

FAQs

FTSE  
Russell

---

# FTSE Italia PIR Indexes

FAQ

---



## Contents

---

<b>FTSE Italia PIR Indexes FAQ .....</b>	<b>3</b>
1. <b>Background .....</b>	<b>3</b>
2. <b>PIR Asset Allocation Requirements .....</b>	<b>3</b>
3. <b>What are FTSE Italia PIR Indexes? .....</b>	<b>3</b>
4. <b>What requirements are embedded? .....</b>	<b>4</b>
5. <b>What enhancements to liquidity and capacity screening have been made?.....</b>	<b>4</b>
6. <b>What segments of the Italian market do the indexes cover? .....</b>	<b>5</b>
7. <b>How can the indexes be used? .....</b>	<b>5</b>
8. <b>What is the governance process for the indexes?.....</b>	<b>5</b>
9. <b>What are the index codes?.....</b>	<b>6</b>
10. <b>Where can I find further information?.....</b>	<b>6</b>

# FTSE Italia PIR Indexes FAQ

---

## 1. Background

In December 2016 the Italian government introduced a tax-advantaged personal savings plan “Piani Individuali di Risparmio” (PIR), with specific focus on investment in Italian mid and small cap companies (excluding real estate).

Individual investors may allocate to a PIR account (managed by banks, securities firms, asset managers, insurance companies) up to €30k per year, to a maximum of €150k. After 5 years assets may be withdrawn exempt from capital gains and coupons/dividends taxes; PIR accounts are also exempt from inheritance taxes.

## 2. PIR Asset Allocation Requirements

The Law requires an asset allocation along three lines:

A - 30% completely free allocation (equities or bonds; domestic or international; issued by corporates or governments; listed or not listed);

B1 - 49% to be invested in securities issued by companies incorporated in Italy and not operating in the Real Estate business;

B2 - 21% to be invested in securities issued by companies incorporated in Italy, not operating in the Real Estate business and not included in the FTSE MIB Index.

As an initial stage, considering also the relative size of the Italian corporate bond market, FTSE Russell has decided to start calculating equities indexes only.

## 3. What are FTSE Italia PIR Indexes?

Launched in May 2017, the FTSE Italia PIR indexes are a set of indexes designed to meet the asset allocation requirements of the Piani Individuali di Risparmio. The indexes are derived from the flagship FTSE Italia Index Series (therefore they are free-float adjusted), applying PIR Law allocation constraints and aggregating baskets matching investors requirements.

Indexes included in the range:

- 1) FTSE Italia PIR PMI All Index
- 2) FTSE Italia PIR Mid Small Cap Index
- 3) FTSE Italia PIR PMI Plus Index

- 4) FTSE Italia PIR STAR Index
- 5) FTSE Italia PIR Benchmark Index
- 6) FTSE Italia PIR Benchmark STAR Index

## 4. What requirements are embedded?

FTSE Italia PIR Indexes are built in order to match PIR asset allocation requirements (see point 2). The first 4 indexes are focused on Italian mid small caps, the two latter also includes FTSE MIB blue chips, representing a benchmark for the whole Italian portion of PIR portfolios (B1 + B2 according to the description in answer 2).

All indexes are capped in order to address investment policies of UCITS set out in chapter VII of the UCITS Directive.<sup>1</sup>

**FTSE Italia PIR Benchmark Index** and **FTSE Italia PIR Benchmark STAR Index** are also subject to an initial capping requiring allocation of FTSE MIB shares to remain below 60% (cautionary approach to ensure compliance to PIR 70% threshold within Italian securities).

All capping is run on a quarterly basis.

## 5. What enhancements to liquidity and capacity screening have been made?

All shares listed on MTA (main Italian equity market) are subject to a liquidity screening before being included in FTSE Italia Mid Cap and FTSE Italia Small Cap Indexes, while the FTSE MIB Index constituent selection is aimed at identifying the top 40 shares by size and liquidity. With the exception of AIM Italia shares included in **FTSE Italia PIR PMI All Index**, all shares included in FTSE Italia PIR Indexes are built according to a minimum liquidity requirement.

**FTSE Italia PIR PMI Plus Index** is designed to select the top 80 shares by size and liquidity within the FTSE Italia Mid Cap and FTSE Italia Small Cap Indexes. **FTSE Italia PIR STAR Index** is designed to select the top 40 shares by size and liquidity within the FTSE Italia STAR Index. STAR is the segment of Borsa Italiana's main market dedicated to mid-small cap companies accepting higher requirements for free float, disclosure and governance.

**FTSE Italia PIR Benchmark Index** and **FTSE Italia PIR Benchmark STAR Index** are designed by aggregating the PIR-compliant FTSE MIB constituents from the FTSE Italia PIR PMI Plus and FTSE Italia PIR STAR Indexes, and then using an algorithm to select the top MTA shares by size and liquidity.

