

# **EURONEXT INDICES**

# **CORPORATE ACTIONS GUIDE**

Version 22-02

Effective from 29 June 2022

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

## VERSION NOTES

Version	Effective date	New or changed parts	Reference/announcement
21-01	15 Dec 2021	Initial version based on rules previously in individual index rulebooks	EIA_2021-367
21-02	15 Dec 2021	Small textual updates	
21-03	15 Dec 2021	Inclusion Liability clause in Introduction	
22-01	9 May 2022	Adjustment of 3.3 (Rights issues: changes following consultation); Addition to 4.1 (Split up / Spin off: clarification); Addition to 4.2 (M&A in shares: treatment in case not eligible)	EIA_2022-040
22-02	29 June 2022	Addition of cancelled or changed dividend	

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For further information in relation to Euronext Indices please contact: [index-team@euronext.com](mailto:index-team@euronext.com)

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# 1. INTRODUCTION

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This document provides a description of the rules followed in Euronext Indices for the treatment of Corporate Actions and other events effecting constituents of indices. This document applies to all indices for which Euronext is the Administrator.

Corporate Actions are implemented on the Price Return Indices as per the methodologies described below. For specific Corporate Actions a difference in treatment can be applied depending on the type of Index (Free Float Market Capitalisation Weighted, Full Market Capitalisation Weighted or Non-Market-Capitalisation Weighted).

The type of index is described in each index family rulebook and also in the List of indices per benchmark family available on the [Euronext Website](#).

## **LIABILITY**

Euronext and -where applicable- the Independent Supervisor are not liable for any losses resulting from supplementing, amending, revising or withdrawing the rules for the Euronext indices.

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

## **2. EXCEPTIONAL CIRCUMSTANCES**

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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 Index Design, 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. Index Design will report to the Independent Supervisor if it took a decision about a case which is not specifically covered in the rules for comments and review.

In exceptional circumstances, the Administrator reserves the right to deviate from the rules in this Index rulebook. This may be the case when, Index Design's opinion, a potential risk exists that application of the rules may result in an Index no longer accurately and reliably representing the market or economic reality it is intended to measure or, where this may have an unintended impact on stakeholders of the index. Where Index Design deems such deviation appropriate, it will submit the rationale for its decision to the Independent Supervisor of the Index if applicable.

## 3. CORPORATE ACTIONS AFFECTING WEIGHTING

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### 3.1 DIVIDENDS

#### Adjustment for special dividend

Price Return Indices are adjusted only for dividends that are deemed 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.

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 declared dividend amounts.

#### Dividends declared in other currencies

If a dividend is declared in a currency other than the currency the Company is traded in, if there is an option to receive the dividend in the trading currency then this amount will be used. If the dividend amount is available only in other currencies than the traded currency, the dividend amount is converted to traded currency 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.

#### Dividends for Companies trading in other currencies

If a Company trades in a currency other than the Base Currency of the Index, the dividend will be converted to the Base Currency of the Index using the exchange rates as published by the ECB, for Indices that have a Base Currency other than Euro the applicable WM reference rate is to be used.

#### 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.

#### Bonus issues

For bonus issues the number of shares included in the index will be adjusted in accordance with the ratio of the bonus issue. The divisor will not be changed because of this.

In case a bonus issue is regarded as an entitlement in lieu of an ordinary dividend it will be treated as an ordinary dividend.

#### Cancelled or changed dividend

In case a company announces that it will change or cancel a dividend after the ex-date, the index will be adjusted by way of a reinvestment of the dividend. The adjustment will be

effective the day after the change or cancellation is announced by the company and, will be based on the index composition and divisor of the effective date of the adjustment. Note that this reinvestment can be negative or positive.

Index levels published before the adjustment, will not be recalculated.

### **3.2 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.

### **3.3 RIGHTS ISSUES**

In the event of a rights issue the treatment depends on how the index is weighted, a distinction is made between Free Float Market Capitalisation weighted indices, Non-Market Capitalisation Weighted indices and Full Market Capitalisation weighted Indices. Furthermore an exception exists for Oslo Investable Indices.

For rights issues subsequent to private placements, in which only shareholders not participating in the private placement can participate, Euronext will make no adjustment. Rights issues subsequent to private placements are referred to as repair issues in Norway.

