
- 6.6.3 If a constituent company is split to form two or more companies, then the resulting companies will be eligible for inclusion as index constituents in the appropriate FTSE SET Indices, providing they are larger than the smallest constituent, based on their respective full market capitalisations i.e. before the application of any investability weightings and if they qualify in all other respects. For example, a FTSE SET Large Cap Index constituent split into two companies may result in one or both companies remaining in the FTSE SET Large Cap Index. Where both companies remain in the FTSE SET Large Cap Index, the smallest FTSE SET Large Cap Index constituent will become a constituent of the FTSE SET Mid Cap Index. This company will also be placed in the Reserve List for the FTSE SET Large Cap Index. Companies resulting from a split will be eligible to become a company of the FTSE SET Mid Cap Index if their respective full market capitalisations are equal or greater than the lowest ranking FTSE SET Mid Cap Index constituent. If smaller, they can be added to FTSE SET Small Cap Index if their respective full market capitalisations are equal or greater than 0.7% of the full market capitalisation of the FTSE SET Small Cap Index. If smaller than 0.7% they will be added to the FTSE SET Fledgling Index.
- 6.6.4 Index constituent changes resulting from a split will be determined based on market values at close on day one of trading and applied with two days' notice. Consequently, the FTSE SET Large Cap Index may have more than 30 companies for three days.
- 6.6.5 If a constituent of the FTSE SET Shariah Index merges or is taken over by a non-Shariah-compliant company, then it will remain in the index, subject to it being compliant with Yasaar Shariah criteria as described in rule 4.4.

## **6.7 Suspension of dealing**

- 6.7.1 This rule should be read in conjunction with the Corporate Actions and Events Guide.
- 6.7.2 If the suspended security deleted from the indices is a constituent of the FTSE SET Large Cap Index, it will be replaced with the highest-ranking security by full market value on the FTSE SET Large Cap reserve list as at the close of the index calculation two days prior to the deletion and related indices will be adjusted accordingly.



## Section 7

# Industry Classification Benchmark (ICB)

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## 7. Industry Classification Benchmark (ICB)<sup>7</sup>

### 7.1 Classification structure

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

7.1.2 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>7</sup> FTSE indices will migrate to the new ICB classification system in March 2021.

## Section 8

# Indices algorithm and calculation method

## 8. Indices algorithm and calculation method

### 8.1 Prices

8.1.1 The FTSE SET Index Series will use actual last trade prices, where available, for securities.

8.1.2 Refinitiv real-time exchange rates are used in the real-time index calculations.

### 8.2 Calculation frequency

8.2.1 The indices will be calculated and published in real-time for the FTSE SET Large Cap Index and every 60 seconds for the other indices in the FTSE SET Index Series.

### 8.3 Index calculation

8.3.1 The FTSE SET Index Series is calculated using the following formula:

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

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.
- $d$  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 SET Index Series	09:55	16:45
	(02:55)	(09:45)

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Notes:

1. The indices will not be calculated on public holidays.
2. Timings are local hours (GMT hours in brackets).

## Appendix B

# Status of indices

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The FTSE SET Index Series is calculated in Thai Baht on a real time (except for the FTSE SET All-Share Industry Indices, which are available on an end-of-day basis only).

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 SET Index Series are set out in Appendix A. Variations to the official hours of the indices will be published by FTSE Russell.

US Dollar, Euro, UK Sterling and Japanese Yen values will be calculated on an end-of-day basis.

## Appendix C

# 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 SET Index Series is available from FTSE Russell and SET.

For further information on the FTSE SET Index Series, please visit

**Website:** [www.lseq.com/en/ftse-russell/](http://www.lseq.com/en/ftse-russell/)

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