

FTSE Global Equity Index Series – Additions Outside of a Review - Ground Rule Update

02 March 2020

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

8.0 Additions Outside of a Review (update in bold)

8.1.1 A security with a free float of 5% or below must have an investable market capitalisation that exceeds 10 times the regional inclusion percentage level (see Rule 7.6.2) to be eligible for fast entry. Such securities will be assigned to the Large Cap index.

A security with a free float exceeding 5% must meet both a full market capitalisation threshold at company level and an investable market capitalisation threshold at security level in order to be eligible for fast entry.

- The full market capitalisation threshold is defined as 1.5 times the Mid Cap inclusion level (see Rule 8.1b).

For example, if the 86% Mid Cap inclusion level is 10bn USD. The full market capitalisation fast entry threshold at company level will be $10\text{bn} * 1.5 = 15\text{bn USD}$

- The investable market capitalisation threshold is defined as 0.5 times the Mid Cap inclusion level.

For example, if the 86% Mid Cap inclusion level is 10bn USD. The investable market capitalisation fast entry threshold at security level will be $10\text{bn} * 0.5 = 5\text{bn USD}$.

Where a security passes both the full market capitalisation and investable market capitalisation test, it will be assigned to the Large Cap index subject to its full market capitalisation breaching the Large Cap inclusion level (see 8.1a), otherwise it will be assigned to the Mid Cap index.

Notes:

- Only shares offered at the time of the IPO will be included within the investable market capitalisation calculation for the purposes of evaluating fast entry eligibility, and if eligible, the offering shares only will be included within the index calculation.
- When evaluating the investability weight of a potential IPO fast entry, FTSE Russell will restrict all shares that are only available to domestic retail investors. The shares that are only available to domestic retail investors will be evaluated for free float at a subsequent review. Additionally, any incentives to hold the offered shares will render those shares restricted from free float until the incentives have expired.**
- Foreign investors are prohibited from participating in China A IPO's via the Stock Connect access route, hence China A Share IPO's will be assessed for index eligibility at the next index review, subjecting to meeting the requirements detailed in Rule 8.1.3 B Shares being offered as a greenshoe (over allotment option) and locked-up shares will be excluded from the investable

market capitalisation calculation and excluded from the index calculation at the time of fast entry.

An updated copy of the FTSE Global Equity Index Series Ground Rules (v9.3) is now available using the following link: [FTSE_Global_Equity_Index_Series.pdf](#)

Or on the FTSE Russell website: [ftserussell.com](#)

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