



Recalculation Policy and Guidelines –Equity Indexes

v2.6



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FTSE Russell Recalculation Policy

This document sets out FTSE Russell's¹ Index Recalculation Policy. This policy and the FTSE Russell Index Recalculation Guidelines below apply only to those indices where the relevant Ground Rules (FTSE) or Construction and Methodology (Russell) indicate that this policy and the guidelines apply.

FTSE Russell makes every effort to maintain its indexes to high standards. Nevertheless, inaccuracies may arise in the index and constituent data from time to time and investors, index constituents, licensees or other market participants should be aware of this. Such inaccuracies may arise as a result of a range of events, including the complexity of certain corporate events, late announced or missed dividends, pricing errors, external disruptions or market distortions, incorrect, incomplete or late data input whether occurring internally or externally to FTSE Russell, and incorrect application of index criteria such as free floats, sectors or constituent make-up.

Where an inaccuracy is identified, FTSE Russell will follow the steps set out in the FTSE Russell Index Recalculation Guidelines below when determining whether an index or index series should be recalculated and/or associated data products reissued as a result of an inaccuracy. Because of the complexity of corporate events and the unpredictable nature of the issues that could arise, these guidelines should not be construed as definitive rules that determine the steps FTSE Russell will take whenever an inaccuracy is identified. In addressing inaccuracies, FTSE Russell reserves the right to consult market participants in complex cases as to the appropriate course of action, including the decisions on whether to recalculate indices and/or reissue its associated data products.

FTSE Russell does not accept any responsibility to investors, index constituents, licensees or other market participants for the accuracy of the index or its constituent data and accepts no liability for any losses, damages, claims or expenses suffered by any person as a result of any errors or inaccuracies in the compilation or calculation of the index or any constituent data, whether arising as result of negligence or otherwise.

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FTSE Russell Recalculation Guidelines

The guidelines followed by FTSE Russell when determining whether an index or index series should be recalculated and/or associated data products reissued are set out below. The terms of the FTSE Russell Index Recalculation Policy apply to these guidelines.

Event Type	Identified Issue	Decision Criteria	Action	Recalculation	Data File Product Reissue
Dividend	Incorrect Dividend amount	Captured on ex-date	Intra-day adjustment is applied	N	Y
		Captured after ex-date (where ex-date is not the last business day of the month)	Apply compensatory dividend the next trading day Please note: Where capture date falls in a different month to the ex-date then treatment will be a Recalculation (e.g. ex-date 29 June, captured on 1 July)	N	N
		Captured after ex-date* (where ex-date is the last business day of the month)	Recalculation	Y	Y
	Incorrect Dividend ex-date	Dividend applied on a date prior to actual ex-date*	Recalculation	Y	Y
	Incorrect Dividend currency	Captured on or after ex-date*	Recalculation	Y	Y
	Missed Dividend	Captured on or after ex-date* (where ex-date is not the last business day of the month)	Applied the next trading day	N	N
		Captured on or after ex-date* (where ex-date is the last business day of the month)	Recalculation	Y	Y
	Cancelled Dividend	Captured before or on pay date	Negative adjustment applied the next trading day	N	N
		Captured after pay date	No adjustment applied	N	N

Event Type	Identified Issue	Decision Criteria	Action	Recalculation	Data File Product Reissue
Index Constituent Change	Company incorrectly added to/omitted from the index	-	Remove/Add (& replace where necessary) T+2	N	Y
	New or existing constituent with incorrect weight***	-	Shares and free float corrections are generally revised at the next quarterly review or earlier where in accordance with index rules***	N	N
	Company added to the wrong index/sector	-	Correct T+2	N	N
Capital Repayment (includes Special Dividend)	Missed / Incorrect terms / Incorrect date	Captured on ex-date	Online adjustment is applied	N	Y
		Captured after ex-date*	Only reissue if headline** index error > 0.01 bps (if discovered outside of two-day recalculation window, a T+1 compensatory adjustment will be implemented instead)	Y	Y
	Cancelled or Adjusted terms	Announced and captured on ex-date	Online adjustment is applied	N	Y
		Announced after ex-date and captured before or on pay date	Compensatory adjustment applied for the next trading day	N	N
		Captured after pay date****	No adjustment applied		N N
	Rights Issue, Entitlement Offer, Bonus Issue, Stock Split, Consolidation	Missed / Incorrect terms / incorrect date	Captured on ex-date	Online adjustment is applied	N
Captured after ex-date*			Only reissue if headline** index error > 0.01 bps	Y	Y

