



## **Rules for the High Dividend Indices**

**CAC High Dividend Index  
AEX High Dividend Index  
BEL High Dividend Index  
PSI High Dividend Index**

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## Table of contents

1. Composition of the High dividend indices.....	2
2. Calculation and publication of the High Dividend indices .....	4
3. Rules for the periodical adjustment of the High Dividend indices .....	6
4. Corporate events affecting selection .....	8
5. Corporate events affecting weighting of constituents .....	10
6. Governance and final provisions.....	12
Definitions.....	13

# 1 Composition of the High Dividend indices

- 1.1 *High Dividend indices* The High Dividend indices are weighted indices based on the prices of shares of leading companies listed on Euronext, taking into account the reinvestment of net dividends.
- 1.2 *Design of Index* The High Dividend indices are designed to reflect general trends in the trading of shares listed on Euronext. They are made up of shares included in Blue Chip indices of Euronext in such a way that they are suitable to serve as the underlying value for index-linked products such as derivatives and structured products.
- 1.3 **Composition**
- 1.3.1 *Universe* The High Dividend indices consist exclusively of shares selected from several blue chip indices of NYSE Euronext: the CAC 40, the AEX, the BEL 20 and PSI 20.
- 1.3.2 *Excluded companies* The compiler may propose to the supervisor to exclude at the annual review companies that have announced important changes to their dividend policy, such that no dividend payment is to be expected.
- 1.4 **Weighting**
- 1.4.1 *Weighting basis* The selection and weighting of each company in the High Dividend indices shall be determined on the basis of the dividend yields observed over the previous calendar year.
- 1.4.2 *Maximum percentage weighting* The maximum percentage weighting of a constituent may not exceed 15% at the time of the revision of the index.
- 1.4.3 *Weighting in shares* The weighting in shares of a constituent is expressed in terms of the number of shares contained in the High Dividend indices baskets of shares. These numbers of shares are generally rounded to the nearest whole number.
- 1.5 **Index level calculation**
- Index level* The level of the High Dividend indices is equal to the cumulative total obtained by multiplying the number of shares contained in the High Dividend indices by the last known transaction price as published by Euronext divided by the divisor in accordance with the provisions of section 2 of these rules, of each constituent.
- 1.6 **Depository receipts**
- Shares* In these rules the term “shares” includes depository receipts for shares.

1.7 **Relationship with blue chip indices**

*Policy of blue chip indices* Unless otherwise specified in this rule book the principles and treatments of the stocks included in the index will follow the policies for the related blue chip index.

## 2. Calculation and publication of the High Dividend Indices

- 2.1 *Calculation of indices* The values of the High Dividend indices are calculated using the share prices quoted on Euronext of all the companies included in the respective indices.
- 2.2 *Share prices* Share prices are the prices at which transactions are executed during regular daytime trading in shares listed on Euronext regulated markets.
- 2.3 *Cancellation of prices* The levels of the High Dividend indices are calculated each trading day on the basis of the most recently published prices on that day. If prices are cancelled, the index will not be recalculated unless the Compiler decides otherwise.
- 2.4 *Publication frequency* The level of the AEX, BEL and PSI High Dividend indices are in principle published every 15 seconds. The level of the CAC High Dividend index is in principle published every 30 seconds
- 2.5 *Start calculation* The calculation of the levels of the High Dividend indices start when Euronext begins regular daytime trading in officially listed shares in accordance with the provisions of the Euronext Rule Book. If no price has been established for a constituent's share on the trading day concerned, the last known price established during regular daytime trading in officially listed shares on Euronext will be used.
- 2.6 **Opening and pre-opening**
- 2.6.1 *Opening level/opening criteria* The official opening level of the High Dividend indices is the first level published after a share price is available for all constituents. The official opening level is based on the last known prices at the time of publication. Index levels published before the official opening level is published are considered pre-opening index levels. (See 2.6.3)
- 2.6.2 *Opening if share prices unavailable* If, for whatever reason, share prices are not available for all constituents 15 minutes after Euronext has started regular daytime trading, the official opening level of the High Dividend indices 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 High Dividend indices at the close of the previous trading day.
- 2.6.3 *Pre-opening level* The Compiler may publish pre-opening index levels based on the last known prices of the shares of each constituent, before publishing the official opening level of the High Dividend indices.
- 2.7 *If index remains in pre-opening* If one of the High Dividend indices remains in pre-opening phase during the entire trading session, the last published pre-opening level of that index will be used as the official closing level of the High Dividend indices for that day. In such cases, the Compiler will not calculate an official opening level for the index.

