



FTSE Global Equity Index Series - Free Float Ground Rule Clarification

10 October 2013

At the September 2013 meeting the FTSE Policy Group approved the following rule clarification to the FTSE Global Equity Index Series.

Please note the following changes to paragraphs E and F of the ground rules with immediate effect.

OLD RULE

C. Initial weighting

Free float restrictions will be calculated using available published information. For Equity Shares of companies which have been admitted to the Index that have a free float greater than 5%, the actual free float will be rounded up to the next highest whole percentage number. Companies with a free float of 5% or below are not eligible for inclusion in the Index.

D. Changes in free float

The FTSE Global Equity Index Series will be periodically reviewed for changes in free float. These reviews will coincide with the quarterly reviews* undertaken by the FTSE Regional Committees. Implementation of any changes will happen at the close of business on the third Friday in March, June, September or December.

* In the event that a company is subject to a takeover or merger offer its free float will not be changed until the offer has completed (or lapsed). However, free float may still be changed if it directly reflects a corporate event.

A constituent's free float will also be reviewed and adjusted if necessary:

by identifying information which necessitates a change in free float weighting (for further information please refer to Guide to Calculation Methods see Section 11) or following a corporate event.

E. Corporate events and actions

If a corporate event includes a corporate action which affects the index, any change in free float will be implemented at the same time as the corporate action. If there is no corporate action, the change in free float will be applied as soon as possible after the corporate event, subject to Rule 6.4.1 F.

F. Percentage point thresholds

Following the application of an initial free float restriction, a constituent's free float

will only be changed if its rounded free float moves to more than 3 percentage points above or below the existing rounded free float. Where a company's actual free float moves to above 99%, it will not be subject to the 3 percentage points threshold and will be rounded to 100%.

A constituent with a free float of 15% or below will not be subject to the 3 percentage points threshold.

G. Foreign ownership restrictions

Foreign ownership restrictions, if any, will be applied after calculating the actual free float restriction, as detailed in Rule 6.4.1.C.

If the foreign ownership restriction is more restrictive than the free float restriction, the precise foreign ownership restriction is applied.

If the foreign ownership restriction is less restrictive or equal to the free float restriction, the free float restriction is applied, subject to Rule 6.4.1 C.

NEW RULE

C. Initial weighting

Free float restrictions will be calculated using available published information. For Equity Shares of companies which have been admitted to the Index that have a free float greater than 5%, the actual free float will be rounded up to the next highest whole percentage number. Companies with a free float of 5% or below are not eligible for inclusion in the Index.

D. Percentage point thresholds

Following the application of an initial free float restriction, a constituent's free float will only be changed if its rounded free float moves to more than 3 percentage points above or below the existing rounded free float. Where a company's actual free float moves to above 99%, it will not be subject to the 3 percentage points threshold and will be rounded to 100%.

A constituent with a free float of 15% or below will not be subject to the 3 percentage points threshold.

E. After takeover or merger

Following a takeover or merger involving one or more index constituents any free float restriction will be based on restricted holdings in the successor company and applied in accordance with Rule 6.4.1 A. For the avoidance of doubt, any holding or holdings which are treated as restricted in the index because they exceed 10% in any party to the takeover or merger will continue to be treated as restricted unless such holding or holdings fall below 7% in the successor company.

F. Changes in free float

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*** In the event that a company is subject to a takeover or merger offer, any change in free float restriction in accordance with Rule 6.4.1 E will be implemented when the offer has completed (or lapsed) unless it directly reflects a corporate action independent of and not conditional on the takeover or merger completing or lapsing.**

A constituent's free float will also be reviewed and adjusted if necessary:

by identifying information which necessitates a change in free float weighting (for further information please refer to Guide to Calculation Methods see Section 11) or following a corporate event.

G. Corporate events and actions

If a corporate event includes a corporate action which affects the index, any change in free float will be implemented at the same time as the corporate action. If there is no corporate action, the change in free float will be applied as soon as possible after the corporate event, subject to Rule 6.4.1 D.

H. Foreign ownership restrictions

Foreign ownership restrictions, if any, will be applied after calculating the actual free float restriction, as detailed in Rule 6.4.1.C.

If the foreign ownership restriction is more restrictive than the free float restriction, the precise foreign ownership restriction is applied.

If the foreign ownership restriction is less restrictive or equal to the free float restriction, the free float restriction is applied, subject to Rule 6.4.1 C.

An updated version of the FTSE Global Equity Index Series Ground Rules is now available on the FTSE website.

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