

**GROUND RULES**  
for the Management of the

**FTSE RENAISSANCE  
ASIA PACIFIC  
IPO INDEX SERIES**

Version 1, March 2010



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# Introduction - Ground Rule 1

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## 1.1 FTSE Renaissance Asia Pacific IPO Index Series

1.1.1 The FTSE Renaissance Asia Pacific IPO Index Series has been created by FTSE Group ("FTSE") and Renaissance Capital International LLC ("Renaissance") to represent the performance of IPO companies in the Asia Pacific ex Japan region, providing investors with a comprehensive and complementary set of indices. In particular the indices;

- capture the growth potential of key Asian markets
- capture new sectors that tend to be established via IPO offerings
- measure the performance of IPO offerings over a 500 trading day horizon.

## 1.2 Ground Rules

1.2.1 This document sets out the Ground Rules for the construction and maintenance of the FTSE Renaissance Asia Pacific IPO Index Series. Copies of the Ground Rules are available from FTSE on the website [www.ftse.com](http://www.ftse.com). For the latest revisions to the Ground Rules, see [www.ftse.com](http://www.ftse.com).

## 1.3 Indices included in the FTSE Renaissance Asia Pacific IPO Index Series

The following indices are included in the FTSE Renaissance Asia Pacific IPO Index Series:

### 1.3.1 FTSE Renaissance Asia Pacific ex Japan IPO Index

This index is designed to measure the essence of IPO activity and performance in the Asia Pacific ex Japan region, capturing companies that list with an investable market capitalisation of USD 100 million or greater.

### 1.3.2 FTSE Renaissance Asia Pacific IPO Country Indices

These country indices are designed to measure the essence of IPO activity and performance for each eligible market in the Asia Pacific ex Japan region, and are a subset of the FTSE Renaissance Asia Pacific ex Japan IPO Index.

### 1.3.3 FTSE Renaissance Hong Kong/China Top IPO Index

This index comprises the largest Hong Kong listed companies including Chinese Red Chips and H-Shares selected from the FTSE Renaissance Asia Pacific ex Japan IPO Index.

## Status of Indices - Ground Rule 2

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2.1 The FTSE Renaissance Asia Pacific ex Japan IPO Index is calculated in real time in US Dollars. The FTSE Renaissance Hong Kong/China Top IPO Index is calculated in real time in Hong Kong Dollars. At any given moment, they may exist in one of the following four states.

**a) Firm**

The indices are calculated during Official Market Hours (see Rule 5.6). No message is displayed with the index value.

**b) Closed**

- i. Real-time calculations have ceased for the day. The message 'CLOSE' is displayed with the index value.
- ii. The Official Closing Price for the FTSE Renaissance Asia Pacific IPO Index Series will be the Exchange Official Closing Price for each market.

**c) Held**

An index has exceeded pre-set real-time operating parameters and the calculation has been suspended pending resolution of the issue. The message 'HELD' is displayed with the last index value.

**d) Indicative**

Arises when a situation develops that affects the quality of the constituent prices during calculation. In this case, the index is declared indicative (e.g. normally when a 'fast market' exists). The message 'IND' is displayed with the index value.

2.2 The official opening and closing hours of the FTSE Renaissance Asia Pacific IPO Index Series are set out in Appendix A. Variations to the official hours of the indices will be published by FTSE.

2.3 US Dollar, Euro, UK Sterling, Japanese Yen and Local Currency values will be calculated on an end-of-day basis for the FTSE Renaissance Asia Pacific IPO Index Series.

## Treatment of Eligible Securities - Ground Rule 3

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### 3.1 Determining Country Allocation

- 3.1.1 FTSE normally assigns a company to the country in which it is incorporated and has its primary listing. A company's index country assignment is reviewed whenever there is a material change.
- 3.1.2 FTSE ultimately decides whether a company is eligible for inclusion in the Index Series review universe.
- 3.1.3 The country allocation of a company is reassessed at the periodic reviews, whenever there is a material changes in its geographic status.
- 3.1.4 Appeals of a country assignment decision by FTSE are made to the FTSE Policy Group.

### 3.2 Classes included

- 3.2.1 FTSE periodically reviews the classes of eligible securities.

### 3.3 Eligible Securities

- 3.3.1 All classes of the ordinary and preferred equity securities listed in the markets stated in 3.3.2 are eligible for inclusion in the FTSE Renaissance Asia Pacific IPO Index Series.
- 3.3.2 The constituents of the FTSE Renaissance Asia Pacific IPO Index Series contain companies whose primary trading are from the following participating markets:
- Australia
  - Hong Kong SAR
  - China (Red Chip, H share)
  - India
  - Indonesia
  - Malaysia
  - New Zealand
  - Pakistan
  - Philippines
  - Singapore
  - South Korea
  - Taiwan
  - Thailand

Please refer to Appendix B for details on countries and exchanges currently eligible for the FTSE Renaissance Asia Pacific IPO Index Series.

