NYSE Euronext

PSI 20

Rules for the PSI 20-Index®

March 2009

version 09-01
Effective from 1 March 2009

Table of contents

1. Composition of the PSI 20-index 2

2. Calculation and publication of the PSI 20-index 4

3. Rules for the periodical review of the PSI 20-index 6

4. Rules for the operational adjustment of the PSI 20-index 10

5. Rules for the operational adjustment of the PSI 20-index 13

6. Governance and final provisions 15

Definitions 16

1 Composition of the PSI 20-index

1.1	*PSI 20-Index*	The PSI 20 is the Portuguese benchmark index, reflecting the evolution of the prices of the 20 largest and most liquid share issues selected from the universe of companies listed on Euronext Lisbon. The PSI 20 constituent weights are adjusted for free float and are limited to 15% of the index capitalization on the periodic review date.
1.2	*Design PSI 20 Index*	The PSI 20 was launched with a double purpose: to act as a benchmark for the Portuguese equity market; and to act as the underlying for futures and options contracts. Due to its characteristics, the PSI 20 has come to be chosen by the market to serve as the underlying for index linked products, the return of which depends, in one way or another, on the performance of Euronext Lisbon.
1.3	**Composition**	
1.3.1	*Universe*	The PSI 20-index consists exclusively of shares issued by companies that have been admitted to listing on Euronext Lisbon's Main Market.
1.3.2	*Nationality rule*	The issuer's effective and main head-office must be in Portugal or, alternatively, the company must have its main listing on Eurolist by Euronext Lisbon, assessed, for this purpose, by the share of the volume traded on Euronext Lisbon compared to the volume traded on all regulated markets on which the company is listed, which cannot be less than 66.7%.
1.3.3	*Excluded securities*	The Compiler reserves the right to exclude from the selection universe: a) Shares that were admitted to listing less than 20 trading days before the review assessment date b) Shares that are not traded on the continuous trading segment c) Convertible preference shares and loan stocks until converted, and d) Warrants, rights and other derivative securities
1.3.4	*Free float*	The issuer must have adequate shareholder free float, in order to allow for an adequate level of liquidity and regular formation of the respective share prices.
1.3.5	*Forecast*	There must not be any negative forecasts regarding liquidity, depth, regularity or continuity of market price formation.
1.3.6	*Shares*	In these rules the term "shares" includes depository receipts for shares.
1.4	**Selection**	
	Selection	The companies included in the PSI 20-index are selected on the basis of the value of the turnover.
1.5	**Weighting**	
1.5.1	*Maximum*	The maximum percentage weighting of a constituent in the new

weighting of percentage — portfolio may not exceed 15% at the time of the review assessment date. The compiler will use the closing data of the review assessment date for this calculation.

1.5.2 *Weighting in shares*

The number of shares applied in the calculation of the PSI 20 will be that defined by the Compiler at each moment, based on the number of issued shares.

For the purposes of calculating the indices, an issue is considered to be the total number of shares of the same nature, category and type. Shares that are temporarily non-fungible, i.e. shares that have different rights for a limited period of time, are considered to be of the same category.

Additionally, for the calculation of the index Free Float and Capping factors (as defined in 3.6), are applied

NYSE Euronext PSI 20

2. Calculation and publication of the PSI 20-index

2.1 *Calculation of index*

The PSI 20 index is calculated using the following formula:

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

Where:

t	day of calculation
N	number of constituent equities in index
$Q_{i,t}$	number of shares of equity i on day t
$F_{i,t}$	free float of equity I (FF)
$f_{i,t}$	capping factor of equity I (CAP)
$C_{i,t}$	price of equity i on day t
d_t	divisor on day t

The base date for the PSI 20 index is 31 December 1992 and its base is 3000 .

2.2 *Share prices*

Share prices are the prices at which transactions are executed during regular daytime trading in shares listed on Eurolist by Euronext Lisbon.

2.3 *Cancellation of prices*

The level of the PSI 20-index is 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 PSI 20 -index is in principle published every 15 seconds.

2.5 *Start calculation*

The calculation of the level of the PSI 20-index starts when Euronext Lisbon 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 Lisbon will be used.

2.6 **Opening level**

2.6.1 *Opening level/ opening criteria*

The official opening level of the PSI 20-index 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 5 minutes after Euronext Lisbon has started regular daytime trading, the official opening level of the PSI 20-index 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 PSI 20-index 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 PSI 20-index.

2.7 **Closing**

Closing level The calculation of the level of the PSI 20-index will stop when Euronext Lisbon stops regular daytime trading. The last published level of the PSI 20-index will be the official closing level of the PSI 20-index for that trading day.

