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# FTSE Global Equity Index Series

v7.6

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## Contents

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1.0	Introduction .....	3
2.0	Management Responsibilities.....	5
3.0	FTSE Russell Index Policies .....	7
4.0	Country Inclusion Criteria .....	9
5.0	Inclusion Criteria.....	11
6.0	Eligible Security Screens .....	12
7.0	Periodic Review of Constituents .....	20
8.0	Additions Outside of a Review .....	24
9.0	Corporate Actions and Events.....	26
10.0	Treatment of Dividends .....	28
11.0	Industry Classification Benchmark (ICB).....	29
12.0	Algorithm and Calculation Method.....	30
	Appendix A: Eligible Exchanges and Market Segments .....	31
	Appendix B: Eligible Classes of Securities .....	34
	Appendix C: Calculation Schedule .....	38
	Appendix D: Country Additions and Deletions .....	40
	Appendix E: Country Classification .....	42
	Appendix F: Country Indexes .....	43
	Appendix G: FTSE Russell China Share Descriptions .....	44
	Appendix H: Further Information .....	45



## Section 1

# Introduction

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### 1.0 Introduction

#### 1.1 The FTSE Global Equity Index Series

1.1.1 The FTSE Global Equity Index Series covers securities in 47 different countries and is divided into Developed, Advanced Emerging and Secondary Emerging segments. For the purpose of these Ground Rules, reference to the FTSE Global Equity Index Series incorporates the:

- FTSE Global All Cap Index Series (Large, Mid and Small Cap)
- FTSE All-World Index Series (Large and Mid Cap)
- FTSE World Index Series (Large and Mid Cap - Developed and Advanced Emerging only)
- FTSE Global Small Cap Index Series (Small Cap)
- FTSE Global Micro Cap Index Series (Micro Cap)
- FTSE Global Total Cap Index Series (Large, Mid, Small and Micro)

1.1.2 Indexes are calculated at the following levels:

- Geographic (Global, Regional, Country)
- Country classification (Developed, Advanced Emerging, Secondary Emerging)
- ICB Industry
- ICB Sector

The following variants are available:

- Capital and total return indexes.
- Net total return Indexes based on maximum withholding tax rates (see Section 10).
- Currency hedged indexes.
- Capped Indexes. For full details see the FTSE Russell Capping Methodology.
- Constituent size - large, mid, small and micro capitalisation indexes. For full details of the breakdown between large, mid small and micro capitalisation indexes see Section 7.
- Value and growth indexes are calculated. Separate Ground Rules are available for these indexes.
- Domestic indexes with no foreign ownership restrictions are also available.
- Selected indexes of the FTSE Global Equity Index Series are calculated and disseminated on a real time basis (see Appendix C).
- All indexes are calculated in US Dollars and local currency. The index values are also published in Euros, UK Pounds Sterling, and Japanese Yen.
- Fully customised indexes are also available including customised capped indexes and indexes with industry exclusions.

Full technical details of calculations and statistical procedures are contained in the Appendices to these Ground Rules and the FTSE Global Equity Index Series Guide to Calculation Methods and Corporate Actions and Events Guide for Market Capitalisation Weighted Indexes available from FTSE Russell.

## 1.2 FTSE Russell

FTSE Russell is a trading name of FTSE International Limited, Frank Russell Company, and FTSE Global Debt Capital Markets Limited and its subsidiaries (including MTSNext Limited). FTSE International Limited is the administrator of all FTSE Russell indexes.

## 1.3 Index objective and Intended Use

1.3.1 The indexes and index statistics are intended to reflect the investment markets included in the index definitions and to facilitate the detailed analysis of such markets.

1.3.2 FTSE considers that the FTSE Global Equity Index Series meets the IOSCO Principles for Financial Benchmarks as published in July 2013.

Full details can be accessed at [www.iosco.org](http://www.iosco.org).

Details of FTSE's Statement of Compliance with respect to the IOSCO Principles can be accessed using the following link:

[IOSCO Statement of Compliance](#)

1.3.3 FTSE Russell hereby notifies users of the index series that it is possible that circumstances, including external events beyond the control of FTSE Russell, may necessitate changes to, or the cessation of, the index series and therefore, any financial contracts or other financial instruments that reference the index series or investment funds which use the index series to measure their performance should be able to withstand, or otherwise address the possibility of changes to, or cessation of, the index.

1.3.4 Index users who choose to follow this index series or to buy products that claim to follow this index series should assess the merits of the index's rules-based methodology and take independent investment advice before investing their own or client funds. No liability whether as a result of negligence or otherwise is accepted by FTSE Russell for any losses, damages, claims and expenses suffered by any person as a result of:

- any reliance on these Ground Rules, and/or
- any errors or inaccuracies in these Ground Rules, and/or
- any non-application or misapplication of the policies or procedures described in these Ground Rules, and/or
- any errors or inaccuracies in the compilation of the index or any constituent data.

## 1.4 IOSCO

1.4.1 FTSE considers that the FTSE Global Equity Index Series meets the IOSCO Principles for Financial Benchmarks as published in July 2013.

Full details can be accessed at [www.iosco.org](http://www.iosco.org).

Details of FTSE Russell's Statement of Compliance with respect to the IOSCO Principles can be accessed using the following link:

[IOSCO Statement of Compliance](#)



## Section 2

# Management Responsibilities

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## 2.0 Management Responsibilities

### 2.1 FTSE International Limited (FTSE)

2.1.1 FTSE is the benchmark administrator of the index series.

2.1.2 FTSE is responsible for the daily calculation, production and operation of the index series and will:

- maintain records of the index weightings of all constituents;
- make changes to the constituents and their weightings in accordance with the Ground Rules;
- carry out the periodic index reviews of the index series and apply the changes resulting from the reviews as required by the Ground Rules;
- publish changes to the constituent weightings resulting from their ongoing maintenance and the periodic reviews;
- disseminate the indexes.

### 2.2 FTSE Russell External Advisory Committees

2.2.1 To assist in the oversight of the indexes FTSE Russell has established the following external advisory committees:

- FTSE Russell Asia Pacific Regional Equity Advisory Committee
- FTSE Russell Europe, Middle East & Africa Regional Equity Advisory Committee
- FTSE Russell Americas Regional Equity Advisory Committee
- FTSE Russell Country Classification Advisory Committee
- FTSE Russell Industry Classification Advisory Committee
- FTSE Russell Policy Advisory Board

2.2.2 The Terms of Reference of the FTSE Russell external advisory committees are set out on the FTSE Russell website and can be accessed using the following link:

[Terms of Reference](#)

### 2.3 **Amendments to These Ground Rules**

- 2.3.1 These Ground Rules shall be subject to regular review (at least once a year) by FTSE Russell to ensure that they continue to meet the current and future requirements of investors and other index users. Any proposals for significant amendments to these Ground Rules will be subject to consultation with FTSE Russell advisory committees and other stakeholders if appropriate. The feedback from these consultations will be considered by the FTSE Russell Product Governance Board before approval is granted.
- 2.3.2 As provided for in the Statement of Principles for FTSE Russell Equity Indexes, where FTSE Russell determines that the Ground Rules are silent or do not specifically and unambiguously apply to the subject matter of any decision, any decision shall be based as far as practical on the Statement of Principles. After making any such determination, FTSE Russell shall advise the market of its decision at the earliest opportunity. Any such treatment will not be considered as an exception or change to the Ground Rules, or to set a precedent for future action, but FTSE Russell will consider whether the Rules should subsequently be updated to provide greater clarity.



## Section 3

# FTSE Russell Index Policies

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### 3.0 FTSE Russell Index Policies

These Ground Rules should be read in conjunction with the following policy documents which can be accessed using the links below:

#### 3.1 FTSE Global Equity Index Guide to Calculation Methods

The aim of the guide is to describe how the indexes are calculated, to facilitate users replication of the indexes in order to support their investment and trading activities and to assist users in understanding the factors which influence the performance of the indexes.

[FTSE Global Equity Index Series Guide to Calc.pdf](#)

#### 3.2 Corporate Actions and Events Guide

3.2.1 Full details of changes to constituent companies due to corporate actions and events can be accessed in the Corporate Actions and Events Guide using the following link:

[Corporate Actions and Events Guide.pdf](#)

#### 3.3 Statement of Principles for FTSE Russell Equity Indexes (the Statement of Principles)

Indexes need to keep abreast of changing markets and the Ground Rules cannot anticipate every eventuality. Where the Ground Rules do not fully cover a specific event or development, FTSE Russell will determine the appropriate treatment by reference to the Statement of Principles which summarises the ethos underlying FTSE Russell's approach to index construction. The Statement of Principles is reviewed annually and any changes proposed by FTSE Russell are presented to the FTSE Russell Policy Advisory Board for discussion before approval by FTSE Russell's Product Governance Board.

