

GROUND RULES FOR THE MANAGEMENT OF THE FTSE FRONTIER 50 INDEX



TABLE OF CONTENTS

SECTIONS

1.0 Introduction

- 1.1 General
- 1.2 FTSE Frontier 50 Index

2.0 Status of the Index

- 2.1 Calculation States

3.0 Management Responsibilities

- 3.1 FTSE International Limited
- 3.2 Re-calculations
- 3.3 Status of these Ground Rules
- 3.4 Amendments and Exceptions

4.0 Index Construction

- 4.1 Eligible Securities
- 4.2 Investability Weightings
- 4.3 Liquidity

5.0 Periodic Review of Constituent Companies

- 5.1 Review Dates
- 5.2 Rules for Insertion and Deletion at the Periodic Review
- 5.3 Monitoring of Eligible Companies
- 5.4 Reserve Lists

6.0 Changes to Constituent Companies

- 6.1 New Issues
- 6.2 Deletions and Replacements
- 6.3 Mergers, Restructuring and Complex Takeovers
- 6.4 Suspension of Dealing
- 6.5 Relisting of Suspended Constituents
- 6.6 Changes to Constituent Weightings

7.0 Changes to the Classification of Constituent Companies

- 7.1 Classification Structure
- 7.2 Classification Changes

8.0 Index Algorithm and Calculation Method

- 8.1 Prices
- 8.2 Calculation Frequency
- 8.3 Index Calculation

APPENDICES

A Index Opening and Closing Hours

B Eligible Countries

C Further Information

SECTION 1

1.0 INTRODUCTION

1.1 General

- 1.1.1 This paper sets out the Ground Rules for the Management of the FTSE Frontier 50 Index. Copies of the Ground Rules are available from FTSE on the website www.ftse.com. These rules represent an interim protocol for management of the index, pending the extension of the FTSE Global Equity Index Series to include Frontier Markets. The FTSE Frontier 50 Index will become a sub-set of the Frontier Market component of FTSE Global Equity Index Series and these Ground Rules will be amended at a later date to reflect this integration.
- 1.1.2 The FTSE Frontier 50 Index is designed to represent the performance of the largest and most liquid companies in Frontier markets (as defined by FTSE's Country Classification System).
- 1.1.3 For the list of countries eligible for inclusion to the FTSE Frontier 50 Index, please see Appendix B.
- 1.1.4 Please refer to the FTSE Global Equity Index Series Ground Rules in conjunction with these Ground Rules for detailed information from the FTSE website.

1.2 FTSE Frontier 50 Index

- 1.2.1 This index comprises the largest 50 companies by full market capitalisation that meet stated eligibility requirements.
- 1.2.2 The FTSE Frontier 50 Index is calculated in US dollars in real time every 15 seconds.
- 1.2.3 Price and Total Return Indices are published at the end of each working day in currencies as detailed in Rule 2.1.3. The Total Return Index is based on dividends paid by constituents, reinvested on the ex dividend date.

SECTION 2

2.0 STATUS OF INDEX

2.1 Calculation States

2.1.1 The FTSE Frontier 50 Index is calculated in US Dollars on a real time basis and may exist in the following states.

a) Firm

- i. The index is being calculated during Official Market Hours (see Appendix A). No message will be displayed against the index value.
- ii. The Official Closing Price for the FTSE Frontier 50 Index will be the Exchange Official Closing Price for the whole market.

b) Closed

The index has ceased all calculations for the day. The message 'CLOSE' will be displayed against the index value calculated by FTSE.

c) Held

During Official Market Hours, an index has exceeded pre-set operating parameters and the calculation has been suspended pending resolution of the problem. The message 'HELD' will be displayed against the last index value calculated by FTSE.

d) Indicative

If there is a system problem or situation in the market that is judged to affect the quality of the constituent prices at any time when an index is being calculated, the index will be declared indicative (e.g. normally where a 'fast market' exists in the equity market). The message 'IND' will be displayed against the index value calculated by FTSE.

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.

2.1.2 The official opening and closing hours of the FTSE Frontier 50 Index are set out in Appendix A. Variations to the official hours of the index will be published by FTSE.

