

**HO CHI MINH CITY STOCK EXCHANGE**



**GROUND RULES FOR MANAGEMENT OF THE  
HOSE-INDEX SERIES**

*(In accordance with Decision No.747/QD-SGDHCM on 30 December 2024 by the  
Chairman of Ho Chi Minh City Stock Exchange)*

**Version 4.0**

**Ho Chi Minh City  
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## INDEX SUMMARY

| Index name                 | VN30                                                                                                                                                                                                                                                                                                        |            | VNMidcap                                    | VNSmallcap | VN100  | VNAllshare | VNAllshare<br>Sector Indices |
|----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|---------------------------------------------|------------|--------|------------|------------------------------|
| Index Type                 | Price Index / Total Return Index                                                                                                                                                                                                                                                                            |            |                                             |            |        |            | Price index                  |
| Feature                    | Comprising HOSE listed companies conforming to the rules of eligibility and selection criteria                                                                                                                                                                                                              |            |                                             |            |        |            |                              |
| Index governance structure | - The Index Committee acts as the supervisor of HOSE-Index series<br>- HOSE is responsible for compiling rules and day-to-day management of the index under VNX direction                                                                                                                                   |            |                                             |            |        |            |                              |
| Calculation methodology    | Free-float adjusted market capitalization                                                                                                                                                                                                                                                                   |            |                                             |            |        |            |                              |
| Number of constituents     | 30                                                                                                                                                                                                                                                                                                          |            | 70                                          | Not-fixed  | 100    | Not-fixed  | Not-fixed                    |
| Selection criteria         | Eligible stock, free-float ratio, liquidity, financial ratio                                                                                                                                                                                                                                                |            | Eligible stock, free-float ratio, liquidity |            |        |            |                              |
| Industrial classification  | None                                                                                                                                                                                                                                                                                                        |            |                                             |            |        |            | MSCI GICS® Classification    |
| Liquidity                  | Turnover ratio ≥ 0.05%                                                                                                                                                                                                                                                                                      |            |                                             |            |        |            |                              |
| Free-float ratio (f)       | f ≥ 10%, with exceptuib (refer to Article 3.3.3)                                                                                                                                                                                                                                                            |            |                                             |            |        |            |                              |
| Capping                    | 10% for single stocks<br>15% for related stocks<br>40% for stocks in the same sector                                                                                                                                                                                                                        |            | 10% for single stocks                       |            |        |            | Not-limited                  |
| Periodic review            | - Constituents change: The 3 <sup>rd</sup> Wednesdays of January and July.<br>- Adjusting Outstanding shares, and Free-float: The 3 <sup>rd</sup> Wednesdays of January, April, July and October.<br>- Changes are effective as of <b>the 1<sup>st</sup> Mondays of February, May, August and November.</b> |            |                                             |            |        |            |                              |
| Calculation frequency      | Price Index: Real-time (every 5 second)<br>Total Return Index: End of trading day (one per day)                                                                                                                                                                                                             |            |                                             |            |        |            |                              |
| Base date                  | Price index                                                                                                                                                                                                                                                                                                 | 02/01/2009 | 24/01/2014                                  |            |        |            | 25/01/2016                   |
|                            | Total Return index                                                                                                                                                                                                                                                                                          | 24/07/2015 |                                             |            |        |            | N/A                          |
| Base value                 | Price index                                                                                                                                                                                                                                                                                                 | 313.34     | 560.19                                      |            |        |            | 533.49                       |
|                            | Total Return index                                                                                                                                                                                                                                                                                          | 657.97     | 689.67                                      | 659.75     | 604.21 | 607.18     | N/A                          |

## **1. INTRODUCTION**

- 1.1. The Ground rules for management of the HOSE-Index series (hereinafter referred to as “Ground Rules”) state the principles in constructing and managing HOSE-Index series of Ho Chi Minh Stock Exchange (HOSE). The Ground Rules are issued according to Decision No. 747/QĐ-SGDHCM on 30 December 2024 by the Chairman of HOSE.
- 1.2. The HOSE-Index series are calculated as price index and total return index. The Price index represent the price movement of companies listed on HOSE, which met the eligibility and selection criteria in order to provide investors with full and comprehensive market information. The Total Return index represent the price movement and dividend reinvestment.
- 1.3. Indices in the HOSE-Index series :
  - 1.3.1. VNAllShare Index

Comprised of all listed companies on HOSE conforming to the rules of eligibility and selection criteria specified in Article 3 of the Ground Rules
  - 1.3.2. VN30 Index

Comprised of 30 highest market capitalization and liquidity constituents in VNAllshare Index meeting criteria set out in Article 4.3.1.
  - 1.3.3. VNMidcap Index

Comprised of 70 highest market capitalization constituents from VNAllshare Index excluding constituents from VN30 meeting criteria set out in Article 4.3.2.
  - 1.3.4. VN100 Index

Comprised of constituents from both VN30 Index and VNMidcap Index.
  - 1.3.5. VNSmallcap Index

Comprised of the remaining constituents of VNAllShare Index excluding VN100 Index.
  - 1.3.6. VNAllshare Sector Indices (abbreviated as sector index)

Constituents of VNAllShare Index classified into sectors defined by the Global Industry Classification Standard (GICS®) (*Refer to Article 10 – Industry Classification GICS® for details*).

