

FAQ



---

# Reclassification of Iceland to Secondary Emerging Market Status

Implementation Plan

Effective September 2022  
v1.5

---

## Contents

---

1.0	When will the reclassification of Iceland from Frontier to Secondary Emerging market status be implemented?.....	3
2.0	Which Icelandic securities will be eligible for the FTSE Total Cap Index? .....	3
3.0	Will Icelandic securities be treated as current index constituents or as non-constituents when screening for index eligibility .....	4
4.0	What investability weight will be used to conduct the liquidity screen? .....	4
5.0	Within which regional universe is Iceland reviewed? .....	4
6.0	What is the fast entry level applied to Icelandic securities? .....	4
7.0	How will Initial Public Offerings (IPO) be treated? .....	5
8.0	When will indicative indices reflecting the inclusion of Iceland into FTSE GEIS and associated indices be made available? .....	5
9.0	When will the FTSE GEIS December 2022 quarterly review be published? .....	5
10.0	What are the projected weights of Iceland in FTSE Global All Cap, FTSE All-World and FTSE Emerging Indices? .....	5
11.0	When will Iceland be eligible for derived (including Partnership) and custom indices which are based on a FTSE GEIS universe? .....	5

# FAQ

## 1.0 When will the reclassification of Iceland from Frontier to Secondary Emerging market status be implemented?

The reclassification of Iceland from Frontier to Secondary Emerging market status will be implemented with the deletion of Iceland from the FTSE Frontier Index Series in conjunction with the FTSE Frontier annual review, effective from the open on Monday 19 September 2022.

As illustrated in the table below, the inclusion of Iceland in the FTSE Global Equity Index Series (FTSE GEIS) will be implemented in three tranches commencing in conjunction with the September 2022 FTSE GEIS semi-annual review, which will be effective from the open on Monday 19 September 2022.

	Tranche One	Tranche Two	Tranche Three
Review Schedule	September 2022	December 2022	March 2023
Effective Date	Open Monday 19 September 2022	Open Monday 19 December 2022	Open Monday 20 March 2023
Proportion of Investability Weight Added	33.3333%	33.3333%	33.3333%
Tranching Factor	33.3333%	66.6667%	100%

After each tranche, FTSE Russell will evaluate the ability of index trackers to replicate the benchmark change prior to commencing the next tranche. The inclusion of the first tranche of Icelandic equities in the FTSE Global Equity Index Series was completed in conjunction with the September 2022 index review. Following feedback from market participants, FTSE Russell will be proceeding with the implementation of the second and third tranches in conjunction with the December 2022 and March 2023 index reviews, respectively.

## 2.0 Which Icelandic securities will be eligible for the FTSE Total Cap Index?

The table below lists the Icelandic securities that will be eligible for the FTSE Total Cap index from the September 2022 semi-annual review based on data as of the close on Thursday 30 June 2022, with Iceland being reviewed in conjunction with the current eligible markets within the Emerging Europe region. The FTSE Total Cap Index includes securities designated a size segment of Large, Mid, Small and Micro Cap.

The indicative review files for the September 2022 semi-annual review are published from Friday 19 August 2022, with index changes effective from the open on Monday 19 September 2022

Company Name	Sedol	Size Segment
Arion Banki hf.	BG43JW1	Large
Islandsbanki hf.	BMCR2B7	Large
Marel hf.	4907958	Large
Eimskipafelag Islands hf.	B61DXC2	Mid
Festi hf.	BH7XXQ7	Mid

Company Name	Sedol	Size Segment
Hagar hf.	B7FQWX8	Mid
Icelandair Group hf.	B1JMNQ0	Mid
Kvika banki hf.	BFM0LS7	Mid
Reitir fasteignafelag hf.	BWSWBB9	Mid
Siminn hf.	BYX4B69	Mid
Origo hf.	5109452	Small
Sjova-Almennar Tryggingar hf.	BLG3883	Small
Vatryggingafelag Islands hf.	7399358	Small
Iceland Seafood International hf.	BD971W1	Micro
SYN hf.	B87Z2K7	Micro

Note: Sildarvinnslan (4908423) was deleted from the indicative list due to the foreign ownership restrictions that apply to companies that operate in the fisheries industry. Eik fasteigmmafelag hf. (BWYFF09) and Reginn hf. (B7TN3J8) were projected additions for Small Cap, but failed the liquidity screen for the September 2022 index review.

### 3.0 Will Icelandic securities be treated as current index constituents or as non-constituents when screening for index eligibility

Icelandic securities will be treated as non-constituents for index eligibility for all the eligibility screens such as liquidity and minimum size requirements for the FTSE GEIS September 2022 semi-annual review.

### 4.0 What investability weight will be used to conduct the liquidity screen?

When testing liquidity, 100% of the investability weight will be used for the calculation. For example, if a security has an investability weight of 60% as at the last date in the testing period, it will be tested for liquidity at its 60% investability weight.

### 5.0 Within which regional universe is Iceland reviewed?

Iceland will be screened for inclusion as part of the Emerging Europe regional review.

### 6.0 What is the fast entry level applied to Icelandic securities?

Icelandic securities will be eligible for fast entry to FTSE GEIS after the September 2022 semi-annual review if they meet the relevant fast entry thresholds for the Emerging Europe region. These fast entry levels are published on a quarterly basis on the FTSE Russell website.

