



Determining Nationality

v1.4

This document applies to any Index Series where specifically referenced in the Ground Rules.

Determining Nationality

1.0 Determining Nationality

- 1.1 A company will be allocated to a single country.
- 1.2 If a company is incorporated in one country and has its sole listing in the same country, FTSE will allocate the company to that country.
- 1.3 In all other circumstances, FTSE will base its decision on assessment of various factors including, but not necessarily limited to, the following:
- The investor protection regulations present in the country of incorporation;
 - The country in which the company is domiciled for tax purposes;
 - The location of its factors of production;
 - The location of its headquarters;
 - The location of company meetings;
 - The composition of its shareholder base;
 - The membership of its board of directors;
 - The currency denomination of the company's shares;
 - The perception of investors.

In certain circumstances, outlined in Rules 1.4 to 1.6, consideration will also be given to the relative liquidity of trading in those countries where the company's shares trade. In calculating the liquidity associated with a country, trading volumes will be amalgamated from all trading venues which have admitted the shares to trading based on a listing conferred by that country's listing authority. Trades taking place on multi-lateral trading facilities will be included in the calculation and assigned to the country that conferred the listing to the company provided that the country of listing and the multi-lateral trading facility operate within a similar time zone.

- 1.4 If a company is incorporated in a country, has a listing in that country and listings in other countries, FTSE will normally assign the company to the country of incorporation. If the company fails FTSE's liquidity test in the country of incorporation, FTSE may assign the company to the country which exhibits the greatest liquidity. However, save for the circumstances set out in Rule 1.6, a company incorporated in a country other than a developed country (as classified in the FTSE Global Equity Index Series) may not be assigned to a developed country.
- 1.5 If a company is incorporated **in a country, and is listed only in countries other than the country of incorporation, FTSE will normally allocate the company to the country with the greatest liquidity.** However, save for the circumstances set out in Rule 1.6, a company incorporated in a country other than a developed country may not be assigned to a developed country.
- 1.6 If a company is incorporated in a country other than a developed country, has no listing in that country and is listed only in one or more developed countries, that company will only be eligible for FTSE Global Equity Index Series inclusion if the country of incorporation is internationally recognised as having a low taxation status that has been approved by FTSE. For companies incorporated in approved low taxation countries, FTSE will normally assign the company to the developed country with the greatest liquidity. A current list of the approved low taxation jurisdictions can be accessed using the following link:

[Low Taxation Jurisdictions.pdf](#)

- 1.7 Once a company's nationality has been determined by virtue of the liquidity tests in Rules 1.5 and 1.6, if it subsequently fails the semi-annual index liquidity test within the country it has been assigned to or if the country with greatest liquidity is different to that assigned for two consecutive years, FTSE will review the company's nationality assignment.
- 1.8 Other than meeting the conditions of Rule 1.2, should a company make a change to its circumstances (such as a change in incorporation or adoption of an additional listing), FTSE may defer the consideration of whether to change a company's nationality assignment for a minimum period of three months up to a maximum period of up to 12 months, this will allow FTSE to properly assess the subsequent evolution of its trading liquidity and of the other criteria listed in Rule 1.3. If following such an assessment period, FTSE decides to change a company's nationality assignment, the change will become effective at a semi-annual review in March or September following publication of the decision.
- 1.9 Where a company's nationality has been determined as either UK or Australia, if the shares are traded in CDI form (Crest Depository Interest or Chess Depository Interest respectively), the CDI will be considered as eligible subject to meeting all other index eligibility criteria.



Further Information

For further information on FTSE Russell Indexes please visit www.ftserussell.com or e-mail info@ftserussell.com.

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FTSE Russell

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