## **2. INDEX MANAGEMENT**

### **2.1. The Index Committee**

The Index Committee consists of independent industry experts who are responsible for regularly monitoring and case-by-case review of the Indices, oversight the management, operation and maintenance of the HOSE-Index series in compliance with Ground Rules issued by HOSE.

The Index Committee nomination, scope of responsibility, organizational and operational principles, resolution of conflict of interest and confidentiality shall be stated in 'Operating principles of Index Committee'.

### **2.2. Implementation**

HOSE set the Ground Rules and is responsible for the day-to-day management of the indices according to the direction of the Vietnam Stock Exchange (VNX).

### **2.3. Cases not covered by the Ground Rules**

For cases which are not expressly stated in Ground Rules, after reporting to VNX, HOSE reserves the right to take necessary action to ensure the best interest of the market participants.

In which case, HOSE shall notify to the Index Committee for consultation before taking such action.

The action shall not create precedent for HOSE's future decisions

### **2.4. Amendment, supplement, cancellation of Index Rules**

Ground Rules may be supplemented, amended or withdrawn in whole or in part at any time. Amendments, supplements or withdrawals may lead to changes in the way the Indices are constructed and managed or affect the indices.

HOSE will submit all relevant methods regarding supplementing, amending or withdrawing Ground Rules to the Index Committee within its scope of responsibility for consultation.

### **2.5. Legal liability**

Based on the purpose of Ground Rules and the ability of amendment, supplement or withdrawn of Ground Rules from time to time, HOSE and the Index Committee (or any individuals involved in the preparation or disclosure of Ground Rules) shall not be liable for any losses, damages, claims or expenses suffered by any individuals, institutions as a result of any of the followings:

(i) Any reliance on Ground Rules or database of the constituents of the Indices, and/or ;

- (ii) Any errors or any inaccuracies in Ground Rules, and/or;
- (iii) Any errors or any inaccuracies in collecting and using data relating to determine free-float shares, and/or;
- (iv) Any non-application or misapplication of the policies and the procedures described in Ground Rules and/or;
- (v) Any errors or inaccuracies in the compilation, calculation or any data of the constituents of the indices.

Within its authority, after reporting to VNX, HOSE shall conduct all necessary measures to ensure the accuracy of Ground Rules and Index constituents as well as calculating, adjusting and disclosing the Indices subjected to the appropriate rules.

#### 2.6. Intellectual Property Rights

HOSE owns all intellectual property rights to Ground Rules and the indices of HOSE-Index series including name, the composition and the calculation of the indices. Any reproduction or printing in whole or in part of the HOSE-Index series without prior consent of HOSE are considered copyright breach, are prohibited and shall be handled under legislation.

#### 2.7. Error correction policy

In order to maintain the index series at the highest standard of accuracy, integrity and with the reliable data source subject to the best practice in the statistics and operation, data errors in calculation process shall be adjusted and index users shall be notified in due time. However, minor errors that do not significantly affect the accuracy of the Index shall be adjusted without notice.

#### 2.8. Recalculate index

The indices shall be re-calculated in case of significant errors. Index users shall be notified at the earliest time.

### 3. INDEX SELECTION METHODOLOGY

#### 3.1. Definition

- **Market capitalization (GTVH):** the average of daily market capitalization in the 12 most recent months up to the data review date.  
For stocks are listed less than 12 months, the market capitalization is calculated as the average of the daily market capitalization from the listing date to the data review date.
- **Free-float adjusted market capitalization (GTVH\_f):**  $GTVH \times \text{free-float ratio}$ .
- **Trading value (GTGD):** the average of the median daily trading value in the 12 most recent months up to the data review date. Daily trading value includes order-matching and put through. *(Refer to the calculation of the average of the median in the Appendix)*
- **Order-matching (OM) trading value (GTGD\_KL):** the average of the median daily order-matching trading value in the month of the 12 most recent months up to the data review date. *(Refer to the calculation of the average of the median in the Appendix)*
- **Order-matching (OM) trading volume (KLGD\_KL):** the average of the median daily order-matching trading volume in the month of the 12 most recent months up to the data review date. *(Refer to the calculation of the average of the median in the Appendix)*  
For stocks are listed less than 12 months, GTGD, GTGD\_KL and KLGD\_KL are calculated as the average of the median trading value, order-matching trading value, and order-matching trading volume from the listing month to the data review date, respectively.
- **Free-float ratio (f):** is the ratio of freely transferable shares to the volume of outstanding shares.
- **Net profit after tax (LNST):** the net profit after tax collected from the most recent audited semi-annual financial statements (FS) or the most recent audited annual financial statements of the listed companies. Use the LNST of the parent company's shareholders on the consolidated financial statements in the case where the listed companies is the parent company. Use the consolidated financial statements in the case where the listed companies is a superior accounting unit with a subordinate accounting unit.
- **Data review date:** is the last trading day of June and December for constituents change at periodic review, March and September for updating outstanding shares and free-float ratio of stocks.