## Treatment of Eligible Securities - Ground Rule 3

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### 3.4 Ineligible Securities

The following are not considered as eligible securities:

- Investment funds which have been assumed by the Industry Classification Benchmark as Subsector non-equity investment instruments (8995) are excluded
- Convertible preference shares and loan stocks
- Companies whose primary business is to hold equity and other investments (an Industry Classification Benchmark (ICB) classification of 8980)
- Exchange Traded Funds (ETFs) and companies whose share price is a direct derivation of the values of its holdings (e.g. mutual funds)
- Companies that list in the eligible markets (see Ground Rule 3.3.4), but fall into any of the following offering categories will not be eligible for entry into the FTSE Renaissance Asia Pacific IPO Index
  - Rights offerings
  - Minimum/Maximum offerings
  - Subscription rights offerings
  - Self-underwritten offerings
  - Best efforts offerings

### 3.5 Stapled Units

3.5.1 A unit which comprises multiple share classes and/or shares of multiple companies which are twinned in the form of a single, indivisible unit for the purposes of trading, and for which a price quotation is only available for the unit - not for each of the shares of each of the companies comprised within the unit.

3.5.2 FTSE will determine the eligibility and weighting of the securities of any companies.

# Industry Classification Benchmark (ICB) System

## - Ground Rule 4

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### **4.1 Industry Classification structure**

- 4.1.1 The FTSE Renaissance Asia Pacific IPO Index Series constituents are classified into Industries, Super Sectors, Sectors and Subsectors, as defined by the Industry Classification Benchmark (ICB).
- 4.1.2 Details of the Industry Classification Benchmark are available from FTSE (see 'Contact Us' - Appendix B) and published on the FTSE web site ([www.ftse.com](http://www.ftse.com)).

### **4.2 Industry Classification changes**

- 4.2.1 Changes to the classification of a company within the FTSE Renaissance Asia Pacific IPO Index Series are determined by the Industry Classification Benchmark Advisory Committee.
- 4.2.2 Where a constituent is the subject of a:
- merger
  - restructure or
  - complex takeover which results in a constituent (or part of a constituent) being absorbed by another entity, the industry classification of the resulting constituent(s) is reviewed by the Industry Classification Benchmark Advisory Committee.
- 4.2.3 Adjustments resulting from a change in a company's industry classification under Ground Rule 4.2.2 are implemented simultaneously with any relevant constituent changes in the Index.
- 4.2.4 Periodic updates to the industry classification of companies are made by the Industry Classification Benchmark Advisory Committee. These changes are implemented on either a monthly basis or after the close of the index calculation on the third Friday of March, June, September and December as permitted by the Ground Rules for the Management of the Industry Classification Benchmark.

## Algorithms and Calculation Method - Ground Rule 5

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### 5.1 Prices

- 5.1.1 FTSE may remove a security from the FTSE Renaissance Asia Pacific IPO Index Series should it consider that 'accurate and reliable' prices are not available.
- 5.1.2 The FTSE Renaissance Asia Pacific IPO Index Series uses the Stock Exchanges official closing prices for the end-of-day index calculation.
- 5.1.3 Reuters prices are used in the real-time index calculations.

### 5.2 Shares in issue

- 5.2.1 The number of shares in issue for each constituent security is expressed to the nearest share. To prevent a large number of insignificant weighting changes, the number of shares in issue for each constituent security is amended only when the total shares in issue held within the index system changes by more than 1% on a cumulative basis. Changes will be made quarterly after the close of business on the third Friday of March, June, September and December (subject to Ground Rules 5.2.2, 5.2.3 and 5.2.4).
- 5.2.2 Changes to numbers of shares in issue of index constituents resulting from corporate actions are applied simultaneously with the corporate action.
- 5.2.3 If the cumulative unapplied changes in the number of shares in issue is 10% or greater of the total index shares in issue or it represents at least USD 2 billion of a company's total market capitalisation, the change is implemented between quarters. A minimum of 4 days notice will be given to users of the index. WM/Reuters Spot Rates are used to convert the market capitalisation into USD. The USD 2 billion threshold may be adjusted annually in December by the FTSE Policy Group.
- 5.2.4 Any exceptions to the above policy are made by FTSE. Users will be notified.
- 5.2.5 All index adjustments are made before the start of the trading on the effective date.

### 5.3 Dividend treatment

- 5.3.1 Cash dividends are included in the total return calculations of the FTSE Renaissance Asia Pacific IPO Index Series based on their ex-dividend dates.

