



FTSE Gold Mines Index Series

v5.8



Contents

1.0	Introduction.....	3
2.0	Management Responsibilities.....	5
3.0	FTSE Russell Index Policies	7
4.0	Eligible Securities	9
5.0	Review of Index.....	13
6.0	Changes to Constituent Companies	15
7.0	Corporate Actions and Events.....	16
8.0	Data Sources	17
9.0	Calculation Schedule.....	18
	Appendix A: Further Information	19



Section 1

Introduction

1.0 Introduction

1.1 Ground Rules

1.1.1 This document sets out the Ground Rules for construction and management of the FTSE Gold Mines Index Series. Copies of the Ground Rules are available from FTSE Russell.

1.2 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 MTSNext Limited), Mergent, Inc., FTSE Fixed Income LLC and The Yield Book Inc.

1.3 Objectives

1.3.1 The FTSE Gold Mines Index Series is designed to reflect the performance of the world-wide market in the shares of companies, the revenues of which are primarily derived from the mining of gold. A company's eligibility is based on it being able to sustainably produce a minimum quantity of gold per annum, and on a minimum percentage of its revenues being derived from mined gold as set out in Rule 4.0.

1.4 The Indexes will be denominated in US dollars.

1.5 Regional Indexes for Europe/Middle East/Africa, Asia Pacific, and Americas will be calculated (Regional Indexes).¹

1.6 The Indexes are designed to be open-ended: there will be no fixed number of constituents and no set number of regions.

1.7 Base value for the FTSE Gold Mines Index and for each Regional Index is 1000.00 at close of business on Thursday, 31 December 1992.

1.8 Dividend yields will be calculated on the Index and Regional Indexes.

1.9 Total Return Indexes will be calculated on the Index and Regional Indexes.

¹ Saudi Arabia was assigned Secondary Emerging market status in March 2019. Securities will be eligible for inclusion in the FTSE Gold Mines Index Series from June 2019.

China A Shares (available under the Northbound China Stock Connect Scheme) will be assigned Secondary Emerging market status beginning in June 2019. The date on which securities will become eligible for the FTSE Gold Mines Index Series is to be confirmed.

- 1.10 The base currency of the benchmark is US Dollars (USD). Index values may also be published in other currencies.
- 1.11 FTSE Russell hereby notifies users of the index series 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 series and therefore, any financial contracts or other financial instruments that reference the index series or investment funds which use the index series to measure their performance should be able to withstand, or otherwise address the possibility of changes to, or cessation of, the index series.
- 1.12 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 series 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 (or any person concerned with the preparation or publication of these Ground Rules) for any losses, damages, claims and expenses suffered by any person as a result of:
- any reliance on these Ground Rules, and/or
 - any errors or 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 errors or inaccuracies in the compilation of the index series or any constituent data.
- 1.13 **These Ground Rules**
- 1.13.1 These Ground Rules should be read in conjunction with the Corporate Actions and Events Guide which can be accessed using the link below:
- [Corporate Actions and Events Guide.pdf](#)



Section 2

Management Responsibilities

2.0 Management Responsibilities

2.1 FTSE International Limited (FTSE)

2.1.1 FTSE is the benchmark administrator of the index series.²

2.1.2 FTSE is responsible for the daily calculation, production and operation of the FTSE Gold Mines Index Series and will:

- maintain records of the index weightings of all constituents and monitored companies;
- make changes to the constituents and their weightings in accordance with the Ground Rules;
- maintain records of the gold production and corporate details of all constituents and potential entrants and will make changes to the constituents and their weightings in accordance with these Ground Rules;
- carry out the periodic index review of the index series 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 indexes.

2.2 FTSE Gold Mines Index Series Advisory Committee

2.2.1 The FTSE Gold Mines Index Series Advisory Committee has been established by FTSE Russell.

2.2.2 The FTSE Gold Mines Index Series Advisory Committee debates and provides guidance to FTSE Russell on proposals to amend these Ground Rules so that they might better determine the underlying economic reality that the index seeks to measure.

2.2.3 The FTSE Gold Mines Index Series Advisory Committee also provides guidance on those companies, both constituents and non-constituents that FTSE Russell should monitor with respect to their future eligibility for inclusion in the FTSE Gold Mines Index Series.

² 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).

2.2.4 The Terms of Reference of the FTSE Gold Mines Index Series Advisory Committee are available from FTSE Russell using the following link:

[FTSE Gold Mines Index Series Advisory Committee.pdf](#)

2.3 **Amendments to these Ground Rules**

2.3.1 These Ground Rules shall be subject to regular review 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 Product Governance Board before approval is granted.

2.3.2 As provided for in the Statement of Principles for FTSE Russell Equity Indexes, 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 Rules should subsequently be updated to provide greater clarity.



Section 3

FTSE Russell Index Policies

3.0 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

- 3.1.1 Full details of changes to constituent companies due to corporate actions and events can be accessed in the Corporate Actions and Events Guide using the following link:

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

3.2 Statement of Principles for FTSE Russell Equity Indexes (the Statement of Principles)

- 3.2.1 Indexes need to keep abreast of changing markets and the Ground Rules cannot anticipate every eventuality. Where the Ground 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 Product Governance Board.