#### 3.2. Eligible stocks

Stocks are eligible to participate in the Index series when **they do NOT** fall into one of the following categories:

- Stocks are subject to information disclosure violations, controlled, trading restrictions, or temporary trading suspension (except temporary trading suspension due to corporate actions such as stock split/merger, M&A, etc. less than 30 trading days), be suspended from trading within 3 months up to the date of closing data for review.
- Stocks are listed on HOSE **under 6 months** prior to data review date, except for stocks with **a GTVH in the Top-5** and a listing period **over 3 months**.

### 3.3. Free-float ratio (f)

#### 3.3.1. Formula for calculating free-float ratio

$$f = \frac{\text{Outstanding Shares} - \text{Restricted Shares}}{\text{Outstanding Shares}}$$

#### 3.3.2. Free-float restrictions include :

- Lock-in shares regulated by laws: (1) shares held by founders of the company, (2) shares issued under private placements with less than 100 investors, (3) shares held within Employee Stock Ownership Plan (ESOP), (4) restricted shares held by FDI enterprises to be transformed into joint-stock companies, and (5) others restrictions regulated by laws;
- Shares held by internal shareholders of the company and their related people ;
- Shares held by strategic shareholders;
- Shares directly owned by Government;
- Direct cross – holdings among the constituents ; and ,
- Shares held by major shareholders, excluding insurance companies, securities investment companies (including fund management companies, securities companies) and investment funds. Shares held by major shareholders will remain restricted until the holding falls below 4%.

#### 3.3.3. Free-float ratio selection criteria

- $f$  (before rounding)  $\geq 10\%$ : Eligible
- $f$  (before rounding)  $< 10\%$ : Not Eligible, except stocks that have GTVH\_f greater than or equal to 2.000 billion VND (for previous period index's stocks) and GTVH\_f greater than or equal to 2.500 billion VND (for new stocks).

#### 3.3.4. Free-float ratio review

- Free-float ratio of all constituents will be adjusted quarterly.
- In special cases, HOSE may adjust Free-float ratio in the middle of the period.
- The time of disclosure and the effective time of free-float adjustment are stated in the Information Disclosure Policy in Section 11.

- When adjusting free-float, Divisor factor will be adapted to ensure the index continuity.

### 3.3.5. Rounding rule

Free-float ratio will be rounded to calculate the index and weight limit according to the following principles:

- For free-float ratio  $\leq 15\%$ , round up to 1%.
- For free-float  $> 15\%$ , round up to 5%.

| Free-float ratio | $\leq 1\%$ | $\leq 2\%$ | $\leq 3\%$ | $\leq 4\%$ | $\leq 5\%$ | $\leq 6\%$ | $\leq 7\%$ | $\leq 8\%$ | $\leq 9\%$ | $\leq 10\%$ |
|------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|
| Rounded to       | 1%         | 2%         | 3%         | 4%         | 5%         | 6%         | 7%         | 8%         | 9%         | 10%         |

| Free-float ratio | $\leq 11\%$ | $\leq 12\%$ | $\leq 13\%$ | $\leq 14\%$ | $\leq 15\%$ | $\leq 20\%$ | $\leq 25\%$ | $\leq 30\%$ | $\leq 35\%$ | $\leq 40\%$ | $\leq 45\%$ |
|------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Rounded to       | 11%         | 12%         | 13%         | 14%         | 15%         | 20%         | 25%         | 30%         | 35%         | 40%         | 45%         |

| Free-float ratio | $\leq 50\%$ | $\leq 55\%$ | $\leq 60\%$ | $\leq 65\%$ | $\leq 70\%$ | $\leq 75\%$ | $\leq 80\%$ | $\leq 85\%$ | $\leq 90\%$ | $\leq 95\%$ | $\leq 100\%$ |
|------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Rounded to       | 50%         | 55%         | 60%         | 65%         | 70%         | 75%         | 80%         | 85%         | 90%         | 95%         | 100%         |

### 3.4. Liquidity

- Stocks will be screened for liquidity by calculating the Turnover Ratio.

$$\text{Turnover Ratio} = \frac{\text{Trading Value}}{\text{Free-float adjusted market capitalization}}$$

- A non-previous period index's stock with turnover ratio less than 0.05% are not eligible.
- A previous period index's stock has Turnover Rate of less than 0.04% will be removed from the Index.

- 3.5. Stock Exchange may exclude stocks with unusual market fluctuations that are not suitable as constituents of the index based on the consultation opinions of the Index Committee.

#### **4. INITIAL INDEX CONSTRUCTION AND PERIODIC REVIEW**

- 4.1. Determine the index for the first time is done similarly to the periodic review steps below but does not consider prioritizing stocks that are in the previous period of the index.

- 4.2. Review date

The index's constituent stocks will be reviewed semi-annually in January and July.