The Statement of Principles can be accessed using the following link:

[Statement of Principles.pdf](#)

#### 3.4 Queries, Complaints and Appeals

A constituent or prospective constituent company (or professional advisor acting on behalf of the company), a national organisation or a group of no fewer than ten users of the Indexes from different organisations acting in their professional capacity may appeal against decisions taken by FTSE Russell.

FTSE Russell's complaints procedure can be accessed using the following link:

[Benchmark Determination Complaints Handling Policy.pdf](#)

FTSE Russell's Appeal Process can be accessed using the following link:

[Appeals Against Decisions.pdf](#)

### 3.5 **Index Policy for Trading Halts and Market Closures**

3.5.1 Guidance for the treatment of index changes in the event of trading halts or market closures can be found using the following link:

[Index Policy for Trading Halts and Market Closures.pdf](#)

### 3.6 **Index Policy in the Event Clients are Unable to Trade a Market**

3.6.1 Details of FTSE Russell's treatment can be accessed using the following link:

[Index Policy in the Event Clients are Unable to Trade a Market.pdf](#)

### 3.7 **Recalculation Policy and Guidelines**

3.7.1 The FTSE Global Equity Index Series are recalculated whenever errors or distortions occur that are deemed to be significant. Users of the FTSE Global Equity Index Series are notified through appropriate media.

For further information refer to the FTSE Russell Recalculation Policy and Guidelines document which is available from the FTSE Russell website using the link below or by contacting [info@ftserussell.com](mailto:info@ftserussell.com).

[Recalculation Policy and Guidelines Equity Indexes.pdf](#)

### 3.8 **Policy for Benchmark Methodology Changes**

3.8.1 Details of FTSE Russell's policy for making benchmark methodology changes can be accessed using the following link:

[Policy for Benchmark Methodology Changes.pdf](#)





## Section 4

# Country Inclusion Criteria

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### 4.0 Country Inclusion Criteria

#### 4.1 Classification Categories

4.1.1 FTSE classifies countries included in its global indexes into one of three categories: Developed, Advanced Emerging and Secondary Emerging. FTSE maintains a set of criteria to assess market status and minimum standards for each category for countries and markets to achieve in order to be eligible for that category. The minimum standards increase from Secondary Emerging to Advanced Emerging and from Advanced Emerging to Developed. A country will be classified under the category with the highest standards which it meets. FTSE conducts an annual review of all countries included in its global indexes and those being considered for inclusion. See Appendix E for a current list of countries included in each category.

Also refer to the following link: [Country Classification](#)

4.1.2 In order for a country to be classified as Developed, Advanced Emerging or Secondary Emerging, it must meet the required criteria for those categories as set out in the FTSE Quality of Markets matrix and also have a minimum of three securities which meet the FTSE Global Equity Index Series eligibility thresholds.

4.1.3 Country level indexes for markets classified as Developed, Advanced Emerging or Secondary Emerging will be calculated until the number of eligible securities decreases to zero. At this point, the country will be added to the FTSE Watch List for possible reclassification to Frontier market status. Thus, it is possible that a country level index for a Developed, Advanced Emerging or Secondary Emerging market may exist with zero securities while the country awaits a possible reclassification to Frontier market status. Notification of the reclassification of a country to Frontier status under such circumstances would be published in the March interim update or in the September annual announcement.

4.1.4 Classification as a Frontier market, does not require the country to meet the eligibility requirements for the creation of a country level index.

4.1.5 Countries and markets currently eligible for the FTSE Global Equity Index Series can be seen in Appendix A.

#### 4.2 Criteria for Index Inclusion

4.2.1 Once a country has met the required standards, it will be eligible for inclusion in the FTSE Global Equity Index Series. However, for the country index to be constructed and included in the FTSE

Global Equity Index Series, it must have a minimum of 3 companies which pass the securities eligibility criteria and screens (see sections 5, 6 and 7).

4.2.2 An existing country index will remain in the FTSE Global Equity Index Series while any eligible constituents representing the country remain within the index. On the deletion of the last constituent, the country will continue to be eligible, but the country index will be immediately removed from the FTSE Global Equity Index Series and will only be reconsidered for inclusion if it meets the minimum requirement of 3 eligible companies.

4.2.3 Country indexes currently calculated for the FTSE Global Equity Index Series can be seen in Appendix F.

### 4.3 **Country Review Process**

4.3.1 FTSE conducts an annual review of all countries included in its global indexes and those being considered for possible inclusion. Countries already in the indexes will be assessed against the minimum standards for each category and prior to any reclassification or removal from the index will be placed on a watch-list. Countries not in the index will be assessed against the minimum standards for each category and, if appropriate, will be added to the watch list for possible future inclusion to one of the categories. In conducting the annual review, FTSE will consult the FTSE Russell Country Classification Advisory Committee. In March and September of each year, FTSE will publish a watch list of countries being monitored for possible promotion or demotion.

This process is detailed in the following document:

[FTSE Country Classification Paper.pdf](#)

4.3.2 FTSE releases the results of its annual review in September of each year. FTSE will normally give at least six months notice before changing the classification of any country.

4.3.3 Countries may be added to the indexes at any time after a prior announcement.

4.3.4 New regional indexes may be added at any time after a prior announcement.

4.3.5 Companies in the newly added countries will be reviewed in line with the relevant semi-annual regional review and any changes implemented after a prior announcement.



## Section 5

# Inclusion Criteria

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### 5.0 Inclusion Criteria

#### 5.1 Company Inclusion Criteria

5.1.1 The following are regarded as ineligible for inclusion:

- Companies whose business is that of holding equity and other investments (e.g. Investment Trusts) which are assumed by the Industry Classification Benchmark as Subsector equity investment instruments and non-equity investment instruments which are assumed by the Industry Classification Benchmark as Subsector non-equity investment instruments.
- Limited Liability Partnerships (LLP), Limited Partnerships (LP), Master Limited Partnerships (MLP), Limited Liability Companies (LLC) and Business Development Companies (BDC).

Where a stapled unit comprises an eligible security and a non eligible security (such as non equity or an Investment Trust structure) the unit will not be eligible for inclusion.

#### 5.2 Security Inclusion Criteria

5.2.1 FTSE Russell periodically review the classes of securities to be included in each country.

Appendix B shows the current list of eligible classes for eligible countries.

5.2.2 Convertible preference shares and loan stocks are excluded – until converted.



## Section 6

# Screens Applied to Eligible Securities

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### 6.0 Eligible Security Screens

Eligible securities are required to pass the following screens before being added to the FTSE Global Equity Index Series.

#### 6.1 Minimum Voting Rights

- 6.1.1 Companies assigned a developed market nationality (please see Appendix E for a list of developed markets) are required to have greater than 5% of the company's voting rights (aggregated across all of its equity securities, including, where identifiable, those that are not listed or trading) in the hands of unrestricted shareholders or they will be deemed ineligible for index inclusion. Emerging market securities are not subject to this requirement.
- 6.1.2 Existing constituents with a developed market nationality which do not currently meet the above requirement have a 5 year grandfathering period to comply. If subsequently they continue to fail the minimum voting rights requirement they will be removed from FTSE Russell indexes at the September 2022 review.
- 6.1.3 The percentage of a company's voting rights in public hands is calculated as:

$$\frac{\text{The number of votes in the hands of shareholders that are unrestricted as determined by the application of FTSE Russell free float definitions}}{\text{The total number of votes conferred by the shares outstanding of all the company's voting securities including those that have not been admitted to trading on a regulated venue}}$$

**For example**, Company A has 100m listed Class A shares each conferring one vote, free float is 65%. It also has 300m unlisted Class B shares each conferring 10 votes.

The test to assess whether the listed Class A line has the required greater than 5% of the company's voting rights is as follows:

$$\frac{65\text{m (i. e. 100m Class A voting rights * 65\% float)}}{3.1\text{bn (i. e. 100m Class A + 3bn Class B)}} = 2.097\% \text{ of the company's voting rights in public hands}$$

## 6.2 Investability Weightings Screen

Constituents of the FTSE Global Equity Index Series are adjusted for free float and foreign ownership limits.

### A. Initial Weighting

Free float is calculated using available published information rounded to 12 decimal places.

Securities with a free float of 5% or below are excluded from the index.

Details on free float restrictions can be accessed using the following link:

[Free Float Restrictions.pdf](#)

### B. Foreign Ownership Restrictions

FTSE's index methodology takes account of the restrictions placed on the equity holdings of foreign investors in a company where these have been imposed by a government, regulatory authority or the company's constitution.

Where the presence of a foreign ownership restriction creates a limit on foreign ownership (the Foreign Ownership Limit or FOL) that is more restrictive than the calculated free float for a company, the precise Foreign Ownership Limit is used in place of the free float for the purposes of calculating the company's investability weight.