2.8 *Intervention in publication* The Compiler retains the right to delay the publication of the opening level of the PSI 20-index. Furthermore, the Compiler of the PSI 20-index retains the right to suspend the publication of the level of the PSI 20-index or to mark the level of the PSI 20-index indicative, if it believes that circumstances prevent the proper calculation of the index.

2.9 *Return index* The level of the PSI 20 TR index is in principle published every 15 seconds. The return index takes the reinvestment of gross dividends into account.

3. Rules for the periodical adjustment of the PSI 20-index

3.1 *General Aim periodical adjustment*

The general aim of the Compiler when making periodical adjustments to the PSI 20-index 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 portfolio of shares.

3.2 **Adjustment date**

3.2.1 *Date of periodical adjustment*

Periodical adjustments of the index are effective after the close of the market on the first trading day in March

3.3 *Publication of new selection*

The new selection of the PSI 20-index constituents, their number of shares to be included in the index calculation, their free float factors and their capping factors are published in an announcement at least one month 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 *Permissable Index change*

Periodical adjustments of the PSI 20-index 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*

The companies are ranked according to the value of turnover, in the previous calendar year, of shares in the companies qualifying for selection.

In order for a company whose shares are listed on Euronext Lisbon to qualify for inclusion in the PSI 20-index, its shares must have a trading velocity of at least 10%. In other words, their regulated trading volume should represent at least 10% of the total number of shares issued by the company listed on Eurolist by Euronext Lisbon, calculated over the course of the previous calendar year. Velocity is calculated on a daily basis by dividing the number of shares traded during a particular day by the number of issued shares on that day. These daily figures are added up to calculate the annual velocity. A company cannot be selected for the PSI 20-index if its velocity is less than 10%.

If regulated turnover in shares for a particular company is not available for the entire calendar year, the velocity will be extrapolated to the entire calendar year. When determining a share's velocity, the regulated turnover in shares during the first twenty trading days after the company was admitted to listing on Eurolist by Euronext Lisbon will not be taken into consideration.

3.5.2 *Adjustment to turnover*

If shares are listed for less than the full calendar year, the compiler may determine a comparable traded value. For this purpose, the turnover in the first 20 days of trading is not taken into account and the remaining volume is extrapolated for the reference period.

To ensure the quality of the selection criteria, the compiler shall take into account complementary analyses and may exclude non-representative trades for turnover computation purposes.

3.5.3 *Adjustment to selection criteria in case of other corporate events*

If a company is involved in a merger, acquisition or split, its value of turnover will be adjusted as appropriate.

If a company is involved in a merger, acquisition or a similar corporate event, the value of regulated turnover before the corporate event on Euronext Lisbon of the company involved will be added to the value of regulated turnover of the company after the corporate event. 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 value of regulated turnover before the corporate event will be assigned to the companies resulting from the corporate event based on the ratio of the corporate event. The value of regulated turnover will be assigned if a spun-off division is listed on the stock market as an independent company. 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 value of regulated turnover 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 *Selection procedure*

The review of the PSI 20 composition is based on the following rules:

(i) an index constituent will be replaced whenever:
   a) it is placed below 22nd in the new ranking;
   b) it ranks 21st or 22nd and is to be replaced by a non-constituent placed 18th or higher in the new ranking.

(ii) A non-constituent will be included in the index whenever:
   a) it is placed 18th or higher in the new ranking;
   b) it ranks 19th or 20th in the new ranking replacing an index constituent that ranks 22nd or lower.

3.6 Periodical adjustment of the weighting of constituents

3.6.1 *Free Float*

The selection and weighting of each company in the PSI 20 index shall be determined on the basis of market capitalisation at the time the index is compiled or periodically adjusted.
The PSI 20 index applies a capitalisation adjustment based on the portion of the issued share capital of a company which is freely available for trading in the market (Free Float) Excluded from the Free Float is the restricted share capital (in percentage), based on the holdings equal to or greater than 5%, reported to Euronext Lisbon or published under the terms of the Securities Act, the Banking and Financial Institutions General Regime and the remaining applicable legal and regulatory standards; Euronext Indices B.V. may also take into account other relevant information for an adequate valuation of the restricted shareholdings.

The FF are reviewed on the review assessment date.

3.6.2 *Free Float Banding*

The market capitalisation will be adjusted to obtain the so-called free float band adjusted Market Capitalisation by rounding off the calculated free float to the nearest superior multiple of 5 percent . As such:

- If free float of a company is less than or equal to 20% but greater than 15%, 20% of the market capitalisation will be taken into account for the purpose of determining the weight ;
- If free float of a company is less than or equal to 25% but greater than 20%, 25% of the market capitalisation will be taken into account for the purpose of determining the weight;
- and so on till 100% if the free float of a company is greater than 95%.