- 4.3. Selection Methodology

The universe of stocks that meet the rules stipulated at 3.2, 3.3 and 3.4 is the constituents of VNAllshare Index. These stocks then shall be provisioned into VN30 Index, VNMidcap Index, VNSmallcap and VN100 Index as follows :

##### **4.3.1. VN30 Index**

- a. Constituent stocks of VNAllshare index will be considered based on **KLGD\_KL**. Stocks with **KLGD\_KL** less than 300,000 shares will be removed from the consideration list.
- b. Stocks after step 4.3.1.a with **GTGD\_KL** less than 30 billion VND will be removed from the consideration list.

In case the index's basket does not have enough 50 stocks, then selecting stocks in descending order of **GTGD\_KL** until reaching 50 stocks. In case there are 2 or more stocks with equal **GTGD\_KL**, ranking in priority order of **GTVH**.

- c. Exclude stocks that are subject to warning within 3 months from the data review date or from the data review date to the effective date.
- d. Stocks with negative net profit after tax in step 4.3.1.c will be removed from the consideration list (*Refer to the definition of LNST in Section 3.1 - Net profit after tax*).

Only consider financial statements with an audit unqualified opinion. In case stocks have positive LNST and financial statements with an audit unqualified opinion but contain issues of note, issues that need to be emphasized or other issues of the auditing unit, HOSE will consult with the Index Committee on whether or not to remove these stocks at this step before making a decision.

- e. The remaining stocks after step 4.3.1.d will be arranged in descending order of **GTVH**. In case there are 2 or more stocks with equal **GTVH**, these stocks will be arranged in priority order of **GTGD\_KL**.
- f. Stocks after step 4.3.1.e are selected into the VN30 basket in the following order of priority :
  - + Stocks ranked 20th or higher : always selected for VN30 index.
  - + Stocks ranked 21 to 40: priority shall be given to stocks that were in the previous VN30 basket, then new stocks are considered to have enough 30 stocks in the index's basket.

g. Reserve List

- + The 05 stocks with the largest GTVH after determining the VN30 constituent stocks in step 4.3.1.f will be selected into the reserve list in descending order of GTVH, used reserve list in case one or more VN30 constituent stocks are removed from the index basket during the period (*Refer to section 8 - Adjustments during the period for index constituent stocks*)
- + Stocks shall be removed from the reserve list if they are subjected to warning, controlled, trading restrictions, temporary trading suspension, trading suspension, delisted stocks.

**4.3.2. VNMidcap Index**

- a. The remaining stocks of VNAllshare after excluding the 30 constituents of the VN30 index shall be sorted in descending order by **GTVH**. Stocks with equal **GTVH** shall be sorted based on their GTGD. These stocks are selected to VNMidcap as follows :
- + 40 highest ranking stocks shall be included in VNMidcap;
  - + From rank 41<sup>st</sup> to 80<sup>th</sup> stocks: Priority shall be given to previous period index's stocks, then selecting new stocks until the index's basket reached 70 stocks.
- b. Reserve List :
- + Excluding selection in 4.3.2.a, 10 stocks with largest GTVH, shall be assigned to Reserve List based on descending order of GTVH to replace excluded constituents of VNMidcap Index during the period (*Refer to Article 8 - Adjustments to constituent stocks*).
  - + Stocks shall be removed from the reserve list if they are subjected to warning, controlled, trading restrictions, temporary trading suspension, trading suspension, delisted stocks.

**4.3.3. VN100 Index**

Comprises 100 constituents of VN30 and VNMidcap Indices.

**4.3.4. VNSmallcap Index**

Comprises the remaining stocks of VNAllshares excluding constituents of VN100 Index.

**4.3.5. Sector Indices**

All constituents of VNAllshare of the same Sector which are classified by MSCI Global Industrial Classification Systems (GICS).

- 4.4. From the data review date to the effective date, the constituent as prescribed in Article 4.3 shall still be updated, excluding stocks marked as information disclosure violations, warning (for VN30), control, trading restriction, trading suspension (except for trading suspensions due to corporate events within 30 trading days), trading suspension and delisted stocks. The replacement of

stocks will be carried out similarly to the adjustment during the period specified in Article 8.1.

- 4.5. Constituent stocks of the VN30, VNMidcap, and VNSmallcap indices do not overlap at the same time.
- 4.6. Number of constituent stocks of
  - VN30 Index, VNMidcap Index, VN100 Index : fixed.
  - VNSmallcap Index, VNAllshare index : Not-fixed.
  - Sector Indices : Not-fixed.

## 5. PRICE INDEX CALCULATION

5.1. The HOSE-Index Series are calculated based on free-float adjusted market capitalization method.

5.2. Formula

$$\text{Index} = \frac{\text{CMV}}{\text{Divisor}}$$

Where:

**CMV** (Current Market Capitalization) :

$$\text{CMV} = \sum_{i=1}^n (p_i \times s_i \times f_i \times c_i)$$

- $i = 1, 2, 3 \dots n$
- $n$ : number of stocks in the index.
- $p_i$ : price of stock (i) at the time of calculation.
- $s_i$ : number of outstanding share of stock (i) at the time of calculation.
- $f_i$ : rounded free-float ratio of stock (i) at the time of calculation  
(Refer to the free-float rounding method in section 3.3.5)
- $c_i$ : Capping Factor to be applied to stock (i) at the time of calculation  
(Refer to Article 7 – Capping Factor of Constituent Stocks)

**\*Divisor** : At base date, Divisor equals to Total Market Capitalization divided by index base value. If CMV increases/decreases due to reasons other than market price fluctuations, necessary adjustment will be made to the Divisor in order to maintain the continuity of the index.

