

FTSE 100 Semi Annual Equally Weighted Index

v2.7



**FTSE
RUSSELL**

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Section 1

Introduction

1. Introduction

- 1.1 This document sets out the Ground Rules for the construction and management of the FTSE 100 Semi Annual Equally Weighted Index calculated by FTSE International Limited (FTSE). Copies of these Ground Rules are available from FTSE Russell (see Appendix B).
- 1.2 The FTSE 100 Semi Annual Equally Weighted Index is designed to represent the equally weighted performance of the large UK listed companies that are constituents of the FTSE 100 Index at the June and December FTSE 100 index reviews.
- 1.3 The constituents of the FTSE 100 Semi Annual Equally Weighted Index will diverge from the constituents of the FTSE 100 Index as a consequence of differences in review cycles.
- 1.4 The FTSE 100 Semi Annual Equally Weighted Index does not take account of ESG factors in its index design.
- 1.5 These Ground Rules should be read in conjunction with the FTSE UK Index Series Ground Rules which are available at www.Iseg.com/en/ftse-russell/
- 1.6 Price and Total Return indices will be calculated in UK Sterling on a real-time basis. The Total Return indices are based on ex dividend adjustments.
- 1.7 **FTSE Russell**
- FTSE Russell is a trading name of FTSE International Limited, Frank Russell Company, FTSE Global Debt Capital Markets Limited (and its subsidiaries FTSE Global Debt Capital Markets Inc. and FTSE Fixed Income Europe Limited), FTSE Fixed Income LLC, FTSE (Beijing) Consulting Limited, Refinitiv Benchmark Services (UK) Limited, Refinitiv Limited and Beyond Ratings.
- 1.8 FTSE Russell hereby notifies users of the index that it is possible that circumstances, including external events beyond the control of FTSE Russell, may necessitate changes to, or the cessation of, the index and therefore, any financial contracts or other financial instruments that reference the index or investment funds which use the index to measure their performance should be able to withstand, or otherwise address the possibility of changes to, or cessation of, the index.
- 1.9 Index users who choose to follow this index series or to buy products that claim to follow this index series should assess the merits of the index's rules-based methodology and take independent investment advice before investing their own or client funds. No liability whether as a result of negligence or otherwise is accepted by FTSE Russell for any losses, damages, claims and expenses suffered by any person as a result of:
- any reliance on these Ground Rules, and/or
 - any inaccuracies in these Ground Rules, and/or
 - any non-application or misapplication of the policies or procedures described in these Ground Rules, and/or
 - any inaccuracies in the compilation of the index or any constituent data.

Section 2

Management responsibilities

2. Management responsibilities

2.1 FTSE International Limited (FTSE)

- 2.1.1 FTSE is the benchmark administrator of the index.¹
- 2.1.2 FTSE is responsible for the daily calculation, production and operation of the FTSE 100 Semi Annual Equally Weighted Index and will:
- maintain records of the index weightings of all constituents;
 - make changes to the constituents and their weightings in accordance with the Ground Rules;
 - carry out the periodic index reviews of the index and apply the changes resulting from the reviews as required by the Ground Rules;
 - publish changes to the constituent weightings resulting from their ongoing maintenance and the periodic reviews;
 - disseminate the indices.

- 2.1.3 FTSE is also responsible for monitoring the performance of the FTSE 100 Semi Annual Equally Weighted Index throughout the day and will determine whether the status of the index should be Firm, Indicative or Held (see Appendix B).

2.2 Amendments to these Ground Rules

- 2.2.1 These Ground Rules shall be subject to regular review (at least once a year) by FTSE Russell to ensure that they continue to best reflect the aims of the index series. Any proposals for significant amendments to these Ground Rules will be subject to consultation with FTSE Russell advisory committees and other stakeholders if appropriate. The feedback from these consultations will be considered by the FTSE Russell Index Governance Board before approval is granted.

