

FTSE UK Index Series - Fast Entry Ground Rule Update

04 October 2018

FTSE Russell would like to inform clients of the following update to the FTSE UK Index Series Ground Rules which is effective 1 November 2018.

Please note that any changes implemented before 1 November 2018 will be treated using the current Ground Rules.

8.5 Additions Outside of a Review (amendments highlighted in bold)

8.5.1 Definition of Fast Entry level

Full market capitalisation (i.e.) amounts to 1% or more of the full capitalisation of the FTSE All-Share (before the application of individual constituent investability weightings).

8.5.2 By definition, Fast Entry will result in a security being added only to the FTSE 100 index and broader indexes including the constituents of the FTSE 100.

8.5.3 A stock will be added to the list of constituents outside a review when:

- A. A new security (IPO), which satisfies the eligibility criteria and the screens other than the liquidity screen, is eligible for Fast Entry when its full market capitalisation (i.e. before the application of any investability weighting) using the closing price on the first day of trading is greater than the Fast Entry Level. The addition of a new security to the FTSE 100 index will be implemented after the close of business on the fifth day of trading. In the event of the fifth day of trading being in close proximity to an index review, FTSE may use its discretion to include a fast entrant at the index review date following advance notice. The security which is the lowest ranking constituent of the index will be selected for removal and related indexes adjusted in accordance with Rules 9.3.2 and 9.3.3.

Please note: Only those shares being offered for sale in the IPO will be included within the index weighting at the time of fast entry inclusion (subject to not being categorised as restricted shares as defined within the Free Float Restrictions document).

For illustration purposes: Company A offers 18% of its shares for sale at the time of the IPO (of these 3% are taken up by cornerstone investors which are locked in for 180 days). Company A will be added with an initial investability weighting of 15%*.

Company B offers 20% of its shares for sale at the time of the IPO of which none are identified as being taken up by restricted holders. Company B will be added with an initial investability weighting of 20%*.

***subject to satisfying all eligibility criteria including minimum float requirement as detailed in rules 5.1.2 and 5.1.3.**

- B. A new security (IPO) which does not qualify as an immediate fast entrant to the index will be re-considered for inclusion into the FTSE All-Share at the next review. New issues will not be eligible for inclusion in the FTSE Fledgling other than at the Annual Review.

- C. At the subsequent annual review, securities added to the FTSE 100 as fast entrants will have their liquidity assessed on a pro-rata basis.
- D. New issues, including demutualisations, which do not qualify as fast entrants will become eligible for inclusion at the next quarterly review of constituents providing they have, since the commencement of Official non-conditional trading, a minimum trading record of at least 20 trading days prior to the date of the review and turnover as defined under Rule 6.3.
- E. An existing security that has become newly eligible, for example a security transferring from AIM to a Premium UK (Main Market) listing, will be reviewed for inclusion at the next quarterly review and will be subject to normal eligibility rules including a minimum 20 day trading record based on turnover undertaken on the Main Market only.
- F. In the case of demutualisations otherwise qualifying for fast entry, but upon listing the entire free float of a new eligible security is immediately transferred to private shareholders the addition of the security will be deferred for 20 working days after Official non-conditional trading has commenced provided that adequate liquidity over the intervening period (as defined under Rule 6.3) is demonstrated.

An updated copy of the FTSE UK Index Series Ground Rules (v13.6) is now available on the FTSE Russell website: www.ftserussell.com

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