

FTSE/ATHEX High Dividend Yield Index Series

v1.4



**FTSE
RUSSELL**
An LSEG Business



ATHEX
Athens Stock Exchange

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Section 1

Introduction

1. Introduction

- 1.1 The FTSE/ATHEX High Dividend Yield Index Series is designed to represent the performance of the top 25 companies within the Athens market with the highest cash distribution yield.
- 1.2 The FTSE/ATHEX High Dividend Yield Index Series is calculated real time by ATHEX and audited by FTSE Russell.
- 1.3 The starting value of both indices is 2,000 points, as at the close of the third Friday of March 2020.
- 1.4 Price index in real time and net total return index at the end-of-day basis is available.
- 1.5 **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, The Yield Book Inc and Beyond Ratings.
- 1.6 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.
- 1.7 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.
- 1.8 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;
 - 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

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

- A. Athens Exchange (ATHEX);
- B. FTSE International Limited (FTSE); and
- C. ATHEX advisory committee for the management of stock market indices

2.1 Athens Exchange (ATHEX)

- 2.1.1 The ATHEX is the benchmark administrator and is responsible for the daily operation of the indices¹.
- 2.1.2 ATHEX monitors all corporate actions and price changes and implements all constituent and weighting changes to the indices.

2.2 FTSE International Limited (FTSE)

- 2.2.1 FTSE is the auditor to the indices.
- 2.2.2 FTSE is responsible for monitoring changes to the indices, 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 ATHEX Advisory Committee for the Management of Stock Market Indices twice per year. The committee may recommend changes to the operation of the indices following consideration of the audit report.

2.3 ATHEX Advisory Committee for the Management of Stock Market Indices

- 2.3.1 The ATHEX Advisory Committee for the Management of Stock Market Indices has been established by ATHEX to:
 - comment on 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, as audited by FTSE Russell.
- 2.3.2 The Terms of Reference of the ATHEX advisory committee for the management of stock market indices are set out on the [ATHEX](#) website.

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

2.4 ATHEX Oversight Committee (the oversight committee)

2.4.1 The Oversight Committee has been established by the ATHEX to:

- review the benchmark’s definition and methodology;
- oversee any changes to the benchmark methodology;
- oversee the administrator’s control framework, the management and operation of the benchmark;
- review and approve procedures for cessation of the benchmark;
- assess internal and external audits or reviews, and monitor the implementation of identified remedial actions; and
- report to the relevant competent authorities any misconduct by the benchmark and any anomalous or suspicious input data.

2.5 Amendments to these Ground Rules

2.5.1 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 ATHEX Advisory Committee for the Management of Stock Market Indices and the FTSE Russell Index Governance Board and approval by the ATHEX Index Oversight Committee and the FTSE Russell Index Governance Board.

2.5.2 Changes to these Ground Rules can be authorised only by the benchmark administrator and FTSE Russell. If 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 ATHEX will consider whether the Ground Rules should subsequently be updated to provide greater clarity.

Section 3

Eligible securities

3. Eligible securities

3.1 All indices

- 3.1.1 All classes of ordinary shares in issue are eligible for inclusion in the indices subject to conforming to rules 3.1.2 to 4.1.2.
- 3.1.2 Shares must be listed on the main market of the ATHEX. 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.
- 3.1.3 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 indices.
- 3.1.4 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).
- 3.1.5 Convertible preference shares and loan stocks are ineligible.
- 3.1.6 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.
- 3.1.7 Those securities that are traded by call auction or are transferred to call auction trading are not eligible for inclusion in either index.
- 3.1.8 Securities must be traded on a continuous basis throughout the full ATHEX trading day.

3.2 Eligible cash distributions

- 3.2.1 All cash distributions² are eligible and only distributions that are explicitly characterised by the company as non-recurring should be excluded.

3.3 Cash distribution yield

- 3.3.1 Two years average cash distribution yield will be calculated as follows:
- For year T total value of all eligible cash distributions for the period 01/11/Year $T-1$ – 30/10/Year T against full market capitalisation on the last trading day of October of year T .
 - For year $T-1$ total value of all eligible cash distributions for the period 01/11/Year $T-2$ – 30/10/Year $T-1$ against full market capitalisation on the last trading day of October of year $T-1$.
 - The average of year T and year $T-1$ yields are the two years average cash distribution yield.
- 3.3.2 Companies must have cash distributions for both year T and year $T-1$ to be eligible for index inclusion.

