FTSE Fair Value Indexes Family

April 2020
v1.4
This benchmark statement is provided by FTSE International Limited as the administrator of the FTSE Fair Value Indexes Family. It is intended to meet the requirements of EU Benchmark Regulation (EU2016/1011) and the supplementary regulatory technical standards.

The benchmark statement should be read in conjunction with the FTSE Fair Value Indexes Ground Rules or other index series ground rules detailed on the website and other associated policies and methodology documents. Those documents are italicised whenever referenced in this benchmark statement and are included as an appendix to this document. They are also available on the FTSE Russell website (www.ftserussell.com).

References to "BMR" in this benchmark statement refer to 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.

References to "DR" in this benchmark statement refer to Commission Delegated Regulation (EU) 2018/1643 of 13 July 2018 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council with regard to regulatory technical standards specifying further the contents of, and cases where updates are required to, the benchmark statement to be published by the administrator of a benchmark.
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<tr>
<th>Ref</th>
<th>Regulatory requirement</th>
<th>FTSE International Limited’s Response</th>
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<tbody>
<tr>
<td>1.1</td>
<td>Date of publication and last update</td>
<td><strong>Date of publication</strong>&lt;br&gt;First published June 2018&lt;br&gt;<strong>Date of last update</strong>&lt;br&gt;April 2020</td>
</tr>
<tr>
<td>DR 1(1)(a)</td>
<td>The benchmark statement shall state the date of publication of the statement and, where applicable, the date of its last update.</td>
<td>FTSE International Limited is the administrator of the FTSE Fair Value Indexes Family. FTSE International Limited will review this benchmark statement regularly (at least once every two years) or whenever there are material changes to the information provided.</td>
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<tr>
<td>1.2</td>
<td>Review of benchmark statement</td>
<td>FTSE International Limited does not currently assign ISINs to all of the indexes for which it is the administrator. Where ISINs have been assigned they can be found in the ISIN Codes for FTSE Russell Indexes document.</td>
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<td>BMR27(1)</td>
<td>The administrator shall review and, where necessary, update the benchmark statement for each benchmark or family of benchmarks in the event of any changes to the information to be provided under this Article and at least every two years.</td>
<td>FTSE International Limited does not currently assign ISINs to all of the indexes for which it is the administrator. Where ISINs have been assigned they can be found in the ISIN Codes for FTSE Russell Indexes document.</td>
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<td>1.3</td>
<td>Use of ISIN</td>
<td>FTSE International Limited does not currently assign ISINs to all of the indexes for which it is the administrator. Where ISINs have been assigned they can be found in the ISIN Codes for FTSE Russell Indexes document.</td>
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<td>DR 1(1)(b)</td>
<td>The benchmark statement shall state, where available, the international securities identification number (ISIN) of the benchmark or benchmarks; alternatively, for a family of benchmarks, the statement may provide details of where the ISINs are publicly accessible free of charge.</td>
<td>FTSE International Limited does not currently assign ISINs to all of the indexes for which it is the administrator. Where ISINs have been assigned they can be found in the ISIN Codes for FTSE Russell Indexes document.</td>
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<td>1.4</td>
<td>Contributions of input data</td>
<td>The FTSE Fair Value Indexes Family does not use contributions of input data. Refer to 2.7 for further detail on input data.</td>
</tr>
<tr>
<td>DR 1(1)(c)</td>
<td>The benchmark statement shall state whether the benchmark, or any benchmark in the family of benchmarks is determined using contributions of input data.</td>
<td>The FTSE Fair Value Indexes Family does not use contributions of input data. Refer to 2.7 for further detail on input data.</td>
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<td>1.5</td>
<td>Regulated-data benchmark disclosures</td>
<td>The FTSE Fair Value Indexes Family is not a regulated-data benchmark. Constituent prices are sourced from venues other than those specified in Article (3)(24)(a). Exchange rates used in the calculation of the index series are sourced from entities other than those specified in Article (3)(24).</td>
</tr>
<tr>
<td>DR 1(d)</td>
<td>Specific disclosure requirements for regulated-data benchmarks. The benchmark statement shall state whether the benchmark or any benchmark in the family of benchmarks qualifies as a regulated-data benchmark including the specific provision by which the benchmark qualifies as that type, as listed under Title III of BMR</td>
<td>In addition to the information to be included pursuant to Article 1, for a regulated-data benchmark or, where applicable, family of regulated-data benchmarks, the benchmark</td>
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Ref | Regulatory requirement | FTSE International Limited’s Response
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 |  | statement shall state at least the following in its description of the input data: (a) indicate the benchmark’s qualification as a regulated-data benchmark; (b) the source of the input data used; and (c) for each source, the relevant type, as listed in Article 3(1)(24) of Regulation (EU) 2016/1011. |  
### 1.6 Significant and non-significant benchmarks disclosure
DR 1(d) | Specific disclosure requirements for significant and non-significant benchmarks: The benchmark statement shall state whether the benchmark or any benchmark in the family of benchmarks qualifies as a significant or non-significant benchmark including the specific provision by which the benchmark qualifies as that type, as listed under Title III of BMR. | The FTSE Fair Value Indexes Family includes only non-significant benchmarks according to point 27 of Article 3(1) of Regulation (EU) 2016/1011. 