- 2.2.2 As provided for in the Statement of Principles for FTSE Russell Equity Indices where FTSE Russell determines that the Ground Rules are silent or do not specifically and unambiguously apply to the subject matter of any decision, any decision shall be based as far as practical on the Statement of Principles. After making any such determination, FTSE Russell shall advise the market of its decision at the earliest opportunity. Any such treatment will not be considered as an exception or change to the Ground Rules, or to set a precedent for future action, but FTSE Russell will consider whether the Ground Rules should subsequently be updated to provide greater clarity.

¹ The term administrator is used in this document in the same sense as it is defined in [Regulation \(EU\) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds](#) (the European Benchmark Regulation) and [The Benchmarks \(Amendment and Transitional Provision\) \(EU Exit\) Regulations 2019](#) (the UK Benchmark Regulation).

Section 3

FTSE Russell index policies

3. FTSE Russell index policies

These Ground Rules should be read in conjunction with the following policy documents which can be accessed using the links below:

3.1 Corporate Actions and Events Guide

Full details of changes to constituent companies due to corporate actions and events can be accessed in the Corporate Actions and Events Guide for Non Market Capitalisation Weighted Indices using the following link:

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

3.3 Statement of Principles for FTSE Russell Equity Indices (the Statement of Principles)

Indices need to keep abreast of changing markets and the Ground Rules cannot anticipate every eventuality. Where the Rules do not fully cover a specific event or development, FTSE Russell will determine the appropriate treatment by reference to the Statement of Principles which summarises the ethos underlying FTSE Russell's approach to index construction. The Statement of Principles is reviewed annually and any changes proposed by FTSE Russell are presented to the FTSE Russell Policy Advisory Board for discussion before approval by the FTSE Russell Index Governance Board.

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

[Statement of Principles.pdf](#)

3.4 Queries and Complaints

FTSE Russell's complaints procedure can be accessed using the following link:

[Benchmark Determination Complaints Handling Policy.pdf](#)

3.5 Index Policy for Trading Halts and Market Closures

Guidance for the treatment of index changes in the event of trading halts or market closures can be found using the following link:

[Index Policy for Trading Halts and Market Closures.pdf](#)

3.6 Index Policy in the Event Clients are Unable to Trade a Market or a Security

Details of FTSE Russell's treatment can be accessed using the following link:

[Index Policy in the Event Clients are Unable to Trade a Market or a Security.pdf](#)

3.7 Recalculation Policy and Guidelines

3.7.1 Where an inaccuracy is identified, FTSE Russell will follow the steps set out in the FTSE Russell Index Recalculation Guidelines when determining whether an index or index series should be recalculated and/or associated data products reissued. Users of the FTSE 100 Semi Annual Equally Weighted Index will be notified through appropriate media.

For further information refer to the FTSE Russell Recalculation Policy and Guidelines document which is available from the FTSE Russell website using the link below or by contacting info@ftserussell.com.

[Recalculation_Policy_and_Guidelines_Equity_Indices.pdf](#)

3.8 Policy for Benchmark Methodology Changes

3.8.1 Details of FTSE Russell's policy for making benchmark methodology changes can be accessed using the following link:

[Policy_for_Benchmark_Methodology_Changes.pdf](#)

3.9 FTSE Russell Governance Framework

3.9.1 To oversee its indices, FTSE Russell employs a governance framework that encompasses product, service and technology governance. The framework incorporates the London Stock Exchange Group's three lines of defence risk management framework and is designed to meet the requirements of the IOSCO Principles for Financial Benchmarks², the European benchmark regulation³ and the UK benchmark regulation⁴. The FTSE Russell Governance Framework can be accessed using the following link:

[FTSE_Russell_Governance_Framework.pdf](#)

3.10 Real Time Status Definitions

3.10.1 For indices that are calculated in real time, please refer to the following guide for details of real time status definitions:

[Real_Time_Status_Definitions.pdf](#)

² IOSCO Principles for Financial Benchmarks Final Report, FR07/13 July 2013.

³ Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds.

⁴ The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019.