2.1.3 US Dollar, Euro, UK Sterling and Japanese Yen values will be calculated on an end-of-day basis.

SECTION 3

3.0 MANAGEMENT RESPONSIBILITIES

3.1 FTSE International Limited (FTSE)

3.1.1 FTSE is responsible for the operation of the FTSE Frontier 50 Index. FTSE will maintain records of the market capitalisation of all constituents and reserve list companies and will make changes to the constituents and their weightings in accordance with the Ground Rules. FTSE will carry out reviews and implement the resulting constituent changes as required by the Ground Rules.

3.1.2 Changes to constituent weightings will be made by FTSE in accordance with the Ground Rules. FTSE is responsible for publicising and keeping a record of all changes to constituent weightings. The weightings of constituents in the real time index shall be used in the calculation of the end of day index.

3.1.3 FTSE is also responsible for monitoring the performance of the FTSE Frontier 50 Index throughout the day and will determine whether the status of each Index should be Firm, Indicative or Held (see Rule 2.1).

3.2 Re-calculations

3.2.1 The FTSE Frontier 50 Index is recalculated whenever errors or distortions occur that are deemed to be significant. Users of the FTSE Frontier 50 Index are notified through appropriate media.

3.3 Status of these Ground Rules

3.3.1 These Ground Rules are a guide to the policies and procedures applying at the date of publication to the operation and maintenance to the FTSE Frontier 50 Index. They have been prepared and approved by FTSE. However, these policies and procedures, and their precise application, are subject to variation and periodic review.

3.3.2 The purpose of publishing this guide is to provide information about the general basis on which decisions relating to the calculation and publication of the FTSE Frontier 50 Index are currently made.

3.3.3 In light of the intended purpose of this guide, and the likely variation and periodic review of the policies and procedures it contains, no liability whether as a result of negligence or otherwise is accepted by FTSE (or any 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:

- a) any reliance on this guide, and/or
- b) any errors or inaccuracies in this guide, and/or
- c) any non-application or misapplication of the policies or procedures described in this guide, and/or
- d) any errors or inaccuracies in the compilation or any constituent data.

SECTION 3

3.4 **Amendments and Exceptions**

- 3.4.1 FTSE is responsible for the operation and administration of the FTSE Frontier 50 Index. In the event FTSE considers that any exception should be made to the Ground Rules, sufficient notice should be given to the market.
- 3.4.2 Where an exception is granted to the Ground Rules under Rule 3.4.1, it shall not be deemed to create a precedent for future decisions of FTSE.
- 3.4.3 Changes to the Ground Rules can only be made by FTSE.

SECTION 4

4.0 INDEX CONSTRUCTION

4.1 Eligible Securities

- 4.1.1 All classes of the ordinary shares in issue are eligible for inclusion in the FTSE Frontier 50 Index, subject to conforming to all other rules of eligibility, free float and liquidity.
- 4.1.2 Companies that have full listing on any of the eligible countries listed in Appendix B are eligible for inclusion in the FTSE Frontier 50 Index.
- 4.1.3 Nationality issues will follow the FTSE Global Equity Index Series Ground Rules.
- 4.1.4 Convertible preference shares and loan stocks are excluded until converted.
- 4.1.5 Companies whose business is that of holding equity and other investments (e.g. Investment Trusts) which are assumed by the Industry Classification Benchmark as Subsector equity investment instruments (8985) and Non-equity investment instruments which are assumed by the Industry Classification Benchmark as Subsector non-equity investment instruments (8995) will not be eligible for inclusion. For further details on the Industry Classification Benchmark (ICB), please visit the FTSE website.
- 4.1.6 In accordance with Rule 4.1, all eligible listed companies will be included in the FTSE Frontier 50 Index. FTSE will review the companies quarterly. The largest eligible companies ranked by full market capitalisation, i.e. before the application of any investability weightings, comprising the top 50 companies subject to selection constraints will be included in the FTSE Frontier 50 Index. The implementation will take place after the close of business on the third Friday in March, June, September and December.

4.2 Investability Weightings

- 4.2.1 The FTSE Frontier 50 Index is adjusted for free float and foreign ownership limits. 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.