### 2. Content

#### 2.1 Market reality
BMR 27(1)(a) | The benchmark statement shall clearly and unambiguously define the market or economic reality measured by the benchmark and the circumstances in which such measurement may become unreliable. | The FTSE Fair Value Indexes Family have been designed to reflect updates to the fair value of securities in markets that have closed prior to the index calculation point. 

The eligibility criteria for constituents are set out in the *FTSE Fair Value Indexes Ground Rules*. The constituents of each index within the FTSE Fair Value Indexes Family are drawn from the constituents of the corresponding underlying index as defined in the *FTSE Fair Value Indexes Ground Rules* (‘the underlying indexes’).

The base currency of the FTSE Fair Value Indexes Family can be found in the *FTSE Fair Value Indexes Ground Rules*.

Benchmarks may be calculated using different calculation rules. Examples include:
- benchmarks calculated on a price (capitalisation) only basis;
- benchmarks calculated on a net of total return basis;
- benchmarks calculated on a total return basis.

Details of the calculation methodologies employed are set out in the *FTSE Fair Value Indexes Ground Rules*.

The FTSE Fair Value Indexes Family uses as input data fair value prices provided by Interactive Data Corporation priced at the close of New York Stock Exchange at 16:00 Easter Standard time using WM/Reuters 16:00 EST rates. The measurement of the underlying
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<td><strong>2.2 Use of discretion</strong></td>
<td>The benchmark statement shall lay down technical specifications that clearly and unambiguously identify the elements of the calculation of the benchmark in relation to which discretion may be exercised, the criteria applicable to the exercise of such discretion and the position of the persons that can exercise discretion, and how such discretion may be subsequently evaluated.</td>
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<td>BMR27(1)(b)</td>
<td>The Ground Rules, polices and methodology documents listed in the appendix underpin FTSE Fair Value Indexes Family and are written with the intent of removing the need for judgement or discretion to be exercised in so far as is feasible.</td>
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<td><strong>2.3 External factors</strong></td>
<td>The benchmark statement shall provide notice of the possibility that factors, including external factors beyond the control of the administrator, may necessitate changes to, or the cessation of, the benchmark.</td>
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<td>BMR27(1)(c)</td>
<td>FTSE International Limited hereby provides notice to users of the FTSE Fair Value Indexes Family that it is possible that circumstances, including external events beyond the control of FTSE International Limited, may necessitate changes to, or cessation of, the index series family. Further information about such factors is detailed in the <em>Index Series Decommissioning Statement</em>.</td>
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<td><strong>2.4 Changes to/cessation of benchmark</strong></td>
<td>The benchmark statement shall advise users that changes to, or the cessation of, the benchmark may have an impact upon the financial contracts and financial instruments that reference the benchmark or the measurement of the performance of investment funds.</td>
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<td>BMR27(1)(d)</td>
<td>Any financial contracts or other financial instruments that reference the index series family or investment funds which use the FTSE Fair Value Indexes Family to measure their performance should be able to withstand, or otherwise address the possibility of changes to, or cessation of, the index series family.</td>
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<td><strong>2.5 Definitions of key terms</strong></td>
<td>A benchmark statement shall contain at least the definitions for all key terms relating to the benchmark.</td>
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<td>BMR27(2)(a)</td>
<td>The definitions of all key terms relating to the FTSE Fair Value Indexes Family can be found in the <em>Glossary of Terms used in FTSE Russell Methodology Documents</em>.</td>
</tr>
</tbody>
</table>
|     | DR 1(2) | (a) **Description of market/ economic reality**  
Refer to 2.1. |
|     | | (b) **Geographical boundaries**  
The geographical boundaries of the market measured by the FTSE Fair Value Indexes Family are determined by the eligibility criteria for the indexes within the family as set out in the *FTSE Fair Value Indexes Ground Rules*. |
|     | | (c) **Any other relevant information**  
Not applicable to this index series family (family of benchmarks that consists solely of non- |