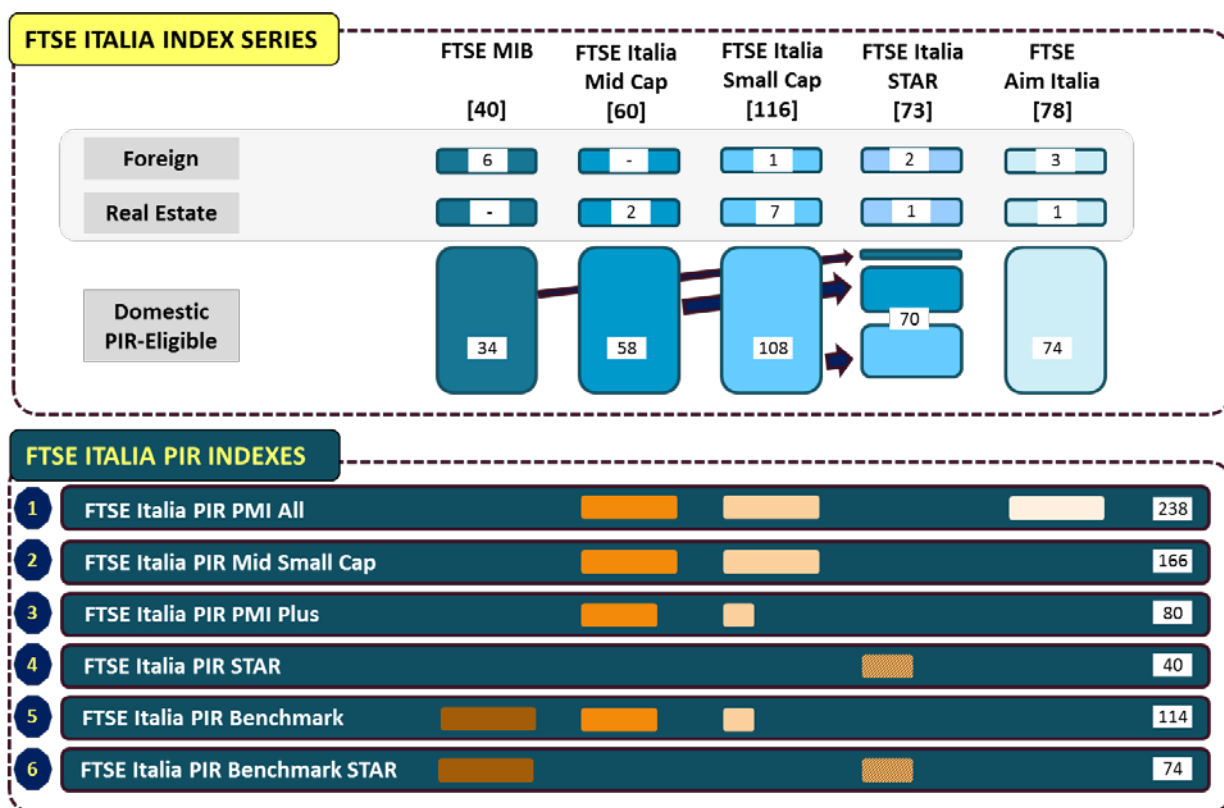
Indexes	FTSE Russell Liquidity Screening	Top Liquid Mid Small Caps	Top Liquid Mid Small Caps + FTSE MIB Blue Chips
FTSE Italia PIR PMI All	✓ (*)		
FTSE Italia PIR Mid Small Cap	✓		
FTSE Italia PIR PMI Plus	✓	✓	
FTSE Italia PIR STAR	✓	✓	
FTSE Italia PIR Benchmark	✓	✓	✓
FTSE Italia PIR Benchmark STAR	✓	✓	✓

(\*) AIM Italia shares are not subject to a liquidity screening

<sup>1</sup> DIRECTIVE 2009/65/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS)

## 6. What segments of the Italian market do the indexes cover?

FTSE Italia PIR indexes cover all segments of Borsa Italiana's equity markets, applying the asset allocation requirements mandated by the PIR law.



FTSE Russell analysis as of 22 May 2017

## 7. How can the indexes be used?

**FTSE Italia PIR PMI All** and **FTSE Italia PIR Mid Small Cap** indexes represent robust indicator of the universe of PIR-compliant shares listed on Borsa Italiana's equities markets.

**FTSE Italia PIR PMI Plus** and **FTSE Italia PIR STAR** may be used as efficient underlying of ETFs or securitised derivatives, given their focus on top mid-small caps by size and liquidity.

**FTSE Italia PIR Benchmark** and **FTSE Italia PIR Benchmark STAR** are suitable for the use of benchmarks of portfolios built from the whole set of PIR-compliant equities listed on Borsa Italiana's main market, including both blue chips and mid-small caps (B1+B2 of answer 2).

## 8. What is the governance process for the indexes?

FTSE Italia PIR Indexes have been designed based on industry best practice and on FTSE Russell's experience, with the aim of representing a standard, transparent basis to measure the Italian equity markets.