Event Type	Identified Issue	Decision Criteria	Action	Recalculation	Data File Product Reissue
Close Price	Incorrect Price	Individual security*	Only reissue if headline** index error > 0.01 bps	Y	Y
		Whole market (FTSE Russell only issue)*	Recalculation	Y	Y
		Whole market (Stock Exchange issue)*	Only reissue if headline** index error > 0.01 bps	Y	Y
		Whole Market (Stock Exchange issue) – last business day of the month*	Recalculation	Y	Y
		Individual security*	Only reissue if headline** index error > 0.01 bps	Y	Y
	Incorrect currency	Individual security*	Only reissue if headline** index error > 0.01 bps	Y	Y
		WM Rates*	Recalculation	Y	Y
Identifier change (i.e. name, sedol, CUSIP, etc.)	Missed change	-	Applied the next trading day	N	N
Withholding Tax Rate	Incorrect	-	Only reissue if headline** index error > 0.01 bps	Y	Y
Foreign Ownership Restriction (FOR)	Incorrect or omitted - resulting in an investability weighting greater than the FOR	-	Correct T+2	N	N
Index Calculation Issue	Index did not calculate on any given day (not a market holiday); or, index calculated with incorrect constituent count (e.g. dropped a constituent for one day)	-	Recalculation	Y	Y

If an error is discovered prior to client delivery, the index will be recalculated and clients will be notified of the delay in file deliverables, regardless of magnitude.

All changes regarding errors will be clearly communicated including the size of error and the products impacted.

- (*) Errors occurring in the last two business days will be reviewed and recalculated if the impact is greater than the threshold. Errors dating prior to two business days will not be recalculated unless an error is material and impacts the replicability / tracking of the index. In these circumstances, FTSE Russell reserves the right to determine the best course of action.

- (**) For headline indexes an index performance error greater than 0.01 bps will necessitate an index recalculation. Headline indexes include those listed in the table below. However, the list is not exhaustive and if extenuating circumstances exist for a particular custom index or a standard index other than those listed in the table, for example because the index is a basis for a passive ETF or because of the estimated size of assets under management tracking the index, a restatement may be made.

- (***) During the quarterly review / annual reconstitution lock-down period, FTSE Russell will generally avoid implementing corrections to ensure stability during the period prior to the review / reconstitution implementation. However egregious shares and free float errors discovered within the lock-down period or during the week following the review / reconstitution may be corrected if an erroneous change compromises the replicability of the index OR if the change places potential price pressure on the company OR if there is a material error of 50% or greater (relative) to index shares. Any errors discovered and requiring correction during the lock-down period or the week following the review will be implemented with appropriate notice (in accordance with the notice requirements of the impacted indexes). All other shares and free float errors will be corrected at the following quarterly index review.

- (****) Generally only updates announced before the pay date are corrected.

Headline Indexes

Index Family	Headline Indexes
FTSE GEIS	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 Developed, FTSE Emerging; FTSE Global Small Cap Index Series (Small Cap) FTSE Developed Small Cap, FTSE Emerging Small Cap
FTSE UK Series	FTSE 100, FTSE 250, FTSE All Share
FTSE Italia Series	FTSE MIB, FTSE MIB Dividend, FTSE Italia PIR Mid Cap
FTSE Frontier Indexes	FTSE Frontier 50
FTSE China A Indexes	FTSE China A50, FTSE China A All Cap
FTSE Global China Inclusion Index	FTSE Emerging Markets All Cap China A Inclusion
Other FTSE Headline Indexes	FTSEurofirst 80, BRIC 50, FTSE Vietnam, FTSE China 50
Partner and Exchange Indexes	
FTSE EPRA Nareit FTSE Nareit	FTSE EPRA Nareit Real Estate Index Series FTSE Nareit Index Series
FTSE JSE	FTSE/JSE Africa Index Series
FTSE RAFI	FTSE/RAFI Developed, FTSE/RAFI Emerging
FTSE ASFA Australia Series	Large Cap 50, Mid Cap 150, Small Cap
Exchange Partner Indexes	FTSE Bursa Malaysia KLCI, STI, FTSE SET Large Cap, FTSE TWSE Taiwan 50
Russell US Indexes	Russell 1000, Russell 2000, Russell Microcap
Russell RAFI Indexes	Russell RAFI Global, Russell RAFI US Large Company, Russell RAFI US Small Company



Further Information

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

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