

GROUND RULES FOR THE MANAGEMENT OF THE FTSE GLOBAL 100 INDEX

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Section 1

1.0 INTRODUCTION

- 1.1 This paper sets out the Ground Rules for the management of the FTSE Global 100 Index by FTSE. Copies of these Ground Rules are available from FTSE.
- 1.2 The FTSE Global 100 Index is designed as a tradable index on which retail funds and derivatives can be based.
- 1.3 The Index comprises the top 100 companies by full market capitalisation that are constituents of the FTSE Multinational Index.
- 1.4 The FTSE Global 100 Index will be calculated as an end of day Index in US Dollars only.
- 1.5 Capital and Total Return Indices are available. The Total Return Indices will be calculated using annualised dividends.

Section 2

2.0 INDEX MANAGEMENT

- 2.1 The FTSE Global 100 Index is managed by the FTSE Review Board.
- 2.2 The Secretary of the FTSE Review Board is responsible for undertaking the review of the FTSE Global 100 Index and for recommending changes to the constituents for approval by the FTSE Review Board. The FTSE Review Board may also approve changes to the Ground Rules subject to the same rules governing the FTSE All-World Index.
- 2.3 FTSE is responsible for the calculation of the FTSE Global 100 Index. FTSE will maintain records of the market capitalisation of all constituents and will make changes to the constituents and their weightings in accordance with the Ground Rules. FTSE will implement the resulting constituent changes from the periodic review or as otherwise required by the Ground Rules.

Section 3

3.0 ELIGIBLE SECURITIES

- 3.1 Only securities that are current constituents of the FTSE Multinational Index are eligible for the FTSE Global 100 Index. All constituents of the FTSE Multinational Index are current constituents of the FTSE Developed Index.
- 3.2 The top 100 companies of the FTSE Multinational Index are chosen based on their full market capitalisation i.e. before the application of any investibility weightings, to form the FTSE Global 100 Index, subject to the rules contained in sections 5 and 6 of these ground rules.
- 3.3 If a company selected under Rule 3.2 has multiple lines of securities which are constituents of the FTSE Multinational Index, these multiple lines will also be constituents of the FTSE Global 100 Index.
- 3.4 The share and investibility weightings of an individual constituent will be the same as in the FTSE Multinational Index.
- 3.5 Ground Rules for the FTSE All-World Index and the FTSE Multinational Index are available from FTSE.



Section 4

4.0 INDEX QUALIFICATION CRITERIA

- 4.1 Companies included in the FTSE Global 100 must all be current constituents of the FTSE Multinational Index.

Section 5

5.0 PERIODIC REVIEW OF CONSTITUENTS

- 5.1 The rules for inserting and deleting securities at the periodic review are designed to provide stability in the selection of the constituents of the FTSE Global 100 Index while ensuring that the index continues to be representative of the market by including or excluding those securities which have risen or fallen significantly.
- 5.2 The FTSE Global 100 Index is reviewed quarterly in March, June, September and December. The review will be based on data from the close of the FTSE Multinational index calculation on the last trading day in February, May, August and November. The review will take into consideration any constituent changes announced by the FTSE Equity Indices Committee at its quarterly meetings, but will be conducted before the implementation date of these changes.
- 5.3 Changes arising from the periodic reviews will be implemented after the close of the index calculation on the third Friday in March, June, September and December.
- 5.4 All eligible securities will be ranked by their full market capitalisation i.e. before the application of any investibility weightings, based on data from the close of the index calculation, on the Monday before the third Friday in the month.
- 5.5 A security will be added to the index at the periodic review if it rises to position 90 or above in the list of eligible securities.
- 5.6 A security will be deleted from the index at the periodic review if it falls to position 111 or below in the list of eligible securities.
- 5.7 Where a greater number of securities qualify to be included in the index than those qualifying to be removed, the lowest ranking securities presently included in the index will be removed to ensure that the number of securities remains constant. Likewise, where a greater number of securities qualify to be removed from the index than those qualifying for inclusion, the highest ranking securities which are presently not in the index will be included to match the number of securities being removed at the periodic review.
- 5.8 Details of the outcome of the reviews will be published as soon as possible after the review.
- 5.9 The six highest ranking non-constituents of the FTSE Global 100 Index at the time of the periodic review will also be published. This Reserve List will be used in the event that one or more constituents are deleted from the FTSE Global 100 Index during the period up to the next quarterly review.
- 5.10 Where a company is deleted after the periodic changes to the index have been announced, but before the periodic changes have been implemented, the highest ranking company from the new Reserve List (see Rule 6.1.2), excluding current index constituents, will replace the deleted company.

