

FTSE4Good Index Series: Ground Rule Update

23 October 2015

FTSE announces that the FTSE4Good Index Series Ground Rules have been updated to include the FTSE4Good Emerging Markets Index, FTSE4Good ASEAN 5 Index and FTSE4Good Emerging Latin America Index.

Please note that Rule 6.3 Mergers and Takeovers has been updated as follows

Existing Rule:

6.3 Mergers and Takeovers

- 6.3.1 Following corporate events the social responsibility records of new corporate entities will be reconsidered in full at the next semi-annual review.
- 6.3.2 In the case of a takeover or merger between existing FTSE4Good Index constituents, the resulting new company will be eligible for inclusion in the relevant Indices. If such an event occurs in a FTSE4Good Tradable Index, the highest ranking eligible reserve list company will be added to the index.
- 6.3.3 In the case of a non-constituent taken over by a FTSE4Good Index constituent, the resultant entity will remain eligible for inclusion in the relevant Indices. The eligibility of the resultant entity will be assessed in full at the next semi-annual review.
- 6.3.4 In the case of a constituent taken over by a non-constituent, the resultant entity will not be eligible for inclusion in the FTSE4Good indices. The eligibility of the resultant entity will be assessed in full at the next semi-annual review. If such an event occurs in a FTSE4Good Tradable Index, the highest ranking eligible reserve list company will be added to the index.
- 6.3.5 In the case of a reverse-take over, the eligibility of the resultant entity will be dependent of the status of the dominant company within the merger/acquisition.
- 6.3.6 In the case of a demerger of a FTSE4Good Index constituent the resultant companies will be classified as eligible and remain eligible for inclusion in the FTSE4Good Indices. The eligibility of the resulting companies will be assessed in full at the next semi-annual review. If such an event occurs in a FTSE4Good Tradable Index the lowest ranking constituent will be removed from the index.
- 6.4 The Committee may, in exceptional circumstance, convene a special meeting to consider the eligibility of corporate entities arising from corporate events where these give rise to immediate concern as to the eligibility of the resulting companies.

New Rule:

6.3 Mergers and Takeovers

- 6.3.1 Where two FTSE4Good Index constituents merge, or one FTSE4Good Index constituent is acquired by another constituent, the resulting company will remain a constituent. If such an event occurs in a FTSE4Good Tradable Index, the highest ranking eligible reserve list company will be added to the index.
- 6.3.2 If a constituent of the FTSE4Good Index acquires a non-constituent, the resultant entity will remain a constituent of the index.
- 6.3.3 If an existing constituent is acquired by a non-constituent, the resultant entity will be deleted from the FTSE4Good Index. The eligibility of the resultant entity will be assessed in full at the next semi-annual review occurring at least 6 months after the takeover. If such an event occurs in a FTSE4Good Tradable Index, the highest ranking eligible reserve list company will be added to the index.
- 6.3.4 If a constituent splits and forms two or more companies and any of the new entities are retained in the underlying index (see Section 3.0), those new entities will be retained in the FTSE4Good Index. The eligibility of the resulting companies will be assessed in full at the next semi-annual review occurring at least 6 months after the demerger. If such an event occurs in a FTSE4Good Tradable Index the lowest ranking constituent will be removed from the index.
- 6.4 The Committee may, in exceptional circumstances, convene a special meeting to advise on the eligibility of corporate entities arising from corporate events where these give rise to immediate concern as to the eligibility of the resulting companies. FTSE Russell may determine that the circumstances are such that one or more of the resulting companies will be ineligible for the FTSE4Good Index.

Copies of the updated Ground Rules are now available on the FTSE website.

For further information or general enquiries please contact us at info@ftse.com or call:

Client Services in UK:	Tel: +44 (0) 20 7866 1810
Client Services in EMEA:	Tel: +44 (0) 20 7866 1810
Client Services in US:	New York: (Domestic) + 1 888 747 FTSE (3873) / (International): +1 212 314 1139

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