



FTSE BIVA Index

v1.3



Contents

1.0	Introduction	3
2.0	Management Responsibilities.....	5
3.0	FTSE Russell Index Policies	6
4.0	Eligible Securities	8
5.0	Periodic Review of Constituents	9
6.0	Changes to Constituent Companies	11
7.0	Corporate Actions and Events.....	12
8.0	Index Calculation	13
	Appendix A: Index Opening and Closing Hours	15
	Appendix B: Pro-rata Liquidity Test Requirements	16
	Appendix C: Status of Index	17
	Appendix D: Further Information	18



Section 1

Introduction

1.0 Introduction

- 1.1 This document sets out the Ground Rules for the construction and management of the FTSE BIVA Index. Copies of the Ground Rules are available from FTSE Russell.
- 1.2 The FTSE BIVA Index is designed to reflect the performance of liquid Mexican companies.
- 1.3 The base currency of the benchmark is Mexican Peso (MXN). Index values may also be published in other currencies.
- 1.4 Index constituents are weighted by investable market capitalisation.
- 1.5 The FTSE BIVA Price Index is calculated in real-time and published every 15 seconds.
- 1.6 The price return index is published at the end of each working day.
- 1.7 Unless specifically detailed in this document, all areas of the methodology regarding the management of the FTSE BIVA Index are included in the FTSE Global Equity Index Series Ground Rules. The FTSE BIVA Index Ground Rules should therefore be read in conjunction with the FTSE Global Equity Index Series Ground Rules. These rules are available from FTSE Russell using the link below:
[FTSE Global Equity Index Series.pdf](#)
- 1.8 **FTSE Russell**
FTSE Russell is a trading name of FTSE International Limited, Frank Russell Company, FTSE Global Debt Capital Markets Limited (and its subsidiaries FTSE Global Debt Capital Markets Inc. and MTSNext Limited), Mergent, Inc., FTSE Fixed Income LLC and The Yield Book Inc.
- 1.9 FTSE Russell hereby notifies users of the index that it is possible that circumstances, including external events beyond the control of FTSE Russell, may necessitate changes to, or the cessation of the, index and therefore, any financial contracts or other financial instruments that reference the index or investment funds which use the index to measure their performance should be able to withstand, or otherwise address the possibility of changes to, or cessation of, the index.

- 1.10 Index users who choose to follow this index or to buy products that claim to follow this index should assess the merits of the index's rules-based methodology and take independent investment advice before investing their own or client funds. No liability whether as a result of negligence or otherwise is accepted by FTSE Russell (or any person concerned with the preparation or publication of these Ground Rules) for any losses, damages, claims and expenses suffered by any person as a result of:
- any reliance on these Ground Rules, and/or
 - any errors or inaccuracies in these Ground Rules, and/or
 - any non-application or misapplication of the policies or procedures described in these Ground Rules, and/or
 - any errors or inaccuracies in the compilation of the Index or any constituent data.

Section 2

Management Responsibilities

2.0 Management Responsibilities

2.1 FTSE International Limited (FTSE)

2.1.1 FTSE is the benchmark administrator of the index.¹

2.1.2 FTSE is responsible for the daily calculation, production and operation of the Index and will:

- maintain records of the index weightings of all constituents;
- make changes to the constituents and their weightings in accordance with the Ground Rules;
- carry out the periodic index reviews of the Index and apply the changes resulting from the reviews as required by the Ground Rules;
- publish changes to the constituent weightings resulting from their ongoing maintenance and the periodic reviews;
- disseminate the index.

2.2 Status of these Ground Rules

2.2.1 These Ground Rules set out the methodology and provide information about the publication of the FTSE BIVA Index.

2.3 Amendments to these Ground Rules

2.3.1 These Ground Rules shall be subject to regular review (at least once a year) by FTSE Russell to ensure that they continue to best reflect the aims of the index. Any proposals for significant amendments to these Ground Rules will be subject to consultation with FTSE Russell advisory committees and other stakeholders if appropriate. The feedback from these consultations will be considered by the FTSE Russell Product Governance Board before approval is granted.

