

PRESS RELEASE

Mumbai, November 18, 2022

Revision in methodology of Nifty equity indices for handling corporate actions involving mergers

NSE Indices had floated a market consultation paper on treatment of merger/demerger in Nifty equity indices on October 18, 2022. Based on the feedback received from the market participants, the Index Maintenance Sub-Committee (Equity) of NSE Indices Limited has decided to make revision in methodology of Nifty equity indices for treatment of mergers as mentioned hereunder.

Existing	Proposed
<p>Exclusion of transferor company:</p> <ul style="list-style-type: none"> • In case of scheme of arrangement for merger of any of the index constituents (Transferor company, a company which is being merged into another company) with another company: <ul style="list-style-type: none"> ○ Transferor company is excluded from the index and the same is replaced with another eligible stock soon after the equity shareholders' approval to a scheme of arrangement for merger of a company (in case of indices with fixed number of constituents) ○ Transferor company is excluded from the index soon after the equity shareholders' approval to a scheme of arrangement for merger of a company without making replacement in the index (in case of indices with variable number of constituents) • In case, a transferor company is a constituent of indices on which Futures and Options are traded at NSE, changes are announced to the market participants four weeks prior to the index reconstitution date 	<p>Exclusion of transferor company</p> <ul style="list-style-type: none"> • Transferor company shall be excluded from index on the ex-date (T Day) of merger i.e. closing of T-1 day <ul style="list-style-type: none"> ○ Indices with fixed number of constituents: On ex-date, a replacement of company will be made based on the eligibility criteria of respective indices in place of transferor company which is being excluded ○ Indices with variable number of constituents: On ex-date, no replacement will be made in place of the transferor company which is being excluded • Announcement of the changes shall be made providing notice of minimum three working days including the indices on which Futures and Options are traded at NSE

Existing	Proposed
<p>Merged Entity</p> <ul style="list-style-type: none"> If the equity shares of merged entity which are allotted to the shareholders of transferor company (post-merger) account for more than or equal to 5% of the current equity of the merged entity, these shares are updated for calculation of market capitalization with effect from the last trading day (T Day) of the calendar month of listing of these shares In case, equity shares of merged entity which are allotted to the shareholders of transferor company (post-merger) account for less than 5% of the current equity of the merged entity, these shares are updated for calculation of market capitalization with effect from the last trading day of corresponding calendar quarter (March, June, September and December) 	<p>Merged Entity</p> <ul style="list-style-type: none"> Equity shares, investible weight factor of merged entity shall be updated based on the terms of merger on the ex-date of merger i.e. closing of T-1 day

The above will move the implementation of index changes closer to the ex-date and thus help in reducing churn in index constituents resulting from corporate action involving mergers.

These changes shall be applicable for all corporate actions involving mergers with an immediate effect.

As responses on market consultation related to treatment of demerger in Nifty equity indices require further deliberations with various stakeholders, changes related to treatment of demerger shall be announced in due course.

About National Stock Exchange of India Limited (NSE):

National Stock Exchange of India (NSE) is the world's largest derivatives exchange by trading volume (contracts) as per the statistics maintained by Futures Industry Association (FIA) for calendar year 2021. NSE is ranked 4th in the world in the cash equities by number of trades as per the statistics maintained by the World Federation of Exchanges (WFE) for calendar year 2021. NSE was the first exchange in India to implement electronic or screen-based trading. It began operations in 1994 and is ranked as the largest stock exchange in India in terms of total and average daily turnover for equity shares every year since 1995, based on SEBI data. NSE has a fully integrated business model comprising exchange listings, trading services, clearing and settlement services, indices, market data feeds, technology solutions and financial education offerings. NSE also oversees compliance by

trading, clearing members and listed companies with the rules and regulations of SEBI and the exchange. NSE is a pioneer in technology and ensures the reliability and performance of its systems through a culture of innovation and investment in technology.

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About NSE Indices Limited:

NSE Indices Limited (formerly known as India Index Services & Products Ltd. - IISL), a subsidiary of NSE, provides a variety of indices and index related services for the capital markets. The company focuses on the index as a core product. The company owns and manages a portfolio of indices under the Nifty brand of NSE, including the flagship index, the Nifty 50. Nifty equity indices comprise of broad-based benchmark indices, sectoral indices, strategy indices, thematic indices and customised indices. NSE Indices Limited also maintains fixed income indices based on Government of India securities, corporate bonds, money market instruments and hybrid indices. Many investment products based on Nifty indices have been developed within India and abroad. These include index based derivatives traded on NSE, NSE IFSC and Singapore Exchange Ltd. (SGX) and a number of index funds and exchange traded funds. The flagship 'Nifty 50' index is widely tracked and traded as the benchmark for Indian Capital Markets.

For more information, please visit: www.niftyindices.com

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