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

[Statement of Principles.pdf](#)

3.3 Queries and Complaints

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

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

3.4 Index Policy for Trading Halts and Market Closures

- 3.4.1 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](#)

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

- 3.5.1 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.pdf](#)

3.6 **Recalculation Policy and Guidelines**

The FTSE Gold Mines Index Series is recalculated whenever errors or distortions occur that are deemed to be significant. Users of the FTSE Gold Mines Index Series are 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 Indexes.pdf](#)

3.7 **Policy for Benchmark Methodology Changes**

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

[Policy for Benchmark Methodology Changes.pdf](#)



Section 4

Eligible Securities

4.0 Eligible Securities

4.1 Gold Production

- 4.1.1 Any gold mining company, with a sustainable attributable share of production from mining in situ ore of 300,000 ounces a year or more, is eligible for inclusion in the index series. To demonstrate this, a potential entrant must produce the equivalent of at least 75,000 ounces per quarter for two consecutive calendar quarters or 150,000 ounces during that six-month period. To be eligible for the index series, an eligible gold mining company must derive 51 per cent or more of its revenue from mined gold. The revenue data will be taken from the latest available audited annual report.
- 4.1.2 An existing constituent will be considered for deletion from the index series if its output, measured on a rolling four-quarter basis, falls below the 300,000 oz/year level on two consecutive semi-annual reviews. To remain eligible for the index series, a gold mining company must continue to derive 51 per cent or more of its revenue from mined gold. The revenue data will be taken from the latest available audited annual report.
- 4.1.3 Eligibility of new securities formed as a result of the merger of companies on the Monitored List will be assessed as follows:

The combined production and revenue data for the one year preceding the official date of the merger of the individual securities will be assessed to determine eligibility. The newly-merged security will be considered for index inclusion at the next semi-annual review.

Liquidity will be tested from the official date of the merger.

4.2 Corporate Activity

- 4.2.1 Diversification into other metals, minerals or other activities may require deletion under this Rule, but will be subject to review for two consecutive semi-annual reviews before any action is considered.
- 4.2.2 To be included in the index series, a company must publish a minimum of six-monthly operating reports.

4.3 Investability Weighting

- 4.3.1 Ordinary/common and Depositary Receipts are eligible for inclusion in the Index subject to passing all the eligibility criteria required to be included in the FTSE Gold Mines Index Series.
- 4.3.2 Constituents of the FTSE Gold Mines Index Series are adjusted for free float and foreign ownership limits.

Further details on free float restrictions can be accessed using the following link:
[Free Float Restrictions.pdf](#)

A. Initial Weighting

Free float is calculated using available published information rounded to 12 decimal places. Companies with a free float of 5% or below are excluded from the index.

- B. **Foreign ownership restrictions.** FTSE Russell's index methodology takes account of the restrictions placed on the equity holdings of foreigners in a company where these have been imposed by a government, regulatory authority or the company's constitution.

Where the presence of a foreign ownership restriction creates a limit on foreign ownership (the Foreign Ownership Limit or FOL) that is more restrictive than the calculated free float for a company, the precise Foreign Ownership Limit is used in place of the free float for the purposes of calculating the company's investability weight.

If the foreign ownership restriction is less restrictive or equal to the free float restriction, the free float restriction is applied, subject to Rule 4.3.2 A.

- C. The FTSE Gold Mines Index Series will be periodically reviewed for changes in free float. These reviews will coincide with the quarterly reviews undertaken by FTSE Russell. Implementation of any changes will be after the close of business on the third Friday in March, June, September or December.

4.4 Minimum Voting Rights

- 4.4.1 Companies assigned a developed market nationality are required to have greater than 5% of the company's voting rights (aggregated across all of its equity securities, including, where identifiable, those that are not listed or trading) in the hands of unrestricted shareholders or they will be deemed ineligible for index inclusion. Emerging market securities are not subject to this requirement.
- 4.4.2 Existing constituents with a developed market nationality who do not currently meet the above requirement have a 5 year grandfathering period to comply. If subsequently they continue to fail the minimum voting rights requirement they will be removed from FTSE Russell indexes at the September 2022 review.
- 4.4.3 The percentage of a company's voting rights in public hands is calculated as:

$$\frac{\text{The number of votes in the hands of shareholders that are unrestricted as determined by the application of FTSE Russell free float definitions}}{\text{The total number of votes conferred by the shares outstanding of all the company's voting securities including those that have not been admitted to trading on a regulated venue}}$$

For example, Company A has 100m listed Class A shares each conferring one vote, free float is 65%. It also has 300m unlisted Class B shares each conferring 10 votes.

The test to assess whether the listed Class A line has the required greater than 5% of the company's voting rights is as follows:

$$\frac{65\text{m (i. e. } 100\text{m Class A voting rights} * 65\% \text{ float)}}{3.1\text{bn (i. e. } 100\text{m Class A} + 3\text{bn Class B)}} = 2.097\% \text{ of the company's voting rights in public hands}$$

4.5 **Nationality**

4.5.1 All securities included in FTSE Gold Mines Index Series are assigned a nationality in accordance with the rules as set out in the Nationality Statement. Details can be accessed using the following link:

[Determining_Nationality.pdf](#)



Section 5

Review of Index

5.0 Review of Index

5.1 FTSE Russell will carry out the semi-annual review in May and November and the resulting constituent changes will be implemented after the close of business on the third Friday in June and December. The index reviews will be based on data from the close of business on the last trading day in April and October.

