

Ground Rule Update – Spin offs and timing

30 April 2020

FTSE Russell would like to inform clients of the following enhancement to the list of Index Ground Rules below, which will be effective from Monday 4th May 2020.

The rules have been updated to provide a standard two day's notice period of membership changes resulting from a spin-off.

For illustrative purposes, the update to the FTSE UK Index Series is detailed below:

New Rule

9.5 Spin-offs

9.5.1 If a constituent company in the FTSE 100 or FTSE 250 is split so as to form two or more companies, both eligible for the FTSE UK Index Series, then the resulting companies index memberships will be re-assessed in order to rebalance the indexes back to 100 or 250 companies (respectively). The full market capitalisations at close on the first day of trading of the spun-off company will be used to determine the most appropriate index memberships for continued inclusion. The changes will then be applied at market close **giving two days' notice**. Consequently, the FTSE 100 and FTSE 250 may have more than 100 or 250 companies (respectively) **for three days (or more if the spun-off company does not trade on effective date)**.

Old Rule

9.5 Spin-offs

9.5.1 If a constituent company in the FTSE 100 or FTSE 250 is split so as to form two or more companies, both eligible for the FTSE UK Index Series, then the resulting companies index memberships will be re-assessed in order to rebalance the indexes back to 100 or 250 companies (respectively). The full market capitalisations at close on the day of the split will be used to determine the most appropriate index memberships for continued inclusion. The changes will then be applied at market close on the following day. Consequently, the FTSE 100 and FTSE 250 may have more than 100 or 250 companies (respectively) for 2 days.

List of updated Ground Rules:

FTSE UK Series

FTSE AIM Series

FTSE 100 Semi Annual Equally Weighted

FTSEurofirst 300

FTSE NSE Kenya 15 Index

FTSE China 50 Index

FTSE China A50 Index

FTSE China A200 Index

FTSE China A400 Index

FTSE Bursa Malaysia Hijrah Shariah Index

FTSE Shariah Japan 100 Index

FTSE Taiwan 50 Index

FTSE Hong Kong 50 Index

FTSE CNBC Asia 100 Index

FTSE Eurotop 100

Euro (Eurobloc) 100

FTSE Frontier 50 Index

FTSE Shariah Multinational 150

Updated copies of the Ground Rules are now available on the FTSE Russell website: www.ftserussell.com

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