

# Corporate Actions and Events Guide for Market Capitalisation Weighted Indexes: Update

25 June 2020

FTSE Russell would like to inform clients that the Corporate Actions and Events Guide for Market Capitalisation Weighted Indexes has been updated as follows:

## Section 4: Treatment of Index Events (update in bold)

### 4.3 Unknown Ordinary Dividends and Corrections

If a company distributing an ordinary dividend subsequently announces a retraction (i.e. dividend is no longer being paid), FTSE Russell will apply a corrective negative adjustment with T+1 notice.

Where dividends that have been confirmed or estimated by the company prior to the XD date, the confirmed or estimated value is applied on the XD date. For dividends that are confirmed or estimated by the company after the XD date, a further positive or negative XD adjustment will be applied on the next business day following the receipt of data.

Where the dividend remains undetermined on the XD date, FTSE Russell will apply the dividend amount paid from the same period in the previous year (adjusted by any capital change) on the XD date. If there was no dividend paid from the same period in the previous year, a dividend value of zero will be used.

**If a company distributing a regular cash dividend announces after ex-date implementation that it will instead pay the dividend in shares, the distributed shares will generally be added on the pay date. Should the pay date fall on the Tuesday - Friday in a week preceding a review, the distributed shares will be added on the review effective date, subject to two days' notice. No further adjustment is made to the dividend or price of the company.**

Clarification for South Korean companies - For those South Korean companies that have not provided advanced notice of their ex-dividend date, FTSE Russell will assume that such companies will follow the general practice in South Korea of using an ex-date of two business days prior to the fiscal year end (e.g. 28 December 2016). If no dividend has been confirmed four months after the ex date (typically the period of time up to the pay date), it is assumed that no dividend is being paid, and a corrective negative adjustment is applied.

### 4.14 Spin-offs (including demergers) (Addition of the following rule)

#### 4.14.3 Nationality of Spin-off Security

Where the spin-off company is determined to have the same nationality to that of the parent, the child company will be treated as an 'Eligible Security' within country (and regional if applicable)

indexes (provided it is eligible in all other respects). Where the spin-off company is determined to have a different nationality to that of the parent, the child company will be treated as an 'Ineligible Security' within country (and regional if applicable) indexes. Within global indexes any nationality difference will generally not impact eligibility.

An updated copy of the Corporate Actions and Events Guide for Market Capitalisation Weighted Indexes (Version 4.7) is now available on the FTSE Russell website: <http://www.ftserussell.com>

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