5.3. Price to index calculation

The price for index calculation is the latest executed price of the constituent stock by the time the index is calculated. In case of no latest executed price, the most prior closing price or the most prior adjusted closing price (excluding regular cash dividend) shall be used.

5.4. Number of outstanding shares

- 5.4.1. Outstanding shares are the shares held by investors including freely traded shares and non-freely traded shares. The buy-back shares by the company (Treasury shares) are not considered outstanding.
- 5.4.2. Changes in the outstanding share due to corporate action will be updated and applied simultaneously with the effective date of corporate action.
- 5.4.3. Other changes excluding corporate actions, outstanding shares of all constituents will be adjusted quarterly.

- 5.4.4. In special cases, HOSE can choose to adjust outstanding shares during the period.
- 5.4.5. The time of information disclosure and the effectiveness in outstanding shares are stated in the Information Disclosure Policy in Section 11.
- 5.4.6. When adjustments are made to outstanding shares, necessary adjustments are also made to Divisor in order to maintain the continuity of the index (*Refer to Article 9 – Divisor Adjustment*)
- 5.5. Frequency of index calculation  
The price indices of HOSE-Index Series are calculated on real time basis and distributed every 5 seconds during the trading days.

## 6. TOTAL RETURN INDEX CALCULATION

### 6.1. Formula

$$\text{TRI}_t = \text{TRI}_{t-1} \times (1 + \text{PriceReturn}_t + \text{DividendYield}_t)$$

Where:

\*  $\text{TRI}_t$  = total return index on day t

\*  $\text{TRI}_{t-1}$  = total return index on day t-1

\* PriceReturn: Growth of price index on day t against to day t-1

$$* \text{PriceReturn}_t = \frac{\text{IA}_t - \text{IA}_{t-1}}{\text{IA}_{t-1}}$$

-  $\text{IA}_t$  = value of index A on day t

-  $\text{IA}_{t-1}$  = value of index A on day t-1

$$* \text{DividendYield}_t = \frac{\text{IndexDividend}_t}{\text{IA}_{t-1}}$$

- IndexDividend<sub>t</sub> is calculated on the total cash dividends of stocks present in the price index A on date t.

$$\text{IndexDividend}_t = \frac{\sum_{i=1}^n \text{DPS}_i \times s_i \times f_i \times c_i}{\text{Divisor}_t} \times 100$$

Where:

-  $\text{DPS}_i$  = cash dividend per share of stock i on date t

-  $s_i$  = outstanding share for index calculation of stock i on day t-1

-  $f_i$  = free-float ratio of stock i on date t

-  $c_i$  = weight of stock i on date t

-  $\text{Divisor}_t$  = Divisor of price index A on day t

6.2. Total Return Index shall be calculated based on specific price index of HOSE-Index series.

6.3. Total Return Index calculation shall be done for regular cash dividends paying constituents whose dividend amount if 10% lower than closing price of the day before Ex-dividend date.

6.4. Total Return Index shall be calculated based on an assumption that dividend on Ex-dividends date will be re-invested on Ex-dividends date.

6.5. Gross dividends shall be used (before taxes).

6.6. Corporate actions of constituent stocks shall be reflected in both Price Index and Total Return Index.

6.7. Total Return Index shall be calculated and published at the end of trading day.

## **7. CAPPING FACTOR OF CONSTITUENT STOCK**

- 7.1. In order to avoid the situation where a single stock or group of stocks with the same sector in the index accounts for too large a capitalization proportion, the capitalization proportion of stocks, related stocks or groups of stocks with the same sector in the index basket will be limited at a certain threshold.
- 7.2. Related stocks including parent company and subsidiaries are presented in reviewed semi-annual financial statements or audited consolidated financial statements of the preceding year at the data review date.
- 7.3. Group of stocks in the same sector are stocks belonging to the same level 1 according to GICS® industry classification standard (*Refer to Article 10. Industry classification GICS®*).
- 7.4. The capping for a single stock is 10%, for a group of related stocks is 15%, and for a group of stocks in the same sector is 40%.
- 7.5. The capping level is applied for each constituent single stock in the VNAllshare, VNMidcap, VN100, VNSmallcap indices. The capping level is applied for single stock, related stock and group of stocks in the same sector in VN30. No capping for constituents of sector index.
- 7.6. Capping procedure is applied using constituents closing prices (or adjusted closing prices for corporate actions), outstanding shares, free-float ratio at the close of business prior to the 3rd Wednesdays of January, April, July and October. In case of changing index constituents as of Article 4.4, GTVH-weighted shall be adjusted, using data at trading date prior to the 1st Mondays of February, May, August, and November.
- 7.7. In special cases or change in the constituents during period, capping procedure is applied using the closing prices (or adjusted closing prices for corporate actions), outstanding shares and free-float ratio of index basket immediately preceding the date of disclosure.
- 7.8. The adjustment of capping procedure as follows:
  - 7.8.1. Adjust market capitalization-weighted of a single stocks and groups of stocks below the capping level specified in section 7.4, calculated according to the formula in section 7.9. For the VN30 index, the ratio of related stock groups and groups of stocks in the same sector is simultaneously adjusted with single stocks.
  - 7.8.2. In case the adjustment lead to the increase of the market capitalization weighted of any single stock or group of stocks exceed the threshold (10% for an single stock, 15% for a related group of stocks, and 40% for a group of stocks in the same sector), the calculation process repeats until all of constituents has the market capitalization-weighted under threshold.
  - 7.8.3. After the adjustment process in section 7.8.2, within the group of related stocks or the group of stocks in the same sector, there is a single stock exceeding 10%, the capitalization exceeding 10% will be allocated proportionally for the remaining stocks in that group.
- 7.9. Capping factor formula:

