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FTSE

GROUND RULES FOR THE MANAGEMENT OF THE

FTSE ASIAN SECTOR INDEX SERIES

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SECTION 1

1.0 INTRODUCTION

1.1 This paper sets out the Ground Rules for the Management of the FTSE Asian Sector Index Series. Copies of these Ground Rules are available from FTSE (see Appendix E). The FTSE Asian Sector Index Series is designed to create a tradable family of indices based on the FTSE All-World Sector Indices as determined by the Industry Classification Benchmark (ICB) (see Section 10 and Appendix A).

1.2 The following indices are calculated:-

FTSE Asian Autos & Trucks Index
FTSE Asian Banks Index
FTSE Asian Basic Resources Index
FTSE Asian Chemicals Index
FTSE Asian Construction & Materials Index
FTSE Asian Financial Services Index
FTSE Asian Food & Beverage Index
FTSE Asian Health Care Index
FTSE Asian Industrial Goods and Services Index
FTSE Asian Marine Transportation Index
FTSE Asian Oil and Gas Index
FTSE Asian Personal & Household Goods Index
FTSE Asian Property Index
FTSE Asian Retail Index
FTSE Asian Technology Index
FTSE Asian Telecommunications Index
FTSE Asian Travel, Leisure & Media Index
FTSE Asian Utilities Index

1.3 The FTSE Asian Sector Index Series are calculated and published in US Dollars.

1.4 The indices are calculated in real-time and published every minute during the hours of calculation (see Appendix C).

1.5 Capital and Total Return indices are available. Total Return indices are published at the end of each working day. The Total Return indices are based on ex dividend adjustments.

1.6 The indices will be capped at 15% as detailed in Appendix B.

SECTION 2

2.0 STATUS OF INDICES

2.1 The FTSE Asian Sector Index Series are calculated in real time and may exist in the following states:

(a) **Firm**

The indices are being calculated using trade prices from the relevant local stock exchanges for all constituents during the hours of the Official Index Period (see Appendix C).

The Official Closing Index values for FTSE Asian Sector Index Series are the last index values calculated at the end of the firm period.

(b) **Closed**

When the index has ceased all calculations for the day, the message **'CLOSED'** is displayed against the index value.

(c) **Held**

During the firm period, an index has exceeded pre-set operating parameters and calculation has been suspended pending resolution of the problem. The message **'HELD'** is displayed against the last index value calculated.

(d) **Indicative**

If there is a system problem or a situation in the market that is judged to be affecting the quality of the constituent prices at any time when the index is being calculated, the index will be declared indicative. The message **'IND'** will be displayed against the index value.

(e) **Part**

If the index is being calculated during the normal Official Index Period hours, but there are less than 75% of the constituents by capitalisation available with firm prices, then the index will be displayed with the message **'PART'** to indicate that only a proportion of the securities prices are included. With the exception of the message **'PART'**, the index will continue to be calculated and displayed as if it were firm.

2.2 The official opening and closing hours of the FTSE Asian Sector Index Series are set out in Appendix C. Variations to the official hours of the indices are published by FTSE as appropriate.

2.3 The FTSE Asian Sector Index Series are calculated on public holidays whenever at least one market is trading. The indices will not be calculated on 1st January.

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SECTION 3

3.0 MANAGEMENT RESPONSIBILITIES

3.1 FTSE

3.1.1 FTSE is responsible for undertaking the semi-annual reviews of the FTSE Asian Sector Index Series and will announce which companies, if any, should be inserted and deleted from the FTSE Asian Sector Index Series at the semi-annual reviews.

3.1.2 FTSE is responsible for the operation of the FTSE Asian Sector Index Series. FTSE will maintain records of the market capitalisation of all constituents and reserve companies, and will make changes to the constituents and their weightings in accordance with the Ground Rules. FTSE will implement the resulting constituent changes from the semi-annual reviews as required by the Ground Rules.

3.1.3 Changes to constituent weightings are made by FTSE in accordance with the Ground Rules. FTSE is responsible for publicising changes to constituent weightings.

3.1.4 FTSE is also responsible for monitoring the performance of the FTSE Asian Sector Index Series throughout the day and will determine whether the status of each index should be 'firm', 'indicative', 'held' or 'part'.

