

Headline: IISL tweaks Nifty 50 selection norms, maintenance guidelines

Source: Financial Express

Date: 23 August 2017

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PRESS TRUST OF INDIA
Mumbai, August 22

INDIA INDEX SERVICES & Products (IISL), a NSE group firm, has decided to revise guidelines for reconstitution of indices including the selection criteria of the benchmark Nifty 50 and the norms for maintenance of the indices.

The changes in guidelines governing index reconstitution would be applicable from September this year rebalancing, while revision on maintenance of indices comes into immediate effect.

“IISL in its continuous efforts to align with the global industry best practices hereby announces revision in operational guidelines governing index maintenance and index reconstitution,” a release issued here said.

As per the new criteria for the selection of stocks in Nifty 50, the constituents will be from Nifty 100 index universe.

Besides, the security will be required to trade at an average impact cost of 0.50% or less during the last six months, for 90% of the observations for portfolio of ₹10 crore as against ₹2 crore for selection.

Moreover, companies will be included in Nifty 50 if free-float market capitalisation is

1.50 times the free-float market cap of the smallest constituent in respective index.

So far, firms needed to have at least twice the free-float market cap of the current smallest index constituent.

IISL has also modified the eligible universe for selection of stocks for thematic indices, strategy indices like Nifty Quality 30 as well as Nifty broad market indices including Nifty Free-float Midcap and Nifty Free-float Smallcap 100.

The eligible universe for thematic indices — Nifty Commodities, Nifty Energy, Nifty India Consumption, Nifty Infrastructure, Nifty MNC, Nifty PSE, Nifty Services Sector, Nifty Tata 25% Cap — is that companies must rank within the top 800 by average full market capitalisation and average daily turnover for the last six months as against the current requirement of ranking in the top 500.

Constituents for Strategy Indices like Nifty Dividend, Opportunities 50, Nifty Alpha 50 would be selected from rank of top 300 companies by average freefloat market capitalisation and average daily turnover for the last six months. So far, these were selected from top 300 firms by average freefloat market cap and average turnover for the last six months.