Section 4

Eligible securities

4. Eligible securities

- 4.1 The FTSE 100 Semi Annual Equally Weighted Index will consist of the constituents of the FTSE 100 Index as at the June and December index review effective dates.
- 4.2 **Replacement company**
 - 4.2.1 In the event that one or more constituents are deleted from the FTSE 100 Semi Annual Equally Weighted Index during the period between semi-annual index reviews, the highest ranking company of the FTSE All-Share index which is not a current constituent of the FTSE 100 Semi Annual Equally Weighted Index will be selected as the replacement company. Further information on the selection process is detailed in section 9.4 of the FTSE UK Index Series Ground Rules.
 - 4.3 All aspects of the management of index calculation, constituent review and company classification for constituents of the FTSE 100 Semi Annual Equally Weighted Index are as described in the FTSE UK Index Series Ground Rules.

Section 5

Periodic review of constituent companies

5. Periodic review of constituent companies

5.1 Review dates

5.1.1 The semi-annual review will be effective after the close of trading on the third Friday of June and December.

5.2 Index weighting

5.2.1 The FTSE 100 Semi Annual Equally Weighted Index will be equally weighted at each semi-annual review with each company comprising 1% of the index at that time. The weight of companies represented by multiple security lines will be distributed across each line in proportion to investable market capitalisation.

5.2.2 The calculation of the constituent weighting factors will use prices at the market close on the Wednesday before the first Friday of June and December.

Section 6

Changes to constituent companies

6. Changes to constituent companies

6.1 Intra-review additions

- 6.1.1 Intra-review additions to the FTSE 100 Semi Annual Equally Weighted Index will be added to the index at the same weight as the company it replaces.
- 6.1.2 If more than one constituent is added to the index at the same time, each will be added to the index at the average weight of the stocks that are being removed.
- 6.1.3 In the event that a constituent of the FTSE 100 Semi Annual Equally Weighted Index is removed from the index at zero value (for example as a result of continued suspension), no replacement company will be selected as there will be no weight to assign to the replacement company. Therefore, intra-review, the index could have less than 100 companies until the next semi-annual review.

6.2 Intra-review deletions

- 6.2.1 A constituent will be removed from the FTSE 100 Semi Annual Equally Weighted Index if it is also removed from the FTSE 100 Index outside of the March and September index review. Deletions to the FTSE 100 Index occurring at the March and September index review will not be reflected in the FTSE 100 Semi Annual Equally Weighted Index.

Section 7

Corporate actions and events

7. Corporate actions and events

- 7.1 If a constituent of the FTSE 100 Semi Annual Equally Weighted Index has a stock split, stock consolidation, rights issue, bonus issue, a change in the number of shares in issue or a change in free-float (with the exception of tender offers), the constituent's weighting in the FTSE 100 Semi Annual Equally Weighted Index remains unchanged pre and post such an event.
- 7.2 Full details of changes to constituent companies due to corporate actions and events can be accessed in the Corporate Actions and Events Guide for Non Market Capitalisation Weighted Indices using the following link:

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

A Corporate 'Action' is an action on shareholders with a prescribed ex date. The share price will be subject to an adjustment on the ex date. These include the following:

- Capital Repayments
- Rights Issues/Entitlement Offers
- Stock Conversion
- Splits (sub-division)/Reverse splits (consolidation)
- Scrip issues (Capitalisation or Bonus Issue)

A Corporate 'Event' is a reaction to company news (event) that may impact the index depending on the index rules. For example, a company announces a strategic shareholder is offering to sell their shares (secondary share offer) – this could result in a free float weighting change in the index. Where an index adjustment is required FTSE Russell will provide notice advising of the timing of the change.

7.3 Takeovers, mergers and demergers

The treatment of takeovers, mergers and demergers can be found within the Corporate Actions and Events Guide for Non Market Capitalisation Weighted indices.