3.6.3 *Capping*

A percentage-weighting limit of 15% is applied to PSI 20 index constituents weighing above this percentage in the new index selection. If the weight of a given stock exceeds this limit it is scaled down by a coefficient called "capping factor" (CAP). The capping factors are reviewed on the review assessment date. Between the periodical reviews, the weight of the issues in the index will fluctuate freely, possibly exceeding the 15% limit.

3.6.4 *Data used for determination free float market capitalisation and capping*

The free float, the closing prices and the number of issued shares on the last trading day of December are used to calculate the free float band adjusted market capitalisation. However, operational adjustments, which occur in the time period between the selection and the effective adjustment, may be taken into account.

3.7 Final provisions for periodical adjustments

Cases not covered

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 PSI 20 index for approval.

4. Corporate events affecting selection

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

General — The composition of the portfolio on which the PSI 20-index is based may change as a result of decisions or events, which affect one or more of the constituents of the PSI 20-index.

4.2 **Suspensions, Removals, Mergers and Acquisitions**

4.2.1 *Price source if trading stops* — If regular daytime trading in one of the companies included in the PSI 20-index stops or the company is no longer traded during regular daytime trading in officially listed shares, the Compiler of the PSI 20-index 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 at Euronext Lisbon.

4.2.2 *Mergers, Acquisitions, Other cases* — There are three different possibilities.

- The acquiring company is an index constituent and its target is not. In that case, the shares are simply transferred to the acquirer.
- Both the acquiring company and the target company are constituents. In that case, the shares are transferred to the acquiring company, and the target company is removed from the index on the same day.
- The acquiring company is not a constituent, but the target company is. In that case, the target company is removed from the index.

If the capitalisation or the free float of a constituent changes in relation to a case as described above, such change will be dealt with in accordance with the provisions laid down in Chapter 5.

4.2.3 *Replacement* — When a company is removed from the index, the vacancy is, in principle, filled by the highest-ranking security of the waiting list.

4.3 Split-up

4.3.1 *Split-up inclusion*

In the event that a company included in the PSI 20-index is split up, the companies resulting from the split, including the original company where appropriate, will continue to be included in the index unless one of these companies is ranked lower than the smallest current constituent on the basis of the value of turnover that was calculated for the last published waiting list. The compiler will make an assessment of the appropriate value of turnover based on the split up ratio. The index may then temporarily consist of more than 20 companies until the annual periodical adjustment 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.

Entities that result from a spin-off or demerger that are to be removed, will be removed after the first day of being listed, unless all resulting entities are to be removed. In the latter case the operation will be executed at the close before the spin-off or demerger is effective.

When entities are removed from the index and the index consists of less than 20 companies as a result thereof, the vacancy is, in principle, filled by the highest-ranking security of the waiting list.

4.4 Waiting list

The waiting list identifies those securities with the highest probability of being included in the index whenever an index constituent needs to be replaced. The waiting list is calculated on the first trading day of each month and published as soon as possible after that, with the exception of January, where the waiting list is published at the same time as the index portfolio review, following the Technical Committee's periodic meeting. The PSI 20 index waiting list is made up of the 5 issues that, according to the selection criteria, are best classified amongst the issues not included in the index.

For the calculation of the waiting list the turnover figures of the previous 12 months are used. In case stocks are listed less than 12 months the turnover will be extrapolated to a full year. For this calculation the first 20 trading days will not be taken into account.

4.5 Extraordinary removals and fast entry

4.5.1 *Exclusion of index constituents*

The Compiler may decide to replace an index constituent if:

a) a constituent is de-listed or suspended for a period of time considered to be excessive;
b) due to the merger of two or more constituent companies, one or more vacancies are created;

When a company is removed from the index, the vacancy is, in principle, filled by the highest-ranking security of the waiting list.

4.5.2 *Fast Entry*

Extraordinarily, the compiler may decide to include in the index a newly listed company earlier than the annual review on grounds of its market capitalisation and predictable liquidity.

The compiler may decide to include the new listing either

- shortly after the introduction; or
- on the first business day of September,

depending on the relative size in and (expected) liquidity in comparison with the current composition of the index. The inclusion will be announced at least 2 weeks before effectuation.

If a new company is included, the compiler will remove the lowest ranking current constituent in terms of turnover if this is necessary to observe the maximum of 20 constituents.

4.5.3 *Weighting other constituents*

Extraordinary additions or removals will in principle not affect the numbers of shares, free float factors and capping factors of the other constituents in the index.

