

TSEC Taiwan 50 Index Review

15 July 2003

The TSEC Taiwan 50 Index Committee announces amendments to the following Ground Rules. Changes to Ground Rule 4.9 (b) are effective immediately.

Further to the Technical Release on 2 April regarding Shares in Issue changes, the TSEC Taiwan 50 Index Committee confirms the following changes to the TSEC Taiwan 50 Index Ground Rules, which became effective in April 2003.

Text to be added is shown in italics. Text to be deleted is in bold in brackets.

4.9 Securities must be sufficiently liquid to be traded. The following criteria are used to ensure that illiquid securities are excluded:

(b) Liquidity - Securities in the TSEC Taiwan 50 Index will be reviewed annually for liquidity. Securities which do not turnover at least 1% of their shares in issue, after the application of any free float restrictions (see Rule 4.4), per month for ten of the twelve months prior to the annual review in July by the TSEC Taiwan 50 Index Committee will not be eligible for inclusion in the TSEC Taiwan 50 Index. An existing constituent failing to trade at least 1% of its shares in issue, after the application of any free float restrictions, per month for more than four of the twelve months prior to the annual review will be removed after close of the index calculation **(on the next trading day following)** on the third Friday in July (see Appendix B for details of trading volume sources and calculations). *For any period when a (share)stock is suspended it will be excluded from the above calculation (see Rule 9.4.1).*

SECTION 10

10.0 CHANGES TO CONSTITUENT WEIGHTINGS

10.1 For the purposes of computing the TSEC Taiwan 50 Index, the number of shares in issue for each constituent security is expressed to the nearest share and to prevent a large number of insignificant weighting changes, the number of shares in issue for each constituent security is amended only when the total shares in issue held within the index system changes by more than 1% on a cumulative basis.

10.2 **(Adjustments to reflect a major change in the amount or structure of a constituent company's issued capital will be made before the start of the index calculation on the day on which the change takes effect (e.g. the Ex Date for a rights or capitalisation issue).)** *If a corporate action is applied to an index constituent which involves a change in the number of shares in issue, the change in shares will be applied simultaneously with the corporate action.*

10.3 **(Adjustments to reflect less significant changes (e.g. the issue of an additional block of shares under an employees' equity scheme) will be implemented before the start of the index calculation on the day following the announcement of the change.)** *Changes of shares in issue*

not arising from corporate actions, amounting to less than 10% of the number of shares in issue but more than 1% will be made quarterly after the close of business on the third Friday of March, June, September and December .

10.4 If accumulated changes in the number of shares in issue add up to 10% or more, they are implemented between quarters. A minimum of 4 days notice will be given to users of the index.

10.5 Any exceptions to the above arrangements will be agreed with the Chairman of the TSEC Taiwan 50 Index Committee and notified to all users in advance of being implemented.

10.6 All adjustments are made before the start of the index calculation on the day concerned, unless market conditions prevent this.

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