If the foreign ownership restriction is less restrictive or equal to the free float restriction, the free float restriction is applied, subject to Rule 6.2.A.

If a company changes its foreign ownership restriction, the change will be implemented in FTSE Russell indexes at the subsequent quarterly review, subject to Rule 6.2.C – Minimum foreign headroom requirement.

In some jurisdictions, a company's foreign ownership restriction applies to the company's share classes in aggregate, and not to share classes individually. However, not all of the share classes of a restricted company might be eligible for index inclusion. In such cases, the aggregate (company level) foreign ownership restriction will be allocated pro-rata across those share classes that are eligible for index inclusion.

**Please note:** In certain jurisdictions, despite foreign ownership restrictions, the acquisition of shares above stated foreign ownership limits is permitted. However, holdings of shares above the foreign ownership limit may be denied voting rights, for example in Japan.

FTSE Russell may exercise discretion in determining whether a stock should be subject to the minimum foreign headroom test. Where discretion is being applied FTSE Russell will provide appropriate advance notice.

### C. Minimum Foreign Headroom Requirement

FTSE Russell defines "foreign headroom" as the percentage of shares available to foreign investors as a proportion of the company's Foreign Ownership Limit (FOL), i.e.  $(FOL - \text{foreign holdings})/FOL$ .

For example, if a company has a foreign ownership limit, of 49%, of which 39% is held by foreign investors, the foreign headroom will be calculated as 20.41% i.e.  $(49\% - 39\%)/49\%$ .

- (i) For a non-constituent that is subject to foreign ownership limit, a minimum headroom of 20% must be available in order to be included in the index.
- (ii) Where the headroom of an existing constituent falls below 10%, its investability weight will be reduced an absolute value of 5% at the next quarterly review.

For example, if Company A's current investability weight is 49% (i.e. equal to the FOL), a 5% absolute reduction will result in an adjusted investability weight of 44.0% (49%-5%).

If Company B's current investability weight is 30% (i.e. Free Float more restrictive than FOL), a 5% absolute reduction will result in an adjusted investability weight of 25% (30%-5%).

Please note, prior to March 2016, existing index constituents which had a headroom less than 10%, had their investability weight reduced by 10% of their current investability weight i.e. if their investability weight was 49%, a 10% relative adjustment will result in an adjusted investability weight of 44.1% (49% \* 0.9).

- (iii) The investability weight will continue to be reduced at subsequent quarterly reviews in increments of 5% until the headroom level increases to 10% or above. As a result of these quarterly 5% downward adjustments, should the investability weight of the security fall to 5% under this process, the security will no longer be eligible to remain in the index.
- (iv) The investability weight of an existing constituent which has been subject to headroom adjustments will have its most recent 5% adjustment reversed at a quarterly review subject to a minimum 20% headroom remaining post reversal (as illustrated in step 2 below).

For example, Company A has an FOL of 49%, foreign holdings of 32% and a current investability weight of 29%.

Step 1: The foreign headroom test is calculated as 35% (i.e. (49%-32%)/49%), highlighting a potential reversal.

Step 2: The post reversal foreign headroom test is calculated as 24% (i.e. (49%-37%)/49%). For the purpose of the test the 5% adjustment is deemed to have the effect of increasing the foreign holding to 37%.

In the above example, Company A qualifies for a headroom reversal. The investability weighting will be increased from 29% to 34% (i.e. 29% + 5%).

- (v) In the event a security with a headroom adjustment increases its foreign ownership limit (FOL), the increase in the FOL will implemented in two, 50% tranches, subject to the headroom remaining at 20% or above.

For example, Company A had two headroom adjustments down from a FOL of 24% to a current investability weight of 14.00%

<b>Company A – Initial FOL of 24%</b>	
(Q1) First Headroom Adjustment	19.00% (5% reduction from 24%)
(Q2) Second Headroom Adjustment	14.00% (5% reduction from 19%)

The Company announces an increase to its FOL from 24% to 35%. The increase in the FOL will be implemented in the following steps:

<b>Company A announces an FOL increase to 35% (11% increase)</b>	
(Q1) Subject to 20% headroom availability, FOR is increased by 50% of the 11% increase	14.00% + 5.50% = 19.50%
(Q2) Subject to 20% headroom availability, FOR is increased by remaining 50% of the 11% increase	19.50% + 5.50% = 25.00%
(Q3) Subject to 20% headroom availability, reverse second headroom adjustment of 5.0%	25.00% + 5.00% = 30.00%
(Q4) Subject to 20% headroom availability, reverse first head room adjustment of 5.0%	30.00% + 5.00% = 35.00%

- First quarterly review following the announcement of an increase in FOL to 35%; 50% of the FOL increase (in this case 5.50%) will be implemented (subject to headroom remaining at 20% or above).
  - Second quarterly review; the remaining 50% of the FOL increase will be implemented (subject to headroom remaining at 20% or above).
  - Subsequent quarterly reviews; if the headroom availability remains at 20% or above, the previous two headroom adjustments of 5% each will be reversed on a quarterly basis.
- (vi) In the event a security with a headroom adjustment decreases its foreign ownership limit (FOL), the decrease in the FOL will be implemented in full at the next quarterly review.
- For example, Company A had a headroom adjustment down from a FOL of 24% to a current investability weight of 19.0%. The Company announces a decrease in the FOL to 21% (a decrease of 3% from the previous FOL of 24%).
- FTSE will decrease the existing adjusted investability weight by the 3% reduction in FOL at the next quarterly review, resulting in Company A having a new investability weighting of 16.0% (19% - 3%).
- (vii) An existing constituent with a headroom adjustment, that passes the index eligibility screens (for example – liquidity, minimum size, investability weight) will not be eligible for index promotion from Small or Micro Cap to All-World (Large/Mid) until all headroom adjustments have been reversed. An index demotion from All-World (Large/Mid) to Small or Micro Cap will proceed for an existing constituent with a headroom adjustment.
- (viii) Where foreign ownership restrictions are not universally applied to all foreign investors, but only impact a particular set of foreign investors, a 5% headroom adjustment will be applied where there is evidence of these restrictions being enforced. This headroom restriction will be reassessed on a quarterly basis and will not be lifted until either foreign ownership restrictions are removed or all foreign investors are treated equally.
- (ix) For an existing index constituent, where foreign investors are prohibited from purchasing additional shares (for example, where Indian companies are placed on the Reserve Bank of India (RBI) Ban List), a 5% headroom adjustment will be applied at the next quarterly review and reassessed on a quarterly basis. Upon removal of restrictions prohibiting the purchase of shares, a headroom test will be conducted at the next quarterly review and headroom adjustments removed if the index constituent passes the headroom test.
- (x) Securities are assigned their official foreign ownership limit. However, if permission is required from a local regulator to purchase additional shares beyond a certain permission threshold,

then the more restrictive permission level is assigned as the foreign ownership limit. For example, a security may have a foreign ownership limit of 24%, however, any purchase beyond 22% requires prior permission from the local regulatory authority. In this example, the security would be assigned a foreign ownership limit of 22%.

- (xi) Where a non constituent passes the relevant headroom test, but individual foreign investors or institutions are only permitted to hold a maximum of 1% of the free float adjusted shares in issue, the security will not be eligible for index membership.
- (xii) Headroom tests will be conducted in conjunction with the March, June, September and December quarterly reviews.
- (xiii) Unless there is an increase in the foreign ownership limit, a headroom adjustment will not be reversed for a period of 6 months (i.e. if a headroom adjustment has been implemented at the June review then the earliest it can be reversed is at the following March review).
- (xiv) If a constituent has been removed from the index as a result of its investability weight falling below 5% following a headroom adjustment, it will only be reconsidered for inclusion after a period of 12 months from its deletion. For the purposes of index eligibility it will be considered as a new issue.
- (xv) Securities which are deleted for failing headroom, but which after a period of 12 months meet the minimum 20% headroom test, will initially be added to the index at a minimum free float of 5%, subject to them having a foreign ownership limit. If a foreign ownership limit no longer applies, then the security will be added at its free float.
- (xvi) Subsequent headroom reversals will be implemented in increments of 5% until the security reaches its foreign ownership limit, subject to the security continuing to meet the minimum 20% headroom test.

#### D. Thailand Non-Voting Depositary Receipts

A Non-Voting Depositary Receipt (NVDR) is a trading instrument issued by the Thai NVDR Company Ltd to overcome foreign investment barriers such as foreign investment limits. NVDRs entitle holders to the same financial benefits as those who invest directly in a company's ordinary shares, except that they have no voting rights. The NVDR price is equal to the price of the underlying securities on the Local Board.

If NVDRs are available FTSE Russell may, under certain circumstances, represent them in the index in order to fully represent the investable shares available to foreign investors.

