

The SET50 and SET100 Indices Rule

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ตลาดหลักทรัพย์แห่งประเทศไทย
The Stock Exchange of Thailand

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The SET50 and SET100 Indices Rule

This paper is aimed to describe how the SET50 and SET100 indices are calculated and what the selection criteria are for the constituents. The SET50 and SET100 indices are designed to represent the performance of the top 50 and 100 large market capitalization which consist coverage of and high correlation with Thai market.

Calculation Methodology

SET50 and SET100 Indices are calculated using the same method as for the SET index. Both indices , the SET50 and SET100 indices, are market capitalization-weighted price indices which compare the current market value of all listed common stocks with their market values on the base date.

$$\text{SET50 / SET 100 Index} = \frac{\text{Current market value (CMV)}}{\text{Base market value (BMV)}} \times 1000$$

In addition, the index in question will be adjusted when the market value of the component stocks changes, e.g., due to conversion of convertible bonds, exercising of warrants, or issuing of new shares for capital increase of the constituent stocks. The adjustment methodology is also inline with SET Index methodology.

	SET50 Index	SET100 Index
Base date	August 16, 1995	April 30, 2005
Base value	1,000	1,000

Index Committee

The Index Committee appointed by the SET will be responsible for considering the appropriateness of the selection criteria, the list of selected stocks, and the index calculation methodology.

Selection criteria for companies to be included in the SET50 or SET100 Indices

The methodology for choosing eligible stocks is comprised of (1) the Selection Criteria for periodic review (semi-annual) and (2) the Rule of the Changing to Constituent Companies which is the ongoing index maintenance between the periodic review.

Periodic Review

1. Eligible stocks must be listed and traded on the SET for a minimum of 6 (six) months. The criteria shall not be applied for stocks from the Changing of Constituent Companies
2. The eligible stocks must be in the top 200 stocks on the SET's main board in terms of average daily market capitalization for the past 3 (three) months. For the stock(s) included from the Changing to Constituent Companies and listed for less than 3 (three) months, average daily market capitalization shall be based on its (their) available trading days.
3. Eligible stocks must maintain their share distributions or free-float qualifications (Aggregation of ordinary shareholders) of at least 20 percent of the paid-up capital of the listed company in question.
4. Eligible stocks must meet the following liquidity criteria (Active trading):
 - 4.1. For securities on the SET's main board, the monthly turnover value of the eligible stocks must be more than 50.00% of the total average monthly turnover value per stock in the same month and;
 - 4.2 The criteria 4.1 should be met for at least 9 (nine) out of the 12 (twelve) months during the evaluation period (or 3/4 (three fourths) of the trading period but not less than 6 (six) months). Stock(s) recently entered from the Changing of Constituent Companies shall meet a minimum 3 of 4 of the available trading period.
5. If the number of eligible stocks is less than 105, SET index committee shall gradually alter until a minimum of 105 stocks is fulfilled, as follows:
 - Step 1 The percentage used in Step 4.1, above, will be reduced in steps of 5.00% each, for example, instead of the monthly turnover value of the stock in question having to be more than 50.00% of the total average monthly turnover value per stock for that month, it need be only more than 45.00%. If that level does not yield 105 stocks, then the limit will be reduced to 40.00%, etc. However, the limit must not be less than 20.00% in any one month.

Step 2 The number of months that are required as stipulated in criteria 4.2 will be reduced by 1 month at a time, i.e., to 8 or 7 months but not less than 6 months. This step is not applied to the stocks recently entered from the Changing of Constituent Companies.

Step 3 If the number of eligible stocks still does not reach the target of 105 securities, the percentage of the average monthly turnover per stock used for screening actively traded stocks will be reduced until a minimum of 105 stocks is reached.

6. Eligible stocks must not:

6.1. Be in the process of being delisted by the SET or having been declared by the SET as being in danger of being delisted.

6.2. Being voluntarily delisted

6.3. Be still suspended from trading for a period of time.

6.4. Its trading might be suspended for an extended period of time in the near future.

7. The top 50 stocks ranked by average daily market capitalization will be chosen for calculating the SET50 Index (the 51st – 55th stocks will be treated as replacements for the SET50 Index).

The top 100 stocks, which include all those in the SET50 index together with the next 50 stocks will be used in calculating the SET100 Index (the 101st – 105th stocks will be treated as replacements for the SET100 Index)

8. Periodic Review and Adjustments

The revisions are conducted every December and June. Periodic adjustments and the new list of stocks will be announced as soon as the lists become available. The new stock lists will be used for the SET50 and the SET100 Indices calculations starting with the first trading day of January and July of each year.

Changing of Constituent Companies

Ongoing event-related changes to the indices that are the result of newly-listed securities and other corporate events are reflected in changes to the components of the SET50 or SET100 Indices at the time of the event. These events can affect many aspects of an index and its constituents, as shown below.

1. New Issue

- 1.1 If there a large company is listed on the SET (i.e., its market capitalization calculated using its IPO price is greater than 1.00% of SET's market capitalization or is expected to be as large as one of the top 20 of the SET50 or SET100 constituents), the SET will include the new company as a SET50 and SET100 constituent in order to maintain the efficiency of SET50 and SET100 Indices as market indicators.
- 1.2 For the purpose of Rule 1, a new company which is restructured, renamed or has resulted from a merger or complex restructuring with/from an existing constituent as shown in Rule 2 is not considered as a new issue.
- 1.3 The new company will be included in SET50 Index at the end of its first trading day (Day T). The smallest stock ranked by market capitalization on the close of the announced date (Day T-3) will be removed and placed in the replacement list at the end of Day T

2. Mergers & acquisitions, takeovers and complex restructurings

- 2.1 If the above corporate events involve only index constituents.
 - 2.1.1 The company resulting from the events in 2.1 will remain a constituent in the original index.
 - 2.1.2 If a constituent is absorbed by another constituent, the resulting vacancy will be filled subject to Rule 5.
- 2.2 If the above corporate events involve both an index constituent(s) and non-constituents
 - 2.2.1 If the constituent(s) survives, the above corporate actions and its(their) equity can still be listed, it(they) will remain in the original index.

2.2.2 If an index constituent is absorbed by a non-constituent, the original constituent will be removed and replaced by the resulting company, if it is in listed company status.

2.3 If an index constituent splits or spins off a portion of its business to form one or more new companies, the constituent involved in the spinoff is still included in its original index on condition that the company has survived and its securities is listed.

2.4 The Index Committee shall be responsible for considering corporate events not identified above, as well as the interpretation or possible exceptions to the rules above.

3. Free float criteria

Companies in the SET50 or SET100 Indices must maintain a free float of not less than 20.00% (twenty percent only).

4. Timing of deletion as an index constituent

If a stock is to be deleted as a SET50 or SET100 constituent (e.g. inclusion of early entry company), the constituent with the smallest market capitalization on Day T-3 before first trading day (T) of inclusion stock will be removed and placed in replacement list at the end of Day T

5. Timing of replacing as an index constituent

When a vacancy is created, the company on the replacement list with the largest market capitalization on closing of 3 Days before any stock is deleted from the constituents (Day T-3) will be replaced in the constituents at the end of Day T.

6. Trading suspension for long periods

When a constituent of the SET50 or SET100 Index is suspended from trading for longer than 20 trading days, the SET will exclude that company from the SET50 or SET100 Indices, as the case may be.