SECTION 4

4.0 ELIGIBLE SECURITIES

4.1 Companies are eligible for inclusion in the FTSE Asian Sector Index Series if they are current constituents of the FTSE All-World Index Series (as defined in Rule 4.2 below), based on the selection criteria in Rule 4.3. Multiple lines are aggregated and the full market capitalisation of the company is used for the purpose of defining the eligible universe.

4.2 The FTSE Asian Sector Index Series cover the following markets

China	Philippines
Hong Kong SAR	Singapore
Indonesia	South Korea
India	Taiwan
Malaysia	Thailand

Constituents of the index must also be constituents of the FTSE All-World Index Series for each of these markets. Exceptionally, HSBC will be included in the FTSE Asian Banks Index notwithstanding it is classified as a constituent of the UK index in the FTSE All-World Index Series. The Hong Kong price of HSBC will be used in the calculation.

4.3 Equity Investment Instruments and Non-equity investment instruments are not eligible for inclusion in the indices. (For the purposes of this rule, companies that are classified in sector 8980, "Equity Investment Instruments" and 8990, "Non-equity investment instruments" of the Industry Classification Benchmark (ICB) will be considered ineligible.)

4.4 The shares, free float weightings and treatment of secondary lines of stock of constituents are the same as those used in the FTSE All-World Index Series. Where two or more lines of a company are maintained separately within these indices, they will be treated as individual securities for the purpose of these rules.

4.5 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).

4.6 Convertible preference shares and loan stocks are excluded until converted.

4.7 Exchange Traded Funds (ETFs) and funds whose prices are a direct derivation of underlying holdings (e.g. Unit Trusts, Mutual Funds) are not eligible for inclusion.

4.8 Ground Rules for the FTSE All-World Index Series are available from FTSE. (See Appendix E).

SECTION 5

5.0 INDEX QUALIFICATION CRITERIA

5.1 Free Float

The entire quoted equity capital of a constituent company is included in the calculation of its market capitalisation, subject to the following free float restrictions:

5.1.1 Free float restrictions include:

- Shares directly owned by State, Regional, Municipal and Local governments (excluding shares held by independently managed pension schemes for governments).
- Shares held by Sovereign Wealth Funds where each holding is 10% or greater. If the holding subsequently decreases below 10%, the shares will remain restricted until the holding falls below 7%.
- Shares held by directors, senior executives and managers of the company, and by their family and direct relations, and by companies that they control.
- Shares held within employee share plans.
- Shares held by public companies or by non-listed subsidiaries of public companies.
- Shares held by founders, promoters, former directors, founding venture capital and private equity firms, private companies and individuals (including employees) where the holding is 10% or greater. If the holding subsequently decreases below 10%, the shares will remain restricted until the holding falls below 7%.
- All shares where the holder is subject to a lock-in clause (for the duration of that clause).
- Shares held for publicly announced strategic reasons, including shares held by several holders acting in concert.

5.1.2 For clarity, holdings not considered as restricted free float include:

- Portfolio holdings (such as pension and insurance funds)
- Nominee holdings (unless they represent restricted free float as defined by Rule 5.1.1)
- Holdings by investment companies
- ETFs

If in addition to the above restricted holdings, the company's shareholders are subject to legal restrictions, including foreign ownership restrictions, that are more restrictive, the legal restriction will be applied.

5.1.3 Free float restrictions are 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 5%	=	ineligible
b)	free float greater than 5% but less than or equal to 15%	=	next whole percentage
c)	free float greater than 15% but less than or equal to 20%	=	20%
d)	free float greater than 20% but less than or equal to 30%	=	30%
e)	free float greater than 30% but less than or equal to 40%	=	40%
f)	free float greater than 40% but less than or equal to 50%	=	50%
g)	free float greater than 50% but less than or equal to 75%	=	75%
h)	free float greater than 75%	=	100%

5.1.4 The FTSE Asian Sector Index Series is periodically reviewed for changes in free float. These reviews will coincide with the quarterly reviews of the FTSE All-World Index Series. Implementation of any changes will be after the close of the index calculation on the third Friday in March, June, September and December.

5.1.5 A constituent's free float will also be reviewed and adjusted if necessary upon identification of information which necessitates a change in free float weighting (refer to FTSE Global Guide to Calculation Methods for further information) or 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 no corporate action, the change in free float will be applied as soon as practicable after the corporate event, subject to Rule 5.1.6 below.