$$c_i = \frac{Z}{I \times (p_i \times s_i \times f_i)} \sum_{j=1}^J (p_j \times s_j \times f_j)$$

Where :

- i : single stock, group of related stocks, group of stocks in the same sector exceeding the capping
- j : single stocks, groups of related stocks, groups of stocks in the same sector not exceeding the capping
- J: set of single stocks , groups of related stocks, groups of stocks in the same sector with no capping
- p × s × f : free-float adjusted capitalization of single stocks, groups of related stocks, groups of stocks in the same sector.
- I: total capitalization ratio of single stocks, related stock groups, and stocks in the same sector does not exceed the threshold.
- Z: capping (10% for single stocks, 15% for related stocks, 40% for stocks in the same sector)
- c<sub>i</sub> : capping factor (%), in order to ensure the market capitalization weight of constituents not to exceed the defined limit.

#### 7.10. Capping factor adjustment

7.10.1. The adjustment to the capping factor will be adjusted quarterly and effective on the 1st Mondays of February, May, August and November or will be re-calculated when there is a change in constituents or in special cases during the period. When adjusting to capping factors, Divisor is also adjusted in order to maintain the continuity of the index. *(Refer to Article 9 - Divisor Adjustment)*

7.10.2. In case there are changes in constituents and corporate actions, the capping factor will be re-calculated at the last step after updating corporate actions.

7.10.3. Disclosure and effective time of changes in market capping refer to Article 11.

## 8. ADJUSTMENTS TO INDEX CONSTITUENT STOCKS

| No. | Type of adjustment                     | Method of Adjustment                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-----|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|     |                                        | <i>Periodic review</i>                                                                                                                 | <i>During the period</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 8.1 | <b>Constituent removal/replacement</b> | A constituents of the index may be removed/replaced if it does not meet requirements in Article 4 of Ground Rules at the review period | <ul style="list-style-type: none"> <li>- If a constituent is categorized “Controlled”, “Restricted” or “Suspended” (except for suspended by corporate actions such as stock split or merger within 30 trading days), suspension of trading, de-listed, it will be removed from the list of constituents.</li> <li>- Stocks with free-float (before rounded) less than 10% and GTVH_f less than 2,000 billion VND will be removed from the list of constituent stocks of the index on the effective date of free-float update (the 1st Monday of May and November every year).</li> <li>- Replacement of excluded constituents: <ul style="list-style-type: none"> <li>+ If the removed stock is a constituent of VN30/VNMidcap, the vacancy will be filled by the highest ranking constituents in the Reverse List of VN30/VNMidcap.</li> <li>+ If the removed stock is a constituent of VNSmallcap, replacement will not be needed.</li> <li>+ The vacancy in VNMidcap caused by replacement for VN30 will be filled by the highest ranking constituent in the Reverse List of VNMidcap.</li> <li>+ The changes to constituents of VN30, VNMidcap, VNSmallcap may automatically affect the constituents of VN100, VNAllshare and sector indices.</li> <li>+ Constituent excluded from VN30, VNMidcap or VNSmallcap will be automatically excluded from the HOSE-Index Series until the next period.</li> </ul> </li> </ul> |
| 8.2 | <b>Mergers and Acquisitions</b>        | <i>Mergers among constituent companies.</i>                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|     |                                        |                                                                                                                                        | <ul style="list-style-type: none"> <li>- The resulting company will remain a constituent of the index. Some relevant specification (outstanding shares, free-float</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