- (i) Where a security is **not** subject to a foreign ownership restriction, it is included in the index at its calculated free float.
- (ii) Where a security is subject to a foreign ownership restriction, there is no NVDR or the NVDR does not satisfy the minimum foreign headroom requirement as outlined in Section C, and its Foreign Board share passes liquidity, it is included at its Foreign Board price with an investability weight equivalent to its FOL or calculated free float, whichever is more restrictive.  
**For example**, Company A has an FOL of 25% and a free float of 90%. It has a maximum NVDR issuance limit of 35%, of which 30% has already been issued. As the NVDR fails the minimum foreign headroom requirement of 20%, the Foreign Board share is included with an investability weight of 25%.
- (iii) Where a security is subject to a foreign ownership restriction and an NVDR is available which satisfies the minimum foreign headroom requirement as outlined in Section C, both the Foreign Board share and the NVDR are included in the index.



The Foreign Board share is included in the index with an investability weight equivalent to the FOL and the separate NVDR with an investability weight equivalent to its NVDR limit or the difference between its Free Float and FOL, whichever is more restrictive.

**For example**, Company A has an FOL of 49% and a free float of 80%. It has a maximum NVDR issuance limit of 35%, of which 20% has already been issued. It passes the minimum foreign headroom requirement.

Company A will be included in the index with 2 separate lines:

- Foreign Board share is included in the index with an investability weight of 49% (FOL)
  - NVDR is included in the index at an investability weight of 31% (i.e. 80%-49%), as it is more restrictive than its NVDR limit of 35%
- (iv) Where a security is subject to a foreign ownership restriction and its Foreign Board share fails liquidity, subject to the Local share passing all eligibility screenings and the NVDR satisfying the minimum foreign headroom requirement as outlined in Section C, the Local share is included with an investability weighting equivalent to its FOL + NVDR or its calculated free float, whichever is more restrictive.

**For example**, Company A has an FOL of 49% and a free float of 60%. There is no limit on its NVDR issuance, so effectively its can be 100% invested. Therefore the Local share is included in the index at an investability weight of 60%.

### 6.3 Liquidity Screen

#### 6.3.1 Calculating Liquidity:

Each security will be tested for liquidity semi-annually in March and September by calculation of its monthly median of daily trading volume.

Liquidity will be calculated for the March review from the first business day of January to the last business day of December of the previous year and for the September review from the first business day of July of the previous year to the last business day of June.

Security volume data will be taken on trading days from Monday to Sunday (where applicable) when markets are open.

When calculating the median of daily trading volume of any security for a particular month, a minimum of 5 trading days in that month must exist, otherwise the month will be excluded from the test.

For each month, the daily trading volume for each security is calculated as a percentage of the shares in issue for that day adjusted by the free float at the review cut off date. These daily values are then ranked in descending order and the median is taken by selecting the value for the middle ranking day if there is an odd number of days and the mean of the middle two if there is an even number of days.

Daily totals with zero trades are included in the ranking, therefore a security that fails to trade for more than half of the days in a month will have a zero median trading volume for that month.

Any period of suspension will not be included in the test.

For newly eligible securities where the testing period is less than 12 months, the liquidity test will be applied on a pro-rata basis.

#### 6.3.2 Liquidity Thresholds:

- A. An existing constituent of the FTSE Global All Cap Index Series which, based on its median daily trading volume per month does not turnover at least 0.04% of its shares in issue (after the

application of any free float weightings\*) for at least eight of the twelve months prior to a full market review will be removed from the Index Series.

An existing constituent of the FTSE Global Micro Cap Index Series which, based on its median daily trading volume per month does not turnover at least 0.02% of its shares in issue (after the application of any free float weightings\*) for at least eight of the twelve months prior to a full market review will be removed from the Index Series.

- B. A non-constituent of the FTSE Global All Cap Index Series which, based on its median daily trading volume per month, does not turnover at least 0.05% of its shares in issue (after the application of any free float weightings\*) for at least ten of the twelve months prior to a full market review will continue to be excluded from the Index Series.

A non-constituent of the FTSE Global Micro Cap Index Series which does not turnover at least 0.025% of its shares in issue (after the application of any free float weightings\*) for at least ten of the twelve months prior to a full market review will continue to be excluded from the Index Series.

- C. New issues which do not have a twelve month trading record must have a minimum three month trading record when reviewed.

- For entry to the FTSE Global All Cap Index Series they must turnover at least 0.05% of their shares in issue (after the application of any free float weightings)\* based on their median daily trading volume each month, on a pro-rata basis since listing.
- For entry to the FTSE Global Microcap Index Series they must turnover at least 0.025% of their shares in issue (after the application of any free float weightings)\* based on their median daily trading volume each month, on a pro-rata basis since listing. This rule will not apply to new issues added under the Fast Entry Rule (see Rule 8.1.3).

Newly eligible securities will be treated as new issues and liquidity will be tested from the date of eligibility. Trading records prior to this date will not be taken into account.

- D. This rule will not apply to new issues added under the Fast Entry Rule (see Rule 8.1.3).
- E. Existing FTSE Global Small Cap Index Series constituents that fail the liquidity rule but pass all other eligibility criteria will not be eligible for inclusion in the FTSE Global Micro Cap Index Series until the next periodic review.
- F. In assessing liquidity, data will be aggregated from trading volume in the country in which the company is classified by FTSE and from any other trading venues, as approved by FTSE, operating in a similar time zone. In the event that a company fails the liquidity test based on its underlying shares, and the company has an equivalent Depositary Receipt (DR) then the DR may be considered for inclusion in the index if it passes the liquidity test in its own right and is traded on an exchange within a similar regional time-zone as the underlying shares.

Where a company has both DR and underlying shares listed, both lines will be tested separately for liquidity. The underlying share will be included as long as they pass the liquidity test in their own right. The DR will only be eligible for inclusion if the underlying shares fail the liquidity test and the DR passes in its own right.

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\* When testing liquidity the free float weight as at the last date in the testing period will be used for the calculation for the whole of that period

Where the DR has been included it will remain in the index until such time it either fails the liquidity test or the underlying shares pass the liquidity test for two future consecutive reviews.

In the event that the underlying share fails the liquidity test and the DR trades in a different time-zone, but passes the test in its own right, the underlying share will be included as long as the DR is fully fungible (i.e. the DR can be converted into underlying shares and the underlying shares can be converted into DRs).

- G. The above percentage figures may be adjusted by 0.01% at a market review so that, in FTSE's opinion, the index better reflects the liquid investable market of the region. This discretion may only be exercised across the whole of a region and may not be applied to individual securities or countries.

For further details please refer to the FTSE Global Equity Index Series - Guide to Calculation Method for the Median Liquidity Test which can be accessed using the following link:

[Guide to Calculation Methods for GEIS Liquidity.pdf](#)

#### 6.4 Surveillance Stocks Screen

- 6.4.1 Securities which are subject to surveillance by the stock exchanges and have been assigned to any of the following segments will not be eligible for index inclusion. Where an existing constituent is assigned to an ineligible segment it will normally be deleted from the index at the next quarterly review and it will only be reconsidered for index inclusion after a period of 12 months from its deletion subject to it no longer being under surveillance. For the purposes of the index eligibility it will be treated as a new issue.

Country	Exchange	Segment
China	Shanghai Stock Exchange Shenzhen Stock Exchange	Special Treatment (ST)
India	Bombay Stock Exchange National Stock Exchange of India	Graded Surveillance Measure (GSM)
Malaysia	Bursa Malaysia	PN17
Poland	Warsaw Stock Exchange	Alert List
Singapore	Singapore Exchange	Watch-list
South Korea	Korea Exchange	Administrative Issues
Taiwan	Taiwan Stock Exchange	Altered Trading Method (ATM)
Thailand	Stock Exchange of Thailand	Companies facing possible delisting according to No. 9(6) of SET's Regulations on Delisting of Securities
Turkey	Borsa Istanbul	Watchlist

Securities that are assigned to the above segments after the review announcement date but before the index review effective date are assessed on a case-by-case basis which may generally result in scheduled index review additions, investability weight and shares in issue changes no longer being implemented at the forthcoming review.

## Section 7

# Periodic Review of Constituents

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### 7.0 Periodic Review of Constituents

#### 7.1 Index Regions and Reviews

7.1.1 Countries are grouped into regions (detailed below) for the purpose of reviews. The review of each region takes place semi-annually as detailed below.

Regions to be Reviewed	Date of Review	Data Taken as of
Asia Pacific ex Japan Developed Europe Emerging Europe	March	Last business day in December
Japan Latin America Middle East & Africa North America	September	Last business day in June

Note: Advanced Emerging and Secondary Emerging markets are treated as Emerging for the purposes of Sections 7 and 8.