5.1.6 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; therefore 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 Rule 5.1.3 will also not be subject to the 5 percentage point threshold.

5.1.7 Foreign ownership limits, if any, will be applied after calculating the actual free float restriction, but before applying the bands detailed in Rule 5.1.3 above. If the foreign ownership limit is more restrictive than the free float restriction, the precise foreign ownership limit is applied. If the foreign ownership limit is less restrictive or equal to the free float restriction, the free float restriction is applied, subject to the bands in Rule 5.1.3.

5.2 **Liquidity**

Securities must be sufficiently liquid to be traded. Each security for the FTSE Asian Sector Index Series will be tested for liquidity 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 also included in the ranking; therefore a security that fails to trade for more than half of the days in a month will have a zero median trade.

a) A non-constituent which turnover at least 0.05% of their shares in issue (after the application of any investability weightings) based on their median daily trade per month for at least ten of the twelve months prior to a full market review, will be eligible for inclusion in the FTSE Asian Sector Index Series.

b) An existing constituent which does not turnover at least 0.04% of its shares in issue (after the application of any investability weightings) based on its median daily trade per month for at least eight of the twelve months prior to a full market review will be removed from the FTSE Asian Sector Index Series.

c) New issues which do not have a twelve month trading record must have a minimum three month trading record when reviewed. They must turnover at least 0.05% of their shares in issue (after the application of any investability weightings) based on their median daily trade per month in each month since their listing to be eligible for inclusion in the FTSE Asian Sector Index Series. This rule will not apply to new issues added under the Fast Entry Rule (see Rule 7.3).

d) In the event that the a company fails the liquidly test based on its underlying shares, the Depositary Receipt (DR) may be considered for inclusion in the index if it passes the liquidity test in its own right and is traded on an exchange within the same regional time-zone to where the underlying shares are listed.

Where a company has both DR and underlying shares listed, both lines will be tested separately for liquidity. The underlying share will be included as long as it passes the liquidity test in its own right. The DR will only be eligible for inclusion if the underlying share fails the liquidity test and the DR passes in its own right.

Where the DR has been included it will remain in the index until such a time it either fails the liquidity test or the underlying share passes a future liquidity test with greater liquidity than the DR.

e) At the sole discretion of FTSE, the above percentage figures may be adjusted by up to 0.01% at a market review so that, in the Committee's opinion, the index better reflects the liquid investable market of the region. This discretion may only be exercised across the whole of a region and may not be applied to individual securities or countries.

f) Companies are screened for liquidity in line with the FTSE Asia Pacific ex Japan annual review in March.

SECTION 6

6.0 PERIODIC REVIEW OF CONSTITUENTS

6.1 The semi-annual review of the FTSE Asian Sector Index Series takes place in March and September using data from the close of the last business day in February and August. Any constituent changes will be implemented on the next trading day following the third Friday of March and September.

6.2 FTSE is responsible for conducting the semi-annual review of constituents and will publish any constituents to be inserted or deleted as part of the review as soon as possible after the review is held.

6.3 The following procedure is used to categorise constituents of the FTSE Asian Sector Index Series.

6.3.1 The FTSE All-World Index Series constituents are allocated to their appropriate sector using the Industry Classification Benchmark (ICB).

6.3.2 The eligible universe for each FTSE Asian Sector Index are those constituents which belong to each qualifying sector as described in Appendix A.

6.3.3 The eligible universe for each FTSE Asian Sector Index is ranked according to full market capitalisation i.e. before the application of any investability weightings. The number of constituents required for each index is found by selecting the largest companies first.

a) Each FTSE Asian Sector Index consists of 10, 15, 20, 25 or 30 constituents.