### 5.4 Calculation Frequency

- 5.4.1 The indices will be calculated in real-time and published every 15 seconds for the FTSE Renaissance Asia Pacific IPO Index Series.

## Algorithms and Calculation Method - Ground Rule 5

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### 5.5 Index Calculation Algorithm

5.5.1 The FTSE Renaissance Asia Pacific IPO Index Series is calculated using the chained Paasche methodology.

5.5.2 The performance of the FTSE Renaissance Asia Pacific IPO Index Series on any given day is determined by calculating the percentage difference between:

- the index's market capitalisation as at the close of that day and
- the market capitalisation at the start of that day.

'Start of the day' is defined as the previous day's close adjusted for capital changes, free float weighting changes, additions and deletions, etc.

5.5.3 Adjustments apply whenever capital changes take place, so that the performance of the FTSE Renaissance Asia Pacific IPO Index Series reflects the experience of investors.

5.5.4 The FTSE Renaissance Asia Pacific IPO Index Series is calculated using the following formula:

$$IV = \frac{\sum_{i=1}^n ((p_i \cdot e) \cdot s_i \cdot f_i \cdot c_i)}{d} \text{ for } I = 1, 2, 3, \dots, n$$

n = the number of securities in the Index.

p = Price the latest trade price of the component security (or the price at the close of the Index on the previous day).

e = Exchange Rate the exchange rate required to convert the security's currency into the index's base currency (if applicable).

s = Shares in Issue the number of shares in issue used by FTSE for the security, as defined in these Ground Rules.

f = Free Float Factor the factor to be applied to each security to allow amendments to its weighting, expressed as a number between 0 and 1, where 1 represents a 100% free float. The free float factor for each security is published by FTSE.

c = Capping Factor the factor applied to each security to allow its weight within the index to be capped, expressed as a number between 0 and 1 where 1 represents 100%, i.e. no capping. The capping factor is published by FTSE.

## Algorithms and Calculation Method - Ground Rule 5

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d = 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.

### 5.6 Index Capping Process and Algorithm

- 5.6.1 The FTSE Renaissance Hong Kong/China Top IPO Index applies a capping process that reduces any concentration levels that may exist. The capping process is applied at the quarterly reviews, or when a new company is added to the index intra-review.
- 5.6.2 When the capping process is applied any constituents whose weights are greater than 10% are capped at 10%. The weights of all lower ranking constituents are increased as a consequence of reducing the weights of the bigger constituents. The remaining lower ranking constituents are then checked and if they exceed 10% they are also capped at 10%. This process is repeated until no constituent weight exceeds 10%.

#### Quarterly review capping process



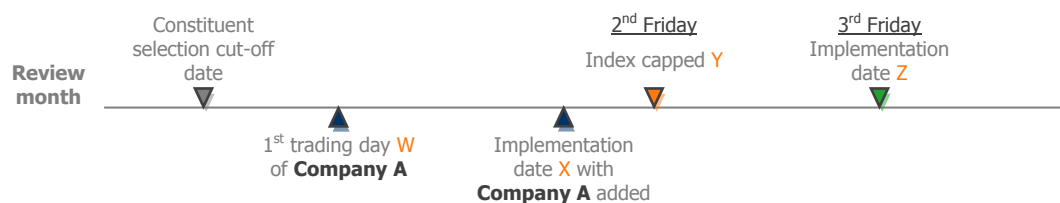
- 5.6.3 At review companies that have a weight of more than 10% are capped. The index is capped after the close of business on the second Friday of the review month (point A). The capping process is implemented after the close of business on the third Friday (point B).

The following data is used in the capping algorithm:

- A. a security's closing price adjusted for corporate events is used after the close of business on the second Friday of the review month (point A).
- B. a security's shares in issue and its investability weight adjusted for corporate events is used on the next working day following the third Friday of the review month (point B).

## Algorithms and Calculation Method - Ground Rule 5

### Interim capping outside of the review process but within the review month



5.6.4 Companies added to the FTSE Renaissance Hong Kong/China Top IPO Index intra-review that would have a weighting of more than 10% are capped. When there is an interim addition which requires capping, it will be capped on the close of its first trading day (point W). It will be added to the index after the close of its fifth trading day (point X). The following data is used in the capping algorithm:

- a security's closing price adjusted for corporate events is used after the close of business on the IPO's first trading day.
- a security's shares in issue and its investability weight adjusted for corporate events after the IPO's fifth day of trading.

As it is the review month, the index will be capped again after the close of business on the second Friday of the review month (point Y) with the new constituents implemented after the close of business on the third Friday of the review month (point Z).