#### 7.2 Index Reviews

7.2.1 Countries are usually reviewed semi-annually in March and September, on a region by region basis, based on data as at the close of business on the last business day of December and June (where the last business day of the month falls on a Saturday or Sunday for any individual countries, data will be taken as at close of the last business day before Saturday). Any constituent changes resulting from the periodic review will be implemented after the close of business on the third Friday (i.e. effective the following Monday) of March and September.

7.2.2 The review process is designed to reflect market movements since the previous review and to minimise turnover.

#### 7.3 Review Process

7.3.1 Define the 100% Regional Universe by selecting all eligible companies (as per Appendices A and B) assigned the nationality of countries that are included in the global indexes.

All securities included in FTSE global indexes are assigned a nationality in accordance with the rules as set out in the Nationality Statement. Details can be accessed using the following link:

[Determining Nationality.pdf](#)

7.3.2 Value companies by full market capitalisation (shares in issue \* price), group multiple lines, and rank companies (not securities) by full market capitalisation (companies which are capped will be ranked based on their full capped market capitalisation (see Rule 7.3.4.).

- A company's full market capitalisation will consist of any equity shares that are listed and in issue at the index review cut-off date in accordance with FTSE Russell's shares in issue rules as set out in the Corporate Actions and Events Guide, which can be accessed using the following link:

[Corporate Actions and Events Guide.pdf](#)

- In determining the full market capitalisation of Chinese companies, non-negotiable shares and "A" shares are included in the calculation for index ranking purposes. However only the eligible share classes (as per Appendix G) will be included in the index.
- Shares that have been listed but do not form part of a company's current issued share capital, such as treasury shares and shares pending issuance to an employee scheme, will be excluded from the full market capitalisation calculation.

7.3.3 Calculate the total market capitalisation of the regional universe by aggregating the full capitalisation of all eligible companies in the region.

7.3.4 Any company which has a full market capitalisation greater than 10% based on the total capitalisation of the regional universe will be capped at 10%. If no company requires capping, the 100% regional universe will be defined as per 7.3.1, otherwise the 100% regional universe will be recalculated by aggregating the capped total market capitalisation of all eligible companies in the region.

7.3.5 Throughout the review process all of a company's eligible securities will remain grouped, and companies as a whole, rather than individual securities are assigned to Large, Mid or Small Cap (see Rule 7.6).

7.3.6 Define the Index Universe - Ranked by full market capitalisation (companies which are capped will be ranked based on their full capped market capitalisation) in descending order, calculate the cumulative market capitalisations of all stocks in the regional universe and their relevant weights. The top 98% of the Regional Universe will be selected and forms the Index Universe.

## 7.4 Screens Applied to Eligible Securities

Eligible securities are subject to the screens detailed in Section 6.

## 7.5 Multiple Lines

Where there are multiple lines of equity capital in a company, all are included and priced separately, provided that they pass index eligibility screens in their own right.

All partly-paid classes of equity are priced on a fully-paid basis if the calls are fixed and are payable at known future dates. Those where future calls are uncertain in either respect are priced on a partly-paid basis.

## 7.6 Reviewing Constituents for the Indexes

7.6.1 To reduce turnover, existing and potential constituents are subject to a series of 'buffer zones' to determine the cut-off points between Large, Mid and Small Cap – the buffers are detailed in the table below. In addition to the percentage cut-offs, new constituents are required to pass basis points entry and exit levels allocated to each specific region and index segment (FTSE All-World Index and FTSE Global Small Cap Index). These basis points entry and exit levels are detailed in Rule 7.6.3.

## 7.6.2

Turnover Bands (Based on the Index Universe)			
	Eligible for Inclusion		Eligible for Exclusion
Large Cap	68%		72%
Mid Cap	86%		92%
Small Cap	98%		101%

Note: 101% of the Index Universe is approximately 99% of the Regional Universe.

7.6.3 Inclusion and exclusion percentage levels by investable market capitalisation for all the regions in the FTSE Global Equity Index Series to determine additions and deletions and other changes in the index are shown below. These percentages are based on the respective regional Small Cap Index. Individual securities will be tested against the relevant regional levels.

Region	For Inclusion (New Stocks)	For Exclusion (Current Stocks)
Developed Europe	0.02%	0.005%
North America		
<b>Asia Pacific ex Japan</b>	0.05%	0.01%
<b>Japan</b>		
Latin America	0.50%	0.20%
Emerging Europe	1.00%	0.20%
Middle East & Africa		

In exceptional circumstances where FTSE believes that strict adherence to the inclusion and exclusion levels listed in the above table and in Rule 7.6.4 would produce either excessive turnover at an index review, or an index that inaccurately represented different size segments, FTSE reserves the right to vary the percentage levels.

7.6.4 **Companies Currently Not in the Global Equity Index Series:**

- Companies at or above 68% of the Index Universe by full market capitalisation with a weight greater than 0.04% of the current respective regional All-World Index by full market capitalisation, and with a weight greater than the inclusion percentage levels stated in Rule 7.6.3 for the respective region by investable market capitalisation, will be included in the Large Cap Index for the region under review.
- Companies ranked below 68%, but within the top 86% of the Index Universe by full market capitalisation with a weight greater than 0.04% of the current respective regional All-World Index by full market capitalisation, and with a weight greater than the inclusion percentage levels stated in Rule 7.6.3 for the respective region by investable market capitalisation, will be included in the Mid Cap Index for the region under review.
- Companies ranked below the top 86%, but within the top 98% of the Index Universe by full market capitalisation or have a weight less than 0.04% of the current respective regional All-World Index by full market capitalisation, and with a weight greater than the inclusion percentage levels stated in Rule 7.6.3 for the respective region by investable market capitalisation will be included in the Small Cap Index for the region under review.
- A security will be included in the Micro Cap Index if it has an investable market cap of greater than USD 25 million\* and one of the following is true:
  - If Rule 7.6.1 has been applied to the index review, the company sits outside of the top 98% of the Index Universe by full market capitalisation; or

- If Rule 7.6.2 has been applied to the index review, the security is less than the small cap inclusion level by investable market cap and the company sits outside the top 92% of the Index Universe by full market capitalisation.
- \* Index adjusted by the global Micro Cap price index.

#### Existing Constituents:

- **Large Cap** constituents will remain in the Large Cap Index if they fall within the top 72% of the ranking described in Rule 7.3. If they are ranked between 72% and 92% of the Index Universe they will move to the Mid Cap. If they are ranked below 92% of the Index Universe but within the top 101% of the Index Universe, they will move to the Small Cap. If they are ranked below 101% of the Index Universe by full market capitalisation or have a weight less than the exclusion percentage levels stated in Rule 7.6.3 for the respective region by investable market capitalisation, they will be excluded from the index.
  - **Mid Cap** constituents will move to the Large Cap if they fall within the top 68% of the ranking described in Rule 7.3. If they are ranked between 68% and 92% of the Index Universe they will remain in the Mid Cap. If they are ranked below 92% of the Index Universe but within the top 101% of the Index Universe, they will move to the Small Cap. If they are ranked below 101% of the Index Universe by full market capitalisation or have a weight less than the exclusion percentage levels stated in Rule 7.6.3 for the respective region by investable market capitalisation, they will be excluded from the index.
  - **Small Cap** constituents will move to the Large Cap if they fall within the top 68% of the ranking described in Rule 7.3. If they are ranked between 68% and 86% of the Index Universe by full market capitalisation and have a weight greater than 0.04% of the current respective regional All-World Index by full market capitalisation they will move to the Mid Cap. If they are ranked below 86% of the Index Universe or have a weight less than 0.04% of the current respective regional All-World Index by full market capitalisation, but within the top 101% of the Index Universe, they will remain in the Small Cap. If they are ranked below 101% of the Index Universe by full market capitalisation or have a weight less than the exclusion percentage levels stated in Rule 7.6.3 for the respective region by investable market capitalisation, they will be excluded from the index.
  - **Micro Cap** constituents will move to the Large Cap if they fall within the top 68% of the ranking described in Rule 7.3. If they are ranked between 68% and 86% of the Index Universe by full market capitalisation and have a weight greater than 0.04% of the current respective regional All-World Index by full market capitalisation they will move to the Mid Cap. If they are ranked below 86% of the Index Universe or have a weight less than 0.04% of the current respective regional All-World Index by full market capitalisation, but within the top 98% of the Index Universe, they will move to the Small Cap. Micro Cap securities will be excluded from the index if they have an investable market cap of less than USD 20 million\* and one of the following is true:
    - If Rule 7.6.1 has been applied to the index review, the company sits inside the top 98% of the Index Universe by full market capitalisation; or
    - If Rule 7.6.2 has been applied to the index review, the security is greater than the small cap inclusion level by investable market cap or the company sits inside the top 92% of the Index Universe by full market capitalisation.
- \* Index adjusted by the global Micro Cap price index.