Number of Companies in Index	Number of Companies in Sector Universe
0	14 or less
10	15 to 19
15	20 to 24
20	25 to 29
25	30 to 34
30	35 or greater

b) If the number of companies in the eligible sector universe is between 15 and 19 (inclusive) the number of constituents in the index will be set at 10.

c) If the number of companies in the eligible sector universe is between 20 and 24 (inclusive) the number of constituents in the index will be set at 15.

d) If the number of companies in the eligible sector universe is between 25 and 29 (inclusive) the number of constituents in the index will be set at 20.

e) If the number of companies in the eligible sector universe is between 30 and 34 (inclusive) the number of constituents in the index will be set at 25.

f) If the number of companies in the eligible sector universe is 35 or greater the number of constituents in the index will be set at 30.

g) If the eligible universe for each FTSE Asian Sector Index is 14 or less, the index will be suspended until a constituent is added to the FTSE All-World Index Series and qualifies in all respects for inclusion in the eligible universe as a constituent of a FTSE Asian Sector Index (see Section 4). The constituent will join the index in the subsequent semi-annual review. The index starts calculating on the first business day after the close of business on the third Friday in March and September.

h) The number of constituents of each index is set at the March semi-annual review and can only be changed at the next March semi-annual review.

6.4 At the semi-annual review, the constituents of the FTSE Asian Sector Index Series are capped at 15% using prices adjusted for corporate actions as at the close of business on the second Friday in March and September. The capping is implemented after close of business on the third Friday in March and September based on the constituents, shares in issue and free float on the next trading day following the third Friday of the review month.

6.5 **Rules for Insertion and Deletion at the Semi-Annual Review**

6.5.1 The rules for inserting and deleting companies at the semi-annual review are designed to provide stability in the selection of constituents of the FTSE Asian Sector Index Series whilst ensuring that the indices continue to be representative of the market by including or excluding those companies which have risen or fallen significantly.

6.5.2 A security will be inserted at the periodic review if its rises above the position stated below, when the eligible securities are ranked by full market value:

Number of Companies in Index		
10	-	Risen to 7th position or above
15	-	Risen to 12th position or above
20	-	Risen to 17th position or above
25	-	Risen to 22nd position or above
30	-	Risen to 27th position or above

6.5.3 A security will be deleted at the periodic review if it falls below the position stated below, when the eligible securities are ranked by full market value:

Number of Companies in Index		
10	-	Fallen to 14th position or below
15	-	Fallen to 19th position or below
20	-	Fallen to 24th position or below
25	-	Fallen to 29th position or below
30	-	Fallen to 34th position or below

6.5.4 A constant number of constituents will be maintained for each FTSE Asian Sector Index at the semi-annual reviews (but also see Rule 6.5.5 below). Where a greater number of companies qualify to be inserted in an index than those qualifying to be deleted, the smallest constituent company when ranked by full market capitalisation is removed from the index to ensure that an equal number of companies are inserted and deleted at the periodic review. Likewise, where a greater number of companies qualify to be deleted than those qualifying to be inserted the largest non-constituent company when ranked by full market capitalisation is added to the index to match the number of companies being deleted at the periodic review.

6.5.5 At the September semi-annual review, if the eligible review universe has fallen in number that there are now 5 or less non-constituents available, non-constituents will only be added if they are greater than the additions buffer level (see Rule 6.5.2). This will potentially result in having less than the required number of constituents in the Index. For example, it is the September semi-annual review, there should be 25 index constituents - this number was determined in the previous March semi-annual review. There are currently 23 index constituents with only 25 companies in the eligible universe. Non-constituents will only be added to the Index if they have risen to 22nd position or above, this will potentially mean that there are no additions or deletions, and the Index could remain at 23 constituents at the semi-annual review.

6.5.6 When the Index size changes at the March semi-annual review (see Rule 6.3.3), due to companies being included or deleted from the sector universe, the Rules 6.5.2 and 6.5.3 for inserting and deleting companies will not apply. In this instance, the companies for inclusion will be based on selecting the highest ranking companies when ranked by full market capitalisation i.e. before the application of investability weightings in ascending order.

For example, if the sector index increases in size from 15 to 20 companies the top twenty companies by full market capitalisation i.e. before the application of investability weightings will be selected for inclusion in the index. Similarly, if a sector index decreases in size from 15 to 10 companies the top 10 companies by full market capitalisation i.e. before the application of investability weightings will be selected for inclusion in the index.

6.6 Stock Events Occurring between Review and Implementation of Review

6.6.1 Stock events that cause the removal of a pending constituent or the addition of a constituent (for example following a takeover, split or similar event) between the announcement of the review but prior to its implementation will be dealt with according to Section 7. No other additions or removals from the pending constituent list will be made for the purpose of returning the number of securities on the pending constituent list to their respective round number until the next semi-annual review.