The FTSE Italia PIR Indexes are included in the [FTSE Italia Index Series Ground Rules](#), approved by FTSE Russell's Governance Board and freely available on the FTSE Russell website.

FTSE considers that the FTSE Italia Index Series meets the IOSCO Principles for Financial Benchmarks as published in July 2013.

## 9. What are the index codes?

Index Name	FTSE Russell Index Codes	Reuters Codes	Bloomberg Codes
FTSE Italia PIR PMI All Index	ITPIRPA	.FTITPIRPA .TRITPIRPA	
FTSE Italia PIR PMI All Net Tax Index	ITPIRPAN	.TRITPIRPAN	
FTSE Italia PIR Mid Small Cap Index	ITPIRMS	.FTITPIRMS .TRITPIRMS	
FTSE Italia PIR Mid Small Cap Net Tax Index	ITPIRMSN	.TRITPIRMSN	ITPIRMSN
FTSE Italia PIR PMI Plus Index	ITPIRPLUS	.FTITPIRPLUS .TRITPIRPLUS	
FTSE Italia PIR PMI Plus Net Tax Index	ITPIRPLUSN	.TRITPIRPLUSN	ITPIRPLN
FTSE Italia PIR STAR Index	ITPIRSTAR	.FTITPIRSTAR .TRITPIRSTAR	
FTSE Italia PIR STAR Net Tax Index	ITPIRSTARN	.TRITPIRSTARN	ITPIRSTN
FTSE Italia PIR Benchmark Index	ITPRBENCH	.FTITPRBENCH .TRITPRBENCH	
FTSE Italia PIR Benchmark Net Tax Index	ITPRBENCHN	.TRITPRBENCHN	ITPIRBEN
FTSE Italia PIR Benchmark STAR Index	ITPBNST	.FTITPBNST .TRITPBNST	
FTSE Italia PIR Benchmark STAR Net Tax Index	ITPBNSTN	.TRITPBNSTN	

## 10. Where can I find further information?

If you would like further information you can contact FTSE Russell on [info@ftserussell.com](mailto:info@ftserussell.com) Tel: 020 7866 1810.

## For more information about our indexes, please visit [ftserussell.com](http://ftserussell.com).

---

© 2017 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 TMX Global Debt Capital Markets Inc. and FTSE TMX Global Debt Capital Markets Limited (together, "FTSE TMX") and (4) MTSNext Limited ("MTSNext"). All rights reserved.

FTSE Russell® is a trading name of FTSE, Russell, FTSE TMX and MTSNext Limited. "FTSE®", "Russell®", "FTSE Russell®", "MTS®", "FTSE TMX®", "FTSE4Good®" and "ICB®" 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 TMX.

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 Russell Indexes or the fitness or suitability of the Indexes for any particular purpose to which they 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 from FTSE, Russell, FTSE TMX, MTSNext and/or their respective licensors.

Past performance is no guarantee of future results. Charts and graphs are provided for illustrative purposes only. Index returns shown may not represent the results of the actual trading of investable assets. Certain returns shown may reflect back-tested performance. All performance presented prior to the index inception date is back-tested performance. Back-tested performance is not actual performance, but is hypothetical. The back-test calculations are based on the same methodology that was in effect when the index was officially launched. However, back-tested data may reflect the application of the index methodology with the benefit of hindsight, and the historic calculations of an index may change from month to month based on revisions to the underlying economic data used in the calculation of the index.

This publication may contain forward-looking statements. These are based upon a number of assumptions concerning future conditions that ultimately may prove to be inaccurate. Such forward-looking statements are subject to risks and uncertainties and may be affected by various factors that may cause actual results to differ materially from those in the forward-looking statements. Any forward-looking statements speak only as of the date they are made and no member of the LSE Group nor their licensors assume any duty to and do not undertake to update forward-looking statements.

## About FTSE Russell

FTSE Russell is a leading global index provider creating and managing a wide range of indexes, data and analytic solutions to meet client needs across asset classes, style and strategies. Covering 98% of the investable market, FTSE Russell indexes offer a true picture of global markets, combined with the specialist knowledge gained from developing local benchmarks around the world.

FTSE Russell index expertise and products are used extensively by institutional and retail investors globally. More than \$10 trillion is currently benchmarked to FTSE Russell indexes. For over 30 years, leading asset owners, asset managers, ETF providers and investment banks have chosen FTSE Russell indexes to benchmark their investment performance and create investment funds, ETFs, structured products and index-based derivatives. FTSE Russell indexes also provide clients with tools for asset allocation, investment strategy analysis and risk management.

A core set of universal principles guides FTSE Russell index design and management: a transparent rules-based methodology is informed by independent committees of leading market participants. FTSE Russell is focused on index innovation and customer partnership applying the highest industry standards and embracing the IOSCO Principles. FTSE Russell is wholly owned by London Stock Exchange Group.

For more information, visit [ftserussell.com](https://ftserussell.com).