## Section 8

# Additions Outside of a Review

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### 8.0 Additions Outside of a Review

#### 8.1 Definition of Fast Entry Thresholds

- a) **Large Cap Inclusion Level** - Full market capitalisation of the smallest company that falls wholly within the top 68% of the Index Universe by full market capitalisation of the respective region when ranked according to Rule 7.3.
- b) **Mid Cap Inclusion Level** - Full market capitalisation of the smallest company that falls wholly within the top 86% of the Index Universe by full market capitalisation of the respective region when ranked according to Rule 7.3.

8.1.1 For a security to be considered for fast entry, it will have to meet both a full market capitalisation threshold at company level and an investable market capitalisation threshold at security level.

- The full market capitalisation threshold is defined as 1.5 times the Mid Cap inclusion level (see 8.1b).

For example, if the 86% Mid Cap inclusion level is 10bn USD. The full market capitalisation fast entry threshold at company level will be  $10\text{bn} * 1.5 = 15\text{bn USD}$

- The investable market capitalisation threshold is defined as 0.5 times the Mid Cap inclusion level.

For example, if the 86% Mid Cap inclusion level is 10bn USD. The investable market capitalisation fast entry threshold at security level will be  $10\text{bn} * 0.5 = 5\text{bn USD}$ .

Where a security passes both the full market capitalisation and investable market capitalisation test, it will be assigned to the Large Cap index subject to its full market capitalisation breaching the Large Cap inclusion level (see 8.1a), otherwise it will be assigned to the Mid Cap index.

Shares being offered as a greenshoe (over allotment option) will be excluded from the investable market capitalisation calculation.

8.1.2 The Fast Entry level will be set at the time of the semi-annual reviews in March and September using data as at the last trading day in December and June, the Fast Entry levels will be adjusted up to 11 February or 11 August (previous trading day's data will be taken if any of these dates are on a non-trading day), respectively, to reflect the performance of the FTSE Global All Cap Index Series, and will be published by FTSE Russell.



In June and December the Fast Entry levels will be adjusted up to 11 May or 11 November respectively, to reflect the performance of the FTSE Global All Cap Index Series, and an updated figure will be published by FTSE Russell.

Please note: Where 11 February, 11 May, 11 August or 11 November are non-trading days or fall on a Saturday or Sunday then the previous trading day's data will be used.

- 8.1.3 Where a company, whether an existing constituent or not, undertakes an Initial Public Offering of a new equity security, that security will be eligible for fast entry inclusion to the FTSE Global Equity Index Series if it meets the following conditions:
- A. A new equity security (IPO), which satisfies the eligibility criteria and the screens other than the liquidity screen, is eligible for fast entry when its full market capitalisation and its investable market capitalisation using the closing price on the first day of trading is greater than the Fast Entry Thresholds for the relevant region (see Rule 8.1.1). The addition of a new security to the index will be implemented after the close of business on the fifth day of trading. In the event of the fifth day of trading being in close proximity to an index review, FTSE Russell may use its discretion to include a fast entrant at the index review date following advance notice.
  - B. A new **equity** security (IPO) which does not qualify as an immediate fast entrant to the index will be re-considered for inclusion into the FTSE Global Equity Index Series at the next review. However, for inclusion at a quarterly review outside the March and September semi-annual reviews, its full company market capitalisation at close on 11 May or 11 November (previous trading day's data will be taken if any of these dates are on a non trading day or where they fall on a Saturday or Sunday as appropriate), must be:
    - equal to or greater than the entry levels under Rules 7.6.1 and 7.6.3 (index adjusted to reflect the change in performance of the regional index since its previous semi-annual review).
    - greater than the FTSE Global Micro Cap Entry Level shown in Rule 7.6.3 ( index adjusted to reflect the change in performance of the regional index since its previous semi-annual review) for entry into the FTSE Micro Cap Index Series.
    - and it must qualify under Rules 6.2 and 6.3 (including the minimum requirement of a 3 month trading record under Rule 6.3.2C).
  - C. In the case of a demutualisation where upon listing the entire free float of a new eligible security is immediately transferred to private shareholders the addition of the security will be deferred for one month after trading has commenced - provided that adequate liquidity over the intervening period (as defined under Rule 6.3) is demonstrated.
  - D. Newly eligible securities, for example a non-constituent moving to an eligible market, will be reviewed for inclusion at the next semi-annual review.

## Section 9

# Corporate Actions and Events

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### 9.0 Corporate Actions and Events

9.1 Full details of changes to constituent companies due to corporate actions and events can be accessed in the Corporate Actions and Events Guide using the following link:

[Corporate Actions and Events Guide.pdf](#)

A Corporate 'Action' is an action on shareholders with a prescribed ex date. The share price will be subject to an adjustment on the ex date. These include the following:

- Capital Repayments
- Rights Issues/Entitlement Offers
- Stock Conversion
- Splits (sub-division) / Reverse splits (consolidation)
- Scrip issues (Capitalisation or Bonus Issue)

A Corporate 'Event' is a reaction to company news (event) that may impact the index depending on the index rules. For example, a company announces a strategic shareholder is offering to sell their shares (secondary share offer) – this could result in a free float weighting change in the index. Where an index adjustment is required FTSE will provide notice advising of the timing of the change.

### 9.2 Shares in Issue

9.2.1 Changes to the number of shares in issue for constituent securities are covered in the Corporate Actions and Events Guide.

### 9.3 Investability Weightings

9.3.1 Changes to free float for constituent securities are covered in the Corporate Actions and Events Guide.

### 9.4 Spin-offs

If a constituent company is split and forms two or more companies by issuing new equity to existing shareholders, then the resulting companies may be eligible to continue as constituents in the same indexes within the FTSE Global Equity Index Series as their predecessor company. Where eligible to continue as a constituent, the spin-off entity (entities) will remain in the same indexes as the parent company until the next quarterly review, where subject to there being a minimum 3 month trading record, it will be tested for liquidity as a new issue and be re-ranked or deleted, if below the exit threshold.

For further details please refer to the Corporate Actions and Events Guide.

9.5 **Suspension of Dealing**

Suspension of dealing rules can be found within the Corporate Actions and Events Guide.

9.6 **Takeovers, Mergers and Demergers**

The treatment of takeovers, mergers and demergers can be found within the Corporate Actions and Events Guide.



## Section 10

# Treatment of Dividends

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### 10.0 Treatment of Dividends

- 10.1 Declared dividends are used to calculate the Standard Total Return Indexes in the FTSE Global Equity Index Series. All dividends are applied as at the ex-div date.
- 10.2 A series of net of tax Total Return Indexes are also calculated based on the maximum withholding tax rates applicable to dividends received by institutional investors who are not resident in the same country as the remitting company and who do not benefit from double taxation treaties.

Withholding tax rates used in the net-of-tax indexes can be accessed using the following link:

[Withholding Tax Service](#)

Please also refer to the FTSE Russell Withholding Tax Guide which can be accessed using the following link:

[FTSE Russell Withholding Tax Guide.pdf](#)



## Section 11

# Industry Classification Benchmark (ICB)

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### 11.0 Industry Classification Benchmark (ICB)

#### 11.1 Classification Structure

- 11.1.1 The FTSE Global Equity Index Series constituents are classified into Industries, Supersectors, Sectors and Subsectors, as defined by the Industry Classification Benchmark (ICB).
- 11.1.2 Details of the Industry Classification Benchmark are available from FTSE Russell and published on the FTSE Russell website ([www.ftserussell.com](http://www.ftserussell.com)) and can be accessed using the following link:

[Industry Classification Benchmark](#)

#### 11.2 Classification changes

- 11.2.1 Changes to the classification of a company within the FTSE Global Equity Index Series are determined in accordance with the ICB rules.
- 11.2.2 Where a significant change takes place in a company's structure as a result of a corporate event (such as a merger or demerger), its ICB classification may be reassessed.
- 11.2.3 Any adjustment resulting from a change in a company's classification under Rule 11.2.2 will be implemented at the same time that any relevant constituent changes are implemented in the Index.
- 11.2.4 Periodic changes to the industry classification will be effective on the Monday after the third Friday of March, June, September and December. The cut-off date for the receipt of data or other justification relating to any such change is the second Friday of February, May, August and November.

Further details can be found in the Industry Classification Benchmark Ground Rules:

[ICB Rules.pdf](#)

## Section 12

# Algorithm and Calculation Method

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### 12.0 Algorithm and Calculation Method

#### 12.1 Prices

12.1.1 The FTSE Global Equity Index Series use actual closing mid-market or last trade prices, where available, for securities with local market quotations. Further details can be accessed using the following link:

[Closing Prices Used For Index Calculation.pdf](#)

12.1.2 Thomson Reuters real time exchange rates are used in the index calculations which are disseminated in real-time. Exchange rates used in the End of Day calculations are WM/Reuters Closing Spot Rates™, collected at 16:00 London time (further information on The WM/Reuters Closing Spot Rates™ service is available from The WM Company).

