

## **INDEX RULE BOOK**

# **CAC<sup>®</sup> 40 Performance Weighted Index**

Version 20-01

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[indices.euronext.com](https://indices.euronext.com)

# Index

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## 1. INDEX SUMMARY

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<b>Factsheet</b>	<b>CAC 40<sup>®</sup> Performance Weighted indices</b>
<b>Index names</b>	CAC <sup>®</sup> 40 Performance Weighted CAC <sup>®</sup> 40 Performance Weighted NR CAC <sup>®</sup> 40 Performance Weighted GR CAC <sup>®</sup> 40 Performance Weighted AR
<b>Index type</b>	Price indices; Net return, Gross return and Adjusted Return index versions are also available.
<b>Underlying Index</b>	CAC 40 <sup>®</sup>
<b>Index governance structure</b>	The index follows the selection of the underlying index, which is under supervision of an independent steering committee. Euronext acts as the Compiler and is responsible for the day-to-day management of the index.
<b>Eligible stocks</b>	Companies included in underlying index.
<b>Selection</b>	Same composition as the underlying index on review date
<b>Number of constituents</b>	40
<b>Weighting</b>	Rebalanced monthly based on past performance: 3.5%, 3%, 2% and 1.5% respectively
<b>Capping</b>	n.a.
<b>Review of composition</b>	Follows annual/quarterly review scheme of underlying index. Effective after the third Friday of March, June, September and December.
<b>Rebalancing</b>	Effective after the third Friday of each month.
<b>Review of number of shares</b>	n.a.
<b>Base Currency</b>	Euro

Note: the factsheet is a summary of the rule book for information purposes only. The text of the rule book is leading.

## Reference Data

Index name	Isincode	Mnemo	Bloomberg Code	Reuters code	Base date	Base value	Publication since
CAC® 40 Performance Weighted	FR0012790822	CAPW	CAPW	.CAPW	31-12-04	1000	22-06-2015
CAC® 40 Performance Weighted NR	FR0012790830	CAPWN	CAPWN	.CAPWN	31-12-04	1000	22-06-2015
CAC® 40 Performance Weighted GR	FR0012790848	CAPWG	CAPWG	.CAPWG	31-12-04	1000	22-06-2015
CAC® 40 Performance Weighted AR	FR0012790855	CAPWA	CAPWA	.CAPWA	31-12-04	1000	22-06-2015

### Version notes

20-01 Integration of ESG Disclosures

## **2. GOVERNANCE AND DISCLAIMER**

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### **2.1 INDICES**

This rule book applies to the following indices (hereinafter “index”) owned by Euronext N.V. or its subsidiaries (hereinafter jointly “Euronext”):

- CAC® 40 Performance Weighted index

### **2.2 SUPERVISOR**

The Conseil Scientifique respectively acts as independent Supervisor of the index’ underlying Blue Chip index. The Supervisor is responsible for monitoring the selection of constituents for the index and ensuring that the index offers a reliable and representative view of the market.

### **2.3 COMPILER**

Euronext is the compiler of the index (“Compiler”). The Compiler is responsible for the day-to-day management of the index and is also responsible for decisions regarding the interpretation of these rules.

### **2.4 CASES NOT COVERED IN RULES**

In cases which are not expressly covered in these rules, operational adjustments will take place along the lines of the aim of the index. Operational adjustments may also take place if, in the opinion of the Compiler, it is desirable to do so to maintain a fair and orderly market in derivatives on this index and/or this is in the best interests of the investors in products based on the index and/or the proper functioning of the markets. The Compiler will report to the Supervisor if it took a decision about a case which is not specifically covered in the rules for comments and review.

### **2.5 RULE BOOK CHANGES**

These rules may be supplemented, amended in whole or in part, revised or withdrawn at any time. Supplements, amendments, revisions and withdrawals may also lead to changes in the way the index is compiled or calculated or affect the index in another way. The Compiler will submit all decisions regarding supplementing, amending, revising or withdrawing these rules to the Supervisor for recommendations or approval.

