

# **Ground Rules for TPEX Semiconductor Leaders Total Return Index**

## **Chapter 1 Introduction**

Semiconductor corporations is an important sector of the TPEX market. With the coming of the AI and 5G/IoT era, TPEX-listed semiconductor corporations also play an important role in the market. The constituents of the TPEX Semiconductor Leaders Total Return Index are selected from the TPEX 200 Index and are leading semiconductor corporations. The index possesses tradable and representative attributes.

## **Chapter 2 Eligible Securities**

### **2.1 Sampling Scope**

The sampling scope is the TPEX 200 Index constituents that belong to the semiconductor industry.

### **2.2 Qualification Criteria**

2.2.1 No accumulated deficit occurs in the most recent fiscal year.

2.2.2 The sum of the most recent four consecutive quarters' earnings per share should be positive.

2.2.3 The largest 10 securities ranked by free float market capitalization will be the index constituents. And the following 5 securities will be in the reserve lists.

2.2.4 In consideration of the diversification of the index constituents, the weight of a single stock is no greater than 20%.

## **Chapter 3 Index Calculation Method**

### **3.1 Calculation Frequency**

TPEX Semiconductor Leaders Total Return Index is calculated in real-time and disseminated every 5 seconds using the latest trading prices in trading hours, and the end-of-day (EOD) index is calculated once a day after the close of trading.

### **3.2 Index Algorithm**

The index is calculated using the algorithm described below.

$$\sum_{i=1}^n \frac{(p_i \times s_i \times f_i \times w_i)}{d} \times 5,000$$

- i = The number of constituents, where  $n=10$
- p =The latest trading prices of the constituents
- s =Shares in issue for the constituents
- f =Free float factor
- w =Weight adjustment factor
- d =Index base value

## Chapter 4 Review of Constituents

### 4.1 Review Dates

4.1.1 The quarterly reviews of the TPEX Semiconductor Leaders Total Return Index constituents are scheduled to be conducted on the Thursday after the first Friday of January, April, July and October by using the data of the last trading day in December of the previous year, yet March, June, and September respectively in this year. Any changes to the constituents will be effective on the next trading day following the third Friday in the reviewing month.

## Chapter 5 Changes to Constituent Companies

If any of the constituents in the TPEX Semiconductor Leaders Total Return Index is removed from the TPEX 200 Index during non-periodic review, it will also be removed from the TPEX Semiconductor Leaders Total Return Index simultaneously. The vacancy will be replaced by the highest ranking company by free float market capitalization eligible on the reserve lists at the close of the index calculation two days prior to the deletion.

## Chapter 6 Index Maintenance

Except for the changes to the constituents and initial weight due to quarterly reviews, the index maintenance will be implemented in accordance with the TPEX's "Corporate Actions and Events Guide for Narrow-Band Indices".