



Exercise of Expert Judgement in FTSE Russell Indexes

v1.0



Contents

1.0	Introduction	3
2.0	Unusual or Complex Corporate Actions and Events	3
3.0	Index Recalculation Decisions	3
4.0	Client and Stakeholder Consultation	4
5.0	Notification	4
6.0	Record Keeping	4
	Further Information	5

Introduction

1.0 Introduction

- 1.1.1 The index ground rules and other methodology documents and policies which underpin FTSE Russell indexes are written with the intent of removing the need for judgement or discretion to be exercised in so far as is feasible. However, there may be unusual or complex circumstances that are not covered in the methodology documents.
- 1.1.2 This policy sets out the procedures followed by FTSE Russell in those circumstances. These circumstances include, but are not limited to, the treatment of complex and unusual corporate actions and events, and decisions to recalculate and/or correct indexes when a calculation issue has been identified.

2.0 Unusual or Complex Corporate Actions and Events

- 2.1.1 In circumstances where the treatment of a future event is not captured by the corporate action guides or other methodology documents, the Index Management team will escalate the event to the Index Policy team who will research and review the potential treatments of the event.

The Corporate Actions and Events Guides can be accessed using the following links:

[Corporate Actions and Events Guide.pdf](#)

[Corporate Actions and Events Guide for Non Market Cap Weighted Indices.pdf](#)

3.0 Index Recalculation Decisions

- 3.1.1 In circumstances where the Recalculation Policy and Guidelines do not provide unambiguous guidance on the remedy to be followed should an error in an index calculation be identified, the Index Policy team will determine the appropriate treatment. This will include decisions on whether an index should be restated historically, and/or whether the index composition should be corrected with the provision of forward notice.

Recalculation Policy and Guidelines can be access using the following links:

[Equity Index Recalculation Policy and Guidelines.pdf](#)

[Fixed Income Recalculation Policy and Guidelines.pdf](#)

4.0 Client and Stakeholder Consultation

- 4.1.1 If the Index Policy team considers that stakeholder input is required to determine the preferred treatment of an event or calculation issue, the Index Policy team will, where time allows, consult stakeholders, either through discussion at ad-hoc meetings of relevant FTSE Russell advisory committees, or through consultation with affected stakeholders individually, on the most appropriate treatment. Such consultations will be conducted through open-ended questions and under no circumstances will notice of any final decision be provided to respondents. Based on their analysis of the feedback received, the Index Policy team will determine the appropriate treatment of the event or calculation issue.
- 4.1.2 On rare occasions when an imminent specific event or market development is not covered by the methodology documents, and for which the timetable precludes stakeholder consultation, the Index Policy Team will determine the appropriate treatment by reference to the guiding principles documented in the Statement of Principles for FTSE Russell Equity Indexes.

The Statement of Principles can be accessed using the following links:

[Statement of Principles Equity Indexes.pdf](#)

[Statement of Principles Fixed Income Indexes.pdf](#)

5.0 Notification

- 5.1.1 The confirmed treatment of the event will be relayed to clients and other stakeholders simultaneously via the publication of a technical notice on the FTSE Russell website. The technical notice will include the rationale for the decision.

6.0 Record Keeping

- 6.1.1 Instances of the use of expert judgement will be recorded and detailed at the subsequent meeting of the FTSE Russell Product Governance Board.



Further Information

If you have any questions and would like to speak to a client services individual directly, please do not hesitate to contact us on the numbers below, or via email at info@ftserussell.com.

Hong Kong +852 2164 3333
London +44 (0) 20 7866 1810
Milan +39 02 3604 6953
New York +1 888 747 FTSE (3873)
Sydney +61 (2) 9293 2864
Tokyo +81 (3) 3581 2811

© 2019 London Stock Exchange Group plc and its applicable group undertakings (the "LSE Group"). The LSE Group includes (1) FTSE International Limited ("FTSE"), (2) Frank Russell Company ("Russell"), (3) FTSE Global Debt Capital Markets Inc. and FTSE Global Debt Capital Markets Limited (together, "FTSE Canada") and (4) MTSNext Limited ("MTSNext"), (5) Mergent, Inc. ("Mergent"), (6) FTSE Fixed Income LLC ("FTSE FI") and (7) The Yield Book Inc ("YB"). All rights reserved.

FTSE International Limited is authorised and regulated by the Financial Conduct Authority as a benchmark administrator.

FTSE Russell® is a trading name of FTSE, Russell, FTSE Canada, MTSNext, Mergent, FTSE FI and YB. "FTSE®", "Russell®", "FTSE Russell®", "MTS®", "FTSE4Good®", "ICB®", "Mergent®", "The Yield Book®" and all other trademarks and service marks used herein (whether registered or unregistered) are trade marks and/or service marks owned or licensed by the applicable member of the LSE Group or their respective licensors and are owned, or used under licence, by FTSE, Russell, MTSNext, or FTSE Canada, Mergent, FTSE FI, YB.

All information is provided for information purposes only. Every effort is made to ensure that all information given in this publication is accurate, but no responsibility or liability can be accepted by any member of the LSE Group nor their respective directors, officers, employees, partners or licensors for any errors or for any loss from use of this publication or any of the information or data contained herein.

No member of the LSE Group nor their respective directors, officers, employees, partners or licensors provide investment advice and nothing in this document should be taken as constituting financial or investment advice. No member of the LSE Group nor their respective directors, officers, employees, partners or licensors make any representation regarding the advisability of investing in any asset. A decision to invest in any such asset should not be made in reliance on any information herein. Indexes cannot be invested in directly. Inclusion of an asset in an index is not a recommendation to buy, sell or hold that asset. The general information contained in this publication should not be acted upon without obtaining specific legal, tax, and investment advice from a licensed professional.

No part of this information may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without prior written permission of the applicable member of the LSE Group. Use and distribution of the LSE Group index data and the use of their data to create financial products require a licence with FTSE, Russell, FTSE Canada, MTSNext, Mergent, FTSE FI, YB and/or their respective licensors.