SECTION 4

4.2.2 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 4.2.1)
- Holdings by investment companies
- ETFs

4.2.3 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 Rule 4.2.4 |
| 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% |

4.2.4 If a security falls in the criteria as shown in Rule 4.2.3(a) then the following will apply:

- 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 full market capitalisation (before the application of any investability weighting) is greater than USD 1.25bn.
- c) the actual free float will be rounded up to the next highest whole percentage number.

4.2.5 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 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, subject to Rule 4.2.6.

4.2.6 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 new 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.

4.2.7 Foreign ownership restrictions, if any, will be applied after calculating the actual free float restriction, but before applying the bands detailed in Rule 4.2.3. 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 4.2.3.

SECTION 4

4.2.8 Foreign Ownership Availability

- a) In cases where foreign ownership restrictions exist and where foreign aggregate holdings are officially recorded, updated and publicly available, FTSE will monitor foreign ownership availability levels to determine index membership. Foreign ownership availability is calculated by removing the current shares held by international investors from the existing company foreign ownership restriction. For example, if international investors own 32% of a company with a 49% foreign ownership restriction, then the foreign ownership availability is 17% ($49\% - 32\% = 17\%$). Foreign ownership availability will be used to monitor the eligibility of a stock in the index.
- b) Index constituents that have a foreign ownership availability of 2% or less will be excluded from the FTSE Frontier 50 Index at the quarterly review. Non index constituents that have a foreign ownership availability of 10% or less will be ineligible for inclusion in the FTSE Frontier 50 Index at the quarterly review.

4.3 Liquidity

- 4.3.1 Each security will be tested for liquidity annually in December by calculation of its velocity trading per month. The velocity trade is calculated by summing the daily trading for each month and dividing it by free float adjusted shares in issue on offer on the last day of the month.
- 4.3.2 To be eligible for inclusion, non-constituent securities must trade at least 0.5% of their shares in issue (after the application of any investability weightings) based on their velocity trade per month for at least ten of the twelve months prior to the review in December.
- 4.3.3 For existing constituents, securities must trade at least 0.4% of its shares in issue (after the application of any investability weightings) based on its velocity trade per month for at least eight of the twelve months prior to the review in December.
- 4.3.4 Any period when a share is suspended will be excluded from the above calculations.
- 4.3.5 A security that is excluded because it fails the liquidity requirement will be excluded from the FTSE Frontier 50 Index for the period until the next annual review in December.
- 4.3.6 In exceptional market conditions, if trading volumes are very low, FTSE may reduce the percentage figure in order to avoid a large number of constituents being removed from the FTSE Frontier 50 Index. This discretion may not be applied to individual securities. If FTSE intends to exercise this discretion, it must make a public statement to that effect at least two weeks prior to the periodic review.

SECTION 5

5.0 PERIODIC REVIEW OF CONSTITUENT COMPANIES

5.1 Review Dates

5.1.1 The FTSE Frontier 50 Index will be reviewed on a quarterly basis in March, June, September and December based on data from the 3rd Friday in February, May, August and November. The reviews will be implemented on the next working day following the third Friday of March, June, September and December.

5.1.2 The underlying list of companies used to select the 50 companies for the FTSE Frontier 50 Index will only be updated annually in December based from the 3rd Friday of November (please see Rule 5.3.2).

5.2 Rules for Insertion and Deletion at the Periodic Review

5.2.1 The rules for inserting and deleting securities at the periodic review are designed to provide stability in the selection of constituents of the FTSE Frontier 50 Index while ensuring that the Index continue to be representative of the market by including or excluding those securities which have risen or fallen significantly.

5.2.2 A company will be inserted at the periodic review if it rises above the position stated below for the relevant index when the eligible securities for the FTSE Frontier 50 Index are ranked by full market capitalisation, i.e. before the application of any investability weighting:

FTSE Frontier 50 Index	-	Risen to 40th or above
------------------------	---	------------------------

5.2.3 A company will be deleted at the periodic review if it falls below the position stated below for the relevant index when the eligible securities for the FTSE Frontier 50 Index are ranked by full market capitalisation, i.e. before the application of any investability weighting:

FTSE Frontier 50 Index	-	Fallen to 61st or below
------------------------	---	-------------------------

5.2.4 A constant number of constituents will be maintained for the FTSE Frontier 50 Index. Where a greater number of companies qualify to be inserted in an index than those qualifying to be deleted, the lowest ranking constituents presently included in the index will be deleted 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 securities of the highest ranking companies which are presently not included in the index will be inserted to match the number of companies being deleted at the periodic review.