### **2.6 LIABILITY**

Euronext, the Compiler and the Supervisor are not liable for any losses resulting from supplementing, amending, revising or withdrawing the rules for the index.

The Compiler will do everything within its power to ensure the accuracy of the composition, calculation, publication and adjustment of the index in accordance with relevant rules. However, neither Euronext, nor the Compiler, nor the Supervisor are liable for any inaccuracy in index composition, share prices, calculations and the publication of the index, the information used for making adjustments to the index and the actual adjustments. Furthermore, Euronext, the Compiler and the Supervisor do not guarantee the continuity of the composition of the index, the continuity of the method of calculation of the index, the continuity of the dissemination of the index levels, and the continuity of the calculation of the index.

### **2.7 OWNERSHIP AND TRADEMARKS**

Euronext owns all intellectual and other property rights to the index, including the name, the composition and the calculation of the index. CAC® and CAC 40® are registered trademarks of Euronext.

## 3. PUBLICATION

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### 3.1 DISSEMINATION OF INDEX VALUES

#### 3.1.1 Opening

The opening level is calculated using the last known prices of traded constituents or in the case of constituents that have non-traded, halted or suspended status, the previous day reference prices or estimated prices (for IPOs, buyouts and swap offers).

The official opening level is the first level published after a share price is available for all constituents. Index levels published before the official opening level is published are considered pre-opening index levels.

If, for whatever reason, share prices are not available for all constituents five minutes after Euronext Markets (as defined in the Euronext harmonised rule book) started regular daytime trading, the official opening level will be published as soon as the companies whose share prices are available of the current trading day represent at least 80% of the value of the index at the close of the previous trading day.

#### 3.1.2 Calculation and dissemination

The index is calculated based on the most recent prices of transactions concluded on Euronext Markets. The level of the index is in principle published every 15 seconds. The index is calculated from 09:00 hours until Euronext Markets stop regular daytime trading on the days when the Euronext Markets are open for trading.

#### 3.1.3 Closing level

The closing level is the last level disseminated on the trading day.

### 3.2 EXCEPTIONAL MARKET CONDITIONS AND CORRECTIONS

The Compiler retains the right to delay the publication of the opening level of the index. Furthermore, the Compiler retains the right to suspend the publication of the level of the index to mark the level of the index indicative if it believes that circumstances prevent the proper calculation of the index.

If prices are cancelled, the index will not be recalculated unless the Compiler decides otherwise.

If the index remains in pre-opening phase during the entire trading session, the last published pre-opening level of the index will be used as the official closing level of the index for that day. In such cases, the Compiler will not calculate an official opening level for the index.

### 3.3 ANNOUNCEMENT POLICY

The announcement policy is described in the Euronext Indices Announcement policy document that is available on [indices.euronext.com/index-rules](https://indices.euronext.com/index-rules).

## 4. CALCULATION

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### 4.1 CALCULATION OF THE PRICE INDEX

The index is calculated on a price return basis. The calculation is based on the current numbers of shares included in the index of each constituent multiplied by the most recent price and subsequently divided by the divisor. The divisor was determined on the initial capitalization base of the index and the base level. The divisor is adapted as a result of corporate actions and composition changes.

### 4.2 CURRENCY CONVERSION

The base currency of the index is Euro ("Base Currency").

Share prices that are quoted in other currencies than the Base Currency will be converted to the Base Currency using the last known exchange rate observed on Reuters. Closing prices will be converted based on the most recent WM/Reuters spot rates, which are published each business day around 17:00 CET.

### 4.3 TOTAL RETURN INDEX CALCULATION

#### 4.3.1 Return indices

A net total return index as well as a gross total return index, is calculated and disseminated at the same frequency as the price index. The return indices are obtained by reinvesting the net and gross dividends respectively.

#### 4.3.2 Withholding tax rate

The net dividend is calculated as the gross dividend minus the applicable withholding tax. A table detailing the percentages that are applied is available on the website of Euronext.