The Indices will only be adjusted if the rights represent a positive value on the close before the ex-date. An adjusted closing price will be applied for the Company performing the rights issue based on the value of the rights, the value of the right is calculated as per the following formula:

$$\text{Value of the right} = \frac{\text{Close price cum date} - \text{dividend*} - \text{subscription price}}{\left(\frac{\#Rights}{\#New shares}\right) + 1}$$

*\*only applicable if dividend has the same ex-date*

#### **Free Float Market Capitalisation Weighted Indices**

Any adjustment will be made based on the shares currently in the index.

##### *Dilutive rights issues*

If less than 2 shares are added for every share that is currently held and if the new shares are fungible with the existing line of shares (e.g. no dividend disadvantage), the new shares are added to the index on the ex-date. The divisor will be adapted in such a way that the level of the index remains the same.

##### *Highly dilutive rights issues*

If two or more than two shares are added for every share that is currently held (highly dilutive), a separate temporary line to track the market value of the rights will be included in the index on the ex-date. The divisor will not change at the ex-date.

If the rights are tradeable and traded on the ex-date, the traded price will be used for the market value of the rights. In case the rights are tradeable but are not traded on the ex-date, Euronext will use the theoretical value of the rights up till the moment the rights are traded. If the rights are not tradeable on the ex-date, Euronext will use the theoretical value of the rights.

The temporary line is included within the index calculation until the end of the rights subscription period at which point they will be deleted and the new shares consolidated into the

existing share line. The temporary rights line will be deleted at its last traded price and to reflect the fact that part of the remaining portfolio should be sold to generate the cash at the end of the rights subscription period the divisor of the index will change.

In case the rights hold no value at the end of the rights subscription period, Euronext holds the right to apply a different treatment.

### ***Non-Market Capitalisation Weighted Indices***

On the close before the ex-date the close price of the Company issuing the rights will be adjusted for the value of the rights. Subsequently the number of shares of the Company that is included in the index will be increased in order to maintain the weight of the Company in the index. The divisor will not change due to this adjustment.

### ***Full Market Capitalisation Weighted indices***

For Full Market Capitalisation weighted indices, 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. Any shares coming from the Rights Issue will be added to the index once listed.

### ***Oslo Investable Indices***

For Oslo Investable Indices, the new shares will be included in the index on the ex-date of the rights issue and an adjusted closing price will be applied. The adjustment will be made based on the shares currently in the index. The divisor will be adapted in such a way that the level of the index remains the same.

### **Other Rights**

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.

If the value cannot be attributed straightforward, the Administrator may also decide to include the detached instrument for one day and adjust the index at the close based on the closing price for that instrument on that day.

## **3.4 PARTIAL TENDER OFFERS ON OWN SHARES**

In the event of a partial tender offer on own shares, a distinction is made in the adjustment between Free Float Market Capitalisation weighted indices, Non-Market Capitalisation Weighted Indices and Full Market Capitalisation weighted Indices.

The Indices will only be adjusted in case the premium represents more than 5% of the share price of the close on the penultimate trading day before the ex-date (the day prior to the last day before the ex-day). The premium is calculated as the difference between the offered price and the closing price, multiplied by the percentage of the share capital targeted in the offer.

### ***Free Float Market Capitalisation weighted Indices***

For Free Float Market Capitalisation weighted indices, an adjusted close is calculated for the Company and the Number of Shares will be adjusted in line with the terms of the tender offer.

### ***Non-Market Capitalisation Weighted Indices***

For Non-Market Capitalisation weighted indices, an adjusted close is calculated for the Company in line with the terms of the tender offer.

***Full market Capitalisation weighted indices***

For Full Market Capitalisation weighted indices, an adjusted close is calculated for the Company in line with the terms of the tender offer.

If the divisor is adjusted, the number of shares in the index will be adjusted as well.

## 4. CORPORATE ACTIONS AFFECTING COMPOSITION

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### 4.1 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 meet the criteria for the Index Universe. The index may then temporarily consist of fewer than, or more than its standard number of constituents until the next periodical review takes place.

