

Saudi Aramco – Treatment of the Over-Allotment and Retail Offering

14 May 2020

FTSE Russell confirms that as part of the FTSE Global Equity Index Series (GEIS) June 2020 quarterly review, the investability weight of Saudi Aramco will increase from 0.5126875% to 0.631% to reflect the inclusion of the final tranche of Saudi Arabia into FTSE GEIS and associated indexes, effective from the open on Monday 22 June 2020.

FTSE Russell announces that the 450m shares of Saudi Aramco, equivalent to 0.225% of the total shares in issue offered as part of the over-allotment during the company's Initial Public Offering, will not be included within the FTSE Russell indexes in conjunction with the June review unless there is public disclosure on the holdings in the post over-allotment shareholder structure prior to 21 May 2020. FTSE Russell will publish a further notice on 22 May 2020 confirming the treatment of the over-allotment allocation.

Due to the relative size of index constituents with a free float of less than 5%, FTSE Russell will seek to engage with those companies to determine a precise free float. Going forward, FTSE Russell will utilise the publicly disclosed shareholder information as of the FTSE GEIS quarterly shares in issue and free float cut-off date to determine the free float.

Furthermore, the Fast Entry inclusion of Saudi Aramco into FTSE GEIS was based on the offering to Institutional Subscribers. The concurrent Retail Offering, equivalent to 0.5% of the total shares in issue of Saudi Aramco, incentivised Retail investors to hold their shares for a period of 180 days in order to receive 1 bonus share for every 10 shares held (up to a maximum of 100 bonus shares). This 180 day incentive period is set to expire on 11 June 2020. Since the expiry is scheduled to occur after the shares in issue and free float cut-off date for the FTSE GEIS June 2020 quarterly review, any change in the investability weight of Saudi Aramco associated with the Retail Offering will not be implemented in conjunction with the June 2020 quarterly review. The Retail Offering and associated bonus shares will be evaluated for free float at a subsequent review based on publicly disclosed shareholder information. FTSE Russell is reviewing the quarterly shares and free float thresholds for constituents with free floats of less than 5%. Any change in index methodology, if applicable, will be communicated in advance of implementation.

Note: FTSE Russell will not adjust the underlying share price of Saudi Aramco in relation to the bonus issue available to Retail investors upon expiry of the 180 day incentive period.

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