6.7 Monitoring of Eligible Companies

6.7.1 The market capitalisation of companies eligible for inclusion in the FTSE Asian Sector Index Series are monitored by FTSE. The constituents of the FTSE All-World Index Series will be used to conduct the semi-annual reviews.

SECTION 7

7.0 CHANGES TO CONSTITUENT COMPANIES

7.1 Removal and Replacement

7.1.1 If a constituent is delisted, or ceases to have a firm quotation, or is subject to a takeover or has, in the opinion of FTSE ceased to be a viable constituent as defined by the Ground Rules, it will be removed from the list of constituents.

7.1.2 The removal is effective before the start of the index calculation on the day after the event was announced. Announcements after the close of the index calculation are normally deemed to be made on the following business day. In the case of a takeover, constituents will be deleted from the index when confirmation is received that acceptance levels have reached a minimum of 75% and that any new shares of the bidding company (if applicable) are listed.

7.1.3 Constituents removed in accordance with Rule 7.1.2, but which continue to trade thereafter will be considered for re-inclusion in the index at the next review, subject to Section 4 and that at least 6 months has passed between deletion and the implementation date of the changes arising from the review.

7.1.4 When a constituent is deleted from the FTSE All-World Index Series, it will also be removed from the relevant sector index. No replacement will be made until the next semi-annual review.

7.2 Mergers, Restructuring and Complex Takeovers

7.2.1 If the effect of a merger or takeover is that one constituent is absorbed by another constituent in the same Sector Index, the resulting company will remain a constituent of the index and a vacancy created. The vacancy created will not be filled until the next semi-annual review.

7.2.2 If a constituent is suspended from the FTSE All-World Index Series, the same treatment will be applied in the FTSE Asian Sector Index Series.

7.2.3 If a constituent company is taken over by a non-constituent company in a different sector, the original constituent will be removed. The vacancy will not be filled until the next semi-annual review of the index. If a constituent company is taken over by a non-constituent company in the same sector, the resulting company will remain a constituent in the index if it qualify in all respects (see Section 4), and it is larger than the smallest company by full market capitalisation. If the new entrant is greater than 15 per cent of the sector index, the index will be capped at the start of trading on the day of the addition.

7.2.4 If a constituent company is split so as to form two or more companies, the two or more companies arising from the spilt will be eligible for inclusion in the appropriate sector index if they qualify in all respects (see Section 4), and they are larger than the smallest company by full market capitalisation. In the event of this occurrence, the respective sector index may have a larger number of companies than it started at the previous review. If the new entrant is greater than 15 per cent of the sector index, the index will be capped at the start of trading on the day of the addition. Where one or more of the resulting companies is ineligible, the ineligible company will be removed from the index. Vacancies will not be filled until the next semi-annual review of the index.

7.3 **New Issues**

7.3.1 If a new issue is so large that the effectiveness of the index as the market indicator would be significantly and adversely affected by its omission, the new issue will be included as a constituent to the relevant FTSE Asian Sector Index provided they qualify as a Fast Entry into the FTSE All-World Index Series from an eligible country, and they are within the top five companies of the relevant sector index when ranked by full market capitalisation i.e. before the application of investability weightings. The new entrant will replace the smallest index constituent when ranked by full market capitalisation, providing the maximum number of companies are already included in the index. If the new entrant is greater than 15 per cent of the sector index, the index will be capped at the start of trading on the day of the addition.

7.3.2 New issues of companies which do not qualify for early entry under Rule 7.3.1 (but which meet the criteria for eligible securities set out in Section 4) will be eligible for inclusion at the next semi-annual review, if large enough to become a constituent of the FTSE Asian Sector Index Series at that time.

7.4 **Suspension of Dealing**

7.4.1 In the event that a constituent of the FTSE Asian Sector Index Series is suspended on its own stock exchange, the constituent may remain in the index at the price at which it is suspended, for up to ten business days. During this time, FTSE may delete the constituent immediately either at its suspension price, or at zero.

7.4.2 Where a suspension of a constituent of the FTSE Asian Sector Index Series lasts beyond the tenth business day (and the option to remove the constituent has not been exercised), the constituent will normally be deleted from the index on the eleventh trading day at zero or the suspension price. Where suspension is for a reason not to the detriment of the constituent, it may be retained or removed at its suspension price by FTSE.

