

FTSE UK Index Series - Ground Rule Update

04 March 2021

FTSE Russell would like to inform clients of the following update to the FTSE UK Index Series Ground Rules which is effective immediately.

Appendix C: FTSE 350 Yield Indexes - Review Process and Maintenance **(Update in bold)**

- A The annual review of the FTSE 350 Yield Indexes will be conducted in June based on data as at the close of business on the Tuesday before the first Friday of the month. There are two yield indexes; Higher Yield representing securities with above average yields and Lower Yield representing those with below average yields.

Step A1: Start with the constituents of the FTSE 350 taking into account any additions and deletions resulting from the June index review.

- Step A2:
- a) Take the annual dividend and closing price as at the data cut-off date to calculate the Gross Annual Dividend Yield.
 - b) Where a company has more than one line of shares included in the FTSE 350, the lines **will be evaluated independently and a separate yield value will be assigned to each security (i.e. one line could qualify for the Higher Yield Index and one for the Lower Yield)**.
 - c) For IPOs, the forecast dividend may be used (where available), to allow for accurate reflection of the future yield. A zero dividend yield will be given if a forecast dividend is unavailable.

Step A3: Rank the stocks by their Gross Annual Dividend Yield. Zero yielding stocks will be ranked last.

Step A4: Calculate the weighted average annual dividend yield (WAADY) of the FTSE 350 taking into account constituent changes in Step A1.

Corporate Event Changes

- C. Mergers and demergers in the FTSE 350 Yield Indexes will follow the FTSE 350 Index.

Step C1: The acquiring company will remain a constituent of the relevant FTSE 350 Yield Index. The constituent being acquired is deleted on the effective date of the acquisition.

Step C2: If a constituent splits and forms two or more companies and any of the new entities are retained in the FTSE 350 Index, those new entities will be retained in the same FTSE 350 Yield Index as their parent company until the next periodic review.

Step C3: If a constituent is deleted and a replacement company is selected, the replacement

company will be added to the FTSE 350 Higher Yield Index if it is greater than the dividend yield of the FTSE 350 Index. Otherwise, it will be added to the FTSE 350 Lower Yield Index.

Note: If the replacement company has more than one line of shares to be included in the FTSE 350, the lines will be evaluated independently (i.e. one line could qualify for the Higher Yield Index and one for the Lower Yield).

An updated copy of the FTSE UK Index Series Ground Rules (v14.6) is now available using the following link: [FTSE_UK_Index_Series.pdf](#)

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

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