

# FTSE Aviva Custom Screened Index Series

v1.2



**FTSE  
RUSSELL**

An LSEG Business

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## Section 1

# Introduction

## 1. Introduction

- 1.1 This document sets out the Ground Rules for the construction and management of the FTSE Aviva Custom Screened Index Series.
- 1.2 The FTSE Aviva Custom Screened Index Series is made up of a collection of custom screened indices using market cap weighted indices from the FTSE UK Index Series, FTSE Global Equity Index Series and FTSE Custom BlackRock Composite Index Series as underlying index universes.
- The FTSE Aviva Custom Screened Index Series also includes a number of custom screened midday and composite indices. Please see further details in Section 4.
- 1.3 The FTSE Aviva Custom Screened Index Series takes account of ESG factors in its index design.
- 1.4 These Ground Rules should be read in conjunction with the FTSE UK Index Series Ground Rules, FTSE Global Equity Index Series Ground Rules, FTSE Custom BlackRock Composite Index Series Ground Rules and associated index policy documents which are available at [www.lseg.com/en/ftse-russell/](http://www.lseg.com/en/ftse-russell/).
- 1.5 Price, Total Return and Net of Tax indices will be available which are calculated on an end of day basis.
- 1.6 For midday indices, Price, Total Return and Net of Tax indices will be available which are calculated on a midday basis (12:00pm GMT).
- 1.7 The indices are calculated in British Pounds (GBP). Index values may also be published in other currencies.
- 1.8 FTSE Russell hereby notifies users of the index series that it is possible that circumstances, including external events beyond the control of FTSE Russell, may necessitate changes to, or the cessation of, the index series and therefore, any financial contracts or other financial instruments that reference the index series or investment funds which use the index series to measure their performance should be able to withstand, or otherwise address the possibility of changes to, or cessation of, the index series.
- 1.9 Index users who choose to follow this index series or to buy products that claim to follow this index series should assess the merits of the index series rules-based methodology and take independent investment advice before investing their own or client funds. No liability whether as a result of negligence or otherwise is accepted by FTSE Russell (or any person concerned with the preparation or publication of these Ground Rules) for any losses, damages, claims and expenses suffered by any person as a result of:
- any reliance on these Ground Rules, and/or
  - any inaccuracies in these Ground Rules, and/or
  - any non-application or misapplication of the policies or procedures described in these Ground Rules, and/or
  - any inaccuracies in the compilation of the index series or any constituent data.

## Section 2

# Management responsibilities

## 2. Management responsibilities

### 2.1 FTSE International Limited (FTSE)

2.1.1 FTSE is the benchmark administrator of the index series.<sup>1</sup>

2.1.2 FTSE is responsible for the daily calculation, production and operation of the Index Series and will:

- maintain records of the index weightings of all constituents;
- make changes to the constituents and their weightings in accordance with the Ground Rules;
- carry out periodic index reviews of the Index Series and apply the changes resulting from the reviews as required by the Ground Rules;
- publish changes to the constituent weightings resulting from their ongoing maintenance and the periodic reviews;
- disseminate the indices.

2.1.3 These Ground Rules set out the methodology and provide information about the publication of the index series.

### 2.2 Aviva

Aviva will provide an exclusion list in March, June, September, and December of each year for use at the quarterly index reviews respectively by the close of business on the first Friday of the quarterly review month.

### 2.3 Amendments to these Ground Rules

2.3.1 These Ground Rules shall be subject to regular review (at least once a year) by FTSE Russell to ensure that they continue to best reflect the aims of the index series. Any proposals for significant amendments to these Ground Rules will be subject to consultation with FTSE Russell advisory committees and other stakeholders if appropriate. The feedback from these consultations will be considered by the FTSE Russell Index Governance Board before approval is granted.

2.3.2 Where FTSE Russell determines that the Ground Rules are silent or do not specifically and unambiguously apply to the subject matter of any decision, any decision shall be based as far as practical on the Statement of Principles. After making any such determination, FTSE Russell shall advise the market of its decision at the earliest opportunity. Any such treatment will not be considered as an exception or change to the Ground Rules, or to set a precedent for future action, but FTSE Russell will consider whether the Ground Rules should subsequently be updated to provide greater clarity.

<sup>1</sup> The term administrator is used in this document in the same sense as it is defined in [Regulation \(EU\) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds](#) (the European Benchmark Regulation) and [The Benchmarks \(Amendment and Transitional Provision\) \(EU Exit\) Regulations 2019](#) (the UK Benchmark Regulation).

## Section 3

# FTSE Russell index policies

## 3. FTSE Russell index policies

These Ground Rules should be read in conjunction with the following policy documents which can be accessed using the links below:

### 3.1 Corporate Actions and Events Guide

Full details of changes to constituent companies due to corporate actions and events can be accessed in the Corporate Actions and Events using the following link:

[Corporate Actions and Events Guide.pdf](#)

### 3.2 Statement of Principles for FTSE Russell Equity Indices (the Statement of Principles)

Indices need to keep abreast of changing markets and the Ground Rules cannot anticipate every eventuality. Where the Ground Rules do not fully cover a specific event or development, FTSE Russell will determine the appropriate treatment by reference to the Statement of Principles which summarises the ethos underlying FTSE Russell's approach to index construction. The Statement of Principles is reviewed annually and any changes proposed by FTSE Russell are presented to the FTSE Russell Policy Advisory Board for discussion before approval by FTSE Russell's Index Governance Board.

