

**Ground Rules**



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# **FTSE/ATHEX Global Traders Index Series**

v2.0

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**ATHEX**  
Athens Stock Exchange



## Contents

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<b>1.0</b>	<b>Introduction .....</b>	<b>3</b>
<b>2.0</b>	<b>Management Responsibilities.....</b>	<b>5</b>
<b>3.0</b>	<b>Eligible Securities .....</b>	<b>7</b>
<b>4.0</b>	<b>Investability Screens .....</b>	<b>8</b>
<b>5.0</b>	<b>Periodic Review of Constituents .....</b>	<b>10</b>
<b>6.0</b>	<b>Changes to Constituent Companies .....</b>	<b>12</b>
<b>7.0</b>	<b>Changes to Constituent Weightings .....</b>	<b>14</b>
	<b>Appendix A: Indices Algorithm and Calculation Method ...</b>	<b>15</b>
	<b>Appendix B: Index Opening and Closing Hours .....</b>	<b>16</b>
	<b>Appendix C: Publication of Information .....</b>	<b>17</b>
	<b>Appendix D: Further Information .....</b>	<b>18</b>

## Section 1

# Introduction

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### 1.0 Introduction

- 1.1 The FTSE/ATHEX Global Traders Index Series comprises the FTSE/ATHEX Global Trader Plus Index and the FTSE/ATHEX Global Trader Index which have been designed to provide real time measures of the ATHEX listed companies with a significant proportion of income derived from activities outside Greece.
- 1.2 The FTSE/ATHEX Global Trader Index is the benchmark index and captures the performance of all the ATHEX listed companies with proportion of revenues from abroad greater than or equal to 20%.
- 1.3 The FTSE/ATHEX Global Trader Plus Index, captures the performance of the 30 companies with the higher proportion of revenues from abroad from the constituents of the FTSE/ATHEX Global Traders Index.
- 1.4 The FTSE/ATHEX Global Traders Index Series are calculated real time by ATHEX.
- 1.5 The starting value of both indexes is 1,000 points, as at 3 December 2012.
- 1.6 **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 MTSNext Limited), Mergent, Inc., FTSE Fixed Income LLC and The Yield Book Inc.
- 1.7 The Benchmark Administrator considers that the benchmark would be appropriate for use for research, performance benchmarking or financial products. This list is non-exhaustive and users of the benchmark may have alternative purposes in mind.
- 1.8 The Benchmark Administrator hereby notifies users of the index that it is possible that circumstances, including external events beyond the control of the Benchmark Administrator, may necessitate changes to, or the cessation, of the index and therefore, any financial contracts or other financial instruments that reference the index should be able to withstand, or otherwise address the possibility of changes to, or cessation of, the index.
- 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 the Benchmark Administrator (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 errors or 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 errors or inaccuracies in the compilation of the Index or any constituent data.

## Section 2

# Management Responsibilities

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### 2.0 Management Responsibilities

There are three groups involved in the management of the indexes:

- A. FTSE Athex Index Series Advisory Committee
- B. FTSE International Limited (FTSE)
- C. Athens Exchange (ATHEX)

#### 2.1 Athens Exchange (ATHEX)

- 2.1.1 The Athens Exchange is the Benchmark Administrator and is responsible for the daily operation of the indexes.<sup>1</sup>
- 2.1.2 ATHEX monitors all corporate actions and price changes and implements all constituent and weighting changes to the indexes.

#### 2.2 FTSE International Limited (FTSE)

- 2.2.1 FTSE is the Auditor to the indexes.
- 2.2.2 FTSE is responsible for monitoring changes to the indexes, auditing its operation and advising the ATHEX on the treatment of complex corporate actions.
- 2.2.3 FTSE will present an audit report to the Advisory Committee twice per year. The Committee may recommend changes to the operation of the indexes following consideration of the audit report.

#### 2.3 FTSE/ATHEX Index Series Advisory Committee (the Advisory Committee)

- 2.3.1 The Advisory Committee has been established by FTSE Russell and the Athens Exchange to:
  - Discuss proposed changes to the Ground Rules of the FTSE Athex Index Series; and
  - Comment on the index reviews presented by the Athens Stock Exchange for the FTSE Athex Index Series.

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<sup>1</sup> The term administrator is used in this document in the same sense as it is defined [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).

