



## FTSE Global Equity Index Series

### Security Inclusion Criteria - Ground Rule Change

23 May 2016

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At the May 2016 meeting the FTSE Russell Governance Board approved the following revision to the FTSE Global Equity Index Series Ground Rules. These changes are effective from 20 June 2016.

#### Current Rule

##### 5.0 Security Inclusion Criteria

##### 5.1.1 The following are regarded as ineligible:

Companies whose business is that of holding equity and other investments (e.g. Investment Trusts) which are assumed by the Industry Classification Benchmark as Subsector equity investment instruments (8985) and Non-equity investment instruments which are assumed by the Industry Classification Benchmark as Subsector non-equity investment instruments (8995) will not be eligible for inclusion.

Limited Liability Partnerships (LLP), Limited Partnerships (LP), Master Limited Partnerships (MLP), Limited Liability Companies (LLC) and Business Development Companies (BDC) will not be eligible for inclusion.

Where a stapled unit comprises an eligible security and a non eligible security (such as non equity or an Investment Trust structure) the unit will not be eligible for inclusion.

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

Companies will be ranked by their full market capitalisation. A company's full market capitalisation will consist of any equity shares that are listed and in issue at the index review cut-off date in accordance with FTSE's shares in issue rules as set out in the Corporate Actions and Events Guide, Section 2, Rule 2.6 which can be accessed using the following link: [Corporate\\_Actions\\_and\\_Events\\_Guide.pdf](#)

Non-negotiable shares are included in the calculation of the full market capitalisation for Chinese companies.

Shares that have been listed but do not form part of a company's current issued share capital, such as treasury shares and shares pending issuance to an employee scheme, will be excluded from the full market capitalisation calculation.

#### New Rule

##### 5.1.1 The following are regarded as ineligible:

Companies whose business is that of holding equity and other investments (e.g. Investment Trusts) which are assumed by the Industry Classification Benchmark as Subsector equity investment instruments (8985) and Non-equity investment instruments which are assumed by the Industry Classification Benchmark as Subsector non-equity investment instruments (8995)

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**Securities which are subject to surveillance by the stock exchanges and have been assigned to any of the following segments will not be eligible for index inclusion. Where an existing constituent is assigned to an ineligible segment it will normally be deleted from the index at the next quarterly review and it will only be reconsidered for index inclusion after a period of 12 months from its deletion subject to it no longer being under surveillance. For the purposes of the index eligibility it will be treated as a new issue.**

Country	Exchange	Segment
China	Shanghai Stock Exchange Shenzhen Stock Exchange	Special Treatment (ST)
Malaysia	Bursa Malaysia	PN17
Singapore	Singapore Exchange	Watch-list
South Korea	Korea Exchange	Administrative Issues
Taiwan	Taiwan Stock Exchange	Altered Trading Method (ATM)
Thailand	Stock Exchange of Thailand	Companies facing possible delisting according to No. 9(6) of SET's Regulations on Delisting of Securities
Turkey	Borsa Istanbul	Watchlist

Appendix B: Eligible Classes of Securities has been updated to reflect these changes.

An updated version of the FTSE Global Equity Index Series Ground Rules is now available on the FTSE Russell website.

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