#### 12.2 Calculation Frequency

12.2.1 See Appendix C for the calculation schedule for the FTSE Global Equity Index Series.

#### 12.3 Algorithm

12.3.1 For details on the Algorithm and calculation methods used for the FTSE Global Equity Index Series see the Guide to Calculation Methods.

12.3.2 The performance of an index in the FTSE Global Equity Index Series on a given day is determined by calculating the percentage difference between:

- the index's market capitalisation as at the close of that day and
- the market capitalisation at the start of that day

'Start of the day' is defined as the previous day's close adjusted for capital changes, investability weight changes, additions and deletions.

12.3.3 Adjustments are applied whenever capital changes take place, so that the performance of the FTSE Global Equity Index Series reflects the experience of investors (for further details see the Corporate Actions and Events Guide).

## Appendix A: Eligible Exchanges and Market Segments

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### Asia Pacific ex Japan

Country	Exchange	Segment Name
Australia	Australian Securities Exchange	ASX Official Market
China	Shanghai Stock Exchange Shenzhen Stock Exchange	Main Board Main Board
Hong Kong	Stock Exchange of Hong Kong	Main Board
India	National Stock Exchange of India	Main Board
Indonesia	Indonesia Stock Exchange	Main Board
Malaysia	Bursa Malaysia	Main Market
New Zealand	New Zealand Exchange	Main Board
Pakistan	Pakistan Stock Exchange	Main Board
Philippines	Philippine Stock Exchange	Main Board
Singapore	Singapore Exchange	Main Board
South Korea	Korea Exchange	KOSPI Market KOSDAQ Market
Taiwan	Taiwan Stock Exchange Taipei Exchange	TWSE Market TPEX General Stock Board
Thailand	Stock Exchange of Thailand	Main Board Foreign Board

### Japan

Country	Exchange	Segment Name
Japan	Tokyo Stock Exchange	First Section Second Section

## Developed Europe

Country	Exchange	Segment Name
Austria	Wiener Boerse AG	Mid Market Prime Market
Belgium	Euronext Brussels	All Listed Securities
Luxembourg	Luxembourg Stock Exchange	All Listed Securities
Denmark	NASDAQ Nordic	Large Cap Mid Cap Small Cap
Finland	NASDAQ Nordic	Large Cap Mid Cap Small Cap
France	Euronext Paris	All Listed Securities
Germany	XETRA	Regulated Market (General Standard or Prime Standard)
Ireland	Irish Stock Exchange	Main Securities Market
Italy	Electronic Share Market	Main Market (MTA)Star Market for Investment Vehicles (MIV)Special Investment Vehicles (SIV)
Netherlands	Euronext Amsterdam	All Listed Securities
Norway	Oslo Bors ASA	Oslo Bors Oslo Axess
Portugal	Euronext Lisbon	All Listed Securities
Spain	Bolsa de Madrid	Madrid Floor Continuous Market
Sweden	NASDAQ Nordic	Large Cap Mid Cap Small Cap
Switzerland	SIX Swiss Exchange AG	All Listed Securities
UK	London Stock Exchange	Main Market: Premium Listing Main Market: Standard Listing



## Emerging Europe

Country	Exchange	Segment Name
Czech Republic	Prague Stock Exchange	Prime Standard
Greece	Athens Exchanges S.A.	General Segment (Main Market)
Hungary	Budapest Stock Exchange	Equities Prime Equities Standard Equities T
Poland	Warsaw Stock Exchange	Minus 5 5 Plus 50 Plus 250 Plus
Russia	Moscow Exchange	Equity Capital Market
Turkey	Borsa Istanbul	National Market

## Latin America

Country	Exchange	Segment Name
Brazil	BM&F Bovespa	Official Market
Chile	Santiago Stock Exchange	Official Market
Colombia	Bolsa de Valores de Colombia	Official Market
Mexico	Bolsa Mexicana de Valores	Official Market
Peru	Bolsa de Valores de Lima	Official Market

## Middle East & Africa

Country	Exchange	Segment Name
Egypt	Egyptian Exchange	All Listed Securities
Israel	Tel Aviv Stock Exchange	All Listed Securities
Qatar	Qatar Stock Exchange	All Listed Securities
South Africa	Johannesburg Stock Exchange	Main Board
UAE	Abu Dhabi Securities Exchange	Abu Dhabi Securities Exchange
	Dubai Financial Market	Dubai Financial Market
	NASDAQ Dubai	NASDAQ

## North America

Country	Exchange	Segment Name
Canada	Toronto Stock Exchange	Official Market
USA	New York Stock Exchange	NYSE NYSE American
	NASDAQ	Capital Market Global Select Global Market

## Appendix B: Eligible Classes of Securities

### Asia Pacific

Country	Class	Translation
Australia	Ordinary Preferred	Ordinary Preferred
China	B Shares H Shares Red Chip P Chip S Chip N Shares	B Shares H Shares (traded in Hong Kong) Red Chip (traded in Hong Kong) P Chip (traded in Hong Kong) S Chip (traded in Singapore) N Shares (traded in USA) *Stocks assigned Special Treatment (ST) are ineligible
Hong Kong	Ordinary	Ordinary
India	Equity	Equity
Indonesia	Ordinary	Ordinary
Malaysia	Ordinary	Ordinary *Stocks listed under PN17 are ineligible
New Zealand	Ordinary Preferred	Ordinary Preferred
Pakistan	Ordinary	Ordinary
Philippines	Ordinary	Ordinary
Singapore	Ordinary	Ordinary *Stocks listed under Watch-list are ineligible
South Korea	Ordinary Preference	Ordinary Preference *Stocks listed under Administrative Issues are ineligible
Taiwan	Ordinary	Ordinary *Altered Trading Method (ATM) stocks are ineligible
Thailand	Ordinary Preferred	Ordinary Preferred *Stocks listed under Companies facing possible delisting are ineligible

## Developed Europe

Country	Class	Translation
Austria	Namensaktie	Ord Registered
	Inhaberaktie	Ord Bearer
	Partizipationsschein	Participation Cert.
	Vorzugsaktie	Preferred
Belgium/Luxembourg	Ordinaire	Ordinary
	Action AFV	Fiscal Advantage Share
Denmark	"A" aktie	Ordinary Voting
	"B" aktie	Limited Voting or Non- Voting
Finland	Vapaa Osakkeet	Ordinary Voting
	Etuoiikeudet	
	Vapaa Osakkeet	Limited Voting or Non-Voting
France	Action	Ordinary
	Action a'dividende prioritaire	Preferred
	Certificat d'Investissement	Cert of Investment
	Titre participative	Cert of Participation
	Fiduciary Depository Receipts	Fiduciary Depository Receipts
Germany	Stammaktie	Ordinary
	Vorzugsaktie	Preferred
	Inhaberaktie	Bearer
	Namensaktie	Ord Registered
Ireland	Ordinary	Ordinary
	Preference	Preference
Italy	Azione	Ordinary
	Azione di Risparmio	Savings (CNV/Non-CNV)
	Azione privilegiate	Preferred
Netherlands	Aandeel op naam	Registered
	Aandeelaantoonder	Bearer
	Preference	Preference
Norway	"A" aksje	Ordinary Voting
	"B" aksje	Limited Voting or Non-Voting
Portugal	Acções ordinárias	Bearer
	Acções preferenciais	Preferred
	Acções registadas	Registered
Spain	Acciones nominativas	Ord Registered
	Acciones al portador	Ord Bearer
	Acciones Preferentes	Preferred
Sweden	"A" aktie	Ordinary Voting
	"B" aktie	Limited Voting or Non- Voting
	"C" aktie	
	"D" aktie	
	Preference	Preference
Switzerland	Namensaktie	Registered
	Inhaberaktie	Bearer
	Partizipationsschein	Participation Cert.
	Genusschein	Profit sharing Cert.
United Kingdom	Ordinary	Ordinary

## Emerging Europe

Country	Class	Translation
Czech Republic	Shares	Shares
Greece	Κοινη Ονομαστικη Κοινη Ονομαστικη Κοινη Ανωθυμη Προνομιουχοζ Ονομαστικη Προνομιουχοζ Ανωθυμη Προνομιουχοζ Ανευ Ψηφων Ονομαστικη Προνομιουχοζ Μετα Ψηφων Ονομαστικη	Common Registered Common Registered Common Bearer Preference Registered Preference Bearer Preferred Non-Voting Right Registered Preferred With Voting Right Registered
Hungary	Ordinary Preference	Ordinary Preference
Poland	Ordinary	Ordinary *Stocks listed under Alert List are ineligible
Russia	Ordinary Stocks Preferred International Order Book	Ordinary Stocks Preferred International Order Book
Turkey	Shares Bearer	Shares Bearer *Stocks listed under Watchlist Companies are ineligible

## Japan

Country	Class	Translation
Japan	Common	Common

## Latin America

Country	Class	Translation
Brazil	Ordinary Preferred	Ordinary Preferred
Chile	Ordinary Preferred	Ordinary Preferred
Colombia	Ordinary Preferred	Ordinary Preferred
Mexico	Ordinary	Ordinary
Peru	Ordinary	Ordinary

### Middle East & Africa

Country	Class	Translation
Egypt	Ordinary Preference	Ordinary Preference
Israel	Ordinary Preference	Ordinary Preference
Qatar	Ordinary	Ordinary
South Africa	Ordinary Preference	Ordinary Preference
UAE	Ordinary	Ordinary

### North America

Country	Class	Translation
Canada	Common	Common
United States	Common	Common

## Appendix C: Calculation Schedule

### 1.0 Normal schedule

- 1.1 The FTSE Global Equity Index Series are calculated once daily at approximately 21:30 - 22:00 London time, shortly after the close of North American securities markets. Selected indexes within the series are calculated on a real time basis, see below.
- 1.2 The Index Series are calculated every weekday, when one or more of the constituent markets are open, however on 1 January, the indexes may not be disseminated. There is no separate calculation to accommodate the Saturday or Sunday opening of any market.