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<td>A benchmark statement shall contain at least the rationale for adopting the benchmark methodology and procedures for the review and approval of the methodology.</td>
<td>The FTSE Fair Value Indexes Ground Rules reflect the economic reality the FTSE Fair Value Indexes Family was intended to measure as set out in response 2.1 above.</td>
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<td>Changes &amp; cessation to benchmark methodology</td>
<td>The approval of all new FTSE Russell indexes follows the governance process set out in the Governance Framework document. The FTSE Fair Value Indexes Ground Rules are subject to regular review by FTSE International Limited, via its governance process, to ensure that they continue to best reflect the aims of the index series.</td>
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<td>In specifying the procedures for review of the methodology, the benchmark statement shall at least outline the procedures for public consultation on any material changes to the methodology.</td>
<td>Proposals for significant amendments to the methodology of this index series family will be subject to consultation. The procedures for consultation are documented in the Policy for Benchmark Methodology Changes. Feedback from consultations is considered and any consequent methodology changes are approved by the FTSE Russell Product Governance Board. Announcements are made detailing the changes prior to their implementation.</td>
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<td>A benchmark statement shall contain at least the criteria and procedures used to determine the benchmark, including a description of the input data, the priority given to different types of input data, the minimum data needed to determine a benchmark, the use of any models or methods of extrapolation and any procedure for rebalancing the constituents of a benchmark’s index.</td>
<td>Input data for the index series family consists of fair value prices sourced via vendors. FTSE International considers this to be readily available data. The criteria and procedures used to determine and rebalance the benchmarks within the FTSE Fair Value Indexes Family can be found in the FTSE Fair Value Indexes Ground Rules. Supplementary information can be found in the documents provided in the appendix to this benchmark statement. Exchange rates sourced from WM/Reuters also constitute input data as confirmed by the ESMA Questions and Answers On the Benchmarks Regulation published on 18 December 2018.</td>
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<td>A benchmark statement shall contain at least the controls and rules that govern any exercise of judgement or discretion by the administrator or any contributors, to ensure consistency in the use of such judgement or discretion.</td>
<td>The circumstances in which judgement and/or discretion may be exercised are set out in response 2.2 above. The Exercise of Expert Judgement in FTSE Russell Indexes policy provides for the Index Policy team to exercise expert judgement in certain circumstances and sets out the conditions in which clients and other affected stakeholders may be consulted. The policy further sets out the requirements to keep records of the exercise of expert judgement,</td>
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<td>BMR27(2)(d)</td>
<td>In specifying the controls and rules that govern any exercise of judgement or discretion by the administrator or any contributors in calculating the benchmark or benchmarks, the benchmark statement shall include an outline of each step of the process for any ex post evaluation of the use of discretion, together with a clear indication of the position of any person(s) responsible for carrying out the evaluations</td>
<td>and for the instances of such exercise to be reviewed and, if appropriate, for those instances to be reported to the FTSE Russell Product Governance Board.</td>
</tr>
<tr>
<td>RTS 1(4)</td>
<td>In specifying the controls and rules that govern any exercise of judgement or discretion by the administrator or any contributors in calculating the benchmark or benchmarks, the benchmark statement shall include an outline of each step of the process for any ex post evaluation of the use of discretion, together with a clear indication of the position of any person(s) responsible for carrying out the evaluations</td>
<td>For the purposes of determining the indexes within the FTSE Fair Value Indexes</td>
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2.9 Determination of the benchmark in stress periods

BMR27(2)(e)  A benchmark statement shall contain at least the procedures which govern the determination of the benchmark in periods of stress or periods where transaction data sources may be insufficient, inaccurate or unreliable and the potential limitations of the benchmark in such periods.

