



Pakistan Stock Exchange

JS Global Banking Sector Index

JSGBKTI

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JSGBKI

The JSGBKI aims to track the total return performance of the *Banking Sector Tradable Index*¹ (BKTi), however, the weights of index constituents are equally weighted.

1. Selection Criteria of Stocks

i. Pre-requisites

- The company should be part of the Commercial Banking sector of Pakistan Stock Exchange;
- The company should have not been in defaulter segment and declared as suspended/ Non-tradable at the time of re-composition date;
- The Company should have a formal listing history of at least six months on PSX;
- The Company should have minimum free-float shares of 10% of total outstanding shares or 30 million free-float shares; and
- The Company should be traded for 75% of the total trading days.

ii. Constituents Ranking

The constituents that are qualified pre-requisite criteria, then it shall be ranked on 50% weightage to the highest Free Float Market Cap and 50% weightage to lowest Impact Cost of each constituent. The lowest IC and highest FF are given top marks. Final Constituents for index are selected based on total marks (in descending order) until at least 80% FF market cap has been achieved, no more companies shall be added to the index.

2. Determination of Weight

Once index constituents are selected, then index weights are equally distributed among all of the index constituents

3. Re-composition/ Review Period

Index shall be re-composed/re-balanced on a semi-annual basis as follows:

Last working day (Basis)	Notice	Index Implementation	Actions
June	Issue along with BKTi Notice	15-Aug	Reconstitution/Rebalancing
December		15-Feb	Reconstitution/Rebalancing

¹ The Banking Sector Tradable Index (BKTi) was designed by PSX in 2011 and provide investors with a depiction of the breadth of the commercial bank sector and its performance in Pakistan's equity market. It is important to note that BKTi is a price return, Free Float based Market Capitalization Index, whereas the JSBKI Index is a Total Return Equally Weighted Index.

4. Base Period

The base period of JSGBKTI is September 11, 2023 and the base value is 10,000 index points.

5. Maintenance of the Index

The day-to-day maintenance of the index involves:

- a. Adjustment of corporate action events in the underlying stocks
- b. Semi-annual re-composition and re-balancing.

6. Live Computation of the Index

During market hours, prices of the index scrips at which trades are executed, are automatically used by the trading system to calculate the JSBKI index points and continuously make updates on all trading workstations connected to the PSX trading computers on a real-time basis.

7. Corporate Actions Adjustments

The index shall be calculated on total return basis and therefore will need to be adjusted for corporate actions (*Dividend, Bonus, Right, or any combination, etc.*) in order to maintain the index continuity and comparability.

As required in Rule 10.6 of PSX Rule Book, PSX determines the ex-price in case of corporate action announcement based on the mechanism prescribed by PSX. In order to maintain the continuity of the Index performance, the index divisor shall be adjusted due to the corporate actions at the close of T-3 day of underlying's book closure starting date. For example, starting day of book closure of an underlying stock is Friday, then the new divisor shall be calculated at the close of Tuesday.

The adjustment for corporate actions will be made as per the following methodology:

Stocks in Index				Index Calculation		
Base Example	Stock A	Stock B	Stock C	Free Float Market Capitalization of Index	Divisor	Index Closing Points
Closing Price	22.50	41.00	44.50	13,950,000,000	=13,950,000,000/1,120 = 12,455,357.14	1,120
Free Float Shares	50,000,000	150,000,000	150,000,000			
Free Float Market Capitalization	1,125,000,000	6,150,000,000	6,675,000,000			

Dividend- Corporate Adjustment in Index						
10% Dividend of Stock A, all other factors remain constant	Stock A	Stock B	Stock C	Revised Free Float Market Capitalization of Index	Index Points	Divisor for the next day
Ex- Price	21.50	41	44.5	13,900,000,000	1,120	

Free Float Shares	50,000,000	150,000,000	150,000,000			=13,900,000,000/1,120 = 12,410,714.29
Free Float Market Capitalization	1,075,000,000	6,150,000,000	6,675,000,000			

Bonus- Corporate Adjustment in Index						
10% Bonus on Stock A, all other factors remain constant	Stock A	Stock B	Stock C	Revised Free Float Market Capitalization of Index	Index Points	Divisor*
Ex- Price	20.45	41	44.5	13,949,750,000	1,120	=13,949,750,000/1,120 = 12,455,133.93
Free Float Shares	55,000,000	150,000,000	150,000,000			
Free Float Market Capitalization	1,124,750,000	6,150,000,000	6,675,000,000			

*Divisor changed as stock prices are reported in two decimal places

Corporate Action-Right**						
10% Right at Par on Stock A, all other factors remain constant	Stock A	Stock B	Stock C	Revised Free Float Market Capitalization of Index	Index Points	Divisor
Ex- Price	21.36	41	44.5	13,999,800,000	1,120	= 13,999,800,000/1,120 = 12,499,821.42
Free Float Shares	55,000,000	150,000,000	150,000,000			
Free Float Market Capitalization	1,174,800,000	6,150,000,000	6,675,000,000			

**Closing price of stock A is adjusted with Right issue (Face Value / Premium/ Discount) and free float of stock will be increased as per the Right Ratio

The policy of Ready stock price adjustment in case of Dividend, Bonus, and Right combination is available on the PSX website for your reference.

<https://www.psx.com.pk/psx/themes/psx/uploads/priceCalMethod.pdf>

The index divisor has also to be adjusted other than the abovementioned corporate actions, e.g. delisting/merger of the companies.

Disclaimer

The Indices returns provided may not represent the performance of the actual trading of underlying investable assets/securities. PSX makes no representation or warranty, express or implied, as to the ability of the index to accurately replicate the asset class or market sector that it represents. PSX maintains and computes the index with adequate due diligence and care. PSX shall not be liable for any error, omission, or interruption of index or the data included therein. The future performance of a financial instrument and/ or PSX indices cannot be deduced from their previous market value. Good performance in the past does not guarantee good performance in the future. Therefore, PSX cannot give any warranty that any capital invested based on PSX indices will remain at the same level or will increase.