## 7.0 How will Initial Public Offerings (IPO) be treated?

Initial Public Offerings (IPO), whether they are eligible for fast entry or at a subsequent quarterly review will be added to FTSE GEIS based on the same tranching factor as existing Icelandic index constituents of FTSE GEIS. For the avoidance of doubt, a new Icelandic addition to FTSE GEIS at the December 2022 quarterly review will be added with a tranching factor of 66.6667%

## 8.0 When will indicative indices reflecting the inclusion of Iceland into FTSE GEIS and associated indices be made available?

The table below lists the indicative indices that are available from 08 April 2022, reflecting the Icelandic securities that are eligible for the FTSE Global All Cap and associated indices at the September 2022 semi-annual review plus the FTSE Frontier Index excluding Iceland. The securities will be reflected at the full investability weight i.e. their investability weight once Tranche 3 is completed in March 2023.

Indicative indices available from 08 April 2022
• FTSE Global All Cap Incl Iceland
• FTSE Emerging All Cap Incl Iceland
• FTSE All-World Incl Iceland
• FTSE Emerging Incl Iceland
• FTSE Frontier ex Iceland

## 9.0 When will the FTSE GEIS December 2022 quarterly review be published?

The FTSE GEIS December 2022 quarterly review is scheduled to be published on Friday 18 November 2022, with index changes effective from the open on Monday 19 December 2022.

## 10.0 What are the projected weights of Iceland in FTSE Global All Cap, FTSE All-World and FTSE Emerging Indices?

The table below illustrates the projected weight in the index of the Icelandic securities (listed in Q2) that were added to the FTSE Global All Cap and associated indices effective from the open on Monday 19 September 2022. The index weights are based on the full inclusion of Iceland as of March 2023 and based on closing prices as of 30 September 2022

Projected weight in Global All Cap	Projected weight in Emerging All Cap	Projected weight in All-World	Projected weight in Emerging
0.0137%	0.1299%	0.0142%	0.1336%

## 11.0 When will Iceland be eligible for derived (including Partnership) and custom indices which are based on a FTSE GEIS universe?

The eligibility of Iceland for FTSE GEIS derived indices will be communicated in the derived indices indicative review files in conjunction with the review schedule for those indices. For example, the FTSE RAFI and Russell RAFI Indices are reviewed annually in March, hence Iceland will be evaluated for the FTSE RAFI and Russell RAFI indices for the March 2023 annual review.

---

## For more information about our indices, please visit [ftserussell.com](https://ftserussell.com).

---

© 2023 London Stock Exchange Group plc and its applicable group undertakings (the "LSE Group"). The LSE Group includes (1) FTSE International Limited ("FTSE"), (2) Frank Russell Company ("Russell"), (3) FTSE Global Debt Capital Markets Inc. and FTSE Global Debt Capital Markets Limited (together, "FTSE Canada"), (4) FTSE Fixed Income Europe Limited ("FTSE FI Europe"), (5) FTSE Fixed Income LLC ("FTSE FI"), (6) The Yield Book Inc ("YB") and (7) Beyond Ratings S.A.S. ("BR"). All rights reserved.

FTSE Russell® is a trading name of FTSE, Russell, FTSE Canada, FTSE FI, FTSE FI Europe, YB and BR. "FTSE®", "Russell®", "FTSE Russell®", "FTSE4Good®", "ICB®", "The Yield Book®" "Beyond Ratings®" and all other trademarks and service marks used herein (whether registered or unregistered) are trademarks and/or service marks owned or licensed by the applicable member of the LSE Group or their respective licensors and are owned, or used under licence, by FTSE, Russell, FTSE Canada, FTSE FI, FTSE FI Europe, YB or BR.

FTSE International Limited is authorised and regulated by the Financial Conduct Authority as a benchmark administrator.

All information is provided for information purposes only. Every effort is made to ensure that all information given in this publication is accurate, but no responsibility or liability can be accepted by any member of the LSE Group nor their respective directors, officers, employees, partners or licensors for any errors or for any loss from use of this publication or any of the information or data contained herein.

No member of the LSE Group nor their respective directors, officers, employees, partners or licensors make any claim, prediction, warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of FTSE Russell indices or the fitness or suitability of FTSE Russell indices for any particular purpose to which it might be put. Indices cannot be invested in directly. Inclusion of an asset in an index is not a recommendation to buy, sell or hold that asset. The general information contained in this publication should not be acted upon without obtaining specific legal, tax, and investment advice from a licensed professional.

No member of the LSE Group nor their respective directors, officers, employees, partners or licensors provide investment advice and nothing in this document should be taken as constituting financial or investment advice. No member of the LSE Group nor their respective directors, officers, employees, partners or licensors make any representation regarding the advisability of investing in any asset or whether such investment creates any legal or compliance risks for the investor. A decision to invest in any such asset should not be made in reliance on any information herein. Indices cannot be invested in directly. Inclusion of an asset in an index is not a recommendation to buy, sell or hold that asset nor confirmation that any particular investor may lawfully buy, sell or hold the asset or an index containing the asset. The general information contained in this publication should not be acted upon without obtaining specific legal, tax, and investment advice from a licensed professional.

No part of this information may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without prior written permission of the applicable member of the LSE Group. Use and distribution of the LSE Group index data and the use of their data to create financial products require a licence from FTSE, Russell, FTSE Canada, FTSE FI, FTSE FI Europe, YB, BR and/or their respective licensors.