2.8 **Closing**

*Closing level* The calculation of the level of the High Dividend indices will stop when Euronext stops regular daytime trading. The last published level of the High Dividend indices will be the official closing level of the High Dividend indices for that trading day.

2.9 *Publication delay or suspension* The Compiler retains the right to delay the publication of the opening level of the High Dividend indices. Furthermore, the Compiler of the High Dividend indices retains the right to suspend the publication of the level(s) of the High Dividend indices or to mark the level of the High Dividend indices indicative, if it believes that circumstances prevent the proper calculation of the index.

### 3. Rules for the periodical adjustment of the High Dividend indices

- 3.1 *General aim periodical adjustment* The general aim of the Compiler when making periodical adjustments to the High Dividend indices is to ensure that the selection and the weighting of the constituents continue to meet the principles set out in section 1 and that the index reflects as closely as possible the value of the underlying basket of shares.
- 3.2 *Date of periodical adjustment* Periodical adjustment to the selection and weightings of the companies will take place each year immediately after the close of the third Friday in March based on the figures of end February unless extraordinary events occur (see 3.3). The periodical adjustment to the selection and weightings of the companies will be effective immediately after the end of regular daytime trading in officially listed shares on the third Friday in March.
- 3.3 *Publication of new selection* The new selection of the High Dividend indices constituents and their weighting factors are published in an announcement at least one week before the periodical adjustment takes place. In the event of a take-over or other exceptional circumstances, the Compiler has the right to revise the selection from the time the announcement is published up to the close of the markets (including the trading-at-last phase) on the day when the periodical adjustment takes place.
- 3.4 *Permissible index change* Periodical adjustments of the High Dividend indices shall never result in the index changing by more than 0.01 index points.
- 3.5 **Periodical adjustment of the selection of constituents**
- 3.5.1 *Selection criteria*
- a. The selection of the companies included in the High Dividend indices will be adjusted periodically on the basis of the net dividend yield as observed over the previous calendar year.
  - b. In order to qualify for inclusion in the index the company should be included in the related Blue Chip index at the time of the review.
- 3.5.2 *Adjustment to selection criteria in case of other corporate events* If a company has been involved in a merger, acquisition or split, its net dividend for calculating the net dividend yield will be adjusted as appropriate. For the purposes of these rules a merger or acquisition is taken to mean a situation in which the shares in the companies concerned are exchanged for shares in the company resulting from the merger.

In the event of a spin-off, a split-up or a similar corporate event, the net dividend yield before the corporate event will be assigned to the companies resulting from the corporate event. For the purposes of these rules a spin-off is taken to mean a situation in which the shares in the companies concerned are exchanged for shares in the company resulting from the spin-off. The net dividend yield will not be assigned if a division of a company is sold, either privately or otherwise.

The Compiler will make the final decision if there is any doubt.

3.5.4	<i>Selection procedure</i>	<p>Procedure for the periodical selection of index constituents:</p> <ol style="list-style-type: none"> <li>1 A list is drawn up of all companies included in the blue chip indices including companies that will be included on or before the third Friday of March and excluding companies that will not be part of the blue chip indices on or after the third Friday of March.</li> <li>2 The net dividend yield of each company with regard to the previous calendar year is calculated. Net dividend is defined as the gross dividend less the withholding tax. The yield is determined by dividing the net dividend by the last observed closing price before going ex-dividend. Special dividends are not taken into account.</li> <li>3 If a company has paid more than one dividend during the year, the net dividend yield is calculated as the weighted average yield. The weighted average yield is calculated as the sum of the net dividend amounts(in EUR) divided by the weighted average closing price before going ex-dividend with the net dividend amount as weighting factor.</li> <li>4 The ranking according to decreasing net dividend yield of these companies is determined.</li> <li>5 The highest ranking companies are selected for each High Dividend index. For the CAC HD index the 20 highest ranking companies are selected. For the AEX HD the 12 highest ranking companies are selected. For the BEL HD index as well as the PSI HD index the 10 highest ranking companies are selected.</li> </ol>
<b>3.6 Periodical adjustment of the weighting of constituents</b>		
3.6.1	<i>Weighting in shares</i>	The weightings in shares of the constituents are determined each year, subject to the provisions of article 3.2. The new weightings are calculated on the basis of the relative net dividend yield of the constituents as observed over the previous calendar year. The weighting of a constituent in the High Dividend indices at the time of the revision may not exceed 15% (before the new weighting in shares is rounded in accordance with article 3.6.2).
3.6.2	<i>Rounding</i>	The new weighting of each constituent, is expressed in terms of the number of the constituent's shares in the High Dividend indices basket of shares. This number is generally rounded to the nearest whole number.
3.6.3	<i>Data used for determination index basket</i>	The closing prices on the last trading day of February are used to calculate the numbers of shares in the index baskets. However operational adjustments, which occur in the time period between the selection and the effective adjustment, may be taken into account.
<b>3.7 Final provisions for periodical adjustments</b>		
	<i>Cases not covered</i>	In cases, which are not expressly covered by these rules, periodical adjustments will take place along the lines of the aim set out in article 3.1. and in accordance with article 3.4 The Compiler must submit all periodical adjustments that are not specifically covered by these rules to the supervisor of the High Dividend indices for approval.