¹ The term administrator is used in this document in the same sense as it is defined in [Regulation \(EU\) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds](#) (the European Benchmark Regulation).

Section 3

FTSE Russell Index Policies

3.0 FTSE Russell Index Policies

These Ground Rules should be read in conjunction with the following policy documents which can be accessed using the links below:

3.1 Corporate Actions and Events Guide

- 3.1.1 Full details of changes to constituent companies due to corporate actions and events can be accessed in the Corporate Actions and Events Guide using the following link:

[Corporate Actions and Events Guide.pdf](#)

3.2 Queries and Complaints

FTSE Russell's complaints procedure can be accessed using the following link:

[FTSE Russell Benchmark Determination Complaints Handling Policy.pdf](#)

3.3 Index Policy for Trading Halts and Market Closures

- 3.3.1 Guidance for the treatment of index changes in the event of trading halts or market closures can be found using the following link:

[Index Policy for Trading Halts and Market Closures.pdf](#)

3.4 Index Policy in the Event Clients are Unable to Trade a Market

- 3.4.1 Details of FTSE Russell's treatment can be accessed using the following link:

[Index Policy in the Event Clients are Unable to Trade a Market.pdf](#)

3.5 Recalculation Policy and Guidelines

- 3.5.1 The FTSE BIVA Index is recalculated whenever errors or distortions occur that are deemed to be significant. Users of the FTSE BIVA Index notified through appropriate media.

For further information refer to the FTSE Russell Recalculation Policy and Guidelines document which is available from the FTSE Russell website using the link below or by contacting info@ftserussell.com.

[Index Recalculation Policy and Guidelines Equity Indexes.pdf](#)

3.6 **Policy for Benchmark Methodology Changes**

- 3.6.1 Details of FTSE Russell's policy for making benchmark methodology changes can be accessed using the following link:

[Policy for Benchmark Methodology Changes.pdf](#)

Section 4

Eligible Securities

4.0 Eligible Securities

4.1 All constituents of the FTSE Mexico All Cap Index are eligible for inclusion in the FTSE BIVA Index.

4.2 FTSE4Good BIVA Index

4.2.1 The FTSE4Good BIVA Index consists of all constituents of the FTSE Mexico Index which are current constituents of the FTSE4Good Emerging Index.

FTSE4Good Ground Rules can be accessed using the following link:

https://www.ftse.com/products/downloads/FTSE4Good_Index_Series.pdf

Section 5

Periodic Review of Constituents

5.0 Periodic Review of Constituents

5.1 Review Dates

- 5.1.1 The FTSE BIVA Index will be reviewed semi-annually in March and September.
- 5.1.2 Changes to the index will be implemented after the close of business on the third Friday (i.e. effective Monday) of March and September.

5.2 Review of Index Constituents

- 5.2.1 Constituents of the FTSE Mexico All Cap Index which pass the liquidity rule detailed in Rule 5.2.2 are selected.

5.2.2 Liquidity Rule

Calculating Liquidity:

Each security will be tested for liquidity semi-annually in March and September by calculation of its monthly median daily trading volume.

Liquidity will be calculated for the March review from the first business day of January to the last business day of December of the previous year and for the September review from the first business day of July of the previous year to the last business day of June. When calculating the median of daily trading volume of any security for a particular month, a minimum of 5 trading days in that month must exist, otherwise the month will be excluded from the test.

Each month, the median daily trading volume for each security is calculated as a percentage of the shares in issue for that day adjusted by the free float at the review cut off date. The median values are determined by selecting the value for the middle ranking day if there is an odd number of days and the mean of the middle two days in the event of an even number of days.

Zero trading volume days are included in the ranking and therefore a security that fails to trade for more than half of the days in a month will have a zero median trading volume for that month.

Any period of suspension will not be included in the test.