External events can on occasion make it difficult for investors to trade securities on certain markets. Such events include: the temporary closure of a stock exchange; government, central bank or monetary authority imposed restrictions on the repatriation of foreign capital; and the imposition of sanctions preventing new investment in a country.

In such circumstances, FTSE International Limited will follow the index policies below:

- Index Policy in the Event Clients are Unable to Trade a Market;
- Index Policy for Trading Halts and Market Closures.

These policies set out the contingency prices that will be used for affected constituents in such circumstances; these are generally the official closing price published by the exchange as set out in the Closing Prices Used for Index Calculation guide. In certain circumstances, these will default to the last traded price. If those constituents continue to trade on venues that are not eligible for use by the FTSE Fair Value Indexes Family, or if they trade over-the-counter, the benchmark may cease to provide an accurate representation of the underlying economic reality.

2.10 Errors in input data

BMR(27)(2)(f)  A benchmark statement shall contain at least the procedures for dealing with errors in input data or in the determination of the benchmark, including when a re-determination of the benchmark is required.

The FTSE Fair Value Indexes Family is recalculated whenever errors or distortions occur that are deemed to be significant. Further details can be found in the Recalculation Policy and Guidelines – Equity Indexes.

Users of the FTSE Fair Value Indexes Family are notified of any decisions to recalculate and/or restate an index through appropriate media.

2.11 Potential limitations

BMR(27)(2)(g)  A benchmark statement shall contain at least the identification of potential limitations of the benchmark, including its operation in illiquid or fragmented markets and the possible concentration of inputs.

The potential limitations of the FTSE Fair Value Indexes Family include circumstances where a significant proportion of the closing prices of constituents of the benchmarks are unavailable, for example because a trading venue experiences an unexpected outage or closure, or an eligible market imposes restrictions on the repatriation of capital, or an eligible market is subject to sanctions from the USA or the European Union.

(a) and (b) For the purposes of determining the indexes within the FTSE Fair Value Indexes...
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<td>benchmark and the circumstances in which the measurement of the relevant market or economic reality may become unreliable, the benchmark statement shall include at least:</td>
<td>Family, the methodology specifies that the exchange official closing prices of the affected constituents will be used. In certain circumstances, these will default to the last traded price. This ensures that the benchmarks can continue to be determined and that the values and pay-offs of financial contracts and financial instruments that reference the benchmark can continue to be calculated. However, if the affected constituents continue to trade over-the-counter or on other venues, the benchmarks may cease to provide an accurate representation of the underlying economic reality.</td>
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<td></td>
<td>(a) a description of the circumstances in which the administrator would lack sufficient input data to determine the benchmark according to the methodology;</td>
<td>(c) Not applicable to this index series family (family of benchmarks that consists solely of non-significant benchmarks).</td>
</tr>
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<td></td>
<td>(b) where relevant, a description of instances when the accuracy and reliability of the methodology used for determining the benchmark can no longer be ensured, such as when the administrator deems the liquidity in the underlying market as insufficient;</td>
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<td></td>
<td>(c) Any other information that the administrator reasonably considers to be relevant or useful to help users and potential users to understand the circumstances in which the measurement of the market or economic reality may become unreliable, including a description of what might constitute an exceptional market events.</td>
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</table>

### 3. Review and update of benchmark statements

**3.1 Review and update of benchmark statement**

An update of the benchmark statement shall be required whenever the information contained in the statement ceases to be correct or sufficiently precise and including in any event in the following cases:

- (a) Whenever there is a change in the type of the benchmark;
- (b) Whenever there is a material change in the methodology used for determining the benchmark or, if the benchmark statement is for a family of benchmarks, in the methodology used for determining any benchmark within the family of benchmarks.