The Companies resulting from the spin-off will be included with the same Number of Shares, Free Float Factor and Capping Factor as the original Company. The Number of Shares, Free Float Factor and Capping Factor of the Company will be updated in line with the Individual Index Rules at the next periodical Reviews.

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

The distribution by an index constituent of shares in a company which is already listed is in principle treated as a spin off unless the distribution takes place in lieu of an ordinary dividend.

In the situation that the Company that is distributed is already a constituent of the Index, this will lead to a weight increase and where needed a correction factor applied for any difference in Free Float Factor.

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 and not a spin off.

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.

#### ***Full market Capitalisation weighted indices***

For full market-cap weighted Indices that are reviewed on a daily basis, the Number Of Shares of the resulting Companies will be updated to the listed number of shares as of the day after the ex-date.

In addition the Companies resulting from the split will be included in the Full Market weighted cap indices that are reviewed on a daily basis to which the Company is eligible as of the day after the Ex-date of the transaction.

### 4.2 MERGERS AND ACQUISITIONS

For Mergers and Acquisitions, a distinction is made in treatment between Free Float Market Capitalisation weighted indices, Non-Market Capitalisation Weighted indices and Full Market Capitalisation weighted Indices and between a situation where a bid is made in cash and a situation where a bid is done in shares.

#### **Acquisitions in cash**

##### ***Free Float Market Capitalisation weighted Indices***

In the event of a bid in cash, the target company will be removed from the index. The removal will take place with effect after the close of the first full business day following the acceptance of the bid and the bid becomes unconditional. If a company is removed from the index, the divisor will be adapted to maintain the index level.

##### ***Non-Market Capitalisation Weighted Indices***

In the event of a bid in cash, the target company will be removed from the index. The removal will take place with effect after the close of the first full business day following the acceptance of

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

#### **Full market Capitalisation weighted indices**

For full market Capitalisation weighted indices, the target Company will not be removed from the index. The Company will only be removed at delisting.

A Company removed from the index following an acquisition in cash will be removed using the last known traded price. In case the Company is suspended on the day of removal the price of the offer will be used.

#### **Mergers and takeovers in shares**

##### **Free Float Market Capitalisation weighted Indices and Non-Market Capitalisation Weighted Indices**

In the event of a merger, acquisition or similar situation where the bid is made in the form of shares, the constituent will be replaced by the newly formed Company, provided that this Company is included in the Index Universe as well as any continuous eligibility criteria as defined in the index reviews section. The replacement will take place in line with the schedule of the transaction. The replacement of the shares of the relevant index constituent by the shares of the newly formed Company will be executed on the basis of the bid ratio. In case the newly formed Company does not meet the universe and continuous eligibility criteria the removal of the constituent will take place with effect after the close of the first full business day following the acceptance of the bid and the bid becomes unconditional. If a company is removed from the index, the divisor will be adapted to maintain the index level.

##### **Full market Capitalisation weighted indices**

For full market Capitalisation weighted indices, the target Company will not be removed from the index. The Company will only be removed at delisting.

#### **Mixed transactions**

In case a of a mixed bid of cash and shares the bid will be treated as merger in shares if the share part amounts to at least 75% of the offer price, on the day of the publication of the terms of the offer. The replacement of the shares of the relevant index constituent by the shares of the company that continues to be traded will be executed on the basis of the bid ratio. The divisor will be adapted only for the cash part of the offer price.

#### **Minimum threshold and specific treatments**

A bid which is accepted or has become unconditional will not lead to a removal when the bidder has obtained control over less than 50% of the share capital.

Furthermore Index Design reserves the right to apply a specific treatment in non-standard situations including but not limited to:

- Competing bids with differing closing dates or structures;
- Offers made without the intention to gain full control.

In case of a specific treatment a separate announcement detailing the specific treatment will be issued timely to the market.

### **4.3 INCLUSION OF NEW COMPANIES**

##### **Free Float Market Capitalisation weighted Indices and Non-Market Capitalisation Weighted Indices**

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

### ***Full market Capitalisation weighted indices***

For Full Market Capitalisation weighted Indices newly listed companies may be considered for inclusion on a daily basis.