4.6 Final provisions for operational adjustments of selection

Permissible Index change

Operational adjustments to the selection and/or weighting of companies included in the PSI 20-index may not result in the index concerned changing by more than 0.01 index points.

5. Corporate events affecting weighting of constituents

5.1 *Basic principle* Adjustments to the index are considered whenever corporate actions or other technical events may, effectively or potentially, induce exogenous changes in the prices of the index constituents. This is intended to assure that the index only reflects the market performance of the shares in the index.

5.2 **Dividends**

5.2.1 *definition non periodical dividend* No adjustment takes place on the day when a share becomes ex an ordinary dividend.

5.2.2 *adjustment for dividend* On the day shares go ex a special dividend, the share price is reduced by the value of this special dividend. Total index capitalisation is adjusted to reflect this reduction.

To decide whether a dividend should be considered a special dividend Euronext will use the following criteria:

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, the compiler will not make adjustment for the following situations:

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

5.3 **Rights issues and other rights**

5.3.1 *rights issue* On the day the shares go ex-rights, the value of the rights is subtracted from the equity's total capitalization. As this changes the total capitalization on which the index is based the divisor will be adjusted in such a way that the value of the index remains the same. The adjustment will be based on 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.

On the moment that the new shares are merged with existing shares, the operation is treated in the same way as a merger of shares, and capitalization is raised by a corresponding amount if the change in number of shares exceeds 5%.

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.

5.4	**Change of share capital**	
5.4.1	*Bonus Issues*	In the event of a bonus issue, the number of shares in the Index will be adjusted. The index divisor will not be changed. The compiler will make the final decision if there is any doubt.
5.4.2	*Change of capital structure*	If the issuer of shares in a company included in the PSI 20-index changes its capital structure, old shares will be replaced by new shares.
5.4.3	*Change in the number of issued shares*	Changes in the number of issued shares will not be reflected in the PSI 20-Index until the next periodical review, unless the change in number of shares exceeds 5%. Furthermore the number of shares in the index may change in relation to corporate actions as described in these rules.
5.5	*Share split*	In the event of a share split the number of shares in the company concerned will be multiplied by the factor used for the split at that time.
5.6	*Free float factor change*	In exceptional cases, where the change in free float is equal to or greater than 5% in absolute value, the free-float factor may be reviewed. Exceptional reviews of the free float factor of a constituent can be carried out if the proportion of the rounded-off float becomes modified by 5%, more or less. The following events are taken into account for these reviews: • operations cancelling or creating shares, takeover swaps and mergers, • shareholder’s notifications exceeding thresholds of 20% and beyond. These exceptional reviews of the free float factor are published in a Notice issued by Euronext and come into effect two trading days after they are published. The review of free float is carried out on a monthly basis
5.7	**Final provisions for operational adjustments affecting weightings**	
5.7.1	*Permissible Index change*	Operational adjustments to the weighting of companies included in the PSI 20-index may not result in the index concerned changing by more than 0.01 index points.
5.7.2	*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 of the PSI 20-index, 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*	Euronext Indices B.V., a subsidiary of Euronext Amsterdam N.V., is the Compiler of the PSI 20-index. The PSI Committee acts as adviser to the Compiler when amendments are made to these rules and whenever the Compiler deems this to be desirable or necessary in connection with the performance of its work. The PSI Committee also acts as the supervisor of the PSI 20-index.
6.2	*Compiler*	The Compiler is responsible for the day-to-day management of the PSI 20-index 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 PSI Committee 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 PSI 20-index is compiled or calculated or affect the PSI 20-index in another way. The Compiler will submit all decisions regarding supplementing, amending, revising or withdrawing these rules to the supervisor of the PSI indices for recommendations and approval. All decisions will be published immediately. A period of at least three 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 N.V., the Compiler nor the PSI Committee are liable for any losses resulting from supplementing, amending, revising or withdrawing the Rules for the PSI 20-index.
6.5	*Liability*	The Compiler will do everything within its power to ensure the accuracy of the composition, calculation, publication and adjustment of the PSI 20-index in accordance with relevant rules. However, Euronext Lisbon., the Compiler and the PSI Committee 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 PSI 20-index*	Euronext Lisbon has any and all proprietary rights, which exist or may exist to the name, logo, composition and method of computation of the PSI Indices.

Definitions

PSI Committee:	Committee consisting of independent persons which acts as supervisor to the PSI 20 Index and to which all decisions regarding supplementing, amending, revising or withdrawing these rules are submitted for approval.
Compiler:	Euronext Indices B.V. acts as Compiler op the PSI 20 Index.
ICB classification system:	Industry Classification Benchmark system