5.2.5 There is a ceiling weight of 20% for every country in the FTSE Frontier 50 Index. The 50 constituents in the FTSE Frontier 50 Index, which is weighted by investable market capitalisation, will be selected using the following rules:

- a) the top 50 companies that pass all the eligibility and ranking criteria will be selected,
- b) if any country has a weight in the index greater than 20%, the smallest constituent in that country by full market capitalisation will be removed and replaced by the largest non-constituent from a country with a weight that is not greater than 20%,
- c) Rule 5.2.5(b) will only be implemented, if and only if, a constituent removed does not result in the country weight reducing to less than 20% of the index,
- d) the implementation of Rule 5.2.5(b) will be repeated until Rule 5.2.5(c) is satisfied for all countries that have a weight higher than 20%.

SECTION 5

5.2.6 Where a company is deleted from the FTSE Frontier 50 Index after FTSE has approved periodic changes to the index, but before the periodic changes have been implemented, the highest ranking company selected by following Rule 5.2.5 from the new Reserve List will replace the deleted company.

5.3 **Monitoring of Eligible Companies**

5.3.1 The market capitalisation of companies eligible for inclusion in the FTSE Frontier 50 Index is monitored by FTSE. All listed ordinary securities on the eligible Frontier Markets will be included in the periodic reviews.

5.3.2 FTSE will monitor all eligible companies from the countries listed in Appendix B once a year at the December review. Any new companies will be considered as part of the eligible universe at the next December review. In all other quarterly reviews FTSE will update the eligible universe only for any new companies that rank (by full market capitalisation) 15th or above in the FTSE Frontier 50 Index. These companies will need to pass the eligibility criteria as stated in Section 4.

5.4 **Reserve Lists**

5.4.1 FTSE will be responsible for publishing the fifty highest ranking non-constituents of the FTSE Frontier 50 Index at the time of the periodic review. The Reserve List will be used in the event that one or more constituents are deleted during the period up to the next periodic review.

SECTION 6

6.0 CHANGES TO CONSTITUENT COMPANIES

6.1 New Issues

- 6.1.1 The FTSE Frontier 50 Index will not have intra-review additions and new issues which satisfy Rule 5.3.2 will be reviewed for index inclusion at the next quarterly review.

6.2 Deletions and Replacements

- 6.2.1 If a constituent is de-listed from the any of the eligible markets, ceases to have a firm quotation, is subject to a take-over 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 FTSE Frontier 50 Index.
- 6.2.2 Where the company to be removed is a constituent of the FTSE Frontier 50 Index, the vacancy will be filled by selecting the highest ranking security by full market value in the Reserve List following Rule 5.2.5 as at the close of the index calculation five days prior to the deletion.
- 6.2.3 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 not be re-considered for index inclusion until completion of a one year trading record.

6.3 Mergers, Restructuring and Complex Takeovers

- 6.3.1 If the effect of a merger or takeover is that one constituent in the FTSE Frontier 50 Index is absorbed by another constituent, 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 security by full market capitalisation in the Reserve List following Rule 5.2.5 as at the close of the index calculation five days prior to the deletion.
- 6.3.2 If a constituent company in the FTSE Frontier 50 Index is taken over by a non-constituent company, the original constituent will be removed and replaced by the highest ranking non-constituent in the Reserve List following Rule 5.2.5. Any eligible company resulting from the takeover, subject to Section 4, will be eligible to become the replacement company if it is ranked higher than any company on the Reserve List.
- 6.3.3 If a constituent company is split to form two or more companies, then the resulting companies will be eligible for inclusion as index constituents in the FTSE Frontier 50 Index providing they are larger than the smallest constituent, based on their respective full market capitalisations i.e. before the application of any investability weightings and if they qualify in all other respects. For example, a FTSE Frontier 50 Index constituent split into two companies may result in one or both of these companies remaining in the FTSE Frontier 50 Index. Where both of these companies remain in the FTSE Frontier 50 Index, the smallest FTSE Frontier 50 Index constituent will be removed from the Index. This company will also be placed in the Reserve List.
- 6.3.4 Index constituent changes resulting from the split will be determined based on market values at the close of business on the day of the split. The changes will then be applied one day later (i.e. using prices as at the close the following day). Consequently the FTSE Frontier 50 Index may have more than 50 companies for 2 days.