### Interim capping outside of the review process



5.6.5 Companies added to the FTSE Renaissance Hong Kong/China Top IPO Index intra-review that would have a weighting of more than 10% are capped. When there is an interim addition which requires capping, it will be capped on the close of its first day trading (point W); existing constituents will also be reviewed for capping on the same date. It will be added to the index after the close of its fifth trading day (point X). If the interim addition does not require capping, the capping factor of the existing index constituents (if any) will remain the same. The following data is used in the capping algorithm:

## Algorithms and Calculation Method - Ground Rule 5

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- A. a security's closing price adjusted for corporate events is used after the close of business on the IPO's first trading day.
- B. a security's shares in issue and its investability weight adjusted for corporate events after the IPO's fifth day of trading.

5.6.6 The capping algorithm is applied to each constituent of the FTSE Renaissance Hong Kong/China Top IPO Index that requires capping, i.e. any constituent whose uncapped weight is greater than 10%.

$$c = \text{Constituent capping factor} = \frac{\left( \left( \frac{\sum (P^{n_1} \cdot S^{n_1} \cdot F^{n_1})}{I} \right) Z \right)}{cap_a}$$

P = the official closing price of the uncapped security

S = the shares in issue for each uncapped security

F = the free float factor of the uncapped security

I = percentage of the index represented by all uncapped constituents

Z = percentage capping level

cap<sub>a</sub> = Uncapped free float market capitalisation of the constituent to be capped  
(P \* S \* F)

# Qualification Criteria and Periodic Review of Constituents

## - Ground Rule 6

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### **6.1 Review Dates**

- 6.1.1 The FTSE Renaissance Asia Pacific IPO Index Series is reviewed quarterly in March, June, September and December. Constituent changes are implemented on the first trading day following the third Friday of the same month. Data used in the review process is taken after the close of business on the last working day of February, May, August and November.
- 6.1.2 Index changes resulting from index reviews are published as soon as practical.

### **6.2 Review Process**

- 6.2.1 The review universe is comprised of all eligible securities that satisfy Ground Rule 3.3.
- 6.2.2 Following the application of three screens detailed below, the remaining securities form the Index Universe.

### **6.3 Screen One - Size**

- 6.3.1 At the quarterly reviews, index constituents must have a minimum investable market capitalisation of USD 75 million to remain a constituent of the FTSE Renaissance Asia Pacific IPO Index Series. Index Constituents that fail this size rule will not be eligible for inclusion at future reviews.
- 6.3.2 For the FTSE Renaissance Hong Kong/China Top IPO Index, index constituents will be deleted at the periodic review if their investable market capitalisation weighting is less than 0.5% of the index at the review cut-off date (See Ground Rule 6.1.1).
- 6.3.3 For the FTSE Renaissance Hong Kong/China Top IPO Index, non-constituents that are members of the FTSE Renaissance Asia Pacific ex Japan IPO Index will be added at the periodic review if their investable market capitalisation is at least 1.0% of the FTSE Renaissance Hong Kong/China Top IPO Index at the review cut-off date (See Ground Rule 6.1.1).
- 6.3.4 Constituents of the FTSE Renaissance Asia Pacific ex Japan IPO Index are eligible to be included in the FTSE Renaissance Hong Kong/China Top IPO Index at review provided that they have been listed for less than 1 year.
- 6.3.5 A minimum number of 20 constituents will be maintained for the FTSE Renaissance Hong Kong/China Top IPO Index. If at review the number of constituents deleted is more than the number of constituents added, steps will be taken to prevent the index number from falling below 20 constituents. Please see Ground Rule 7.3 for further information.

## Qualification Criteria and Periodic Review of Constituents - Ground Rule 6

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### 6.4 Screen Two - Liquidity

- 6.4.1 Each security will be tested for liquidity on a quarterly basis in March, June, September and December by calculation of its median daily trading per month. The median trade is calculated by ranking each daily trade total and selecting the middle ranking day. Daily totals with zero trades are 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 trade.
- a) Existing constituent securities which do not turnover at least 0.04% of their free-float adjusted shares in issue based on their median daily trade per month in eight of the twelve months prior to a quarterly review, are permanently removed from the FTSE Renaissance Asia Pacific IPO Index Series.
  - b) Existing constituents that have been trading for three months or less must turnover at least 0.04% for every month.
  - c) Existing constituents that have been trading for more than three months but less than twelve months are tested on a pro-rata basis.

### 6.5 Screen Three - Free Float

- a) A security that has a free float of less than 5% will be ineligible for the index.
- b) A security that has a free float greater than 5% but less than or equal to 15% will be eligible for the index providing the security's investable market capitalisation is at least USD 75 million.
- c) The investability factor of these securities is set to their actual free float rounded up to the next highest whole percentage number. For further details on free float calculation please see Ground Rule 6.6.1.

