

## Foreign Ownership Restrictions and Minimum Foreign Headroom Requirement – Update

20 May 2022

FTSE Russell would like to inform clients of clarification updates to the Foreign Ownership Restrictions and Minimum Foreign Headroom Requirement which is effective immediately.

The following documents have been updated and are now available on the FTSE Russell website: [www.ftserussell.com](http://www.ftserussell.com)

- Foreign Ownership Restrictions and Minimum Foreign Headroom Requirement document (v1.7)
- FTSE UK Index Series Foreign Ownership Restrictions and Minimum Foreign Headroom Requirement (v1.4)
- FTSE Global Equity Index Series - 2022 Index Review FAQ
- FTSE EPRA Nareit Index Series - 2022 Index Reviews FAQ

Illustrative update to the Foreign Ownership Restrictions and Minimum Foreign Headroom Requirement document (v1.7):

### C. Minimum Foreign Headroom Requirement

FTSE Russell defines “foreign headroom” as the percentage of shares available to foreign investors as a proportion of the company’s Foreign Ownership Limit (FOL), i.e.  $(FOL - \text{foreign holdings})/FOL$ . For example, if a company has a foreign ownership limit, of 49%, of which 39% is held by foreign investors, the foreign headroom will be calculated as 20.41% i.e.  $(49\% - 39\%)/49\%$ .

- For a non-constituent that is subject to foreign ownership limit, a minimum headroom of 20% must be available in order to be added to the index.
- For an existing constituent that is subject to foreign ownership limit, a minimum headroom of 10% must be available.

Headroom tests are conducted in conjunction with the March, June, September and December quarterly reviews.

**For constituent securities, headroom is tested based on data as of the quarterly shares in issue and free float cut-off date in March, June, September and December.**

**For non-constituent securities, headroom is tested based on data as of the review cut-off date in March, June, September, December.**

**Please note:**

- **the headroom test will take into account any foreign ownership limit changes scheduled to take effect up to and including the review effective date, based on information as of the shares in issue and free float cut-off date.**
- **the China and India markets provide disclosures of securities which are close to or have reached permissible foreign ownership limits, therefore any securities which are being removed from the North Bound Stock Connect Buy List (China) or being added to the Red Flag and/or Breach List (India) (based on data as of one day prior to the review announcement date), will not be eligible for index addition.**

---

For further information please contact FTSE Russell Client Services at [info@ftserussell.com](mailto:info@ftserussell.com) or call:

Australia	+1800 653 680
Hong Kong	+852 2164 3333
Japan	+81 3 6441 1440
London	+44 (0) 20 7866 1810
New York	+1866 551 0617

Alternatively please visit our website at [www.ftserussell.com](http://www.ftserussell.com)

[Terms of Use](#) | Copyright © 2022 FTSE Russell