SECTION 6

6.4 Suspension of Dealing

- 6.4.1 Where a constituent is suspended it may remain in the FTSE Frontier 50 Index, at the price at which it is suspended, for up to ten business days. During this time on advice from FTSE may agree to delete the constituent immediately either at its suspension price or at a value of zero. Replacement of constituents will be handled according to Rule 6.2. 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. Removing a constituent at zero indicates that the stock is believed to be valueless.
- 6.4.2 When 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 index on the eleventh trading day, either at its suspension price or at zero. Where suspension is for a reason not to the detriment of the constituent, it may be retained or removed at its suspension price with the approval of FTSE. Replacement of constituents will be handled according to Rule 6.2.

6.5 Relisting of Suspended Constituents

- 6.5.1 Securities which, on relisting are larger than the smallest constituent of the index shall be reinstated in the index at the price at which they were removed and the lowest ranking constituent will be selected for removal. The reinstatement will happen after the close of business on the first day after the stock is relisted.
- 6.5.2 Securities which on relisting are smaller than the smallest constituent of the FTSE Frontier 50 Index from which they were removed when suspended shall be initially re-instated in the same index at the price at which they were removed and then included in the index, if any, for which they then meet the size criteria.
- 6.5.3 After a suspended stock is re-listed the timetable for the events described in Rules 6.5.1 and 6.5.2 above, shall be as follows:
- | | |
|----------------------------------|--|
| After close of business on day 1 | the stock will be included in the index from which it was suspended. |
| After close of business on day 2 | index constituents will be ranked by full market capitalisation and smallest constituent will be selected for deletion, using prices as at the close of business. FTSE will release a technical notice detailing any index changes, based on this ranking. |
| After close of business on day 3 | all changes will be implemented as detailed in the technical notice. |
- 6.5.4 Should a deleted constituent that has been suspended at a price other than zero (which would normally be the suspension price) be subsequently delisted and deemed to be of nil value, this stock will be included for one day's calculation in the index from which it was removed to enable the fall in the stock's value to be reflected in the index value. In this situation, the stock will be re-included at the suspension price, and its price will be zero throughout that day's calculation, including the closing price.
- 6.5.5 If a company relists after a continuous period of suspension lasting more than a year, FTSE reserve the right to treat the company as a new issue for the purposes of index eligibility.

SECTION 6

6.5.6 If the procedure detailed in Rule 6.5.3 above, results in the re-instatement of a constituent in the FTSE Frontier 50 Index, the smallest ranking company will be placed in the Reserve List.

6.6 Changes to Constituent Weightings

6.6.1 For the purposes of computing the FTSE Frontier 50 Index, 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 become effective at open on the next trading following the third Friday of March, June, September and December (subject to Rules 6.6.2 and 6.6.3).

6.6.2 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.

6.6.3 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 December of the following year.

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

SECTION 7

7.0 CHANGES TO THE CLASSIFICATION OF CONSTITUENT COMPANIES

7.1 Classification Structure

7.1.1 The FTSE Frontier 50 Index constituents are classified into Industries, Supersectors, Sectors and Subsectors, as defined by the Industry Classification Benchmark (ICB).

7.1.2 Details of the Industry Classification Benchmark are available from FTSE (see Appendix C) and published on the FTSE website (www.ftse.com).

7.2 Classification Changes

7.2.1 Changes to the classification of a company within the FTSE Frontier 50 Index will be advised by the ICB and the necessary adjustments will be made to the relevant industry sectors at the same time that the constituent changes are implemented.

7.2.2 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, the industry classification of the resulting constituent(s) will be reviewed by the ICB.

