



Indice Comit Globale and Comit Globale R Ground Rules

**Intesa Sanpaolo Research Department
December 2017**

Comit Globale and Comit Globale R indices

Characteristics of the Comit Globale and Comit Globale R indices

This document provides a summary of the fundamental rules for calculating and managing the indices Comit Globale and Comit Globale R prepared by Intesa Sanpaolo for the entire Italian equity market "Mercato Telematico Azionario" (MTA).

Depending on the price used to calculate the Comit Globale index, we have:

- a) Comit Globale
- b) Comit Globale R

They are calculated using the official prices and reference prices, respectively (the extension "R" refers to the reference prices).

The Comit Globale and Comit Globale R indices are in turn divided into seven sector indices and nine sub-sector indices:

- a) Comit Bancario (banking)
- b) Comit Finanziario (finance)
- c) Comit Assicurativo (insurance)
- d) Comit Telecomunicazioni e Servizi (telecommunications and services)
- e) Comit Immobiliare (real estate)
- f) Comit Trasporti e Tempo Libero (transport and leisure time)
- g) Comit Industriale (industrial), sub-divided into:
 - a) Comit Alimentare e Grande Distribuzione (food and mass retail)
 - b) Comit Cartario ed Editoriale (paper and publishing)
 - c) Comit Chimico e Petrolchimico (chemicals and petrochemicals)
 - d) Comit Elettronico ed Elettromeccanico (electronics and electromechanical)
 - e) Comit Farmaceutico e Biomedico (pharmaceutical and biomedical)
 - f) Comit Cemento, Costruzione ed Impiantistica (cement, construction and plant engineering)
 - g) Comit Metallurgico e Siderurgico (metal-working, iron and steel)
 - h) Comit Tessile, Abbigliamento ed Accessori (textiles, apparel and accessories)
 - i) Comit Auto e Gomma (automotive and rubber)
- h) Comit Trasporti e Tempo Libero (transport and leisure time)

All sector indices are calculated using official prices and reference prices, whereas the indices into which Comit Industriale is sub-divided (sub-sector indices) are calculated using official prices only.

The "super sector" assigned by Borsa Italiana S.p.A. to each of the securities listed on the Mercato Telematico Azionario is used in order to assign each share to a sector and, where necessary, sub-sector.

1) Securities included in the indices

The indices Comit Globale and Comit Globale R include all equity securities listed on the Mercato Telematico Azionario, regardless of the segment (Blue Chip, Star or Standard).

Shares "indefinitely" suspended from listing are an exception to this rule and are excluded from the index with effect from the announcement by Borsa Italiana S.p.A.

2) Revision of the index

Changes in the basket following corporate actions (capital increases, extraordinary dividends, changes in share capital, reverse splits, spin-offs and de-listing) are usually made at the same time as the publication of the notice of the corporate action by Borsa Italiana S.p.A.

Each new security is included in the basket on the first day on which the exchange is open for business after the security is listed.

3) Prices used to calculate the indices

- a) **Comit Globale:** while the exchange is open, the weighted average prices with the trades to that point; at closing, official prices.
- b) **Comit Globale R:** the reference prices at the end of the exchange session.

4) Calculation of the indices

The arithmetic average of 1972 clearing prices, adjusted, where appropriate, has been used as the base price of securities listed as at 31/12/1972, set equal to 100. The base price for subsequently listed securities is the official "cum" price on the date of inclusion.

Momentarily setting aside the matter of corporate actions, which result in discontinuity in observations of the prices of the securities concerned, as discussed briefly below, our index for the i-th security on the list at time t is calculated as follows:

$$I_{i,t} = \frac{P_{i,t}}{P_{i,0}} \cdot 100$$

where $P_{i,t}$ = the price of security i on day t
and $P_{i,0}$ = the base price (or price at time zero) of security i

The Comit market indices are thus equal to the weighted average of the indices for all securities, i.e.:

$$I_t = \sum_{i=1}^n I_{i,t} \cdot a_i$$

where I_t is the index at time t , whereas a_i refers to the "weight" of each security in the index. In particular, the ratio of the capitalisation of the individual security (price x number of shares in issue) to total market capitalisation has been selected as the weighting criterion.

Appropriately simplified, the indices take the following form:

$$I_t = \frac{\sum_{i=1}^n P_{i,t} \cdot q_{i,0}}{\sum_{i=1}^n P_{i,0} \cdot q_{i,0}} \cdot 100$$

where $q_{i,0}$ represents the unchanged number of shares in issue at time t as a consequence of the initially assumed simplification.

Comit Globale and Comit Globale R are "pure" price indices, meaning that their value decreases when ordinary dividends are distributed, due to the loss of the claim to the dividend associated with the shares that have distributed dividends.

A similar procedure is followed for sector indices, with the sole proviso that in such cases 1... n is the subset of securities included in the sector only.

5) Adjustments

In practice, there are various corporate actions involving listed companies each year, and there may also be other events (one typical case is that of the de-listing of a security) that tend to create discontinuity in the historical series used to calculate the index (for example, the number of shares in issue changes and the reference base capitalisation must therefore change in cases of rights issues involving the injection of new capital).

Clearly, in order to continue to calculate the index as before, the discontinuity must be remedied using various approaches referred to as "adjustments".

The adjustment is applied to the base capitalisation: for example, in the classic case of a rights issue, the base capitalisation changes to the same extent that current capitalisation increases due to the injection of new capital, according to the ratio:

$$\text{adjusted base cap.} = \text{base cap.} \cdot \frac{\text{pre - issue cap.} + \text{rights issue}}{\text{pre - issue cap.}}$$

This ensures that the values taken by the index over time remain consistent.

In the final analysis, the Comit "base 1972=100" indices will be calculated according to the formula:

$$I_t = \frac{\sum_{i=1}^n P_{i,t} \cdot q_{i,t}}{(\sum_{i=1}^n P_{i,0} \cdot q_{i,0}) \text{ rett.}} \cdot 100$$

i.e.:

$$I_t = \frac{\text{market capitalisation at time t}}{\text{adjusted market capitalisation at base time}} \cdot 100$$

6) Suspension from trading

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

- If the company has become insolvent, the shares are removed from the index with a price of zero
- 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.
- 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.

7) 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**)

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](#))

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

Disclaimer

This publication has been produced by Intesa Sanpaolo. This report has been prepared solely for information purposes and is not intended as an offer or solicitation with respect to the purchase or sale of any financial products. This document may only be reproduced in whole or in part citing the name Intesa Sanpaolo SpA.