## 4. Corporate events affecting selection

### 4.1 Operational adjustment to the composition of the index

#### *General*

The composition of the portfolios on which the High Dividend indices are based may change as a result of decisions or events, which affect one or more of the constituents of the High Dividend indices.

### 4.2 Suspensions, Delistings, Mergers and Acquisitions

#### 4.2.1 *Price source if trading stops*

If regular daytime trading in one of the companies included in the High Dividend indices stops or the company is no longer traded during regular daytime trading, the Compiler of the High Dividend indices will in the first instance use the last known price of the company concerned, subject to the provisions of section 2, but will also have the possibility of using prices which were not established during regular daytime trading in officially listed shares on Euronext.

#### 4.2.2 *Suspensions*

If a constituent is suspended, the index will continue to be calculated using the last traded price. Where suspension of a constituent last beyond noon on the second day, the compiler will consider whether the constituent should be removed. When a constituent is removed following suspension, it will be removed at its suspension price unless otherwise decided by the compiler. If the suspended company is removed, the company will not be replaced in the index. If a constituent is delisted from the continuous market, it will be removed from the list of constituents as soon as possible and on a day announced by the compiler.

#### 4.2.3 *Mergers and take-overs*

a. If a constituent is subject to a take-over offer, a merger, an acquisition, liquidation, bankruptcy filing or a similar situation or has in the opinion of the compiler ceased to be a viable constituent as defined by the rules, the constituent in question will be removed on a day announced by the compiler.

b. If the effect of a merger or take-over is that one constituent is absorbed by another constituent the resulting company will remain a constituent of the index. If applicable, the removal will take effect on a date announced by the compiler.

c. If a constituent company is taken over by a non-constituent company, the original constituent will be removed at the earliest convenient date, which will be announced by the compiler.

d. The removal of a company from the index will be announced in principle at least two days in advance.

- 4.3        **Split-up**
- 4.3.1     *Split-up inclusion*     In the event that a company included in the High Dividend indices is split up, the weighting of the company before split will be attributed to the resulting companies after split. The resulting companies will remain in the index unless the listing of the company on Euronext is discontinued.
- 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.
- 4.3.2     *Weightings after split-up*     To ensure that the level of the index remains the same after a split-up as referred to in article 4.3.1, the weighting of the original company after a split-up will be adjusted as follows:
- If, after the split of the original company, two or more of the resulting companies, including the original company where appropriate, are included in the index, the existing weightings of all the constituents will remain the same and the divisor of the index will be adapted with the value of the outgoing company.
- 4.6        **Final provisions for operational adjustments of selection**
- 4.6.1     *Permissible index change*     Operational adjustments to the selection and/or weighting of companies included in the High Dividend indices may not result in the index concerned changing by more than 0.01 index points.
- 4.6.2     *Rounding off in case of adjustment*     The new weighting for each company will be expressed as the number of shares in the index. This figure will usually be rounded to the nearest whole number.

