

Indice Comit 30 Ground Rules

**Intesa Sanpaolo Research Department
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Comit 30 index

Characteristics of the Comit 30 index

1) Securities included in the indices

The basket used to calculate the Comit 30 index consists of 30 of the most liquid and highly capitalised securities on the Mercato Telematico Azionario. The securities that make up the Comit 30 are selected according to the objective criterion described below:

- a) all shares listed on the Italian exchange are ranked according to the ILC indicator (liquidity and market capitalisation), which is determined by calculating (using current figures as at the end of the calendar month before the effective date of the calculation) the average capitalisation (CapMG), determined as the product of the number of securities in issue and the average official price in the previous six months (adjusted, where appropriate, following corporate actions), and the daily average volume (value) of trades (VolMG) during the same six-month period.

The number of shares post increase is used when shares are subject to ongoing capital increases.

The first five days of trading are excluded when shares have become listed immediately prior to or during the observation period.

The relationship between the two values is defined as the security's alpha (α):

$$\alpha = \text{CapMG}/\text{VolMG}$$

- b) determination, according to the same method, of similar elements for the entire market and the related ratio, known as market alpha (α_m);
- c) calculation for each security of a liquidity and capitalisation indicator (ILC) in which the two elements are weighted as follows:

$$\text{ILC} = \text{CapMG} + * \alpha_m * \text{VolMG}$$

- d) preparation of rankings, according to the indicator, of the securities and inclusion in the basket of those with the highest ILC values.

Some securities may be excluded from the selection process for the composition of the basket. In particular:

- a) among the various share classes (ordinary, savings and preferred) of a single company, those with the lowest ILC values, so that only one of them is included in the index;
- b) shares with an official trading period that is not sufficiently meaningful, with the exception of the securities indicated in point b) of the previous paragraph. If this period is less than half of the days in the observation period, meaningfulness is determined by also considering the security's alpha, ILC value and any ongoing actions that may affect the security's future liquidity;
- c) shares for which, at the time of the selection, it is reasonably certain that the fundamental requirements for inclusion in the index (official listing on the exchange, high liquidity, high capitalisation) will cease to be met in the following six months;
- d) shares with an alpha value of over 1,500, to prevent shares with a low or insignificant level of liquidity, but a high level of capitalisation, from being included in the index.

2) Revision of the index

The composition of the Comit 30 index is normally updated twice a year, in March and September (routine revisions). These updates always enter into effect on the first day on which the exchange is open for business after the maturity of the derivative instruments linked to the index, except as indicated in point a) below.

However, in view of the extraordinary events described below, routine revisions may be moved up or back (subject to timely prior disclosure to the market) so as to avoid making changes too frequently and thus creating high share price volatility as a result of portfolio adjustments:

- a) De-mergers, where one of the companies in the basket splits into two companies each possessing liquidity and capitalisation characteristics that enable both to be included in the index. In such cases, the revision enters into effect on the date of admission to listing of the new company.

Conversely, if a company included in the basket is split into a new company that does not meet the requirements for inclusion in the 30, without jeopardising the satisfaction of the requirements by the old company, the latter's weight remains unchanged (despite the dilution of prices and thus of market capitalisation) and an appropriate adjusting coefficient is applied to the base price and base number of shares.

- b) Listing of new shares with a capitalisation equal to or greater than 3% of the current market capitalisation, including that of the new security.

3) Exclusion of shares during the interval between revisions

During the period between one revision and the next, the shares in the basket may be excluded for the following reasons:

- a) removal from official trading;
- b) suspension from official trading for more than ten consecutive days on which the exchange is open for business;
- c) an established, significant decline in liquidity and/or capitalisation.

In such cases, the shares that are eliminated from the basket are replaced by the next shares in the rankings prepared according to the ILC indicator from the previous revision, and the weights of the entire basket are recalculated, using as the base prices for all of the securities their opening prices on the day on which the update enters into effect and as the base number of shares the number according to the Official List for the three days on which the exchange is open for business prior to the update. If a security included in the basket is subject to a capital increase during the period, the post-increase number of shares is used as the base number of shares.

4) Calculation and publication of the index

The basis of the index was set at 100 on 31.12.1992. The index is calculated **on an ongoing basis**, using the most recent price at all times, and is published in real time using telecommunications systems. The closing value of the index was calculated by using the "official price" of each share until 14/10/1994 and then by using the most recent price starting on 17/10/1994.