For newly eligible securities where the liquidity test period is less than 12 months, the liquidity test will be applied on a pro-rata basis. As an example, if Company A passes 5 out of 6 months it will be considered to have passed the test as this equates to passing 10 out of 12 months. Refer to Appendix B

Liquidity Thresholds:

- A. An existing constituent with a median daily trading volume below the inclusion threshold for existing constituents (Table 1) in at least eight of the twelve months prior to a semi-annual review will be removed from the FTSE BIVA Index. The inclusion thresholds will take into account any change in size classification at the respective semi-annual review.
- B. A non-constituent with a median daily trading volume above the inclusion threshold for non-constituents (Table 1) in at least ten of the twelve months prior to a semi-annual review will be added to FTSE BIVA Index.
- C. New issues which do not have a twelve month trading record must have a minimum three month trading record at the index review. The median daily trading volume on a pro-rata basis since listing must exceed the inclusion threshold for non-constituents (Table 1). This rule will not apply to new issues added under the Fast Entry Rule (Rule 6.1.1).

Newly eligible securities will be treated as new issues and liquidity will be tested from the date of eligibility. Trading records prior to this date will not be taken into account.

Table 1: Existing Constituent and Non-Constituent Liquidity Thresholds

Size Segment*	Constituent	Non-Constituent
Large	0.04	0.05
Mid	0.07	0.08
Small	0.11	0.12

* The constituent size segment is as used in the FTSE Mexico All Cap Index. Please refer to the [FTSE Global Equity Index Series Ground Rules](#) for further details. If multiple lines issued by the same company are eligible, only the larger issue by investable market capitalisation will be included in the FTSE BIVA Index.

- 5.2.3 If multiple lines of the same company are eligible at review, the existing multiple line constituent will remain a constituent, unless the investable market capitalisation of an eligible non-constituent line exceeds the investable market capitalisation of the existing constituent by at least 25%.

5.3 Capping

- 5.3.1 Index constituents are capped at the semi-annual review.
- 5.3.2 If in the FTSE BIVA Index weights, there are any constituents that are greater than 15% they are capped at 15%. The weights of all lower ranking constituents are increased correspondingly. The weights of lower ranking constituents are then checked and if they are greater than 15% they will be capped at 15%. The process will be repeated until no threshold is breached i.e. the process is repeated until the constituents whose individual weights is greater than 15% are capped at 15%.
- 5.3.3 Further information on the capping procedure can be found in the FTSE Russell Capping Methodology using the following link:

[Capping Methodology Guide.pdf](#)



Section 6

Changes to Constituent Companies

6.0 Changes to Constituent Companies

6.1 Intra-review addition

- 6.1.1 A fast entrant to the FTSE Mexico All Cap Index will be added to the FTSE BIVA Index on the same date.

6.2 Intra-review deletion

- 6.2.1 A constituent will be deleted from the FTSE BIVA Index if the stock is removed from the FTSE Mexico All Cap Index. The deletion will be concurrent with the deletion from the underlying index.

Section 7

Corporate Actions and Events

7.0 Corporate Actions and Events

- 7.1 Full details of changes to constituent companies due to corporate actions and events can be accessed in the Corporate Actions and Events Guide using the following link:

[Corporate Actions and Events Guide.pdf](#)

A Corporate 'Action' is an action on shareholders with a prescribed ex date. The share price will be subject to an adjustment on the ex date. These include the following:

- Capital Repayments
- Rights Issues/Entitlement Offers
- Stock Conversion
- Splits (sub-division) / Reverse splits (consolidation)
- Scrip issues (Capitalisation or Bonus Issue)

A Corporate 'Event' is a reaction to company news (event) that may impact the index depending on the index rules. For example, a company announces a strategic shareholder is offering to sell their shares (secondary share offer) – this could result in a free float weighting change in the index. Where an index adjustment is required FTSE will provide notice advising of the timing of the change.

7.2 Shares in Issue

Changes to the number of shares in issue for constituent securities can be found in the Corporate Actions and Events Guide.

