

Corporate Actions Policy

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Corporate Actions

- Merger and Acquisition (M&A)
 - Definitions
 - Processing Algorithm
 - Processing Schedule
 - Additional Terms
- Split/Reverse Split
 - Definitions
 - Processing Algorithm
 - Processing Schedule
 - Additional Terms
- Spin-Off
 - Definitions
 - Processing Algorithm
 - Processing Schedule
 - Additional Terms
- Symbol Renaming
 - Definitions
 - Processing Algorithm
 - Processing Schedule
 - Additional Terms
- Delisting/Bankruptcy
 - Definitions
 - Processing Algorithm
 - Processing Schedule
 - Additional Terms
- Dividend
 - Definitions
 - Processing Algorithm
 - Processing Schedule
 - Additional Terms
- Rights Offering
 - Definitions
 - Processing Algorithm

General Provisions

- Synthetically Derived Price
- Announcement Schedule
- Index Committee's Rights

Corporate Actions

Merger and Acquisition (M&A)

Definitions

Merger and acquisition - a corporate action event involving consolidating companies or assets through various types of financial transactions, including mergers, acquisitions, consolidations, tender offers, purchase of assets, and management acquisitions.

Target - a company/group of companies that will be acquired and cease to exist due to the execution of an M&A deal.

Acquirer - a company/group of companies interested in acquiring the target due to the execution of an M&A deal.

Processing Algorithm

- **Index constituent ceases to exist as an eligible instrument:** If the index constituent involved in the M&A is no longer eligible or exists as a financial instrument, it will be replaced in the index with a new company from the extended list of eligible companies.
- **Index constituent continues to exist as an eligible instrument:** No changes will be made to the index.

Processing Schedule

The corporate action is to be processed within a period from the day the target company approves the deal to the effective date, including.

Additional Terms

Due to information availability, the index committee reserves the right to extend the processing period to 5 market days after the deal's effective date. During this period, the last available price of the no longer existing financial instrument would be used for index calculation as a synthetically derived price.

Split/Reverse Split

Definitions

Split - a corporate action that involves increasing the total number of a company's outstanding shares and decreasing the share price accordingly without changing the company's market capitalization.

Reverse split - a corporate action that involves decreasing the total number of a company's outstanding shares and increasing the share price accordingly without changing the company's market capitalization.

Effective date - the first trading day when the company is traded with an adjusted price and number of shares outstanding.

Processing Algorithm

The share weight of the component in the index will be adjusted by the split or reverse split ratio.

Processing Schedule

Adjustments will be made on the effective date of the corporate action before the market opening.

Additional Terms

Due to information availability, the index committee reserves the right to use the theoretical price for the newly listed company till the first official market tick is received.

Spin-Off

Definitions

Spin-off - a corporate action occurs when a company divides parts of its business into a separate, new organization, distributing shares of the new entity to its current shareholders on a pro-rata basis.

Split-off - a corporate action within which a company offers shareholders distribution of newly established subsidiary company shares in exchange for their existing parent company shares.

Carve-out - a corporate action occurs when the parent company sells some or all of the shares in its subsidiary to the public through an initial public offering (IPO).

Effective date - the first official trading day of the newly listed company. When-issued instruments instruments are not considered.

Processing Algorithm

- **Split-off:** No changes will be made to the index.
- **Carve-out:** No changes will be made to the index.
- **Spin-off entity listed on eligible markets:** Based on the spin-off ratio, the spin-off entity will be added to the index as a constituent.
- **Spin-off entity unavailable on eligible markets:** No changes will be made to the index.

Processing Schedule

Adjustments will be made on the effective date of the corporate action before the market opening.

Additional Terms

Due to information availability, the index committee reserves the right to:

- Extend the processing period to 5 market days after the deal's effective date.
- Use the newly listed company's stock's theoretical price until the first official market tick is received.

Symbol Renaming

Definitions

Symbol renaming - a corporate action that occurs when a listed company decides to change its ticker symbol on the stock exchange.

Effective date - the company's first trading day using a new symbol.

Processing Algorithm

The old symbol of the index constituent will be replaced with the new symbol.

Processing Schedule

Replacement will be made on the effective date of the corporate action before the market opening.

Additional Terms

Due to information availability, the index committee reserves the right to extend the processing period to 5 market days after the deal's effective date. During this period, the last available price corresponding to the old symbol of the constituent would be used for index calculation as a synthetically derived price.

Delisting/Bankruptcy

Definitions

Delisting - a corporate action during which security is removed from a stock exchange, making it no longer classified as an eligible constituent of the index.

Bankruptcy - a corporate action when a company cannot meet its financial obligations and seeks legal protection to address its debts.

Processing Algorithm

Affected index constituent will be replaced by another company from the extended list of eligible index constituents.

Processing Schedule

The corporate action is to be processed within a period from the day the company/market makes the official statement to the effective date, including.

Additional Terms

Due to information availability, the index committee reserves the right to extend the processing period to 5 market days after the corporate action's effective date. During this period, the last available price of the no longer existing financial instrument would be used for index calculation as a synthetically derived price.

Dividend

Definitions

Dividend - a corporate action when the board of directors decides to distribute a portion of a company's earnings to shareholders through cash and/or shares.

Record date - is the day on which the company checks its records to identify shareholders of the company.

Payment date - is the day the company mails out the dividend to all record holders.

Processing Algorithm

- **Stock Dividend:** processed as Split/Reverse split assuming split ratio equal to 1 + stock dividend ratio.
- **Other Dividends:** no changes will be made to the index.

Processing Schedule

Adjustments will be made on the market day following the payment date of the corporate action before market opening.

Additional Terms

Due to information availability, the index committee reserves the right to use the theoretical price for the newly listed company till the first official market tick is received.

Rights Offering

Definitions

Rights offering - a corporate action when the company provides existing shareholders with a right to buy a specified number of additional shares from the company at a pre-defined price within the pre-defined period.

Processing Algorithm

No changes will be made to the index.

General Provisions

Synthetically Derived Price

If no market price is available during the current market session, the last known price will be used for index calculation as a synthetically derived price.

Announcement Schedule

Announcements about upcoming changes in the index constituents list and/or corresponding constituents shares will be published before the market opens on the effective date.

Index Committee's Rights

The Index Committee reserves the right to make exceptions to this policy at its discretion, ensuring the index's integrity and relevance are maintained.

This policy is subject to review and amendment by the Index Committee to reflect changes in market practices or the regulatory environment.