- 7.4 If a constituent of the FTSE 100 Semi Annual Equally Weighted Index is acquired by an ineligible* non constituent, the acquired entity will be removed from the FTSE 100 Semi Annual Equally Weighted Index and replaced as detailed in Rule 4.2.
- 7.5 If a constituent company of the FTSE 100 Semi Annual Equally Weighted Index is acquired by an eligible* non-constituent , the acquired entity will be removed from the FTSE 100 Semi Annual Equal Weighted Index and will be replaced by the acquiring company at the same weight.
- 7.6 If the effect of a merger or takeover is that one constituent in the FTSE 100 Semi Annual Equally Weighted Index is absorbed by another constituent, the resulting company will remain a constituent of the index, and a vacancy will be created. The vacancy will be filled by selecting the replacement company as per Rule 4.2.

- 7.7 When a demerger results in 101 (or more) companies being included within the FTSE 100 Semi Annual Equally Weighted Index, and an associated demotion is applied within the FTSE 100, the deletion will also be applied within the FTSE 100 Semi Annual Equally Weighted Index. The weight of a deleted constituent will be allocated to the constituents involved in the demerger (to both parent and child if still included) in order to maintain the equal weighting principle across the index.
- 7.8 If the newly spun-off company from a demerger is not included in the FTSE UK Index, it will not be included in the FTSE 100 Semi Annual Equally Weighted Index Series. The existing constituent will therefore retain the same weight as prior to the demerger.

Section 8

Index calculation

8. Index calculation

8.1 Prices

8.1.1 The FTSE 100 Semi Annual Equally Weighted Index will use actual trades on SETS.

8.2 Calculation frequency

8.2.1 The FTSE 100 Semi Annual Equally Weighted Index will be calculated in real-time using real time prices.

8.3 Index calculation

8.3.1 The FTSE 100 Semi Annual Equally Weighted Index will be displayed to two decimal points.

8.3.2 The FTSE 100 Semi Annual Equally Weighted Index is calculated using the following formula:

$$\sum_{i=1}^N \frac{(p_i \times e_i \times s_i \times f_i \times c_i)}{d}$$

Where,

- $i = 1, 2, \dots, N$
- N is the number of securities in the index.
- p_i is the latest trade price of the component security (or the price at the close of the index on the previous day).
- e_i is the exchange rate required to convert the security's currency into the index's base currency.
- s_i is the number of shares in issue used by FTSE Russell for the security, as defined in the Ground Rules for the FTSE 100 index.
- f_i is the Investability Weighting Factor to be applied to a security to allow amendments to its weighting, expressed as a number between 0 and 1, where 1 represents a 100% free float. This factor is published by FTSE Russell for each security in the underlying index.
- c_i is the Weighting Factor to be applied to a security to correctly weight that security in the index at the time of the semi-annual review. This factor maps the investable market capitalisation of each stock to a notional market capitalisation for inclusion in the index.
- d is the divisor, a figure that represents the total issued share capital of the index at the base date. The divisor is adjusted to allow changes in the issued share capital of individual securities without distorting the index.

Appendix A

Index opening and closing hours

	Open	Close
FTSE 100 Semi Annual Equally Weighted Index	08:00	16:30

Notes:

1. Closing prices will be London Stock Exchange Official Closing Price.
2. The index will not be calculated on UK Public Holidays and may close early on the business day prior to the Christmas and New Year Public Holidays.
3. Timings are UK hours (GMT or BST).

Appendix B

Status of index

The FTSE 100 Semi Annual Equally Weighted Index which is calculated in real time. Official Market Hours are defined as that period when SETS is open for order execution.

For further details of real time definitions please refer to the following guide:

[Real Time Status Definitions.pdf](#)

The official opening and closing hours of the FTSE 100 Semi Annual Equally Weighted Index are set out in Appendix A. Variations to the official hours of the Index will be published by FTSE Russell.

Appendix C

Further information

A Glossary of Terms used in FTSE Russell's Ground Rule documents can be found using the following link:

[Glossary.pdf](#)

Further information on the FTSE 100 Semi Annual Equally Weighted Index is available from FTSE Russell.

For contact details please visit the FTSE Russell website or contact FTSE Russell client services at
info@ftserussell.com.

Website: www.lseg.com/en/ftse-russell/

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