|     |                             |                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-----|-----------------------------|-----------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|     |                             |                                                                                         | <p>ratio, capping factor) will be accordingly adjusted.</p> <ul style="list-style-type: none"> <li>- The merged company will be removed from the index.</li> <li>- The replacement of removed constituents is similar to the index adjustment described at section 8.1.</li> </ul>                                                                                                                                                                       |
|     |                             | <p><i>A constituent company is taken over by a non-constituent company:</i></p>         |                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|     |                             |                                                                                         | <ul style="list-style-type: none"> <li>- The original company will be removed from the index.</li> <li>- The acquiring company will participate in the index if it meets the screening conditions in the next period.</li> <li>- The replacement of removed constituent is similar to the index adjustment described at section 8.1.</li> </ul>                                                                                                          |
| 8.3 | <b>Split-up or Spin-off</b> | <p><i>Split-up (splitted company cease to exist)</i></p>                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|     |                             |                                                                                         | <ul style="list-style-type: none"> <li>- The resulting companies shall be removed from the index and considered for the next period if they are eligible for selection criteria.</li> <li>- The replacement of removed constituent is similar to the index adjustment method during the period in section 8.1.</li> </ul>                                                                                                                                |
|     |                             | <p><i>Spin-off (parent company and resulting company act as separated entities)</i></p> |                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|     |                             |                                                                                         | <ul style="list-style-type: none"> <li>- The spinned company may stay as constituent in the index if its GTVH are larger than the smallest constituent of that index.</li> <li>- The resulting companies shall only be considered for the next period constituents if they are eligible for selection criteria.</li> <li>- The replacement of removed constituent is similar to the index adjustment method during the period in section 8.1.</li> </ul> |

## 9. DIVISOR ADJUSTMENT

In case of any increase or decrease in GTVH which is influenced by corporate actions or changes in number of constituents, but not market fluctuation, Divisor needs to be adjusted in order to maintain the continuity of the index. The principle of Divisor adjustment is to keep the index before and after adjustment the same.

**Index after adjustment = Index before adjustment**

$$\frac{CMV_a}{Divisor_a} = \frac{CMV_b}{Divisor_b}$$

$$Divisor_a = \frac{CMV_a}{CMV_b} \times Divisor_b$$

Where :

- $Divisor_b$  = Divisor before adjustment
- $CMV_b$  = Market Capitalization before adjustment
- $Divisor_a$  = Divisor after adjustment
- $CMV_a$  = Market Capitalization after adjustment

Below is a summary of events that require divisor adjustment :

| No.      | Event                                                                                                                                                                             | Time of Adjustment                                       |
|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| <b>1</b> | <b>CASH DIVIDEND</b>                                                                                                                                                              |                                                          |
| 1.1      | <b>Regular cash dividends:</b><br>(Dividend amount is 10% lower than closing price on the day before Ex-dividend date).                                                           | No adjustment of Divisor                                 |
| 1.2      | <b>Special cash dividend:</b><br>(Dividend value $\geq$ 10% of closing price on the day before Ex-dividend date).                                                                 | At the end of business day before Ex-dividend date (T-1) |
| <b>2</b> | <b>CAPITAL INCREASE</b>                                                                                                                                                           |                                                          |
| 2.1      | Rights offering to existing shareholders with offering price greater than zero and lower than the closing price ( <i>if occurring simultaneous with other corporate events</i> ). | At the end of business day before Ex-dividend date (T-1) |
| 2.2      | Rights offering to existing shareholders with the offering price of zero:<br>- Bonus shares<br>- Stock dividend                                                                   | No adjustment of Divisor                                 |

|          |                                                                                           |                                                                                                                                               |
|----------|-------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| <b>3</b> | <b>OTHER CASE CAPITAL INCREASE</b>                                                        |                                                                                                                                               |
| 3.1      | - Private placement (PP) to strategic partners or employees.<br>- Public Offerings (PO) . | At the end of business day before Ex-dividend date (T-1)                                                                                      |
| 3.2      | Merger and acquisitions;                                                                  | At the end of business day before Ex-dividend date (T-1)                                                                                      |
| 3.3      | - Preferred stock conversion.<br>- Convertible bonds;                                     | At the end of business day before Ex-dividend date (T-1)                                                                                      |
| <b>4</b> | <b>CAPITAL DECREASE</b>                                                                   | At the end of business day before Ex-dividend date (T-1)                                                                                      |
| <b>5</b> | <b>STOCK SPLIT / REVERSE STOCK SPLIT</b>                                                  | No adjustment of Divisor                                                                                                                      |
| <b>6</b> | <b>CHANGES IN FREE-FLOAT RATIO, OUTSTANDING SHARES</b>                                    | Quarterly review at the preceding trading day of the 1st Monday of February, May, August, November.                                           |
| <b>7</b> | <b>CAPPING</b>                                                                            | Quarterly review at the preceding trading day of the 1st Monday of February, May, August, November, or when there is a constituent amendment. |
| <b>8</b> | <b>CONSTITUENT REMOVAL/REPLACEMENT DURING THE PERIOD</b>                                  | Divisor is adjusted at the end of the business day before the effective date of removal/replacement                                           |
| <b>9</b> | <b>PERIODIC REVIEW</b>                                                                    | At the end of the business day before the effective date of the new index's constituents                                                      |

Note :

- Other events that may further arise will be adjusted case by case in practice.

## **10. INDUSTRY CLASSIFICATION GICS®**

- 10.1. GICS® (Global Industry Classification Standard) is the industry classification standard for securities market which developed and managed by S&P Dow Jones Indices and MSCI. GICS® is a proprietary trademark of S&P and MSCI and is licensed to HOSE for use.
- 10.2. Stocks listing on HOSE shall be classified by S&P Dow Jones Indices and MSCI based on GICS standard. Information about the GICS® standard are published on HOSE's website: [www.hsx.vn](http://www.hsx.vn).
- 10.3. GICS® standard shall be updated semi-annually on the same date as data review date.