### 2.0 Real time indexes

Thomson Reuters real time cross exchange rates are used in all calculations during the calculation period, other than for the closing value for each index. The WM/Reuters Closing Spot Rates™ are used in calculating the closing value for each of these indexes. Corporate actions for these indexes are based on the price and exchange rates as applied within the main FTSE Global Equity Index Series.

Index	Calculation Times*
FTSE Global All-Cap Index	00:30 to 21:10
FTSE Global All-Cap ex US Index	00:30 to 21:10
FTSE Global All-Cap ex UK Index	00:30 to 21:10
FTSE Global All-Cap ex Japan Index	00:30 to 21:10
FTSE Global All-Cap ex South Africa Index	00:30 to 21:10
FTSE Asia Pacific All-Cap Index	00:30 to 21:10
FTSE Asia Pacific All-Cap ex Japan Index	00:30 to 21:10
FTSE Asia Pacific All-Cap ex Japan, India & Pakistan Index	00:30 to 21:10
FTSE Asia Pacific All-Cap ex Japan, India, Pakistan, Australia & New Zealand Index	00:30 to 21:10
FTSE Greater China All-Cap Index	00:30 to 21:10
FTSE Europe All-Cap Index	08:00 to 16:30
FTSE Europe All-Cap ex UK Index	08:00 to 16:30
<b>FTSE Europe All-Cap ex Eurozone Index</b>	08:00 to 16:30
FTSE Eurozone All-Cap Index	08:00 to 16:30
FTSE Developed All-Cap Index	00:30 to 21:10
FTSE Developed All-Cap ex US Index	00:30 to 21:10
FTSE Developed All-Cap ex North America Index	00:30 to 16:30

Index	Calculation Times*
FTSE Developed All-Cap ex UK Index	00:30 to 21:10
FTSE Developed All-Cap ex Japan Index	00:30 to 21:10
FTSE Developed Europe All-Cap Index	08:00 to 16:30
FTSE Developed Europe All-Cap ex UK Index	08:00 to 16:30
FTSE Japan All-Cap Index	00:30 to 06:45
FTSE Emerging All-Cap Index	00:30 to 21:10
FTSE Emerging Latin America All-Cap Index	14:30 to 21:10
FTSE Emerging Asia Pacific All-Cap Index	00:30 to 21:10
FTSE Advanced Emerging All-Cap Index	00:30 to 21:10
FTSE Secondary Emerging All-Cap Index	01:00 to 21:10

\*Note: Timings are UK hours. Indexes that disseminate until 21:10 will have the closing value disseminated at 21:30.

## Appendix D: Country Additions and Deletions

Countries were added or deleted from the FTSE Global Equity Index Series after the market close on the following dates:

FTSE Global Equity Index Series – Country Classification			
31 December 1986	1 January 1988	30 June 2000	21 September 2009
Original 23 countries	Finland	Argentina	South Korea (5)
Australia		Chile	
Austria	1 November 1994	China	20 September 2010
Belgium	Brazil	Colombia	Argentina (6)
Canada	Thailand	Czech Republic	UAE (7)
Denmark		Egypt	
France	1 July 1996	Hungary	20 June 2011
Germany (West)	Indonesia	India	Czech Republic (4)
Hong Kong	Philippines	Israel	Malaysia (4)
Ireland		Luxembourg (1)	Turkey (4)
Italy	1 May 1998	Malaysia (2)	
Japan	Greece	Morocco	19 March 2012
Malaysia	Portugal	Pakistan	Thailand (4)
Mexico		Peru	
Netherlands		Poland	19 June 2015
New Zealand		Russia	Morocco (8)
Norway		South Korea	
Singapore		Taiwan	18 March 2016
South Africa		Turkey	Greece (9)
Spain		Venezuela	
Sweden			19 September 2016
Switzerland		2 January 2001	Qatar (10)
United Kingdom		Greece (5)	
United States		20 June 2003	
		Venezuela (3)	
		22 September 2008	
		Hungary (4)	
		Israel (5)	
		Poland (4)	



## Country Classification Table Notes

- 1 Added to create Belgium/Luxembourg country index.
- 2 Malaysia was deleted from the then FTSE World Index on 1 October 1998, and was re-included in the FTSE All-World Index Series from inception on 30 June 2000.
- 3 Venezuela deleted from the FTSE Global Equity Index Series at zero value after the close of business on Friday 20 June 2003.
- 4 Czech Republic, Hungary, Malaysia, Poland, Thailand and Turkey country classification changed from Secondary Emerging to Advanced Emerging.
- 5 Greece, Israel and South Korea country classification changed from Advanced Emerging to Developed.
- 6 Argentina country classification changed from Secondary Emerging to Frontier.
- 7 UAE added to the FTSE Global Equity Index Series as Secondary Emerging.
- 8 Morocco country classification changed from Secondary Emerging to Frontier.
- 9 Greece country classification changed from Developed to Advanced Emerging
- 10 Qatar country classification changed from Frontier to Secondary Emerging. The classification change was implemented in two tranches: the first tranche of 50% was implemented in conjunction with the semi-annual review of FTSE GEIS in September 2016 and the second 50% tranche was implemented in conjunction with the March 2017 semi-annual review.



## Appendix E: Country Classification

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Below is a list of the current classification of each country in the FTSE Global Equity Index Series.

Developed	Advanced Emerging	Secondary Emerging
Australia	Brazil	Chile
Austria	Czech Republic	China
Belgium/Luxembourg	Greece	Colombia
Canada	Hungary	Egypt
Denmark	Malaysia	India
Finland	Mexico	Indonesia
France	Poland	Pakistan
Germany	South Africa	Peru
Hong Kong	Taiwan	Philippines
Ireland	Thailand	Qatar
Israel	Turkey	Russia
Italy		UAE
Japan		
Netherlands		
New Zealand		
Norway		
Portugal		
Singapore		
South Korea		
Spain		
Sweden		
Switzerland		
UK		
USA		



## Appendix F: Country Indexes

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### Countries of the FTSE Global Equity Index Series

Australia	France	Mexico	South Africa
Austria	Germany	Netherlands	South Korea
Belgium/Luxembourg	Greece	New Zealand	Spain
Brazil	Hong Kong	Norway	Sweden
Canada	Hungary	Pakistan	Switzerland
Chile	India	Peru	Taiwan
China	Indonesia	Philippines	Thailand
Colombia	Ireland	Poland	Turkey
Czech Republic	Israel	Portugal	UAE
Denmark	Italy	Qatar	UK
Egypt	Japan	Russia	USA
Finland	Malaysia	Singapore	



# Appendix G: FTSE Russell China Share Descriptions

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## 1.0 FTSE Russell China share descriptions

“B” Shares, “H” shares, “Red Chips”, “P Chip” “S Chips” and “N Shares” will be eligible for the FTSE Global Equity Index Series. In determining the full market capitalisation of a company for index ranking purposes, all share classes are included, while only the eligible share classes are included in the index weighting.

## 2.0 Share Descriptions

For a description of Chinese share classes please see the “Guide to Chinese Share Classes” document which can be accessed using the following link:

[Guide to Chinese Share Classes.pdf](#)

The definitions these share classes are reviewed annually in March effective on the same day as the Global Equity Index Series.



## Appendix H: Further Information

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A Glossary of Terms used in FTSE Russell's Ground Rule documents can be found using the following link:

[Glossary.pdf](#)

For further information on the FTSE Global Equity Index Series Ground Rules visit [www.ftserussell.com](http://www.ftserussell.com) or e-mail [info@ftserussell.com](mailto:info@ftserussell.com). Contact details can also be found on this website.

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