² Interim and regular dividends, capital returns, special dividends, distribution of reserves, distribution of past year profits.

Section 4

Investability screens

4. 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, 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)³;
- 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; and
- shares that are subject to ongoing 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.

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%.

³ 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.

- 4.1.4 Free float restrictions will be calculated using available published information. For equity shares of companies that 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 three 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 three percentage points threshold and will be rounded to 100%.

Section 5

Periodic review of constituents

5. Periodic review of constituents

- 5.1 The FTSE/ATHEX High Dividend Yield Index Series will be reviewed annually in November.
- 5.2 The constituent reviews will be based on data collected as at the end of October.
- 5.3 Changes arising from the annual review will be implemented after the close of business on the third Friday of December.
- 5.4 The annual review of constituents of the FTSE/ATHEX High Dividend Yield Index Series will be conducted using the following steps:
- A. create database of all securities listed on the ATHEX;
 - B. exclude securities that do not fulfil criteria set out in rule 3.1;
 - C. rank companies by two years average distribution yield as set out in rule 3.2 and rule 3.3 in descending order; and
 - D. the first 25 of the rank will be included in the index.
- 5.4.1 Capping dates
- 5.4.2 The constituents of the FTSE/ATHEX High Dividend Yield Index Series are capped semi-annually as at the close of business on the third Friday of June and December based on the constituents, shares in issue and free float on the next trading day following the third Friday of the capping month. The capping is implemented using prices adjusted for corporate actions as at the close of business on the second Friday of June and December.
- 5.4.3 Constituents of the index may be recapped to 10% 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.
- 5.5 Capping methodology**
- 5.5.1 Step one
- No individual company in the index can be greater than 10%. A company with weight greater than 10% is capped at 10% capping weight.
- 5.5.2 Step two
- If the result of the previous round of capping causes weights of uncapped companies to be greater than 10%, they will be capped at 10%.

5.6 Reserve list

5.6.1 ATHEX will be responsible for publishing the five highest-ranking eligible non-constituents of the FTSE/ATHEX High Yield Index.

The reserve list will be used if one or more constituents is deleted from the index during the period up to (but not including) the next annual review.

Section 6

Changes to constituent companies

6. Changes to constituent companies

6.1 Removal

- 6.1.1 If a constituent is delisted, ceases to have a firm quotation or is subject to a takeover offer that 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 and replaced by the highest-ranking eligible security from the index reserve list as at the close of business two days prior to the effective date of the deletion.
- 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 If, between the announcement of the review and the implementation of the review, a vacancy in a FTSE/ATHEX High Yield Index occurs, it will be replaced by the highest-ranking eligible non-constituent from the new reserve list. If the company to be removed is one previously announced as a forthcoming removal due to the index review, it will normally be replaced by the highest-ranking company (at the review date) previously announced as an addition at the index review.

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 index and a vacancy will be created. This vacancy will be filled by selecting the highest-ranking eligible non-constituent security from the index reserve list as at the close of business two days prior to the replacement being required.

6.3 Suspension of dealing

- 6.3.1 If a constituent is suspended on its home exchange, it may remain in the indices, 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 10th business day (and the option to remove the constituent has not been exercised), the constituent will normally be deleted from the indices on the 11th 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 indices, it will be replaced with the highest-ranking company on the reserve list eligible to be included in the indices 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 that, on relisting after a period of suspension of less than three 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 three months, the company will be treated as a new issue for the purposes of index eligibility.

Section 7

Changes to constituent weightings

7. Changes to constituent weightings

- 7.1 For the purposes of computing the FTSE/ATHEX High Dividend Yield Index Series, 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

Prices

The indices will use last trade prices for securities.

Calculation frequency

The indices will be calculated in real time during the opening hours of the ATHEX using real-time prices.

Calculation of the indices

The indices will be displayed to two decimal places.

The indices 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

Publication of information

FTSE Russell and the ATHEX shall ensure that the following information on the indices 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 indices are available on subscription from FTSE Russell and the ATHEX.

Appendix C

Further information

A Glossary of Terms used in FTSE Russell's Ground Rule documents can be found using the following link:

[Glossary.pdf](#)

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

FTSE website: www.lseg.com/en/ftse-russell/

ATHEX website: www.athexgroup.gr

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