Section 6

6.0 CHANGES TO CONSTITUENT COMPANIES

6.1 REMOVAL

- 6.1.1 If a constituent ceases to be a constituent of the FTSE Multinational Index it will also be removed from the FTSE Global 100 Index. The removal will be concurrent with its removal from the FTSE Multinational Index.
- 6.1.2 When a stock is removed, it will be replaced by the highest ranking company eligible in the Reserve List as at the close of the index calculation two days prior to the deletion. Inclusion of the replacement will be concurrent with the removal of the constituent, before the start of the index calculation on the second business day following the day on which the event justifying removal was announced.

6.2 ADDITIONS

- 6.2.1 If a constituent is added to the FTSE Multinational Index it may also be eligible to be included in the FTSE Global 100 Index subject to rule 6.3.1. The inclusion in the FTSE Global 100 Index will be concurrent with its inclusion in the FTSE Multinational Index.
- 6.2.2 When a stock is added to the FTSE Global 100 Index, the security which is the lowest ranking constituent will be removed from the index.

6.3 NEW ISSUES

- 6.3.1 All fast entries into the FTSE Developed Index may also be a fast entry into the FTSE Multinational Index Series. Likewise fast entries into the FTSE Multinational Index Series will be eligible to become fast entries into the FTSE Global 100 Index provided that when added to the list of eligible securities the security ranks above position 90 or above. The fast entry constituent will be added to the FTSE Global 100 Index Series concurrently with its inclusion in the FTSE Multinational Index Series.

Section 7

7.0 AMENDMENTS TO THE GROUND RULES

- 7.1 Changes and exceptions to these Ground Rules can be authorised only by the FTSE Review Board. Where an exception is granted to the Ground Rules under Rule 7.1, it shall not be deemed to create a precedent for future decisions of the FTSE Review Board.

Appendix A

INDEX ALGORITHM AND CALCULATION METHOD

$$\frac{\sum_{i=1}^n ((p_i \cdot e) \cdot s_i \cdot f_i)}{d}$$

$i = 1, 2, 3, \dots, n$

- n = The number of securities in the Index.
- p = Price The latest trade price of the component security (or the price at the close of the Index on the previous day)
- e = Exchange Rate The exchange rate required to convert the security's home currency into the index's base currency.
- s = Shares in Issue The number of shares in issue used by FTSE for the security, as defined in these Ground Rules.
- f = Free Float Factor The factor to be applied to each security to allow amendments to its weighting, expressed as a number between 0 and 1, where 1 represents a 100% free float. The free float factor for each security is published by FTSE.
- d = Divisor A figure that represents the total issued share capital of the Index at the base date. The divisor can be adjusted to allow changes in the issued share capital of individual securities to be made without distorting the Index.

Appendix B

INDEX OPENING AND CLOSING HOURS

THE FTSE GLOBAL 100 INDEX

OPEN

CLOSE

Realtime:

FTSE Global 100

02.00

21.10

End of Day:

FTSE Global 100

21.00

All times are UK Time

During Realtime calculation, Reuters Spot rates are used in calculating Foreign Exchange rates. End of Day indices are calculated using the WM/Reuters Closing Spot Rates™, compiled by The WM Company.

Appendix C

Further information on the FTSE Global 100 Index is available from FTSE, who will also welcome comments on these Ground Rules and on the Index.

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