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# Promotion of Qatar from Frontier to Secondary Emerging Market Status

Index Review Process

Semi-Annual Index Review - September 2016 / March 2017

Quarterly Index Review - December 2016

v1.3

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### FTSE Global Equity Index Series Review Schedule 2016/2017

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## FTSE Global Equity Index Series Review Schedule 2016 / 2017

|                                                                                                                    | Semi-Annual Review               | Quarterly Review December 2016   | Semi-Annual Review March 2017      |
|--------------------------------------------------------------------------------------------------------------------|----------------------------------|----------------------------------|------------------------------------|
| Index Rebalance Market Cap data cut-off <sup>1,6</sup>                                                             | 30 June 2016                     | n/a                              | 30 December 2016                   |
| ICB Review Cut-off Date                                                                                            | 12 August 2016                   | 11 November 2016                 | 10 February 2017                   |
| Quarterly Free float changes cut-off (only updates captured up to this date will be processed at the index review) | 17 August 2016                   | 16 November 2016                 | 15 February 2017                   |
| Quarterly 1% SII changes cut-off (only updates captured up to this date will be processed at the index review)     | 17 August 2016                   | 16 November 2016                 | 15 February 2017                   |
| Release of Indicative Files (FF & 1% SII updates)                                                                  | 24 August 2016                   | 23 November 2016                 | 22 February 2017                   |
| Release of Final Files (FF & 1% SII updates) - incorporates any revisions to indicative file                       | 31 August 2016                   | 30 November 2016                 | 1 March 2017                       |
| Liquidity Testing Period <sup>2</sup>                                                                              | 1 July 2015 to 30 June 2016      | Listing date to 11 November 2016 | 4 January 2016 to 30 December 2016 |
| IPO/Spin-off Review Period <sup>7</sup>                                                                            | 12 February 2016 to 30 June 2016 | 1 April 2016 to 11 November 2016 | 12 August 2016 to 30 December 2016 |
| IPO/Spin-off Market cap cut-off <sup>8</sup>                                                                       | 30 June 2016                     | 11 November 2016                 | 30 December 2016                   |
| IPO/Spin-off cut-off in order to meet three month minimum trading requirement <sup>9</sup>                         | 1 April 2016                     | 12 August 2016                   | 3 October 2016                     |
| FTSE Notice of the Middle East & Africa review (circulated after the regional market close)                        | 31 August 2016                   | 30 November 2016                 | 1 March 2017                       |
| Review Products circulated                                                                                         | 31 August 2016                   | 30 November 2016                 | 1 March 2017                       |
| Review Effective Date <sup>11</sup>                                                                                | 19 September 2016                | 19 December 2016                 | 20 March 2017                      |

# FAQ

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## 1.0 Data Cut-off Dates

### September 2016 review

Data cut-off will be the last business day in June (30 June 2016)

### March 2017 review

Data cut-off will be the last business day in December (30 December 2016).

## 2.0 Liquidity Testing Period

A full 12 month liquidity test will be conducted in both the September 2016 and March 2017 semi-annual reviews.

### Testing periods:

| Review Month | Liquidity testing period                                       |
|--------------|----------------------------------------------------------------|
| September    | First business day of July to last business day of June        |
| March        | First business day of January to last business day of December |

**For illustration purposes:** Liquidity testing period for the September 2016 review will be from 1 July 2015 to 30 June 2016.

As Qatar is moving from FTSE Frontier to FTSE GEIS, all stocks will be considered as non-constituents. As such, based on a non-constituent's median daily trading volume per month, it must turnover at least 0.05% of its shares in issue (after the application of any free float weightings\*) for at least ten of the twelve months prior to a full market review.

\*when testing liquidity 50% of the full investability weight will be used for the calculation. Therefore if a stock has an investability weight of 60%, as at the last date in the testing period, it will be tested for liquidity at the September 2016 and March 2017 review at 30%. At the September 2017 review, the liquidity test will be conducted on its full investability weight, in this case 60%.

**PLEASE NOTE:** Following the initial addition of Qatar at the September 2016 review any IPOs entering the index at subsequent index reviews (i.e. December 2016 and March 2017) will be included based on their full investability weight and therefore tested for liquidity based on 100% of their investability weight.

Spin-offs included in the index subsequent to September 2016 will be added at 50% of their investability weight and therefore tested for liquidity in March 2017 based on 50% of their investability weight.

## 3.0 Regional Universe

In September 2016, all Qatari stocks will be deleted from the FTSE Frontier Index and the full Qatari universe will be considered for inclusion in the Middle East & Africa review.

## 4.0 GEIS Constituent Index Membership Status

For the September 2016 semi-annual review Qatari stocks in the universe will be treated as non-constituents in the Middle East & Africa review and will be subject to inclusion based on the cut-off / basis points entry / exit levels calculated for the Middle East & Africa review. In recognition of the potential liquidity demands, all Qatari additions to Middle East and Africa in September 2016 will be added at 50% weight and the remaining 50% added in March 2017\*.