5.2 The results of the periodic review will be shown to the FTSE Gold Mines Index Series Advisory Committee at their semi-annual meeting.

5.3 FTSE Russell will be responsible for publishing the outcome of the periodic review.

5.4 Liquidity

Calculating Liquidity:

Each security will be tested for liquidity semi-annually in May and November by calculation of its monthly median of daily trading volume.

Liquidity will be calculated for the May review from the first business day of May of the previous year to the last business day of April and for the November review from the first business day of November of the previous year to the last business day of October. When calculating the median of daily trading volume of any security for a particular month, a minimum of 5 trading days in that month must exist, otherwise the month will be excluded from the test.

For each month, the daily trading volume for each security is calculated as a percentage of the shares in issue for that day adjusted by the free float at the review cut off date. These daily values are then ranked in descending order and the median is taken by selecting the value for the middle ranking day if there is an odd number of days and the mean of the middle two if there is an even number of days.

Daily totals with zero trades are included in the ranking, therefore a security that fails to trade for more than half of the days in a month will have a zero median trading volume for that month.

Any period of suspension will not be included in the test.

For newly eligible securities where the testing period is less than 12 months, the liquidity test will be applied on a pro-rata basis.

Liquidity Thresholds:

- A. An existing constituent which, based on its median daily trading volume per month does not turnover at least 0.04% of its shares in issue (after the application of any free float weightings*) for at least eight of the twelve months prior to a full market review will be removed from the Index Series.
- B. A non-constituent which, based on its median daily trading volume per month, does not turnover at least 0.05% of its shares in issue (after the application of any free float weightings*) for at least ten of the twelve months prior to a full market review will continue to be excluded from the index series.
- C. New issues which do not have a twelve month trading record must turnover at least 0.05% of their shares in issue (after the application of any free float weightings)* based on their median daily trading volume each month, on a pro-rata basis since listing.

Newly eligible securities will be treated as new issues and liquidity will be tested from the date of eligibility. Trading records prior to this date will generally not be taken into account.

- D. In assessing liquidity, data will be aggregated from trading volume in the country in which the company is classified by FTSE and from any other trading venues, as approved by FTSE, operating in a similar time zone.
- E. The above percentage figures may be adjusted by up to 0.01% at a market review so that, in FTSE Russell's opinion, the index better reflects the liquid investable market of the region. This discretion may only be exercised across the whole of a region and may not be applied to individual securities or countries.

* When testing liquidity the free float weight as at the last date in the testing period will be used for the calculation for the whole of that period



Section 6

Changes to Constituent Companies

6.0 Changes to Constituent Companies

6.1 New Issues

6.1.1 The FTSE Gold Mines Index Series will not have intra-review additions. New issues will be reviewed for index inclusion at the next semi-annual review.

6.2 Removal

6.2.1 If a constituent is delisted from any of the eligible markets, ceases to have a firm quotation, is subject to a take-over or has, in the opinion of FTSE Russell ceased to be a viable constituent as defined by the Ground Rules, it will be removed from the FTSE Gold Mines Index Series.

Section 7

Corporate Actions and Events

7.0 Corporate Actions and Events

7.1 Full details of changes to constituent companies due to corporate actions and events can be accessed in the Corporate Actions and Events Guide using the following link:

[Corporate Actions and Events Guide.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.

7.2 Suspension of Dealing

Suspension of dealing rules can be found within the Corporate Actions and Events Guide.

7.3 Investability Weightings

7.3.1 Changes to free float for constituent securities are covered in the Corporate Actions and Events Guide.



Section 8

Data Sources

8.0 Data Sources

8.1 Stock Prices

8.1.1 Prices used will be last traded or mid-prices taken at official market close in the stock exchange where the principal market in an eligible company's shares takes place, or from any other appropriate market.

8.2 Exchange Rates

8.2.1 Exchange rates used for the Index will be the WM/Reuters Closing Spot Rates, taken at 16:00 hours UK time.



Section 9

Calculation Schedule

9.0 Calculation Schedule

9.1 The Index and Regional Indexes will be calculated once daily at approximately 21:30 hours UK time following the close of business on the New York and Toronto Stock Exchanges.

The Index and Regional Indexes will be calculated daily from Monday to Friday and published immediately following calculation. The Index and Regional Indexes will not be calculated when all the relevant stock markets are closed.



Appendix A: 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 Gold Mines Index Series 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.ftserussell.com

© 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.

The FTSE Gold Mines Index Series is calculated by or on behalf of FTSE International Limited or its affiliate, agent or partner. 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, FTSE Canada, Mergent, FTSE FI or 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 make any claim, prediction, warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the FTSE Gold Mines Index Series or the fitness or suitability of the Index Series for any particular purpose to which it might be put.

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.