#### 4.3.3 Ordinary dividends in shares

If a dividend is distributed in the form of shares only and if this is regarded as ordinary dividend, the return index will be reinvesting a cash equivalent of the dividend. If shareholders may choose between cash or shares the amount which is reinvested will be based on the cash option.

#### 4.3.4 Conversion of dividends declared in other currencies

If a dividend for a constituent is declared in another currency than the Base Currency of the index, then the Compiler will in first instance use the Base Currency amount if investors have the option to be paid in that currency. If the dividend amount is available only in currencies that deviate from the Base Currency, the Compiler will convert the dividend amount using the reference rate for the cum-day (the business day prior to the ex-date). In principle the reference rate will be based on the foreign exchange reference rates as published daily by the ECB.

### 4.4 CALCULATION OF THE ADJUSTED RETURN INDEX

An adjusted return index is calculated and disseminated at the same frequency as the underlying CAC 40 Performance Weighted GR index. The excess return index is obtained by deducting on a daily basis a 5% rate per annum from the gross return index .

### 4.5 INDEX CALCULATION FORMULAS

The **Adjusted return index** uses the following formula:

$$AR_t = AR_{t-1} \left( \frac{GR_t}{GR_{t-1}} - ExcRt \cdot \frac{day}{365} \right) \quad \text{Where:}$$

AR<sub>t-1</sub>: Adjusted return index value previous calculation date;

AR<sub>t</sub>: Adjusted return index value on t;

GR<sub>t-1</sub>: Gross return index value previous calculation date;

GR<sub>t</sub>: Gross return index value on t;

ExcRt: 5%

day: number of calendar days between index business day t-1 and t

## 5. INDEX REVIEWS

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### 5.1 GENERAL AIM AND FREQUENCY OF REVIEWS

#### 5.1.1 General aim of the periodical review and rebalancing

The general aim of the periodical review of the index is to ensure that the selection and weighting of the constituents continues to reflect the underlying market or market segment it represents.

#### 5.1.2 Effective date of rebalancings

The reviews become effective after the market close of the third Friday of each month.

### 5.2 INDEX UNIVERSE AND SELECTION PRINCIPLE

#### 5.2.1 Selection

At each periodical review the companies that are expected to be included in the underlying Blue Chip index after the close of the business day on the date of the periodical adjustment, are selected for the index.

#### 5.2.2 Selected line

As only one listing – the most active one - is permitted per company, the listing representing the company's ordinary shares is generally used.

### 5.3 PERIODICAL UPDATE OF WEIGHTING

#### 5.3.1 Update of number of shares

The new weightings in shares of the constituents are based on the new composition of the underlying Blue Chip index in combination with the closing prices of the Review Composition Announcement Date.

The new weightings are calculated such that each constituent will have a weight in the index that is determined based on the constituent's price performance. The 10 best performing will be weighted 3.5%, the following 10 will be weighted 3%, subsequently the next 10 will be weighted 2% while the remaining constituents will be weighted 1.5%. If there are less than 40 constituents these percentages will be increased by the same ratio. For instance: if there are 39 stocks, then the percentages will be multiplied by (100/98.5).

The price performance will be measured over a period of 1 year, comparing the closing prices on the Wednesday with the corresponding Wednesday in the same month in the previous year. The previous year prices will be adjusted for corporate actions such as Stock Splits, Bonus issues, Rights issues, Special dividends and Spin-offs.

In case of companies that were admitted to listing less than 1 year ago or after a merger the Compiler will in principle base the performance measurement on the moment of the event.

The weightings in shares will be rounded to the nearest whole number.

#### 5.3.2 Free Float

Not applied for this index.

#### 5.3.3 Capping

Not applied for this index.

#### 5.3.4 Companies added at the quarterly review

Not applied for this index.



## 6. CORPORATE ACTIONS

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### 6.1 GENERAL

The index may be adjusted in order to maintain the continuity of the index level and the composition. The underlying aim is that the index continues to reflect as closely as possible the value of the underlying portfolio.