2.3.2 The Terms of Reference of the FTSE Athex Index Series Advisory Committee are set out on the FTSE Russell website and can be accessed using the following link:

[FTSE Athex Index Series Advisory Committee.pdf](#)

#### 2.4 **Amendments to these Ground Rules**

2.4.1 These Ground Rules shall be subject to regular review (at least once a year) by the Benchmark Administrator and FTSE Russell to ensure that they continue to best reflect the aims of the index series. The review process will include consultation on any proposed changes with the FTSE ATHEX Index Series Advisory Committee and the FTSE Russell Product Governance Board Board and approval by Listings and Market Operation Committee of the Athens Stock Exchange.

2.4.2 Changes to these Ground Rules can be authorised only by the Benchmark Administrator and FTSE Russell. In the event that an amendment is made to any of the Ground Rules, 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 together with the FTSE/ATHEX Index Series Advisory Committee will consider whether the Ground Rules should subsequently be updated to provide greater clarity.

## Section 3

# Eligible Securities

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### 3.0 Eligible Securities

#### 3.1 All Indexes

- 3.1.1 All classes of ordinary shares in issue are eligible for inclusion in the indexes subject to conforming to Rules 3.1.2 to 4.1.2.
- 3.1.2 A company must be incorporated in Greece to be eligible. Any other company will be ineligible.
- 3.1.3 Shares must be listed on the Main market of the Athens Exchange. Where a company does not list all its shares in an eligible class, or does not list an entire class, these unlisted shares are not eligible.
- 3.1.4 Where a company lists multiple lines of equity capital, only the primary class of share (as defined by relative market capitalisation) will be eligible for inclusion in the indexes.
- 3.1.5 Where a company's shares are issued partly, or nil, paid and the call dates are already determined and known, the market price will, for the purposes of calculating its market capitalisation, be adjusted so as to include all such calls (i.e. the fully paid price).
- 3.1.6 Convertible preference shares and loan stocks are ineligible.
- 3.1.7 Companies whose business is only that of holding equity and other investments (supersector code 3020) will be excluded. Banks (supersector code 3010) and Insurance (supersector code 3030) companies are also excluded. Exchange Traded Funds (ETF's) and funds whose prices are a direct derivation of underlying holdings will be excluded.
- 3.1.8 The Benchmark Administrator must be satisfied that an accurate and reliable price is available for the purposes of determining the market value of a company.
- 3.1.9 Those securities that are traded by Call Auction or are transferred to Call Auction trading are not eligible for inclusion in either index.
- 3.1.10 Securities must be traded on a continuous basis throughout the full ATHEX trading day.

## Section 4

# Investability Screens

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### 4.0 Investability Screens

Eligible securities are subject to investability screens:

#### 4.1 Free float

Shares in issue must, in the opinion of the Benchmark Administrator be publicly available for investment. The Benchmark Administrator will adjust share weightings where cross-holdings exist or where free float is restricted.

##### 4.1.1 Restricted free float includes:

- Shares directly owned by State, Regional, Municipal and Local governments (excluding shares held by independently managed pension schemes for governments).
- Shares held by directors, senior executives and managers of the company, and by their family and direct relations, and by companies with which they are affiliated.
- Shares held within employee share plans.
- Shares held by public companies or by non-listed subsidiaries of public companies.
- All shares where the holder is subject to a lock-in clause (for the duration of that clause)<sup>2</sup>.
- Shares held by an investor, investment company or an investment fund that is actively participating in the management of a company or is holding shares in a company for strategic reasons as evidenced by specific statements to that effect in publicly available announcements, or has successfully placed a current member to the board of directors of a company.
- Shares that are subject to on-going contractual agreements (such as swaps) where they would ordinarily be treated as restricted.

##### 4.1.2 Free float restrictions where holding is 10% or greater

- Shares that are held by Sovereign Wealth Funds.
- Shares held by founders, promoters, former directors, founding venture capital and private equity firms, private companies, individuals (including employees) and shares held by several holders acting in concert.

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<sup>2</sup> Free Float changes resulting from the expiry of a lock-in will be implemented at the next quarterly review subject to the lock-in expiry date occurring on or prior to the share and float change information cut-off date.



The shares will remain restricted until the holding falls below 10%

4.1.3 Free float restrictions where holding is 30% or greater

For clarity, portfolio holdings (such as pension fund, insurance fund or investment companies) are generally not considered as restricted. However where a single portfolio holding is 30% or greater it will be regarded as strategic and therefore restricted. The shares will remain restricted until the holding falls below 30%.