7.2.3 Any adjustment resulting from a change in a company's classification under Rule 7.2.2 will be implemented at the same time that any relevant constituent changes are implemented in the Index.

7.2.4 Periodic changes to the industry classification of a company are agreed and announced by the ICB. Such changes will be implemented after the close of the index calculation on the third Friday in March, June, September and December.

SECTION 8

8.0 INDEX ALGORITHM AND CALCULATION METHOD

8.1 Prices

8.1.1 The FTSE Frontier 50 Index will use actual last trade prices, where available, for securities.

8.1.2 Reuters real time exchange rates are used in the real-time index calculations.

8.2 Calculation Frequency

8.2.1 The FTSE Frontier 50 Index will be calculated in real-time and published every 15 seconds.

8.3 Index Calculation

8.3.1 The FTSE Frontier 50 Index is calculated using the following formula:

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

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 = Investability Weighting	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% investability weighting. The investability weighting for each security is published by FTSE.
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.

APPENDIX A

INDEX OPENING AND CLOSING HOURS

Index	Open	Close
FTSE Frontier 50 Index	00:30	21:10

Notes:

Closing values at 21:10 will be disseminated at 21:30.

Timings are UK hours.

APPENDIX B

ELIGIBLE COUNTRIES

The following countries are eligible to be included to the FTSE Frontier 50 Index.

Region	Country	Country Code	Currency Name	ISO Currency Code	ISO Currency Number
Asia Pacific	Bangladesh	BGD	Bangladesh, Taka	BDT	050
	Sri Lanka	SLK	Sri Lanka, Rupee	LKR	144
	Vietnam	VNM	Vietnamese Dong	VND	704
EMEA Africa	Botswana	BWA	Botswana, Pula	BWP	072
	Ivory Coast	CIV	West African Franc	XOF	952
	Kenya	KEN	Kenyan Shilling	KES	404
	Mauritius	MAU	Mauritius Rupee	MUR	480
	Nigeria	NGA	Nigerian Naira	NGN	566
	Tunisia	TUN	Tunisian Dinar	TND	788
	EMEA Europe	Bulgaria	BGR	Bulgarian Lev	BGN
Croatia		HRV	Croatian Kuna	HRK	191
Cyprus		CYP	Euro	EUR	978
Estonia		EST	Euro	EUR	978
FYR Macedonia		MKD	Macedonia, Denar	MKD	807
Lithuania		LTH	Lithuanian Litas	LTL	440
Malta		MLT	Euro	EUR	978
Romania		ROU	Romania, New Leu	RON	946
Serbia		RSB	Serbian Dinar	RSD	941
Slovakia		SVK	Euro	EUR	978
Slovenia		SVN	Euro	EUR	978
EMEA Middle East	Bahrain	BHR	Bahraini Dinar	BHD	048
	Jordan	JOR	Jordanian Dinar	JOD	400
	Oman	OMN	Omani Rial	OMR	512
	Qatar	QA	Qatari Rial	QAR	634
Latin America	Argentina	ARG	Argentine Peso	ARS	032

APPENDIX C

FURTHER INFORMATION

Further information on the FTSE Frontier 50 Index is available from FTSE, who will also welcome comments on these Ground Rules and on the Index.

Contact details for all FTSE offices worldwide can be found on the FTSE website under the Contact Us section.

Website: www.ftse.com

© FTSE International Limited ("FTSE") 2011. All rights reserved.

The FTSE Frontier 50 Index is calculated by FTSE. All rights in the Index Series vest in FTSE. "FTSE®" is a trade mark of the London Stock Exchange Plc and the Financial Times Limited and is used by FTSE under licence. All information is provided for information purposes only and no responsibility or liability can be accepted by FTSE for any errors or for any loss from use of this publication. No part of this publication may be reproduced, stored in a retrieval system or transmitted by any other form or means whether electronic, mechanical, photocopying, recording or otherwise without the prior written consent of FTSE. Distribution of FTSE index values and the use of FTSE indices to create financial products requires a licence from FTSE and/or its licensors.

The Industry Classification Benchmark ("ICB") is owned by FTSE. FTSE does not accept liability to any person for any loss or damage arising out of any error or omission in the ICB.