7.4.3 If the procedure detailed in 7.4.1 or 7.4.2, above, results in the removal of a constituent of a FTSE Asian Sector Index, the constituent will not be replaced until the next semi-annual review.

7.5 **Relisting of Suspended Constituents**

7.5.1 Eligible relisted securities may enter the index at the next semi-review, providing they meet the inclusion eligibility requirement.

7.5.2 If a company relists after a continuous period of suspension lasting more than a year, FTSE reserve the right to treat that company as a new issue for the purposes of index eligibility.

SECTION 7

7.6 Classification Changes

7.6.1 If a constituent's classification under the FTSE Industry Classification Benchmark (ICB) is changed such that it is no longer eligible for inclusion in its current FTSE Asian Sector Index, it will be removed at the time of the event. If a constituent's classification under the FTSE Industry Classification Benchmark (ICB) is changed such that it is no longer eligible for inclusion in its current FTSE Asian Sector Index but does become eligible for inclusion in another FTSE Asian Sector Index it will join its new sector index at the same time provided that it is larger than the smallest constituent of that sector index by full market capitalisation. The new entrant will replace the smallest index constituent when ranked by full market capitalisation, providing the maximum number of companies are already included in the index. If the new entrant is greater than 15 per cent of the sector index, the index will be capped at the start of trading on the day of the addition.

7.6.2 If a non-constituent company's classification is changed to make it eligible for one of the FTSE Asian Sector Index Series, it will only become eligible for inclusion in the Index at the time of the next semi-annual review.

7.7 Exceptional Circumstances

7.7.1 In exceptional circumstances (e.g., a sector index becomes distorted by a major corporate event), FTSE may agree to re-cap an index, providing at least 5 days notice is given.

SECTION 8

8.0 CHANGES TO CONSTITUENT WEIGHTINGS

8.1 For the purposes of computing the FTSE Asia Sector Index Series, the number of shares in issue for each constituent security is expressed to the nearest share and, 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 Rules 8.2 and 8.3).

8.2 If a corporate action is applied to an index constituent which involves a change in the number of shares in issue, the change in shares will be applied simultaneously with the corporate action.

8.3 If accumulated changes in the number of shares in issue add up to 10% or more, or when an accumulated share change represents USD 2bn of a company's total market capitalisation, they are implemented between quarters. A minimum of 4 days notice will be given to users of the index. WM/Reuters Spot Rates will be used to convert the market capitalisation into USD. The USD 2bn threshold may be adjusted annually in December by FTSE. If an adjustment is made, it will be applied for the first time at the next review in March of the following year.

8.4 Any exceptions to the above arrangements will be agreed with the Chairman of the Asian Pacific Committee and notified to all users in advance of being implemented.

8.5 All adjustments are made before the start of the index calculation on the day concerned, unless market conditions prevent this.

SECTION 9

9.0 INDUSTRY CLASSIFICATION BENCHMARK (ICB) SYSTEM

9.1 Classification of Constituents within Economic Groups and Sectors

9.1.1 The classification of a constituent may change from time to time. The reassessment of the economic group and sector to which a constituent belongs will be made by the FTSE Industry Classification Benchmark (ICB) Committee and reported to the FTSE for implementation.

9.2 Changes to Industry Classification of Constituents

9.2.1 Where a constituent is the subject of a merger, restructuring, or complex takeover which results in a constituent, or part of a constituent, being absorbed by another, the industry sector classification of the resulting constituent(s) will be determined by the FTSE Industry Classification Benchmark (ICB) Committee.

9.2.2 Any adjustment resulting from a change in a company's classification will be implemented at the same time that any relevant constituent changes are implemented in the index.

9.2.3 Periodic changes to the industry classification of a company are agreed and announced by the Industry Classification Benchmark Advisory Committee. Such changes will either be implemented on 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.

SECTION 10

10.0 INDICES ALGORITHM AND CALCULATION METHOD

10.1 Prices

10.1.1 The FTSE Asian Sector Index Series use actual trade prices for securities with local stock exchange quotations. Reuters real-time spot currency rates are used in the index calculation.