4.1.4 Free float restrictions will be calculated using available published information. For Equity Shares of companies which have been admitted to the Index that have a free float greater than 15%, the actual free float will be rounded up to the next highest whole percentage number. Companies with a free float of 15% or below are not eligible for inclusion in the Index.

4.1.5 A constituent's free float will also be reviewed and adjusted if necessary following a corporate event. If the corporate event includes a corporate action which affects the index, any change in free float will be implemented at the same time as the corporate action. If there is not a corporate action, the change in free float will be applied as soon as practicable after the corporate event.

4.1.6 Following the application of an initial free float restriction, a constituent's free float will only be changed if its rounded free float moves to more than 3 percentage points above or below the existing rounded free float. Where a company's actual free float moves to above 99%, it will not be subject to the 3 percentage points threshold and will be rounded to 100%.

## Section 5

# Periodic Review of Constituents

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### 5.0 Periodic Review of Constituents

- 5.1 The constituent reviews will be based on data collected as at the end of April. Market capitalisation will be calculated on the last trading date of April.<sup>3</sup> Revenue Split will be derived from the annual financial statements of the ATHEX listed companies.
- 5.2 Changes arising from the annual review will be implemented after the close of business on the third Friday of June, in line with the implementation of the review of the FTSE/ATHEX Index Series.
- 5.3 The annual review of constituents of the FTSE/ATHEX Global Traders Index Series will be conducted first using the following steps:
- A. Create database of all securities listed on the Athens Exchange,
  - B. Exclude securities which do not fulfil criteria set out in Rule 3.1,
  - C. Rank all securities by descending revenues proportion from abroad.
- 5.4 The securities of the companies with more than or equal to 20% of their revenues from abroad will comprise the constituent list of the FTSE/ATHEX Global Traders Index.
- 5.5 The top 30 securities of the rank according to revenue proportion from abroad will comprise the constituent list of the FTSE/ATHEX Global Traders Plus Index where:
- A. Non-Constituents which have risen to position 25 or above will be included in the index at the annual review and,
  - B. Existing constituents which have fallen to position 36 or below will be removed from the index at the annual review.
- 5.6 **Reserve lists**
- 5.6.1 ATHEX will be responsible for publishing the five highest ranking non-constituents of the FTSE/ATHEX Global Traders Plus Index. The Reserve List will be used in the event that one or more constituents is deleted from the index during the period up to (but not including) the next annual review.
- 5.6.2 There is no reserve list for the FTSE/ATHEX Global Traders Index.

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<sup>3</sup> Periodic reviews were previously implemented on the last trading Friday of May. The change to the close of business on the third Friday of June is effective from the annual index review in May 2017.

## 5.7 Capping dates

5.7.1 The constituents of FTSE/ATHEX Global Trades Index Series are capped semi-annually at the close of business on the third Friday of June and December. The capping is implemented using prices adjusted for corporate actions as at the close of business on the second Friday of June and December based on the constituents, shares in issue and free float.

5.7.2 Constituents of the FTSE/ATHEX Global Traders Plus Index may be recapped to 20% outside of the time of the semi-annual reviews if the impact of a corporate action or index addition warrants such extraordinary action. The capping will be implemented using prices two days prior to the effective date of the corporate action or index addition. Notification will be provided to users of the index in advance of the implementation date.

## 5.8 Capping Methodology

### 5.8.1 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.<sup>4</sup>

### 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.

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.<sup>5</sup>

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%.

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<sup>4</sup> In the case more than two companies require 20% capping, then the top capping weight will be revaluated.

<sup>5</sup> Companies capped at 20% will not be capped further.

## Section 6

# Changes to Constituent Companies

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### 6.0 Changes to Constituent Companies

#### 6.1 Removal

- 6.1.1 If a constituent is delisted, or ceases to have a firm quotation, or is subject to a takeover offer which has been unconditionally accepted or has ceased to be a viable constituent as defined by the Ground Rules, it will be removed from the list of constituents.
- 6.1.2 The removal is effected simultaneously, before the start of business on the day following the day on which the event justifying removal was announced. Announcements after close of business are normally deemed to be made on the following business day. In the case of a takeover, the qualifying event is an announcement that the offer has been unconditionally accepted.
- 6.1.3 When a vacancy occurs in the FTSE/ATHEX Global Traders Plus Index, it will be filled by the highest ranking eligible non-constituent from the reserve list, as at the close of business two days prior to the effective date of the deletion.