## 11. INFORMATION DISCLOSURE POLICY

Changes to the indices, except for special cases, will be announced on the HOSE website ( [www.hsx.vn](http://www.hsx.vn) ). Time to disclosure is applied as follows:

| STT      | Content                                                                                                      | Time of disclosure                                                                                                                                                   |
|----------|--------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>A</b> | <b>Periodic review</b>                                                                                       |                                                                                                                                                                      |
| <b>1</b> | Constituent changes at periodic review.                                                                      | <b>The 3<sup>rd</sup> Wednesdays of January and July and effective from the 1<sup>st</sup> Mondays of February and August.</b>                                       |
| <b>2</b> | Changes in free-float ratios, outstanding shares, capping factors.                                           | <b>The 3<sup>rd</sup> Wednesdays of January and April, July, and October and effective from the 1<sup>st</sup> Mondays of February, May, August and November.</b>    |
| <b>B</b> | <b>Non-periodic changes</b>                                                                                  |                                                                                                                                                                      |
| <b>1</b> | Removal / replacement of constituents (constituents, free-float ratio, outstanding shares, capping factors). | <b>At least 05 business days</b> before the effective date of the changes.                                                                                           |
| <b>2</b> | Corporate actions.                                                                                           | Accordance with the current rules and regulation of HOSE.                                                                                                            |
| <b>3</b> | Index management policy.                                                                                     | <b>At least 30 days</b> before the effective date. However, time of disclosure can be flexible if the changes do not conflict with the benefits of relevant parties. |
| <b>C</b> | <b>Other disclosures</b><br>Notices mentioned at section 2.7, 2.8 and other announcements                    | To be announced as soon as possible.                                                                                                                                 |

### Note :

- In case the information disclosure date (the 3<sup>rd</sup> Wednesday of January, April, July, October) and/or the effective date of application (the 1<sup>st</sup> Monday of February, May, August, November) coincide for holidays and Lunar New Year, the information disclosure date and/or effective date will be the first trading day after that.

## 12. CONTACT INFORMATION

For more information or feedback on the HOSE-Index Series, please visit the homepage [www.hsx.vn](http://www.hsx.vn) or contact the Market Information Department - Ho Chi Minh City Stock Exchange about construction methods., index calculation and information provision services.

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## APPENDIX

### Calculating the average of median daily trading value method in month of 12 months

- a. The median daily trading value for the month** is determined by arranging the daily trading value for the month in descending order, choosing the middle value as the median (in case there are 2 days in between, the average value of these 2 days will be taken).

**Example 1:** Stock A has been listed for 12 months.

Daily trading value of stock A

| Trading day in January | GTGD        | Trading day in February | GTGD                                   | .... | Trading day in December | GTGD        |
|------------------------|-------------|-------------------------|----------------------------------------|------|-------------------------|-------------|
| 1                      | 5000        | 1                       | 6520                                   | .... | 1                       | 7800        |
| 2                      | 4500        | 2                       | 6500                                   | ...  | 2                       | 7750        |
| 3                      | 4250        | 3                       | 5500                                   | ...  | 3                       | 7500        |
| 4                      | 4000        | 4                       | 4000                                   | ...  | 4                       | 6200        |
| 5                      | 3750        |                         |                                        | .... | 5                       | 6110        |
| <b>Median 1</b>        | <b>4250</b> | <b>Median 2</b>         | $= (6500 + 5500) / 2$<br><b>= 6000</b> |      | <b>Median 12</b>        | <b>7500</b> |

- b. Calculate the average of the median in the month of 12 months:**

$$\text{Average} = (\text{Median 1} + \text{Median 2} + \dots + \text{Median 12}) / 12$$

For stocks with a listing period of less than 12 months, GTGD is calculated as the average of the median daily transaction value in the month from the listing date to the data review date.

**Example 2:** Stock B has been listed since May. Data review date is December.

Daily trading value of stock B

| Trading day in May | GTGD        | Trading day in June | GTGD                                   | .... | Trading day in December | GTGD        |
|--------------------|-------------|---------------------|----------------------------------------|------|-------------------------|-------------|
| 1                  | 5000        | 1                   | 6520                                   | .... | 1                       | 7800        |
| 2                  | 4500        | 2                   | 6500                                   | ...  | 2                       | 7750        |
| 3                  | 4250        | 3                   | 5500                                   | ...  | 3                       | 7500        |
| 4                  | 4000        | 4                   | 4000                                   | ...  | 4                       | 6200        |
| 5                  | 3750        |                     |                                        | .... | 5                       | 6110        |
| <b>Median 5</b>    | <b>4250</b> | <b>Median 6</b>     | $= (6500 + 5500) / 2$<br><b>= 6000</b> |      | <b>Median 12</b>        | <b>7500</b> |

*Average of the monthly median of stock B:*

$$\text{Average} = (\text{Median 5} + \text{Median 6} + \dots + \text{Median 12}) / 8$$