### 6.6 Adjustments Applied to Eligible Securities

Eligible companies may be subject to adjustment for free float and multiple lines; see below.

# Qualification Criteria and Periodic Review of Constituents

## - Ground Rule 6

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### 6.6.1 Free float

The FTSE Renaissance Asia Pacific IPO Index Series is adjusted for free float.

#### A. Free float restrictions include:

- trade investments in an index constituent either by another constituent (i.e., cross-holdings) or non-constituent company or entity
- significant long term holdings by founders, their families and/or directors
- significant holdings by pre-IPO investors
- employee share schemes (if restricted)
- government holdings
- foreign ownership limits
- portfolio investments subject to a lock-in clause, for the duration of that clause

#### B. The following are not considered as restricted free float:

- portfolio investments
- nominee holdings (including those supporting ADRs & GDRs) unless they represent restricted free float as defined by Ground Rule 6.6.1.A above
- holdings by investment companies

#### C. Bands for initial weighting

Free float restrictions will be calculated using available published information. The initial weighting of a constituent in the index will be applied in the following bands.

- |  |                       |
|--|-----------------------|
| a) free float less than or equal to 15%                      | = see Ground Rule 6.5 |
| b) free float greater than 15% but less than or equal to 20% | = 20%                 |
| c) free float greater than 20% but less than or equal to 30% | = 30%                 |
| d) free float greater than 30% but less than or equal to 40% | = 40%                 |
| e) free float greater than 40% but less than or equal to 50% | = 50%                 |
| f) free float greater than 50% but less than or equal to 75% | = 75%                 |
| g) free float greater than 75%                               | = 100%                |

#### D. Changes in free float

The FTSE Renaissance Asia Pacific IPO Index Series will be periodically reviewed for changes in free float. These reviews will coincide with the quarterly reviews undertaken by FTSE. Implementation of any changes will happen at the close of business on the third Friday in March, June, September or December.

A constituent's free float will also be reviewed and adjusted if necessary:

- by identifying information which necessitates a change in free float weighting
- or following a corporate event.

# Qualification Criteria and Periodic Review of Constituents

## - Ground Rule 6

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### **E. Corporate events and actions**

If a 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 no corporate action, the change in free float will be applied as soon as possible after the corporate event, subject to Ground Rule 6.6.1 F.

### **F. Percentage point thresholds**

Following the application of an initial free float restriction, a constituent's free float will only be changed if its actual free float moves to more than 5 percentage points above the minimum or 5 percentage points below the maximum of an adjacent band.

This 5 percentage points threshold does not apply if the change is greater than one band i.e. a movement of 10 percentage points for the bands between 20% and 50% and 25 percentage points for the bands between 50% and 100% will not be subject to the 5 percentage point threshold.

The 15% limit in Ground Rule 6.6.1 C will also not be subject to the 5 percentage point threshold.

### **6.6.2 Multiple Lines**

Where existing constituents issue multiple lines of equity capital in the company in a future date, the new line of securities will not be eligible for inclusion in the FTSE Renaissance Asia Pacific IPO Index Series.

### **6.7 Capping of index constituents**

- 6.7.1 Constituents of the FTSE Renaissance Hong Kong/China Top IPO Index will be capped on a quarterly basis at 10 per cent. Capping will be effective after the close of business following the third Friday in March, June, September and December. For further information please see Ground Rule 5.6.

## Changes to Constituents Companies - Ground Rule 7

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### **7.1 Additions outside of a review**

- 7.1.1 An IPO will be added to the FTSE Renaissance Asia Pacific ex Japan IPO Index after the close of business on its first trading day providing its investable market capitalisation is at least USD 100 million and it meets the stated eligibility requirements in Section 3. The IPO price will be used to determine the company's size.
- 7.1.2 If the investable market capitalisation of an IPO company listing in Hong Kong is at least 1.0% of the FTSE Renaissance Hong Kong/China Top IPO Index after the close of business on the first day of trading it will be eligible to be added to the index. Companies will be added to the index after the close of business of the fifth day of trading. The share price after the close of business on the first trading day will be used to determine the company's size.
- 7.1.3 The FTSE Renaissance Hong Kong/China Top IPO Index will be capped if the IPO company's weighting is greater than 10% of the index. For further information please see Ground Rule 5.6.

