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## FTSE Nationality Practice Note

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### 1. Purpose

- 1.2 The purpose of this paper is to provide guidance on how the FTSE Nationality Committee will treat companies in the FTSE Global Equities Index Series (GEIS) and the FTSE UK Index Series in respect of a company's nationality.

### 2. Key Principles

- 2.1 The key principles are:

2.1.1 A company will be allocated to a single country;

2.1.2 Treatment of companies shall be consistent across both series of indices;

2.1.3 A company will normally be allocated to a country in which it is incorporated provided it has a listing in that country;

2.1.4 Where a company does not have a listing in its country of incorporation, the FTSE Nationality Committee shall seek to allocate the company to the country deemed most appropriate by investors;

2.1.5 For inclusion in a developed market country, a company must comply with regulations and codes of investor protection consistent with those of the developed market in question.

### 3. Allocation of Companies where there is no listing in the Country of Incorporation

- 3.1 If a company is incorporated in a developed country within FTSE GEIS, and solely listed in another developed country, the FTSE Nationality Committee will normally allocate the company to the country of listing provided that the company will meet the same requirements, in all material respects, as a company incorporated in the country of listing with regard to the publication of statutory data in a timely manner and the protection of shareholder rights.

- 3.2 For inclusion in the FTSE UK index series, the following will apply:

- As stipulated in the FTSE UK Index Series Ground Rules, only Premium Listed Equity Shares, as defined by the Financial Services Authority in its Listing Rules Sourcebook, with a listing on the London Stock Exchange are eligible for inclusion in the UK index series.
- A company not incorporated in the UK will be required to acknowledge publicly adherence to the principles of the UK Combined Code, Pre-emption Rights and the UK Takeover Code as far as practical.
- In accordance with paragraph 2.1.4, a company not incorporated in the UK with a controlling shareholder or where a group of inter-related shareholders has a controlling interest will not normally be considered as eligible for the UK index series.

- 3.3 Companies incorporated in an emerging country (as classified within FTSE GEIS) will not be eligible for allocation to a developed country. In this regard, territories with an internationally recognised special tax status will be reviewed separately.
- 3.4 Companies incorporated in a country not represented by FTSE GEIS shall be eligible for inclusion in both developed and emerging market countries providing the country of incorporation has comparable standards of regulation and shareholder protection as considered appropriate by the FTSE Nationality Committee for developed or emerging status as relevant.
- 3.5 A company's country allocation shall normally be based on the following considerations:
- **If a company is incorporated in a country and is solely listed in another country:** the FTSE Nationality Committee shall normally allocate the company to the country of listing. However, the FTSE Nationality Committee may also take other factors into account including, but not limited to, the investor protection regulations under which the company is governed, the country in which the company is resident for tax purposes and market perception.
  - **If a company is incorporated in a country and has multiple listings (excluding the country where it is incorporated):** the FTSE Nationality Committee shall normally allocate the company to the country of listing where it is most liquid. However, the FTSE Nationality Committee may also take into account factors including, but not limited to, the investor protection regulations under which the company is governed, the country in which the company is resident for tax purposes and market perception.
  - **If a company is incorporated in a country not represented in FTSE GEIS and has multiple listings:** the FTSE Nationality Committee shall normally allocate the company to the country of listing where it is most liquid. However, the FTSE Nationality Committee may also take into account factors including, but not limited to, the investor protection regulations under which the company is governed, the country in which the company is resident for tax purposes and market perception.
- 3.6 The FTSE Nationality Committee shall decide the country allocation of each company on its merits having regard to its particular circumstances. The country allocation of any company may be reassessed at any time at the FTSE Nationality Committee's discretion.

#### **4. Changes in Incorporation or Listing Arrangements**

- 4.1 The FTSE Nationality Committee shall apply the above principles and practices in determining whether any change to a company's country allocation is required following a change to a company's incorporation or listing arrangements.

#### **5. Appeal**

- 5.1 An appeal against a decision of the FTSE Nationality Committee can only be made to the FTSE Policy Group.