

FTSE UK Index Series – Guide to Calculation Method for the Median Liquidity Test - Update

28 March 2019

FTSE Russell would like to inform clients of the following update to the FTSE UK Index Series Guide to Calculation Method for the Median Liquidity Test which is effective immediately:

Section 2: Liquidity Screening Process **(update highlighted in bold)**

Each security will be tested for liquidity annually in June by calculation of its monthly median of daily trading volume.

For the annual test, liquidity will be calculated from the first business day in May of the previous year to the last business day of April in the current year.

For each month, the daily volume for each security is calculated as a percentage of the shares in issue for that day adjusted by the free float at the end of the month. These daily values are then ranked in descending order and the median is taken by selecting the value for the middle ranking day if there is an odd number of days and the mean of the middle two if there is an even number of days.

Where the testing period is less than 12 months, the liquidity test will be applied on a pro-rata basis (please refer to Appendix A).

When calculating the median of daily trading volume of any security for a particular month, a minimum of 5 trading days in that month must exist, otherwise the month will be excluded from the test.

Daily totals with zero trades are included in the ranking, therefore a security that fails to trade for more than half of the days in a month will have a zero median trading volume for that month.

Only exchange trading days will be included in the calculation i.e. exchange holidays will be excluded.

Any period of suspension will not be included in the test.

Where a security has a market quote in multiple currencies, only volume data from the eligible Sterling quote will be used in the liquidity test.

An updated copy of the FTSE UK Index Series Guide to Calculation Method for the Median Liquidity Test (v1.7) is now available using the following link:

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

Or on the FTSE Russell website: www.ftserussell.com

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