Adjustments take place in reaction to events that occur with constituents in order to mitigate or eliminate the effect of that event on the index.

### 6.2 REMOVAL OF CONSTITUENTS

Constituents which are removed from an underlying Blue Chip index will be removed simultaneously from the Performance Weighted index.

If a company is removed from the index, the divisor will be adapted to maintain the index level.

#### 6.2.1 Mergers and acquisitions

If the effect of a merger or takeover is that one constituent is absorbed by another constituent the resulting company will remain a constituent of the index. If the merger offer takes place in the form of shares, the shares of the target will be replaced by the shares of the acquirer in accordance with the terms of the offer, unless the acquirer won't be included in the underlying Blue Chip index.

Companies which are added to the composition of the underlying Blue Chip index or which are re-entered after a temporary removal, will not be added to the Performance Weighted indices until the next periodical review.

#### 6.2.2 Delistings, suspensions and company distress

Constituents which are removed from an underlying Blue Chip index will be removed simultaneously from the Performance Weighted index.

The company will be deleted from the index based on either the last known price established during regular daytime trading or else a price determined by the Compiler, whereby the company may also be deleted at EUR 0.

#### 6.2.3 Pricing sources

In the event that the trading in shares is suspended, the last known price established during regular daytime trading will be used.

### 6.3 SPLIT UP / SPIN-OFF

In the event that a company included in the index is split up, the companies resulting from the split, including the original company where appropriate will continue to be included in the index providing they still qualify as an eligible company in their own right. The index may then temporarily consist of fewer than, or more than the normal number of companies until the next periodical review takes place.

For the purposes of these rules a split up is taken to mean a legal demerger, a spin-off or another situation which the Compiler deems to be similar.

In case the shareholder of the company which was originally included in the index does not automatically receive shares in a company which is created as a result of the split up, this company is considered to be a newly listed company.

The removal of any non-qualifying company resulting from a split up will take place after the close of the first day of trading in the shares of that company. If all companies resulting from the split are to be removed, the removal will take place at the close of the last trading day before the split.

### 6.4 EARLY INCLUSION OF NON-CONSTITUENTS

As a rule newly listed companies are considered for inclusion in the index at the time of the periodical index rebalancing.

## **6.5 DIVIDENDS**

### **6.5.1 Distinction ordinary and special dividend**

The price index will be adjusted for dividends that are special.

The following criteria will be applied to decide whether a dividend should be considered a special dividend:

- a) The declaration of a company of a dividend additional to those dividends declared as part of the company's normal results and dividend reporting cycle; merely an adjustment to the timing of the declaration of a company's expected dividend would not be considered as a special dividend circumstance; or
- b) The identification of an element of a dividend paid in line with a company's normal results and dividend reporting cycle as an element that is unambiguously additional to the company's normal payment.

For the purpose of clarification, no adjustment will be made for the following situations:

1. Payment of ordinary dividends, irrespective of how they are financed;
2. Issue of redeemable shares or any other entitlement in lieu of an ordinary dividend; or
3. Unexpected increase or decrease, resumption or cessation, or change in frequency to an ordinary dividend.

### **6.5.2 Adjustment for special dividend**

The adjustment of the index takes place by a reduction of the closing price of the share in question. Subsequently the divisor will be adapted in order to maintain the index level. The adjustments will be based on gross amounts.

## **6.6 RIGHTS ISSUES AND OTHER RIGHTS**

In the event of a rights issue the index is adjusted based on the value of the rights only. The divisor will be adapted in such a way that the level of the index remains the same.

The index will be adjusted only if the rights represent a positive value.

The index will also be adjusted if a value can be attributed to a subscription right for convertible bonds, bonds with warrants or warrants with preferential rights for shareholders or similar situations.

## **6.7 BONUS ISSUES, STOCK SPLITS AND REVERSE STOCK SPLITS**

For bonus issues, stock splits and reverse stock splits, the number of shares included in the index will be adjusted in accordance with the ratio given in the corporate action. The divisor will not be changed because of this. The Compiler may regard a bonus issue as the issue of an entitlement in lieu of an ordinary dividend and therefore treat this in accordance with 6.5.1.

