

FTSE Global Equity Index Series - Ground Rule Update

28 June 2018

FTSE Russell would like to inform clients of the following updates to the FTSE Global Equity Index Series Ground Rules which are effective immediately.

Section 7: Periodic Review of Constituents (revisions are highlighted in bold):

7.3.2 Value companies by full market capitalisation (shares in issue * price), group multiple lines, and rank companies (not securities) by full market **capitalisation (companies which are capped will be ranked based on their full capped market capitalisation (see Rule 7.3.4.))**.

- 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 Russell's shares in issue rules as set out in the Corporate Actions and Events Guide, which can be accessed using the following link:

www.ftse.com/products/downloads/Corporate_Actions_and_Events_Guide.pdf

- In determining the full market capitalisation of Chinese companies, non-negotiable shares and "A" shares are included in the calculation for index ranking purposes. However only the eligible share classes (as per Appendix G) will be included in the index.
- 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

7.3.3 Calculate the total market capitalisation of the regional universe by aggregating the full capitalisation of all eligible companies in the region.

7.3.4 Any company which has a full market capitalisation greater than 10% based on the total capitalisation of the regional universe will be capped at 10%. If no company requires capping, the 100% regional universe will be defined as per 7.3.1, otherwise the 100% regional universe will be recalculated by aggregating the capped total market capitalisation of all eligible companies in the region.

7.3.5 Throughout the review process all of a company's eligible securities will remain grouped, and companies as a whole, rather than individual securities are assigned to Large, Mid or Small Cap (see Rule 7.6).

7.3.6 Define the Index Universe - Ranked by full market capitalisation (**companies which are capped will be ranked based on their full capped market capitalisation**) in descending order, calculate the cumulative market capitalisations of all stocks in the regional universe and their relevant weights. The top 98% of the Regional Universe will be selected and forms the Index Universe.

An updated copy of the FTSE Global Equity Index Series Ground Rules (v7.5) is now available on the FTSE Russell website: www.ftserussell.com

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