



**GROUND RULES FOR THE
MANAGEMENT OF THE
FTSE SWEDEN 30 INDEX**

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SECTION 1

1.0 INTRODUCTION

- 1.1 This paper sets out the Ground Rules for the Management of the FTSE Sweden 30 Index. Copies of the Ground Rules are available from FTSE.
- 1.2 The FTSE Sweden 30 Index is designed to reflect the performance of the top 30 most liquid Swedish listed securities.
- 1.3 The FTSE Sweden 30 Index is calculated in Swedish Krona.
- 1.4 Index constituents are weighted on investable market capitalisation.
- 1.5 The FTSE Sweden 30 Price Index is calculated in real-time and published every 15 seconds.
- 1.6 Total Return Index is published at the end of each working day. The Total Return Indices are based on ex dividend adjustments.

SECTION 2

2.0 STATUS OF INDEX

2.1 The FTSE Sweden 30 Index is calculated in real time and may exist in the following states:

a) **Firm**

The index is being calculated during Official Market Hours (see Appendix A). No message will be displayed against the Index values.

The Official Closing Prices for the FTSE Sweden 30 Index is will be the Official Closing Prices (see Appendix A).

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, the 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 Sweden 30 Index is set out in Appendix A. Variations to the official hours of the Index will be published by FTSE.

2.3 The FTSE Sweden 30 Index will not be calculated on Swedish Public Holidays.

SECTION 3

3.0 MANAGEMENT RESPONSIBILITIES

3.1 FTSE

3.1.1 FTSE is responsible for the calculation of the FTSE Sweden 30 Index. FTSE will maintain records of the market capitalisation of all constituents and will make changes to the constituents and their weightings in accordance with the Ground Rules. FTSE will implement constituent changes resulting from the quarterly review, or as otherwise required by this methodology.

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.

3.2 Re-Calculations

3.2.1 The FTSE Sweden 30 Index is recalculated whenever errors or distortions occur that are deemed to be significant. Users of the FTSE Sweden 30 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 Sweden 30 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 Sweden 30 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 4

4.0 ELIGIBLE SECURITIES

- 4.1 The universe of eligible constituents is all common stock listed on OMX Nordic Exchange Stockholm AB, subject to conforming to all other rules of eligibility, free float and liquidity.

SECTION 5

5.0 INDEX QUALIFICATION CRITERIA

To be included in the index, a stock must pass free float and liquidity criteria.

5.1 Investability Weightings

5.1.1 The entire quoted equity capital of a constituent company is included in the calculation of its market capitalisation, subject to free float restrictions. The FTSE Sweden 30 Index is adjusted for free float and foreign ownership limits.

5.2 Free Float

5.2.1 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.

5.2.2 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 5.2.1)
- 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.

5.2.3 Free float bands

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. If the free float is:

a) Less than or equal to 15%	=	see Rule (5.2.4)
b) Greater than 15% but less than or equal to 20%	=	20%
c) Greater than 20% but less than or equal to 30%	=	30%
d) Greater than 30% but less than or equal to 40%	=	40%
e) Greater than 40% but less than or equal to 50%	=	50%
f) Greater than 50% but less than or equal to 75%	=	75%
g) Greater than 75%	=	100%

SECTION 5

5.2.4 A security that has a free float of less than 5% will be ineligible for the index. However, a company that has a free float greater than 5% but less than or equal to 15% will be eligible for the index providing the company's full market capitalisation (before the application of any investability weight) is greater than USD 5bn. This does not apply to a company, which following a take-over offer, has a remaining free float of 15% or less.

5.2.5 Free float review

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. The 15% limit in Rule 5.2.3 will also not be subject to the 5 percentage point threshold.

5.2.6 Corporate events and actions

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 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.

5.3 Liquidity

5.3.1 Each security will be tested for liquidity based on 6 months average daily traded value on semi-annual basis in June and December using market data as at the close of the last trading day in May and November respectively.

5.4 Size

5.4.1 Only companies valued at more than SEK 100m (at the date at which the data for the review is taken) will be eligible for the index.

SECTION 6

6.0 PERIODIC REVIEW OF CONSTITUENT COMPANIES

6.1 Review Dates

- 6.1.1 The FTSE Sweden 30 Index will be reviewed semi-annually in June and December using market data as at the close of the last trading day in May and November respectively.
- 6.1.2 Changes to the index will be implemented after close of business on the third Friday in June, and December respectively.
- 6.1.3 FTSE will be responsible for publicising the outcome of the periodic review.