### **7.2 Deletions outside of a review**

- 7.2.1 To capture the essence of the IPO asset class, constituents are removed from the FTSE Renaissance Asia Pacific IPO Index Series when they exceed 500 trading days. Constituents will be deleted after the close of the third Friday of each month.
- 7.2.2 A constituent will be deleted from the FTSE Renaissance Asia Pacific IPO Index Series in the event the constituent is delisted from its stock exchange, enters bankruptcy, becomes insolvent or is liquidated.
- 7.2.3 If a constituent is delisted, or ceases to have a firm quotation, or is subject to a declared wholly unconditional takeover offer where acceptance levels have reached at least 85% or in the opinion of FTSE, is no longer a viable constituent as defined by the Ground Rules, it will be removed from the index. A company deleted following a takeover, with a remaining free float of 15% or less, will be permanently removed from the FTSE Renaissance Asia Pacific IPO Index Series.
- 7.2.4 Announcements made after the close of the index calculation are normally applied before the start of the index calculation on the following business day. In the case of a takeover, the qualifying event is an announcement of a declared wholly unconditional offer.

## Changes to Constituents Companies - Ground Rule 7

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### **7.3 Maintaining a minimum number of companies in the FTSE Renaissance Hong Kong/China Top IPO Index**

7.3.1 The FTSE Renaissance Hong Kong/China Top IPO Index will maintain a minimum of 20 constituents. If the number of index constituents were to decline to the minimum level of 20 constituents, the following steps would be taken:

- A) Deletions in the index would be suspended until the next eligible IPO addition. Both events would be applied to the index at the same time. Deletions would recommence when a new eligible IPO is added to the Index.
- B) If two or more constituents had the same IPO addition date and, after 500 trading days, their combined deletion would result in the number of index constituents falling below 20, then the index would retain the constituent with the largest investable market capitalisation.
- C) In the event a constituent's deletion due to a merger, acquisition, delisting or bankruptcy were to cause the number of index constituents to fall below the minimum level of 20, then the company to be added to the index in place of the deleted constituent would be the largest non-constituent by investable market capitalisation in the eligible universe. The deletion and addition of constituents would be applied to the index at the same time. Where the eligible universe does not have any further companies to be added to the index, the replacement would be the last deleted constituent which was removed after 500 trading days from the index.

### **7.4 Mergers, Restructuring, and Complex takeovers**

7.4.1 If the effect of a merger or takeover is that one constituent in the FTSE Renaissance Asia Pacific ex Japan IPO Index is absorbed by another, the resulting company will remain a constituent of the appropriate index.

7.4.2 If a constituent company in the FTSE Renaissance Asia Pacific ex Japan IPO Index is taken over by a non-constituent company, the original constituent will be permanently removed from the FTSE Renaissance Asia Pacific IPO Index Series.

7.4.3 If a constituent company is split so as to form two or more companies, then the resulting companies will remain in their respective index until the next quarterly review.

7.4.4 Constituents will be deleted from the index when confirmation is received that acceptance levels have reached a minimum of 85% and that any new shares of the bidding company (if applicable) are listed. A company deleted following a takeover, with a remaining free float of 15% or less, will be permanently removed from the FTSE Renaissance Asia Pacific IPO Index Series.

## Changes to Constituents Companies - Ground Rule 7

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### **7.5 Suspension of Dealing**

- 7.5.1 If a constituent is suspended it may remain in the indices at its suspension price for up to 10 business days. During this time, FTSE may delete the constituent immediately either at its suspension price, a grey market price, or at zero.
- 7.5.2 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 indices on the eleventh trading day at zero, a grey market price, or the suspension price. Where suspension is for a non-detrimental reason of the constituent, it may be retained or removed at its suspension price or a grey market price.

### **7.6 Relisting of Suspended Constituents**

- 7.6.1 Securities relisted after suspension will not be eligible to be included in the FTSE Renaissance Asia Pacific IPO Index Series.

## Amendments to these Ground Rules - Ground Rule 8

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### **8.1 Amendments**

8.1.1 Changes and exceptions to these Ground Rules can only be authorised by FTSE and Renaissance. If FTSE or any of those responsible for the operation and administration of the FTSE Renaissance Asia Pacific IPO Index Series consider that an exception should be made to any of the Ground Rules, the issue must be brought to the attention of FTSE for a decision.

### **8.2 Exceptions**

8.2.1 Where an exception is granted to the Ground Rules under Ground Rule 8.1, it will not create a precedent for future decisions of FTSE.

### **8.3 Changes**

8.3.1 Any proposed material changes to the Ground Rules are announced following each quarterly review. However, these rules will not come into effect until after they are finalised after allowing for comments for a 3-month period from index users.

### **8.4 Appeals of Decisions**

8.4.1 A constituent or prospective constituent company (or broker or advisor acting on behalf of the company) may appeal against the decisions of FTSE on the following grounds:

- FTSE acted outside of the Ground Rules for the Management of the FTSE Renaissance Asia Pacific IPO Index Series; or
- FTSE, when reaching their decision, failed to take into consideration a substantial and/or material fact. A substantial and material fact is any fact that would have influenced the decision, had it been considered.