This benchmark statement is subject to regular review (at least once every two years) or whenever there are material changes to the methodology by FTSE International Limited to ensure that the benchmark statement is correct and sufficiently precise.
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<tr>
<td>4.1 Interest rate benchmarks disclosure</td>
<td>Specific disclosure requirements for interest rate benchmarks. The benchmark statement shall state whether the benchmark or any benchmark in the family of benchmarks qualifies as an interest rate benchmark including the specific provision by which the benchmark qualifies as that type, as listed under Title III of BMR. In addition to the information to be included pursuant to Article 1, for an interest rate benchmark or, where applicable, family of interest rate benchmarks, the benchmark statement shall include at least the following information: (a) a reference alerting users to the additional regulatory regime applicable to interest rate benchmarks under Annex I to Regulation (EU) 2016/1011; (b) a description of the arrangements that have been put in place to comply with that Annex.</td>
<td>Not applicable to this index series family.</td>
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<tr>
<td>DR 1 (1)(d)</td>
<td>DR 3</td>
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<tr>
<td>4.2 Commodity benchmarks disclosure</td>
<td>Specific disclosure requirements for commodity benchmarks. The benchmark statement shall state whether the benchmark or any benchmark in the family of benchmarks qualifies as commodity benchmark including the specific provision by which the benchmark qualifies as that type, as listed under Title III of BMR. In addition to the information to be included pursuant to Article 1, for a commodity benchmark or, where applicable, family of commodity benchmarks, the benchmark statement shall at least: (a) indicate whether the requirements of Title II of, or Annex II to, Regulation (EU) 2016/1011 apply to the benchmark, or family of benchmarks as prescribed by</td>
<td>Not applicable to this index series family.</td>
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<td>DR 1 (1)(d)</td>
<td>DR 4</td>
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<td>Ref</td>
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<td>Article 19 of that Regulation; (b) include an explanation as to why Title II of or, as the case may be, Annex II to that Regulation applies; (c) include in the definitions of key terms a concise description of the criteria that define the relevant underlying physical commodity; (d) where applicable, indicate where the explanations are published that the administrator is required to publish under paragraph 7 of Annex II to that Regulation.</td>
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<td>4.3 Critical benchmarks disclosure</td>
<td>Specific disclosure requirements for critical benchmarks. The benchmark statement shall state whether the benchmark or any benchmark in the family of benchmarks qualifies as a critical benchmark including the specific provision by which the benchmark qualifies as that type, as listed under Title III of BMR. In addition to the information to be included pursuant to Article 1, for a critical benchmark, or, where applicable, a family of benchmarks that contains at least one critical benchmark, the benchmark statement shall include at least the following information: (a) a reference alerting users to the enhanced regulatory regime applicable to critical benchmarks under Regulation (EU) 2016/1011; (b) a statement indicating how users will be informed of any delay in the publication of the benchmark or of a re-determination of the benchmark, and indicating the (expected) duration of measures.</td>
<td>Not applicable to this index series family.</td>
</tr>
<tr>
<td>4.4 EU Climate Transition Benchmarks and EU Paris-aligned</td>
<td>Specific disclosure requirements for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks.</td>
<td>Not applicable to this index series family.</td>
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<tr>
<td>4.5 ESG factors disclosure A13 (1)(d) A27 (2a)</td>
<td>Specific disclosure requirements for ESG factors.</td>
<td>The benchmarks within the FTSE Fair Value Index Series do not take account of ESG factors in the index design and do not pursue any ESG objectives.</td>
</tr>
<tr>
<td>4.6 Significant equity and bond benchmarks and EU Climate Transition and EU Paris-aligned Benchmarks A27 (2a)</td>
<td>Specific disclosure requirements for Significant equity and bond benchmarks and EU Climate Transition and EU Paris-aligned Benchmarks.</td>
<td>Not applicable to this index series family (family of benchmarks that consists solely of non-significant benchmarks and does not include an EU Climate Transition Benchmark or EU Paris-aligned Benchmark). International Limited does not administer any EU Climate Transition Benchmarks or any EU Paris-aligned Benchmarks.</td>
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Appendix

This Benchmark Statement should be read in conjunction with the following Ground Rules, methodology and policy documents which can be accessed using the links below:

Ground Rules

FTSE Fair Value Indexes Ground Rules

Index Methodology Guides

Corporate Actions and Events Guide for Market Capitalisation Weighted Indexes

Index Policy Documents

Recalculation Policy and Guidelines – Equity Indexes

Exercise of Expert Judgement in FTSE Russell Indexes

Index Policy for Trading Halts and Market Closures

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

Statement of Principles for FTSE Russell Equity Indexes

Index Support Documents

Glossary of Terms used in FTSE Russell Methodology Documents

ISIN Codes for FTSE Russell Indexes

FTSE Country Classification Process

Determining Nationality

Organizational Policies

Governance Framework

Benchmark Administration Governance and Conflicts of Interest Management

Index Series Decommissioning Statement

Policy for Benchmark Methodology Changes