

Russell US Equity Indexes – Construction & Methodology Update

23 August 2018

FTSE Russell would like to inform clients of the following updates to the Russell US Equity Indexes Construction and Methodology which are effective immediately.

Section 4: Basic Methodology

The following paragraphs have been added to the Construction and Methodology confirming the treatment of Variable and best effort IPOs

Fully Guaranteed IPOs (i.e. underwritten)

- The free float is assigned based on the post IPO shareholder structure contingent on this information being publicly available and disclosed in the appropriate filings prior to the IPO rank date. Otherwise, the free float will be based on the number of shares publicly offered at the time of the IPO.

Variable/Best Effort/Direct Listing IPOs

- To be considered as a quarterly addition, variable/best effort/direct listing IPOs will require a company press release, a company filing, a stock exchange notification, or a disclosure from a major shareholder which either confirms the actual number of shares sold on or prior to the IPO rank date, or confirms the post IPO shareholders structure.
- If the number of shares sold during the IPO, or the post IPO shareholder structure, remains unknown on the IPO rank date, the evaluation of the company will be deferred to the subsequent quarterly review (noting that the requisite information must be disclosed prior to the rank date of the following quarter to be considered).

For the avoidance of doubt:

- Shares which are locked up during the IPO will be considered for inclusion within the free float of a company only once the lock up has expired.
- Green shoes (underwriter overallotment options) will only be considered for inclusion within the free float of a company once the green shoe has been exercised and publicly confirmed (confirmation must be available on or prior to the rank date).

An updated copy of the FTSE Global Equity Index Series Ground Rules (v7.8) is now available on the FTSE Russell website: www.ftserussell.com

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