10.1.2 The FTSE Asian Sector Index Series receive share prices and currency spot rates in real time.

10.2 Calculation Frequency

10.2.1 The FTSE Asian Sector Index Series are published every minute during the Official Index Period, using last trade prices.

10.3 Algorithm

10.3.1 The FTSE Asian Sector Index Series is calculated using the algorithm described below.

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

Where,

- $i = 1, 2, \ldots, N$
- N is the number of securities in the Index.
- p_i is the latest trade price of the component security (or the price at the close of the Index on the previous day).
- e_i is the exchange rate required to convert the security's currency into the Index's base currency.
- s_i is the number of shares in issue used by FTSE for the security, as defined in these Ground Rules.
- f_i is the Investability Weighting Factor to be applied to a security to allow amendments to its weighting, expressed as a number between 0 and 1, where 1 represents a 100% free float. This factor is published by FTSE for each security in the underlying index.
- 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. This factor is published by FTSE for each security in the Index.
- d is the divisor, a figure that represents the total issued share Capital of the Index at the base date. The divisor can be adjusted to allow changes in the issued share Capital of individual securities to be made without distorting the Index.

APPENDIX A

QUALIFYING SECTORS

FTSE Asian Sector Index	Qualifying Sub Sector (of the FTSE All-World Index Series)
FTSE Asian Autos & Trucks Index	3355 Auto Parts 3353 Automobiles 2753 Commercial Vehicles & Trucks 3357 Tires 2779 Trucking
FTSE Asian Banks Index	8355 Banks
FTSE Asian Basic Resources Index	1753 Aluminium 1771 Coal 1773 Diamonds & Gemstones 1733 Forestry 1775 General Mining 1777 Gold Mining 1755 Nonferrous Metals 1737 Paper 1779 Platinum & Precious Metals 1757 Iron & Steel
FTSE Asian Chemicals Index	1353 Commodity Chemicals 1357 Speciality Chemicals
FTSE Asian Construction & Materials	2353 Building Materials & Fixtures 2357 Heavy Construction
FTSE Asian Financial Services Index	8771 Asset Managers 8773 Consumer Finance 8532 Full Line Insurance 8534 Insurance Brokers 8777 Investment Services 8575 Life Insurance 8536 Property & Casualty Insurance 8538 Reinsurance 8775 Speciality Finance
FTSE Asian Food & Beverage Index	3533 Brewers 3535 Distillers & Vintners 3573 Farming & Fishing 3577 Food Products 3537 Soft Drinks
FTSE Asian Health Care Index	4573 Biotechnology 4533 Health Care Providers 4535 Medical Equipment 4537 Medical Supplies 4577 Pharmaceuticals

APPENDIX A

FTSE Asian Sector Index	Qualifying Sub Sector (of the FTSE All-World Index Series)
FTSE Asian Industrial Goods & Services Index	2713 Aerospace 2791 Business Support Services 2793 Business Training & Employment Agencies 2723 Containers & Packaging 2717 Defense 2771 Delivery Services 2727 Diversified Industrials 2733 Electrical Components & Equipment 2795 Financial Administration 2757 Industrial Machinery 2797 Industrial Suppliers 2775 Railroads 2777 Transportation Services 2799 Waste & Disposal Services
FTSE Asian Marine Transportation Index	2773 Marine Transportation
FTSE Asian Oil & Gas Index	0533 Exploration & Production 0537 Integrated Oil & Gas 0573 Oil Equipment & Services 0577 Pipelines 0583 Renewable Energy Equipment 0587 Alternative Fuels
FTSE Asian Personal & Household Goods Index	3763 Clothing & Accessories 3743 Consumer Electronics 3722 Durable Household Products 3765 Footwear 3726 Furnishings 3724 Nondurable Household Products 3767 Personal Products 3745 Recreational Products 3785 Tobacco 3747 Toys
FTSE Asian Property Index	3728 Home Construction 8779 Mortgage Finance 8633 Real Estate Holding & Development 8637 Real Estate Services 8671 Industrial & Office REITs 8672 Retail REITs 8673 Residential REITs 8674 Diversified REITs 8675 Specialty REITs 8676 Mortgage REITs 8677 Hotel & Lodging REITs

