FTSE/MV Exchanges Index
v2.0
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Section 1

Introduction

1.0 Introduction

1.1 This document sets out the Ground Rules for the construction and management of the FTSE/MV Exchanges Index by FTSE Russell. Copies of these Ground Rules are available from FTSE Russell.

1.2 The FTSE/MV Exchanges Index is designed to represent the performance of global quoted stock exchanges.

1.3 The FTSE/MV Exchanges Index does not take account of ESG factors in its index design.

1.4 The index is calculated and published in US Dollars.

1.5 The FTSE/MV Exchanges Index is calculated in real time and published every 60 seconds.

1.6 Capital and Total Return Indexes are available. The Total Return Indexes are based on ex dividend adjustments.

1.7 FTSE Russell


1.8 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.

1.9 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 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 or any constituent data.
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. ¹

2.1.2 FTSE is responsible for the daily calculation, production and operation of the 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;
- publish changes to the constituent weightings resulting from their ongoing maintenance.

2.1.3 The FTSE/MV Exchanges Index will not require periodic reviews.

2.2 Amendments to These Ground Rules

2.2.1 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.

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).
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 Queries and Complaints

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

Benchmark_Determination_Complaints_Handling_Policy.pdf

3.3 Index Policy for Trading Halts and Market Closures

3.3.1 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

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

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

FTSE_Russell_Index_Policy_in_the_Event_Clients_are_Unable_to_Trade_a_Market.pdf

3.5 Recalculation Policy and Guidelines

3.5.1 The FTSE/MV Exchanges Index is recalculated whenever errors or distortions occur that are deemed to be significant. Users of the FTSE/MV Exchanges Index 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
3.6 **Policy for Benchmark Methodology Changes**

3.6.1 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 Only quoted Exchange securities that are fully listed by way of ordinary shares or their equivalent on a stock exchange are eligible for the FTSE/MV Exchanges Index.

4.1.1 Only listed exchanges trading within a country classified as Developed, Advanced Emerging, Secondary Emerging or Frontier within the FTSE Country Classification framework are eligible for inclusion.

Full details of the Country Classification process can be found in the following document:

FTSE_Country_Classification_Paper.pdf

Current Country classification can be found using the following link:

Matrix-of-Markets_latest.pdf

4.2 Constituents of the FTSE/MV Exchanges Index are adjusted for free float.

Further details on free float restrictions can be accessed using the following link:

Free_Float_Restrictions.pdf

4.3 Initial Weighting

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

4.4 Where a company's shares are issued partly, or nil, paid and the call dates are already determined and known, the market price will, for the purposes of calculating its market capitalisation, be adjusted so as to include all such calls (i.e. the fully paid price).

4.5 Convertible preference shares and loan stocks are excluded until converted.

4.6 If a company selected under Rule 4.1 has multiple lines, these multiple lines will also be constituents of the FTSE/MV Exchanges Index.

4.7 Prices

Further details can be accessed using the following link:

Closing_Prices_Used_For_Index_Calculation.pdf
4.8 Minimum Voting Rights

4.8.1 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.

4.8.2 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.

4.8.3 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:

\[
\frac{65\text{m (i.e. 100m Class A voting rights × 65% float)}}{3.1\text{bn (i.e. 100m Class A + 3bn Class B)}} = 2.097\% \text{ of the company’s voting rights in public hands}
\]
Section 5

Index Qualification Criteria

5.0 Index Qualification Criteria

5.1 The FTSE/MV Exchanges Index comprises of all Stock Exchanges that are listed companies, which qualify under Section 4 as eligible for inclusion in the index.
Section 6

Changes to Constituent Companies

6.0 Periodic Review of Constituent Companies

6.1 Removal

6.1.1 A company will cease to be a constituent of the FTSE/MV Exchanges Index if the constituent delists from its primary exchange, or becomes ineligible under Section 4.

6.2 Additions/New Issues

6.2.1 If a stock exchange demutualises and becomes a listed security it will be eligible to be included in the FTSE/MV Exchanges Index, subject to Section 4. The new issue will become a constituent of the FTSE/MV Exchanges Index after the close of business on the fifth day of official trading. Advance notification confirming the timing of the inclusion of the new constituent will be given accordingly.
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 will provide notice advising of the timing of the change.

7.2 Shares in Issue

7.2.1 Changes to the number of shares in issue for constituent securities are covered in 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

Index Calculation

8.0 Index Calculation

The indices are calculated using the algorithm described below.

\[
\sum_{i=1}^{N} \left( \frac{p_i \times e_i \times s_i \times f_i}{d} \right)
\]

Where,

- \( i = 1, 2, \ldots, N \)
- \( N \) 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 for the security, as defined in these Ground Rules.
- \( f_i \) 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 for each security in the underlying index.
- \( d \) is the divisor, a figure that represents the total issued share capital of the index at the base date. The divisor can be adjusted to allow changes in the issued share capital of individual securities to be made without distorting the index.
## Appendix A: Index Opening and Closing Hours

<table>
<thead>
<tr>
<th>Index</th>
<th>Open</th>
<th>Close</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTSE/MV Exchanges Index</td>
<td>02:00</td>
<td>21:10</td>
</tr>
</tbody>
</table>

Closing values at 21:10 will be disseminated at 21:30.

Timings are UK hours.

The Index Series are calculated every weekday, when one or more of the constituent markets are open, however on 1 January, the indexes may not be disseminated. There is no separate calculation to accommodate the Saturday or Sunday opening of any market.
Appendix B: 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/MV Exchanges 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](mailto:info@ftserussell.com)

Website: [www.ftserussell.com](http://www.ftserussell.com)