Decisions by FTSE are heard by the FTSE Policy Group. Those responsible for the initial decision do not take part in appeal hearing. The decision of the Policy Group is final.

## Amendments to these Ground Rules - Ground Rule 8

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Any eligible appeal against a decision by the FTSE Policy Group will be heard by the FTSE Jury of Appeal. The FTSE Jury of Appeal consists of not less than three past or present senior practitioners in the investment industry appointed by FTSE, who have no current commercial involvement with FTSE, any connected company or any FTSE practitioner committee. The decision of the FTSE Jury of Appeal in such circumstances is final.

- 8.4.2 A request for an appeal must be made in writing to FTSE and must be received within six months of the application of the event giving rise to the appeal.

## Announcing Changes - Ground Rule 9

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### **9.1 Changes to constituents**

- 9.1.1 Decisions regarding the addition of new, eligible constituents (which are unrelated to existing index constituents or changes to the investable weighting of existing constituents) are announced at the earliest possible time before their inclusion in the Index Series. However, the announcement may be contingent upon the confirmation of the listing date of the security.
- 9.1.2 Index changes are published after each quarterly review.
- 9.1.3 Implementation of the quarterly index changes are applied after the close of business on the third Friday in March, June, September or December.
- 9.1.4 Announcements made after the close of the index calculation are normally made on the following business day.

### **9.2 Policy changes**

- 9.2.1 Policy changes announce by FTSE are disseminated through appropriate media before implementation.

### **9.3 Other announcements**

- 9.3.1 If FTSE gives special consideration to issues of particular importance to users of the FTSE Renaissance Asia Pacific IPO Index Series, but a decision is taken not to implement a change, users will be notified through appropriate media that the issues have been reviewed.

### **9.4 Error correction policy**

- 9.4.1 The objective is to maintain the FTSE Renaissance Asia Pacific IPO Index Series to the highest standards of accuracy and integrity, using reliable data sources and following best practice in statistical and operational procedures.
- 9.4.2 Material errors in data or in calculation are corrected and users of the FTSE Renaissance Asia Pacific IPO Index Series are notified promptly. However, FTSE is conscious of the risk of undermining the confidence of index users through frequent publication of amendments where trivial statistical errors have occurred that do not materially affect the accuracy of the published Index Series.

## Announcing Changes - Ground Rule 9

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### **9.5 Re-calculations**

9.5.1 The FTSE Renaissance Asia Pacific IPO Index Series are recalculated whenever significant errors or distortions occur. Users of the Index Series are notified promptly.

9.5.2 Amended calculations are available from FTSE.

## Management Responsibilities - Ground Rule 10

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### **10.1 FTSE Policy Group**

10.1.1 The FTSE Policy Group is established by FTSE as an independent committee. Its membership is representative of users of FTSE Indices. The FTSE Policy Group is responsible for determining major policy issues and monitoring the activities of the FTSE Regional and Country Committees.

10.1.2 The Policy Group meets quarterly or more frequently, if required.

### **10.2 FTSE International Limited (FTSE)**

10.2.1 FTSE is responsible for the operation of the FTSE Renaissance Asia Pacific IPO Index Series. FTSE maintains records of the market capitalisation of all constituents, and makes changes to the constituents and their weightings in accordance with the Ground Rules. FTSE conducts the index reviews and implements the resulting constituent changes as required by the Ground Rules.

10.2.2 Changes to constituent weightings are made by FTSE in accordance with the Ground Rules. FTSE is responsible for recording all constituent weighting changes. Daily index profiles of the real time and end of day indices are identical. Constituent weightings in the real time indices shall be used in the calculation of the end of day indices.

10.2.3 FTSE is responsible for monitoring the performance of the FTSE Renaissance Asia Pacific ex Japan IPO Indices throughout the trading day and determines whether the status of each Index is Firm, Indicative or Held (see Rule 2.1).

### **10.3 Renaissance Capital LLC (Renaissance)**

10.3.1 Renaissance Capital, founded in 1991 and headquartered in Greenwich, CT, is the global leader in providing independent research and money management services focused on IPOs and newly public companies. Renaissance, in conjunction with FTSE, maintains the FTSE Renaissance IPO Index Series and is responsible for assessing the eligibility of new index constituents as required by the Ground Rules. Renaissance also provides IPO-focused investment management services as the advisor to the IPO Plus Fund (symbol: IPOSX), the first mutual fund to focus solely on investing in IPOs, and through separately managed institutional accounts.