Until 14/10/1994, the index was calculated according to a simplified formula based on the capitalisation ratio. Since 17/10/1994, the formula described below has been used. Despite yielding the same results, this latter formula permits the adjusting coefficient to be applied directly in the event of corporate actions.

$$I(t) = \frac{\sum_{i=1}^n I(t,i)W(i)}{\sum_{i=1}^n W(i)} \quad [1] \quad 100$$

Where:

$W(i) = p(0,i)*q(0,i)$ indicates the vector of the weights set as equal to the capitalisation of the shares;
 $p(0,i)$ and $q(0,i)$ are the base price and base number, respectively, of the shares in issue of the generic i-th security;
 $I(t,i)$ is the elementary index of the i-th share, i.e. the ratio of $p(t,i)$ to $p(0,i)$;
 n is equal to 30.

[1] can thus be expressed as follows:

$$I(t) = \frac{\sum_{i=1}^n \frac{p(t,i)}{p(0,i)} p(0,i)q(0,i)}{\sum_{i=1}^n p(0,i)q(0,i)} \quad [2] \quad 100$$

At the time of the revision, the base price $p(0,i)$ of each share is equal to the "last" price of the session prior to the revision, and the weight of a share is equal to the ratio of its capitalisation to that of the entire basket. If the opening prices of one or more financial instruments included in the index have not been calculated by the end of the session, the prices of such financial instruments, for the purposes of calculating the value of the reconciliation index and weighting, are those recorded in the last session, while considering any other objective elements available.

5) Adjustment of base prices in the event of corporate actions and/or actions on securities that affect components of the index

In the event of corporate actions and/or actions on securities by one of the issuers included in the basket that result in the discontinuity of share prices, the continuity of the historical series must be restored. This is achieved by applying to the base price $p(0,i)$ of the affected i -th security an appropriate adjusting coefficient (k) determined according to the generally accepted financial equivalence rules described in detail by the Italian Association of Financial Analysts (AIAF).

In order to maintain the capitalisation of the individual security unchanged, the change in the base price $p(0,i)$ must be balanced by modifying the number of shares concerned accordingly. In practice, the procedure is as follows:

- a) the official "cum-rights" price of the security in question on the day before the corporate action, i.e. the issue of the shares, is considered;
- b) the corresponding "adjusted" price is calculated on a theoretical basis. It is based on a condition of financial parity of the total value of the class of shares issued before and after the corporate action;
- c) an adjusting coefficient is calculated according to the ratio of the theoretical price calculated to the cum-rights price;
- d) the pre-corporate action base price is multiplied by this coefficient;
- e) the change in each base price is offset by a reciprocal change in the base number of the shares, so that the weighting remains unchanged.

6) Adjustment in the event of extraordinary dividends

In order to ensure the continuity of the Comit 30 index, an adjusting coefficient (k) is applied to both the base price and number of shares, calculated as follows:

- a) $((\text{Official price on the day before the ex-dividend date for the extraordinary dividend} - \text{the extraordinary dividend}) / \text{Official price on the day before the ex-dividend date for the extraordinary dividend})$

7) Suspension from trading

Shares that have been suspended from trading are treated as follows:

- a) If the company has become insolvent, the shares are removed from the index with a price of zero
- b) If the company has undertaken a *precautionary recapitalisation*¹, the shares are removed from the index with a price of zero. The shares may then be included in the index once again, and their inclusion will be treated as an initial public offering (IPO) for all intents and purposes.
- c) If the suspension period is 60 working days, the shares are removed from the index at the price recorded during the last session. If the shares are then readmitted to listing, their inclusion will be treated as an initial public offering (IPO) for all intents and purposes.

¹ Injection of own funds by a Member State into a solvent bank in order to remedy a serious disturbance of the country's economy and preserve financial stability (cf. [ECB](#))

8) Continuity of the historical series for the index

The continuity of the historical series of index values, whenever there are changes in the composition of the basket, is restored by reconciling the value calculated according to the revised basket with the value of the index observed prior to the revision. More precisely, the "new" index is calculated according to a unit base and then multiplied by the last value with the "old" composition (i.e., that calculated according to the opening prices on the day of the revision).

9) Publication of indices

The indices calculated by Intesa Sanpaolo are published through the main info providers and are available:

- from the website of [Intesa Sanpaolo SpA](#), in the "Research" section;
- Bloomberg
- Thomson Reuters (all Comit indices can be viewed using the code **0#.BCIINDEX.IT**)

Intesa Sanpaolo Research Department – Head of Research Department: Gregorio De Felice

Angelo Palumbo
Maurizio Piccolo

0287938542
0287962133

angelo.palumbo@intesasanpaolo.com
maurizio.piccolo@intesasanpaolo.com

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