

RGI Migration Notice - March 2018

Migration timeline and expansion plan for FTSE Russell global indexes

09 March 2018

Further to the “FTSE Russell Global Indexes: Next Steps” notification released on January 18, 2018 <http://www.ftse.com/products/index-notice/home/getmethodology/?id=2587407>, in which FTSE Russell shared consultation findings supporting a single and consistent global methodology that reflected broad coverage, a regional relative construction process and more frequent maintenance procedures to ensure the indexes remain relevant and reflective of the global opportunity set. Client feedback confirmed FTSE Global Equity Index Series (GEIS) as FTSE Russell’s flagship global index series and dictated a path to decommission the existing Russell Global Indexes (RGI), Russell Frontier Indexes and derivative indexes. The decommissioning process creates three main paths which are detailed below. FTSE Russell welcomes client feedback on the proposed approach between now and June of 2018, at which point timelines and support details for each index family will be finalized.

The migration plan includes:

- Migration of RGI and RGI derivative indexes to existing equivalent FTSE GEIS indexes
- Launch of new FTSE GEIS indexes and migration of RGI and RGI derivative indexes to these new indexes
- Transition from RGI selection universe to FTSE GEIS selection universe

FTSE Global Equity Index Series - expansion Q2 2018

As previously announced, FTSE Russell is expanding its global equity security coverage to capture global micro cap companies. Currently, FTSE Global All Cap Index coverage consists of approximately 3,150 large/mid cap and 4,600 small cap members. The addition of the FTSE Global Micro Cap Index will extend coverage to capture an additional 8,000 microcap members, bringing the aggregate FTSE Global Total Cap Index coverage to approximately 15,500 global securities. Expanded coverage will be available in Q2 2018.

Russell Global and Frontier Indexes - decommission effective December 2018

RGI and Russell Frontier index families will be decommissioned effective December 31, 2018 (the final day for calculation and deliverable publication). All existing clients will be migrated to equivalent FTSE GEIS and FTSE Frontier indexes between now and December 31, 2018. As clients migrate to the existing FTSE GEIS indexes, they will experience a change in index name, code and file format to the existing FTSE GEIS standards. At the June 2018 Reconstitution, adds and deletes will only be the result of US membership changes to the Russell 3000 Index and IPOs, shares and float will be updated as normal.

Please note, the Russell Global Microcap index is a carve out of RGI and will also be decommissioned effective December 31, 2018. Existing Russell Global Microcap indexes will migrate to the newly launched FTSE Global Micro Cap Indexes.

FTSE Global Styles Index Series - re-launch September 2018

The FTSE Global Styles Index Series will re-launch in September 2018 with a new methodology and history, with an effective transition date of March 2019. The Russell Styles methodology will be applied to the FTSE Global All Cap Index universe and history will be available back to 1994 for Large and Mid Cap and 2003 for Small Cap. The September index launch will provide a six month parallel period to transition to the new series by March 2019 Index Review. The new FTSE Global Styles will use standard FTSE file formats, with files available in September 2018. Custom Russell Global Styles files will be discontinued by March 2019.

Please note, the Russell US Styles Indexes will not be impacted. The selection universe for Russell US Styles Indexes will remain the Russell 3000E Index. Therefore, the Russell US Styles Indexes will exist and be managed independent of FTSE Global Styles Index Series.

Russell Global Stability Indexes - universe change effective March 2019

Russell Global Stability Indexes will change its selection universe to FTSE GEIS and name to FTSE Global Stability Indexes effective the March 2019 Index Review. Parallel indexes will be available starting September 2018. The Annual Index Review of the FTSE Global Stability Indexes will occur each September, starting September 2019. As this change represents a selection universe change, there will be no need to calculate new index history.

Please note that the Russell US Stability Indexes will not be impacted. The selection universe for Russell US Stability Indexes will remain the Russell 3000 Index. Therefore, the Russell US Stability Indexes will exist and be managed independent of FTSE Global Stability Index Series.

Russell RAFI Indexes - universe change effective March 2019

The Russell RAFI Indexes will change its selection universe to the FTSE Global Total Cap Index (Large + Mid + Small + Micro). Currently, new additions are trached quarterly, FTSE Russell proposes to enhance its methodology to apply deletions in trached implementation, effective with the March 2019 Index Review. Selection attributes will not change, but if approved the Annual Index Review will move from the fourth Friday in June to the third Friday in March, starting with the March 2019 Index Review.

As part of this change, the Russell RAFI Indexes will move South Korea from Emerging to Developed in accordance with FTSE Country Classification scheme. South Korea will transition in a trached implementation over 4 quarters starting in the March 2019 Index Review and completing at the December 2019 Index Review. In the event that any client does not wish to hold South Korea as developed, Russell RAFI Developed ex South Korea and Russell RAFI Emerging plus South Korea indexes will be available within the standard product deliverable.

File formats for the Russell RAFI Indexes will also change, with parallel files available September 2018. Each index will have its own file set, to allow for individual weight factor adjustment. As this change represents a selection universe change, there will be no need to calculate new index history.

FTSE Russell support through the transition

Anticipated turnover analysis was provided as part of the 2017 GEIS/RGI Alignment Consultation. Updated turnover analysis will be made available in July 2018. Turnover analysis for indexes used as the basis of passive products will also be provided. Index mapping documents, Ground Rules and technical specifications are available.

The above represents our proposed decommission path and support plan. We request client feedback at this time and will review any comments as part of our May 2018 governance review. Following the governance review, a communication will be provided in June of 2018 confirming all details as final. Please contact FTSE Russell Client Service for more information.

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