

FTSE Global Equity Index Series: Eligible Exchanges and Market Segments

Ground Rule Update

29 September 2022

FTSE Russell would like to inform clients of the following clarification to the FTSE Global Equity Index Series Ground Rules which is effective immediately.

Appendix A: Eligible Exchanges and Market Segments

In evaluating the eligibility of exchanges within an already eligible country, FTSE Russell will review the following factors.

1. Materiality

FTSE Russell will determine materiality based on whether a secondary exchange, an exchange segment or trading venue (in a country that already meets the relevant criteria within the FTSE Country Classification framework) has listed equities that are eligible for the FTSE Global Equity Index Series (GEIS).

Materiality is interpreted as follows:

- A secondary exchange, exchange segment or trading venue, in an eligible Developed country, must equate to at least 0.01% of the investable market capitalisation of GEIS.
- A secondary exchange, exchange segment or trading venue in an eligible Emerging country, must equate to at least 0.005% of the investable market capitalisation of GEIS.

Should a secondary exchange, exchange segment or trading venue fulfil all criteria other than 'materiality', this latter requirement will be subject to an annual test, each September, provided it continues to meet all other prerequisites and at least one year has passed since it was last tested.

2. Regulatory Environment and Exchange Segment/Trading Venue Governance

FTSE Russell will consider:

- Whether the exchange segment/trading venue is recognised by the relevant governing regulatory body and how it is capitalised?
- Whether appropriate market integrity standards are in place?
- Is supervision of, and compliance with the policies of the secondary exchange, exchange segment or trading venue evident and are participants held accountable for their actions in a consistent and fitting manner?
- Does the secondary exchange, exchange segment or trading venue sufficiently satisfy the accessibility needs of international participants and treat them commensurately with domestic participants?

3. Market Data and Operation

FTSE Russell will consider:

- Is there a disclosed operating model that determines the functioning of secondary exchange, exchange segment or trading venue evident ensuring transparency, consistency, and adequate disclosure?

Are the rules governing security suspension appropriately specified, with a reasonable limit on the length of suspension?

- Is there sufficient transparency relating to security pricing, market depth and corporate actions?
- Are transaction costs reasonable and consistent with other market venues within the country?
- Are the data provided suitable for the calculation of equity indices?

4. Clearing, Settlement and Custody

FTSE Russell will consider:

- Whether the settlement model adheres to international standards with appropriate safeguards and tools in place to minimise risks and ensure the integrity of its operation?
- Whether the secondary exchange, exchange segment or trading venue operates a DvP settlement model, without a requirement for prefunding by international participants?

Once considered for inclusion, eligible exchanges and market segments (listed below) are not subject to the materiality test detailed above.

An updated copy of the FTSE Global Equity Index Series Ground Rules (v11.7) is now available using the following link: [FTSE_Global_Equity_Index_Series.pdf](#)

Or on the FTSE Russell website: www.ftserussell.com

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