## 5. Corporate events affecting weighting of constituents

- 5.1 *Basic principle* The aim of the Compiler of the High Dividend indices when making operational adjustments is to ensure that the basic principles of the index (see section 1) are maintained and that the index continues to reflect as closely as possible the value of the underlying portfolio.
- 5.2 **Dividends**
- 5.2.1 *Adjustment for dividends* Since the High Dividend indices are calculated as total return indices, they will be adjusted for all dividends.
- 5.2.2 *Optional dividends* In this context a dividend with a stock option is also taken to mean a stock and/or cash dividend if the shareholders are able to opt for one of the dividends or a combination of them before the dividend is declared. In case of such an optional dividend the index will be adjusted based the cash option dividend amount.
- 5.2.3 *Dividend adjustment methodology* In the event of a dividend in the form of cash the divisor of the index will be adjusted so that the value of the index remains the same, using net dividend value.
- 5.2.4 *Stock dividends* If dividends are paid in the form of shares or a bonus issue takes place, the number of shares of the company in the index will be adjusted so that the value of the index remains the same.
- 5.3 **Rights issues and other rights**
- 5.3.1 *Rights issue* In the event of a rights issue the divisor of the High Dividend indices will be adjusted in such a way that the value of the index remains the same. The divisor will be adjusted on the basis of the theoretical value of the rights issue as calculated by the Compiler. The Compiler shall only effect adjustments if the rights issue represents a positive value.
- 5.3.2 *Other rights* The procedure set out in article 5.3.1 will also be followed if a value can be attributed to a subscription right for convertible bonds, bonds with warrants or warrants with preferential rights for shareholders.
- 5.3.3 *Weighting change in case of changes in capital* To ensure stability, the weightings of the constituents will not change in case of capital increases or decreases.
- 5.4 *Change of capital structure* If the issuer of shares in a company included in the High Dividend indices changes its capital structure, old shares will be replaced by new shares.
- 5.5 *Share split* In the event of a share split the number of shares of the company concerned in the basket will be multiplied by the factor used for the split at that time.
- 5.6 *Multiple adjustments* In the event that adjustments as referred to in articles 5.2 up to 5.5 inclusive occur in combination, the number of shares in the constituent company in question will be adjusted so that the value of the index remains the same.

5.8 **Final provisions for operational adjustments affecting weightings**

5.8.1 *Permissible index change* Operational adjustments to the weighting of companies included in the High Dividend indices may not result in the index concerned changing by more than 0.01 index points.

5.8.2 *Cases not covered* In cases which are not expressly covered in these rules, operational adjustments will take place along the lines of the aim set out in article 5.1. 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 these products and/or the proper functioning of the markets.

## 6. Governance and final provisions

- 6.1 *Governance* The Board of Euronext Indices BV acts as Compiler of the High Dividend indices. Furthermore, the Euronext Indices Steering Committee acts as Supervisor of the High Dividend indices.
- 6.2 *Compiler* The Compiler is responsible for the day-to-day management of the High Dividend indices and is also responsible for decisions regarding the interpretation of these rules.
- 6.3 *Cases not covered* In cases not covered by these rules but which require direct action, the Compiler will make a decision to the best of its ability and along the lines of and in accordance with the aim of these rules. The decision will be submitted to the Supervisor of the High Dividend indices at the earliest possible opportunity.
- 6.4 *Rule book* 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 High Dividend indices are compiled or calculated or affect the High Dividend indices in another way. The Compiler will submit all decisions regarding supplementing, amending, revising or withdrawing these rules to the Supervisor of the High Dividend indices for recommendations and approval. All decisions will be published immediately. A period of at least two months should pass between the date a proposed change is published and the date this comes into effect, unless the change is not in conflict with the interests of an affected party. Euronext, the Compiler nor the Supervisor of the High Dividend indices are liable for any losses resulting from supplementing, amending, revising or withdrawing the Rules for the High Dividend indices.
- 6.5 *Liability* The Compiler will do everything within its power to ensure the accuracy of the composition, calculation, publication and adjustment of the High Dividend indices in accordance with relevant rules. However, Euronext, the Compiler and the supervisor of the High Dividend indices are not liable for any inaccuracy in share prices, calculations and the publication of the index, the information used for making adjustments to the index and the actual adjustments.
- 6.6 *Ownership of High Dividend indices* Euronext Indices owns all intellectual and other property rights to the CAC HD index, the AEX HD index, the BEL HD index and PSI HD index, including the name, the composition and the calculation of these High Dividend indices.

## Definitions

### **Euronext Indices**

#### **Steering Committee:**

Committee consisting of independent persons which acts as supervisor to the High Dividend indices and to which all decisions regarding supplementing, amending, revising or withdrawing these rules are submitted for approval.

#### **Compiler:**

The board of directors of Euronext Indices B.V., responsible for the day-to-day management of the indices.