#### 6.2 Mergers, restructuring and complex takeovers

- 6.2.1 If the effect of a merger or takeover is that one constituent is absorbed by another constituent within the same index, the resulting company will remain a constituent of the appropriate index. If a vacancy in the FTSE/ATHEX Global Traders Plus Index is created, this vacancy will be filled by selecting the highest ranking eligible non-constituent security from the Reserve List as at the close of business two days prior to the replacement being required.
- 6.2.2 If the effect of a merger or takeover is that a constituent of the FTSE/ATHEX Global Traders Plus Index is absorbed by a constituent of the FTSE/ATHEX Global Traders Index, the resulting company is eligible for inclusion as the replacement company in the FTSE/ATHEX Global Traders Plus Index. If the effect of a merger or takeover is that a constituent of the FTSE/ATHEX Global Traders Index is absorbed by a constituent of the FTSE/ATHEX Global Traders Plus Index, the newly formed entity remains a constituent of the FTSE/ATHEX Global Traders Plus Index.

#### 6.3 Suspension of dealing

- 6.3.1 If a constituent is suspended on its home exchange it may remain in the indexes, at the price at which it is suspended, for up to 10 business days. During this time FTSE/ATHEX may delete the constituent immediately at zero value in cases where it is expected that the constituent will not recommence trading.

- 6.3.2 Where a suspension of a constituent lasts beyond noon on the tenth business day (and the option to remove the constituent has not been exercised), the constituent will normally be deleted from the indexes on the eleventh trading day at zero value. Where suspension is for a reason not to the detriment of the constituent and its suspension is expected to be short-term, it may be retained at its suspension price.
- 6.3.3 If the suspended company is deleted from the indexes, it will be replaced with the highest ranking company on the Reserve List eligible to be included in the indexes as at the close of the index calculation on the day preceding the inclusion of the replacement company. This change will be effected after the close of the index calculation and prior to the start of the index calculation on the following day.
- 6.4 **Relisting of suspended constituents**
- 6.4.1 Securities which on relisting after a period of suspension of less than 3 months are larger than the smallest constituent of the index will be reinstated at the price at which they were removed until the next periodic review of constituents.
- 6.4.2 If a company relists after a continuous period of suspension lasting more than 3 months, the company will be treated as a new issue for the purposes of index eligibility.

## Section 7

# Changes to Constituent Weightings

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### **7.0 Changes to Constituent Weightings**

- 7.1 For the purposes of computing the FTSE/ATHEX Indices, the number of shares in issue for each constituent security is expressed to the nearest share.
- 7.2 If a constituent's corporate action requires a price and/or shares in issue adjustment according to the current ATHEX regulations, the change in the number of shares in issue will be applied simultaneously with the corporate action.
- 7.3 Any exceptions to the above arrangements will be notified to all users in advance of implementation.
- 7.4 All adjustments are made before the start of the index calculation on the day concerned, unless market conditions prevent this.

# Appendix A: Indices Algorithm and Calculation Method

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## Prices

The indexes will use last trade prices for securities.

## Calculation frequency

The indexes will be calculated in real time during the opening hours of the Athens Exchange using real time prices.

## Calculation of the Indices

The indexes will be displayed to two decimal places.

The indexes are 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.
- $c_i$  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.
- $f_i$  is the Free Float Band to be applied to each security, where 100 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 B: Index Opening and Closing Hours

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Index	Open	Close
FTSE/ATHEX Global Traders Index Series	08:30 (GMT)	15:20 (GMT)





## Appendix C: Publication of Information

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FTSE Russell and the Athens Exchange shall ensure that the following information on the indexes is widely published:

- A. Ground Rules
- B. Index values
- C. List of constituents
- D. Changes to constituents
- E. Changes and amendments to the Ground Rules
- F. Details of any recalculations or calculation amendments

Constituent prices, weightings and other stock data together with statistics on the indexes are available on subscription from FTSE Russell and the Athens Exchange.



## 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](#)

For further information on the FTSE/ATHEX Global Traders Index Series, please contact FTSE Russell or ATHEX. Contact details can also be found on:

**Website FTSE:** [www.ftserussell.com](http://www.ftserussell.com)

**Website ATHEX:** [www.Athexgroup.gr](http://www.Athexgroup.gr)

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