



FTSE Global Equity Index Series: Ground Rule Update - Minimum Voting Rights

22 December 2021

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

Section 6: Screens Applied to Eligible Securities (clarification shown in bold below)

6.1 Minimum Voting Rights

- 6.1.1 Companies assigned a developed market nationality (please see Appendix E for a list of developed markets) are required to have greater than 5% of the company's voting rights (aggregated across all of its equity securities, including, where identifiable, those that are not listed or trading) in the hands of unrestricted shareholders or they will be deemed ineligible for index inclusion. Shares referenced as "non-voting" or provide legally minimum rights only will be viewed as having no voting power as it relates to the minimum voting rights review. Emerging market securities are not subject to this requirement.
- 6.1.2 Existing constituents with a developed market nationality which do not currently meet the above requirement have a 5 year grandfathering period to comply. If subsequently they continue to fail the minimum voting rights requirement they will be removed from FTSE Russell indices at the September 2022 review.
- 6.1.3 The percentage of a company's voting rights in public hands is calculated as:

$$\frac{\text{The number of votes in the hands of shareholders that are unrestricted as determined by the application of FTSE Russell free float definitions}}{\text{The total number of votes conferred by the shares outstanding of all the company's voting securities including those that have not been admitted to trading on a regulated venue}}$$

For example, Company A has 100m listed Class A shares each conferring one vote, free float is 65%. It also has 300m unlisted Class B shares each conferring 10 votes.

The test to assess whether the listed Class A line has the required greater than 5% of the company's voting rights is as follows:

$$\frac{65\text{m (i.e. 100m Class A voting rights * 65\% float)}}{3.1\text{bn (i.e. 100m Class A + 3bn Class B)}} = 2.097\% \text{ of the company's voting rights in public hands}$$

Please note: For the avoidance of doubt, where a UK company with a Dual Class Share Structure (DCSS) has Specified Weighted Voting Rights shares (SWVRs), the SWVRs will generally be deemed to confer one vote per share for the purposes of the minimum voting rights test. However, if FTSE Russell becomes aware that a change in control has occurred which has triggered the enhanced voting power on all matters, in accordance with the SWVR guidelines as defined by the FCA, the enhanced voting ratio will be used for the purposes of the test.

An updated copy of the FTSE Global Equity Index Series Ground Rules (v11.1) is now available using the following link: [FTSE_Global_Equity_Index_Series.pdf](#)

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

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