6.2 Steps for Conducting a Review

The periodic review of the constituents will follow the same procedures that have been applied to formulate the index, and the steps are:

- 6.2.1 All common stock listed on OMX Nordic Exchange Stockholm AB are ranked by each of the following:
 - Full market capitalisation
 - Liquidity
- 6.2.2 All listed companies are given a rank according to their full market capitalisation.
- 6.2.3 All listed companies are given a rank according to their 6 months daily average value traded.
- 6.2.4 The final ranking number for each company is calculated by adding:
 - the ranking of the full market capitalisation rank weighted at 1/3rd and
 - the ranking of the 6 months daily average value traded weighted at 2/3rd.

Example -: Stock 'A' ranked 4th on full market capitalisation and 1st on 6 months daily average value traded.

The number to be used for ranking stock "A":
 $4*(1/3) + 1*(2/3) = 2$

- 6.2.5 The rules for inserting and deleting securities at the periodic review are designed to provide stability and reduce turnover in the selection of constituents of the FTSE Sweden 30 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.
 - Non-constituent will be included at the semi-annual review if it is above the 25th position in the Index universe.
 - A stock will be deleted at the periodic review if it falls below the 35th position in the Index universe.

6.3 Capping Dates

- 6.3.1 At the semi-annual review, the constituents of the FTSE Sweden 30 Index are capped at 10% using prices adjusted for corporate actions as at the close of business on the second Friday in June and December. The capping is implemented after close of business on the third Friday in June and December based on the constituents, shares in issue and free float on the next trading day following the third Friday of the review month.

SECTION 7

7.0 CHANGES TO CONSTITUENT COMPANIES

7.1 New Issues

- 7.1.1 The FTSE Sweden 30 Index will not have intra-review additions.
- 7.1.2 The new issues will be reviewed for index inclusion at the next semi-annual review. When a stock is added to the universe, it will be therefore considered for inclusion at the next semi-annual review of the FTSE Sweden 30 Index.

7.2 Deletions and Replacements

- 7.2.1 A stock will be deleted from the FTSE Sweden 30 Index when the constituent is delisted from its stock exchange or becomes bankrupt, insolvent or is liquidated.
- 7.2.2 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.

7.3 Mergers, Restructuring and Complex Takeovers

7.3.1 Mergers / Takeovers between Constituents

If the effect of a merger or takeover is that one constituent in the FTSE Sweden 30 Index is absorbed by another constituent at the combined weight.

7.3.2 Mergers / Takeovers between a Constituent and a Non-Constituent

If a constituent company in the FTSE Sweden 30 Index is taken over by a non-constituent company, the original constituent will be removed from the Index.

7.4 Splits / Demergers

- 7.4.1 If an index constituent has a complex reorganisation or demerger, the newly spun-off company will remain eligible for inclusion in FTSE Sweden 30 Index.

7.5 Suspension of Dealing

- 7.5.1 Where a constituent is suspended it may remain in the FTSE Sweden 30 Index, at the price at which it is suspended, for up to 10 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. 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.
- 7.5.2 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.

SECTION 7

7.6 **Re-listing of Suspended Constituents**

- 7.6.1 If a company relists then it will be eligible for inclusion in the Index at the next semi-annual review providing it meets the eligibility criteria as defined in Section 5.

SECTION 8

8.0 CHANGES TO CONSTITUENT WEIGHTINGS

- 8.1 For the purposes of computing the FTSE Sweden 30 Index 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.
- 8.2 If a corporate action is applied to a constituent of the index 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 Changes of shares in issue not arising from corporate actions, amounting to less than 10% of the number of shares in issue but more than 1% will be made quarterly after the close of business on the third Friday of March, June, September and December.
- 8.4 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 June of the following year.
- 8.5 All adjustments are made before the start of the index calculations on the day concerned, unless market conditions prevent this.

SECTION 9

9.0 INDEX CALCULATION

9.1 Prices

9.1.1 The FTSE Sweden 30 Index uses actual trade prices for securities with local stock exchange quotations. Reuter's real-time spot currency rates are used in the index calculation.

9.2 Calculation Frequency

9.2.1 The FTSE Sweden 30 Index will be calculated in real-time and published every 15 seconds during their opening hours using real time prices.

9.3 Index Calculation

9.3.1 The FTSE Sweden 30 Index will be displayed to two decimal points.

9.3.2 The FTSE Sweden 30 Index is calculated using the following formula:

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

Where,

- $i = 1, 2, \dots, N$
- N is the number of securities in the Index.
- p_i is the latest trade price of the component security (or the price at the close of the Index on the previous day).
- 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

INDEX OPENING AND CLOSING HOURS

Index	Open	Close
FTSE Sweden 30 Index	08:00 (GMT)	16:30 (GMT)

APPENDIX B

CAPPING METHODOLOGY

The algorithm is applied to each constituent of the FTSE Sweden 30 that requires capping. 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 stocks. 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%.

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.

APPENDIX C

FURTHER INFORMATION

For further information and enquiries log on to: www.ftse.com

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