

Index Policy in the Event Clients are Unable to Trade a Market - Update

31 March 2022

FTSE Russell would like to inform clients of the following update to the Index Policy in the Event Clients are Unable to Trade a Market which is effective immediately.

Section 2: Possible Scenarios

2.3 Sanctions are imposed which restrict investment into foreign jurisdictions (update in bold)

As sanctions will usually vary according to the domicile of the investor, the situation where investment into foreign jurisdiction is restricted is more nuanced than with the imposition of repatriation restrictions or exchange closures. Sanctions may not be universally enacted, and the investment restrictions that are imposed may apply to certain countries, industries, named companies or companies with substantial ownership from named individuals.

For the following scenarios, FTSE Russell will review the sanctions on a case-by-case basis, but generally the index treatment will be as follows:

- Should sanctions, either primary or secondary, be imposed that prohibit US, UK and/or European Union (EU) natural or legal persons from investing in particular countries, industries, named companies or companies linked to sanctioned individuals, FTSE Russell will delete the sanctioned securities from FTSE Russell indexes with the provision of a minimum T+2 advanced notification at market value. If the sanctioned securities are suspended, they will be deleted from FTSE Russell indexes at a zero value.
- Where sanctions are imposed on existing index constituents restricting their ability to raise capital from US, UK or EU natural or legal persons, for example via the issuance of new shares, FTSE Russell will retain those index constituents within FTSE Russell indexes but suspend the implementation of capital raising corporate events. Upon the lifting of sanctions, FTSE Russell will recommence the implementation of corporate events.
- Where sanctions are imposed that prohibit investment by investors other than US, UK or EU natural or legal persons in particular countries, industries, named companies or companies linked to sanctioned individuals, FTSE Russell will consider the creation of custom indexes for clients affected by such sanctions. However, no companies will be deleted from standard FTSE Russell indexes as a result of such sanctions, and capital raising events for constituents in standard FTSE Russell indexes affected by such sanctions will continue to be applied.

Companies with sanctions imposed on them will only be considered for index inclusion in standard FTSE Russell indexes - from the date of sanctions being removed. For the purposes of index eligibility they will be evaluated as a new issue at a subsequent index review.

Longer term responses to the imposition of sanctions, if appropriate, will be determined following consultation with the FTSE Russell independent external advisory committees.

The FTSE Russell Treatment of Sanctioned Index Constituents document provides

details on the index treatment of FTSE Russell index constituents that have either been previously subject to sanctions, or are currently subject to sanctions, which have been imposed by the jurisdictions listed above, that either restrict or prohibit the trading or holding of the named listed securities.

An updated copy of the Index Policy in the Event Clients are Unable to Trade a Market (v2.0) is now available using the following link:

[FTSE_Russell_Index_Policy_in_the_Event_Clients_are_Unable_to_Trade_a_Market.pdf](#)

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

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