

Saudi Arabian Oil Company (Saudi Aramco): IPO Index Eligibility

Informative Notice

11 November 2019

FTSE Russell notes the publication of the preliminary prospectus by Saudi Arabian Oil Company (Saudi Aramco) detailing the forthcoming Initial Public Offering on the Tadawul Stock Exchange. The prospectus states that the number of shares being offered as part of the initial public offering to institutional and retail investors and the price at which the offered shares will be sold will be published after the book-building period closes. The book-building period for institutional subscribers is scheduled to commence on Sunday 17 November 2019 and close on Wednesday 04 December 2019.

It is anticipated that the number of shares being sold, the price at which those shares will be sold and the official first day of trading will be published on Thursday 05 December 2019 after which FTSE Russell will issue a further notice detailing whether Saudi Aramco qualifies for Fast Entry inclusion in the FTSE Global Equity Index Series (GEIS).

Important Notes on Potential Index Eligibility

- In accordance with the FTSE Nationality Rules ([Determining Nationality](#)), Saudi Aramco will be assigned a nationality of Saudi Arabia in FTSE Russell indexes.
- For index calculation purposes, FTSE Russell will only include the shares being offered to institutional investors in FTSE Russell indexes.
- The recent methodology change announcement ([Minimum Free Float Notice](#)) permits a stock with an investability weight of 5% or below being considered for eligibility for FTSE GEIS and derived indexes if its investable market capitalization is greater than ten times the regional investable market capitalization inclusion threshold. Only the shares being offered to institutional investors will be used to screen Saudi Aramco against the ten times regional investable market capitalisation inclusion threshold.

The FTSE GEIS Middle East and Africa region investable market capitalization level for the September 2019 was USD 357.6m and ten times this threshold is USD 3,576.07m. The FTSE GEIS December 2019 Middle East and Africa regional investable market capitalization level against which the investable market capitalisation of Saudi Aramco will be assessed will be published after market close on Friday 22 November 2019.

- In accordance with the FTSE GEIS ground rules ([GEIS Rules](#)), the addition of a new security will be implemented after the close of business on the fifth day of trading. In the event of the fifth day of trading being in close proximity to an index review, FTSE Russell may use its discretion to include a fast entrant at the index review date. The December 2019 FTSE GEIS review is effective from the open on Monday 23 December 2019.
- In accordance with the Saudi Arabia Reclassification FAQ, Question 13 ([FAQ](#)), if Saudi Aramco is deemed eligible for Fast Entry inclusion in FTSE GEIS, it will be added at the same tranching factor of 0.75 as that applied to the current Saudi Arabian stocks in FTSE GEIS.

For example, if the number of Saudi Aramco shares being offered to institutional investors was equivalent to a free float of 1.5%, Saudi Aramco will be added to FTSE GEIS and derived indexes with an index investability weight of 1.125% (1.5% institutional listing free float x 0.75 tranching factor = 1.125% index investability weight).

FTSE Russell will continue to monitor for updates and will issue a further notice after Wednesday 04 December 2019 to confirm whether Saudi Aramco is eligible for Fast Entry inclusion in FTSE GEIS and derived indexes.

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