**\*For illustration purposes:** If a stock has an investability weight of 60%, it will be added to the Emerging index at a weight of 30%, reducing the investable market capitalisation of the stock by 50%. The remaining 50% weight of the stock will be added in March 2017, reflected by increasing the investability weight back to 60%.

## 5.0 Inclusion/Exclusion Percentage Levels by Investable Market Capitalisation

The percentage levels by investable market capitalisation for the Middle East and Africa region will be determined based on the respective regional Small Cap Index as of cut-off date.

**For illustration purposes:** For the September 2016 semi-annual Middle East and Africa review, the investable market capitalisation buffers will be calculated based on the Small Cap Index as of 30 June 2016 which will exclude Qatar. For the March 2017 semi-annual Middle East & Africa review, the investable market capitalisation buffers will be calculated based on the Small Cap Index as of 30 December 2016 which will include Qatar Small Cap stocks at 50% weight. Individual securities will however be tested at the calculated regional level based on the securities 100% weight, not the 50% weight in the index.

## 6.0 Data cut-off Date for the Quarterly Review in December

IPOs which failed to qualify as fast entrants and the Large/Mid/Small status of the resultant companies from a spin-off will continue to be processed in December. Resultant companies from a spin-off below the exit threshold will be deleted.

## 7.0 IPO / Spin-off Review Period

As well as being reviewed at the March and September semi-annual reviews, IPOs (which failed to qualify as fast entrants) and companies resulting from a spin-off will also be reviewed in June and December.

**For illustration purposes:** For the September 2016 review the cut-off date for index data is 30 June 2016. However, only those IPOs and spin-offs with 3 months liquidity as at 30 June 2016 will be considered for index inclusion in September 2016. Therefore in order to meet the minimum 3 month trading requirement an IPO or spin-off would need to have listed by 1 April 2016.

## 8.0 Market Capitalisation Cut-off used to Determine IPO / Spin-off Eligibility in December 2016

Index membership of eligible IPOs and the companies resulting from a spin-off will be determined by referencing the full company market capitalisation at close on 11 November, against the entry levels for Large, Mid, Small as set in the September review, index adjusted to reflect the subsequent change in performance of the appropriate regional index.

**For illustration purposes:** Qatari stocks which are added to the index in December 2016 as part of the quarterly review process will be added to the index at their full investable market cap weight and not in tranches. Where a spin-off remains a constituent of the index following re-ranking at the December 2016 review, the stock will remain in the index at 50% weight until March 2017 at which point the weight will be increased to 100%.

## 9.0 IPO / Spin-off Cut-off date in Order to Meet Minimum 3 Month Trading Requirement

| Review Month  | Minimum IPO listing date |
|---------------|--------------------------|
| December 2016 | 12 August 2016           |

## 10.0 Headroom

As part of the FTSE Frontier review, Qatari stocks were monitored for Headroom on a quarterly basis. All stocks will continue to be monitored for headroom as part of the GEIS Middle East and Africa review. Any adjustments required as part of the headroom test will be reflected in the September 2016 review.

All headroom calculations will be based on the full foreign ownership limits. In the event a security which is monitored for headroom is added to the Middle East and Africa review in September 2016 at 50% of its investability weight, at the March 2017 index review, the headroom calculation will be based on the full foreign ownership limit.

## 11.0 Rebalance Effective Date

The reclassification of Qatar from Frontier to Secondary Emerging, scheduled to be effective in line with the semi-annual review (i.e. from the open on Monday 19th September), coincides with the observation of the 'Eid-ul-Adha' holiday.

At present the market is scheduled to be closed from Sunday 11 September to Wednesday 14 September (4 days) and may also be closed on Thursday 15 September, with final dates to be confirmed in September.

To mitigate potential tracking error associated with the Qatari market holidays and so clients can more closely replicate the benchmark change, the following treatment will be implemented:

### From close of Wednesday 31 August 2016

FTSE will publish the final confirmed list of Qatari stocks and the indicative weights at which they will be added to FTSE indexes in conjunction with the September semi-annual review.

### Friday 16 September 2016 (at close)

FTSE products confirm the weights of the Qatari adds (i.e. based on last traded price of either Thursday 8 September or Thursday 15 September)

**Monday 19 September 2016**

**At open** - Qatari constituents will be held in the index throughout the Qatari trading day at their last traded price (of either Thursday 8 September or Thursday 15 September)

**At close (i.e. effective open of Tuesday 20 September 2016)** – price adjustment will be applied to Qatari constituents to align their stale price to the actual close price of Monday 19 September. This will incur a divisor change.



## Further Information

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If you have any questions and would like to speak to a client services individual directly, please do not hesitate to contact us on the numbers below, or via email at [info@ftserussell.com](mailto:info@ftserussell.com).

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