## Management Responsibilities - Ground Rule 10

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### **10.4 Index Review Committee**

The FTSE Renaissance Asia Pacific IPO Index Series is overseen by the Index Review Committee. The role of the Index Review Committee is to ensure transparency and maintain rules-based processes for security selection, constituent weightings and corporate actions. The Index Review Committee is responsible for undertaking the periodic review of constituents, approving constituent changes and maintaining these Ground Rules.

### **10.5 Status of These Ground Rules**

10.5.1 These Ground Rules are effective as they are a guide to the policies and procedures of the operation and maintenance of the FTSE Renaissance Asia Pacific IPO Index Series. They have been prepared and approved by FTSE and Renaissance. However, these policies and procedures, and their precise application, are subject to variation and periodic review.

10.5.2 This guide provides information about the general basis on which decisions relating to the construction and publication of FTSE Renaissance Asia Pacific IPO Index Series are made.

10.5.3 No liability whether as a result of negligence or otherwise is accepted by FTSE and Renaissance (or any other person concerned with the preparation or publication of this guide) for any losses, damages, claims and expenses suffered by any person as a result of:

- any reliance on this guide or any constituent data; and/or
- any errors or inaccuracies in this guide; and/or
- any non-application or misapplication of the policies or procedures described in this guide; and/or
- any errors or inaccuracies in the compilation or calculation of the FTSE Renaissance Asia Pacific IPO Index Series or of any constituent data.

## Appendix A – Index Opening and Closing Hours

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<b>Index</b>	<b>Open</b>	<b>Close</b>
FTSE Renaissance Asia Pacific ex Japan IPO Index	00:30	11:30
FTSE Renaissance Hong Kong/China Top IPO Index	02:00	08:00

### Notes:

The FTSE Renaissance Asia Pacific IPO Index Series will be calculated on public holidays whenever at least one market is trading. The indices will not be calculated on 1st January.

Timings are in Greenwich Mean Time (GMT).

## Appendix B – Eligible Markets

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<b>Country</b>	<b>Market Section(s)</b>
Australia	Australian Stock Exchange (ASX) <ul style="list-style-type: none"> <li>• Main Board</li> </ul>
Hong Kong Special Administrative Region of the People's Republic of China (Hong Kong)	Stock Exchange of Hong Kong (SEHK) <ul style="list-style-type: none"> <li>• Main Board</li> </ul>
India (the Republic of) (India)	National Stock Exchange (NSE) <ul style="list-style-type: none"> <li>• Official Market</li> </ul>
Indonesia (the Republic of) and East Timor (Indonesia)	Indonesia Stock Exchange (IDX) <ul style="list-style-type: none"> <li>• Main Board</li> </ul>
South Korea (the Republic of) (Korea)	Korea Exchange (KRX) <ul style="list-style-type: none"> <li>• Official Market</li> <li>• KOSDAQ</li> </ul>
Malaysia	Bursa Malaysia <ul style="list-style-type: none"> <li>• Main Market</li> </ul>
New Zealand	New Zealand Stock Exchange (NZSX) <ul style="list-style-type: none"> <li>• Main Board</li> </ul>
Pakistan (the Islamic Republic of) (Pakistan)	Karachi Stock Exchange (KSE) <ul style="list-style-type: none"> <li>• Official Market</li> </ul>
Philippines (the Republic of the) (Philippines)	Philippine Stock Exchange (PSE) <ul style="list-style-type: none"> <li>• Main Board</li> </ul>
Taiwan (the Republic of China)	Taiwan Stock Exchange (TWSE) <ul style="list-style-type: none"> <li>• Official Market</li> <li>• GreTai Securities Market (OTC Market)</li> </ul>
Thailand (the Kingdom of) (Thailand)	Stock Exchange of Thailand (SET) <ul style="list-style-type: none"> <li>• Main Board</li> <li>• Foreign board</li> </ul>
Singapore (the Republic of) (Singapore)	Singapore Exchange (SGX) <ul style="list-style-type: none"> <li>• Main Board</li> </ul>

## Appendix C – Contact Us

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### Further Information

Further information on the FTSE Renaissance Asia Pacific IPO Index Series is available from FTSE and Renaissance, who will also welcome comments on these Ground Rules and on the Index Series.

For FTSE contact details please visit [http://www.ftse.com/Contact Us](http://www.ftse.com/Contact_Us)

Renaissance can be contacted at :

Renaissance Capital International LLC  
Two Greenwich Plaza  
Greenwich  
Connecticut 06830  
USA

+1 203 622 2978

[www.renaissancecapital.com](http://www.renaissancecapital.com)

e-mail: [renaissance@ipohome.com](mailto:renaissance@ipohome.com)

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