## **4.4 SUSPENSIONS, COMPANY DISTRESS AND DELISTINGS**

### **Suspension**

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

### ***Free Float Market Capitalisation weighted Indices and Non-Market Capitalisation Weighted Indices***

If a constituent is suspended, Index Design will consider whether the constituent should be removed or not within five trading days. If it is decided to maintain the constituent a further reassessment date will be set. Index Design reserves the right to take action before that date if new developments give reason to do so.

In case a constituent is removed following suspension, it will be removed from the index as soon as possible and on a day determined by Index Design. The company will be removed from the index after the close of the markets assuming a price of zero unless Index Design sets a different price, where possible supported by an objective source.

### ***Full market Capitalisation weighted indices***

For Full market Capitalisation weighted indices removal of suspended Companies will take place at the moment of delisting or, if applicable, on the occasion of a periodical review.

## **4.5 DELISTING AND FAST EXIT FOR FAILING CONTINUOUS ELIGIBILITY CRITERIA**

### **Delisting**

### ***Free Float Market Capitalisation weighted Indices and Non-Market Capitalisation Weighted Indices***

If it has been announced that a constituent will be delisted from the relevant market, it will be removed from the index after the close of the fifth (full) business day after the (official) announcement. In case of short time notice Index Design may determine an earlier date of removal. The constituent will be removed from the index based on either the last known price established during regular daytime trading or on a price determined by Index Design, whereby the company may also be removed at a price of zero.

Removing assuming a price of zero implies no divisor change because of the removal. If another price is set, the divisor will change based on the removal of the value of that company from the index portfolio when applying that price.

### ***Full market Capitalisation weighted indices***

For full market capitalisation weighed indices, the removal will take place at the close of the last day of trading before the delisting using the last traded price.

### **Not meeting continuous eligibility criteria**

Constituents for which it has been established that they do not meet the continuous eligibility criteria formulated for the Index Universe will be removed after the close of the fifth (full) business day after the relevant event. The constituent will be removed from the index based on the last known price established during regular daytime trading.

## Overview of Rulebooks and other documents applicable for Euronext Indices

The following documents, all available on or via the following link: <https://www.euronext.com/en/indices/index-rules> should be read in conjunction with this document or provide other relevant information for the reader.

### **BENCHMARK STATEMENT**

The Benchmark Statement identifies the primary features of an index family or families of indices in the context of the EU Benchmark regulation. For ESG based indices it also contains disclosure of ESG factors and reporting of scores.

### **COMPLIANCE STATEMENT**

The Compliance Statement provides details, for both significant and non-significant benchmarks, for which provisions the Administrator has chosen not to apply, and offers an explanation as to why it is appropriate not to apply each provision.

### **GOVERNANCE EURONEXT INDICES**

The purpose of the 'Governance Euronext Indices' is to describe the role and responsibilities of each of the governance bodies that are part of the Benchmark Administrators of Euronext.

### **RULEBOOK OF EACH FAMILY OF INDICES**

Each index is part of an index family that shares the basis for selection (universe) and which is managed in a comparable way. A separate rulebook is provided for each index family that will describe the specific features of that index family as well as specific elements of each index within that family.

### **INDEX CALCULATION AND PERIODICAL REVIEW Euronext Indices**

The Methodology Euronext describes all common aspects that apply for the

- periodical reviews, and
- the calculation of indices

### **EURONEXT INDICES CORPORATE ACTION RULES**

• treatment of corporate actions  
of indices provided by Euronext Indices.

### **EURONEXT ESG PROVIDERS METHODOLOGIES**

An overview of various methods applied by providers of ESG scorings and labels

### **PROCEDURES EURONEXT INDICES**

These rulebooks describe the various procedures that are applied for all Euronext Indices:

- Correction Policy
- Announcement Policy
- Complaints Procedure
- Consultations Procedure
- Procedure For Cessation of Indices

### **RULES OF PROCEDURE INDEPENDENT SUPERVISORS**

For each Independent Supervisor Euronext publishes a 'Rules of Procedure' that describes the responsibilities and composition of each Independent Supervisor.

### **BENCHMARK OVERSIGHT COMMITTEE CHARTER**

The Benchmark Oversight Committee Charter describes the role and responsibilities of the Benchmark Oversight Committee.