## **6.8 CHANGES IN NUMBER OF SHARES OR FREE FLOAT**

Not applied for this index.

## 7. INDEX CALCULATION FORMULAS

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The general formula for the **price index** is:

$$I_t = \frac{\sum_{i=1}^N Q_{i,t} F_{i,t} f_{i,t} C_{i,t} X_{i,t}}{d_t}$$

Where:

- t Time of calculation
- N Number of constituent equities in index
- $Q_{i,t}$  Number of shares of equity i included in the index on day t
- $F_{i,t}$  Free Float factor of equity i <sup>1</sup>
- $f_{i,t}$  Capping factor of equity i <sup>1</sup>
- $C_{i,t}$  Price of equity i on t
- $X_{i,t}$  Current exchange rate on t <sup>1</sup>
- $d_t$  Divisor of the index on day t

The **total return index** calculation takes two steps: the first step is to transpose the announced dividend payment into index points. This is called the XD adjustment. This uses the following formula:

$$\text{XD adjustment} = \sum_{i=1}^N \frac{g_i * w_i}{d}$$

Where:

- N Number of constituent equities in index
- $g_i$  The announced dividend per share of the  $i^{\text{th}}$  component stock (for net return index withholding tax is deducted from this dividend);
- $w_i$  The weighting of the  $i^{\text{th}}$  component stock in the index, based on number of shares included in the index, Free Float factor, capping factor and exchange rate;
- d Divisor of the index.

The second step of the calculation uses the figures calculated in step one (XD adjustment). The dividend is assumed to be reinvested at the close of the ex-date.

$$\text{TR}_t = \text{TR}_{t-1} \left( \frac{\text{IV}_t + \text{XD}}{\text{IV}_{t-1}} \right)$$

Where:

- $\text{TR}_{t-1}$ : Total return index value yesterday;
- $\text{TR}_t$ : Total return index value on t;
- $\text{IV}_{t-1}$ : Underlying price index yesterday;
- $\text{IV}_t$ : Underlying price index on t;

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<sup>1</sup> Factor is equal to 1 if not applied for the index

## **8. DEFINITIONS**

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### **8.1 INDEX STEERING COMMITTEE**

Committee consisting of independent persons which acts as supervisor to the (underlying) index and to which all decisions regarding supplementing, amending, revising or withdrawing these rules are submitted for approval. The composition and responsibilities of the Index Steering Committee are laid down in the Rules of Procedure document that is available on the website [www.nyx.com](http://www.nyx.com).

### **8.2 COMPILER**

Committee of Euronext officials appointed by Euronext.

## 9. ESG DISCLOSURES

EXPLANATION OF HOW ESG FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY	
Item 1. Name of the benchmark administrator.	Euronext Paris
Item 2. Type of benchmark	Equity Benchmark
Item 3. Name of the benchmark or family of benchmarks.	<b>CAC-PW</b>
Item 4. Does the benchmark methodology for the benchmark or family of benchmarks take into account ESG factors?	No
Item 5. If the response to Item 4 is positive, please find below the ESG factors that are taken into account in the benchmark methodology and how they are used for selection, weighting and exclusion	
a) List of environmental factors considered:	Not applicable
b) List of social factors considered:	Not applicable
c) List of governance factors considered:	Not applicable
Item 6. Data and standards used.	
a) Data input. <i>(i) Describe whether the data are reported, modelled or, sourced internally or externally.</i> <i>(ii) Where the data are reported, modelled or sourced externally, please name the third party data provider.</i>	Not applicable
b) Verification of data and guaranteeing the quality of those data. <i>Describe how data are verified and how the quality of those data is ensured.</i>	Not applicable
c) Reference standards <i>Describe the international standards used in the benchmark methodology.</i>	Not applicable

Information updated on:

30<sup>th</sup> April 2020