APPENDIX A

FTSE Asian Sector Index	Qualifying Sub Sector (of the FTSE All-World Index Series)
FTSE Asian Retail Index	5371 Apparel Retailers 5373 Broadline Retailers 5375 Home Improvement Retailers 5333 Drug Retailers 5337 Food Retailers & Wholesalers 5377 Specialised Consumer Services 5379 Speciality Retailers
FTSE Asian Technology Index	9572 Computer Hardware 9533 Computer Services 2737 Electronic Equipment 9574 Electronic Office Equipment 9535 Internet 9576 Semiconductors 9537 Software 9578 Telecommunications Equipment
FTSE Asian Telecommunications Index	6535 Fixed Line Telecommunications 6575 Mobile Telecommunications
FTSE Asian Travel, Leisure & Media Index	5751 Airlines 5553 Broadcasting & Entertainment 5752 Gambling 5753 Hotels 5555 Media Agencies 5557 Publishing 5755 Recreational Services 5757 Restaurant & Bars 5759 Travel & Tourism
FTSE Asian Utilities Index	7535 Conventional Electricity 7537 Alternative Electricity 7573 Gas Distribution 7575 Multiutilities 7577 Water

APPENDIX B

CAPPING ALGORITHM

The Capping Level is fixed at 15% for the FTSE Asian Sector Index Series.

1. The capping procedure is applied to the indices semi-annually at the close of business on the second Friday in March and September. The capping is implemented using prices adjusted for corporate events as at the close of business on the third Friday in March and September based on the constituents, shares in issue and free float. This process sets the capping factors for each index.

2. Any changes in constituents or corporate actions/events, which take place on the following business day will be taken into account before the capping procedure is applied.

3. The free float and investability weightings for each index are taken into account before the capping procedure is applied.

4. Upon completion of the above steps the capping procedure is applied using the following algorithm:-

NB. The algorithm is applied to each constituent that requires capping, i.e. any constituent who's uncapped weight is greater than 15%.

The Constituent Capping Factor c_i is given by:

$$c_i = \frac{Z}{I \times (p_i \times s_i \times f_i)} \sum_{j \in J} (p_j \times s_j \times f_j)$$

Where,

- i denotes the security to be capped.
- j denotes an uncapped security.
- J is the subset of securities that are uncapped.
- p_k is the official closing price of the k^{th} security.
- s_k is the number of shares in of the k^{th} security.
- f_k is the free float factor of the k^{th} security.
- I is the percentage of the index represented by all uncapped constituents.
- Z is the percentage capping level.

The constituent capping factor is calculated for all constituents whose uncapped weight after the application of investability weightings is greater than 15% for the FTSE Asian Sector Index Series. The weights of the capped and uncapped constituents in the indices are then calculated. If following the application of this capping procedure other constituents have moved above 15% then the process is repeated, now including the new constituent(s) which require capping. This process is then repeated until no further constituents require capping.

APPENDIX C

INDEX SERIES OPENING AND CLOSING HOURS

Index	Open	Close
FTSE Asia Sector Index Series	00:00	10:00

Trading hours quoted in GMT times

The FTSE Asian Sector Index Series are calculated on public holidays whenever at least one exchange is trading. The indices will not be calculated on 1st January.

APPENDIX D

EXCHANGE RATES

The foreign exchange rates used in the calculation of the FTSE Asian Sector Index Series are Reuter's real time spot rates.

The US Dollar is the base currency for all index calculations. Non US Dollar denominated constituents prices are converted into US Dollars in order to calculate the Index Series.

The real time foreign exchange rates are used throughout the period of calculation (see Hours of Calculation). Therefore foreign exchange movements are taken into account in the Index calculation for each market even though the relevant underlying market may be closed.

The foreign exchange rates received from Reuters at 10:00 hrs (GMT time) are used to calculate the final Index levels and are termed the "closing FTSE Asian Sector Index Series foreign exchange rates".

CALCULATED MARKETS

Developed Markets

Hong Kong SAR
Singapore
South Korea

Advanced Emerging Markets

Malaysia
Thailand
Taiwan

Secondary Emerging Markets

China
India
Indonesia
Philippines

APPENDIX E

FURTHER INFORMATION

Further information on the FTSE Asian Sector Index Series are available from FTSE, who also welcomes comments on these Ground Rules and on the Index Series.

Enquiries should be addressed in the first instance to: info@ftse.com