7.3 Takeovers, Mergers and Demergers

- 7.3.1 The treatment of takeovers, mergers and demergers can be found within the Corporate Actions and Events Guide.

7.4 Suspension of Dealing

Suspension of dealing rules can be found within the Corporate Actions and Events Guide.

Section 8

Index Calculation

8.0 Index Calculation

8.1 Prices

8.1.1 The FTSE BIVA Index uses actual trade prices for securities with local stock exchange quotations.

8.2 Calculation Frequency

8.2.1 The FTSE BIVA Price Index will be calculated in real-time and published every 15 seconds during their opening hours using real time prices.

8.3 Index Calculation

8.3.1 The FTSE BIVA Index will be displayed to eight decimal points.

8.3.2 The FTSE BIVA Index is calculated using the following formula:

$$\sum_{i=1}^N \frac{(p_i \times e_i \times s_i \times f_i \times c_i)}{d}$$

Where,

- $i=1,2,\dots,N$
- N is the number of securities in the Index.
- p_i is the latest trade price of the component security (or the price at the close of the Index on the previous day).
- e_i is the exchange rate required to convert the security's currency into the Index's base currency.
- s_i is the number of shares in issue used by FTSE Russell for the security, as defined in these Ground Rules.
- f_i is the Investability Weighting Factor to be applied to a security to allow amendments to its weighting, expressed as a number between 0 and 1, where 1 represents a 100% free float. This factor is published by FTSE Russell for each security in the underlying index.
- c_i is the Capping Factor to be applied to a security to correctly weight that security in the index. This factor maps the investable market capitalisation of each stock to a notional market capitalisation for inclusion in the Index.

- d is the divisor, a figure that represents the total issued share Capital of the Index at the base date. The divisor can be adjusted to allow changes in the issued share Capital of individual securities to be made without distorting the Index.



Appendix A: Index Opening and Closing Hours

Index	Open	Close
FTSE BIVA Index	14:30	21:10

*Note: Timings are UK hours.



Appendix B: Pro-rata Liquidity Test Requirements

New Issues

Months Tested	Minimum Monthly Pass Rate Required
1 month	1 month
2 months	2 months
3 months	3 months
4 months	4 months
5 months	5 months
6 months	5 months
7 months	6 months
8 months	7 months
9 months	8 months
10 months	9 months
11 months	10 months
12 months	10 months

Current Constituents

Months Tested	Minimum Monthly Pass Rate Required
1 month	1 month
2 months	2 months
3 months	2 months
4 months	3 months
5 months	4 months
6 months	4 months
7 months	5 months
8 months	6 months
9 months	6 months
10 months	7 months
11 months	8 months
12 months	8 months



Appendix C: Status of Index

The FTSE BIVA Index is calculated in real time and may exist in the following states:

A. Firm

The Index is being calculated during Official Market Hours (see Appendix A). No message will be displayed against the Index values.

The Official Closing Prices for the FTSE BIVA Index is will be the Official Closing Prices (see Appendix A).

B. Closed

When the index has ceased all calculations for the day, the message 'CLOSED' is displayed against the index value.

C. Held

During the firm period, the index has exceeded pre-set operating parameters and calculation has been suspended pending resolution of the problem. The message 'HELD' is displayed against the last index value calculated.

D. Indicative

If there is a system problem or a situation in the market that is judged to be affecting the quality of the constituent prices at any time when the index is being calculated, the index will be declared indicative. The message 'IND' will be displayed against the index value.

The official opening and closing hours of the FTSE BIVA Index is set out in Appendix A. Variations to the official hours of the Indices will be published by FTSE Russell.

The FTSE BIVA Index will not be calculated on Mexican Public Holidays.



Appendix D: Further Information

A Glossary of Terms used in FTSE Russell's Ground Rule documents can be found using the following link:
[Glossary.pdf](#)

Further information on the FTSE BIVA Index is available from FTSE Russell.

For contact details please visit the FTSE Russell website or contact FTSE Russell client services at
info@ftserussell.com.

Website: www.ftserussell.com

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