The Statement of Principles can be accessed using the following link:

[Statement of Principles.pdf](#)

### 3.3 Queries and Complaints

FTSE Russell's complaints procedure can be accessed using the following link:

[FTSE Russell Benchmark Determination Complaints Handling Policy.pdf](#)

### 3.4 Index Policy for Trading Halts and Market Closures

Guidance for the treatment of index changes in the event of trading halts or market closures can be found using the following link:

[Index Policy for Trading Halts and Market Closures.pdf](#)

### 3.5 Index Policy in the Event Clients are Unable to Trade a Market or a Security

3.5.1 Details of FTSE Russell's treatment can be accessed using the following link:

[Index Policy in the Event Clients are Unable to Trade a Market or a Security.pdf](#)

### 3.6 Policy for Benchmark Methodology Changes

Details of FTSE Russell's policy for making benchmark methodology changes can be accessed using the following link:

[Policy for Benchmark Methodology Changes.pdf](#)

### **3.7 FTSE Russell Governance Framework**

3.7.1 To oversee its indices, FTSE Russell employs a governance framework that encompasses product, service and technology governance. The framework incorporates the London Stock Exchange Group's three lines of defence risk management framework and is designed to meet the requirements of the IOSCO Principles for Financial Benchmarks<sup>2</sup>, the European benchmark regulation<sup>3</sup> and the UK benchmark regulation<sup>4</sup>. The FTSE Russell Governance Framework can be accessed using the following link:

[FTSE Russell Governance Framework.pdf](#)

### **3.8 Real Time Status Definitions**

3.8.1 For indices which are calculated in real time, please refer to the following guide for details of real time status definitions:

[Real Time Status Definitions.pdf](#)

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<sup>2</sup> IOSCO Principles for Financial Benchmarks Final Report, FR07/13 July 2013

<sup>3</sup> Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds

<sup>4</sup> The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019

## Section 4

# Sustainable investment data inputs

## 4. SI data inputs

4.1.1 The following Sustainable Investment datasets are used in the construction of the indices.

SI data inputs	Details	Used for selection, weighting, or exclusion <sup>5</sup>
Client Exclusion List	The Aviva Baseline Exclusions List is provided by Aviva as per rule 2.2. This excludes companies involved in weapons/arms, tobacco, thermal coal, arctic oil and oil sands.	Exclusion

<sup>5</sup> Definitions

Selection- SI data is used to select or rank constituents, or calculate minimum scores or thresholds

Weighting- SI data is used to calculate the weight of a constituent in an index

Exclusion- SI data is used to exclude companies from the index

## Section 5

# Eligible securities

## 5. Eligible securities

### 5.1 Custom Screened Indices

The FTSE Aviva Custom Screened Index Series will consist of constituents in the corresponding underlying index universe:

Index name	Underlying universe
FTSE Custom Screened World Europe ex UK Index	FTSE World Europe ex UK Index
FTSE Custom Screened All-Share ex IT ex Aviva Index	FTSE Custom All-Share ex IT ex Aviva Index
FTSE Custom Screened North America Index	FTSE North America Index
FTSE Custom Screened All-Share Index	FTSE All-Share Index
FTSE Custom Screened USA Index	FTSE USA Index
FTSE Custom Screened Developed Europe ex UK Index	FTSE Developed Europe ex UK Index
FTSE Custom Screened Japan Index	FTSE Japan Index
FTSE Custom Screened Developed Asia Pacific ex Japan Index	FTSE Developed Asia Pacific ex Japan Index
FTSE Custom Screened Developed ex UK Index	FTSE Developed ex UK Index
FTSE Custom Screened Composite UK All-Share 33.3% Developed ex UK Canada Israel and Korea 66.7% Index	FTSE Custom Composite UK All-Share 33.3% Developed ex UK Canada Israel and S Korea 66.7% Net Tax (UK Pension) Index
FTSE Custom Screened Composite UK All-Share 33.3% Developed ex UK Canada Israel and Korea 66.7% 95% Hedged to GBP Index	FTSE Custom Composite UK All-Share 33.3% Developed ex UK Canada Israel and S Korea 66.7% Net Tax (UK Pension) 95% Hedged to GBP Index
FTSE Custom Screened Composite UK All-Share 60% Dev Europe ex UK 13.3% US 13.3% Japan 6.7% Dev Asia Pacific ex Japan 6.7% Index	FTSE Custom Composite UK All-Share 60% Dev Europe ex UK 13.3% US 13.3% Japan 6.7% Dev Asia Pacific ex Japan 6.7% Net Tax (UK Pension) Index
FTSE Custom Screened Composite UK All-Share 50% Dev Europe ex UK 16.7% US 16.7% Japan 8.3% Dev Asia Pacific ex Japan 8.3% Index	FTSE Custom Composite UK All-Share 50% Dev Europe ex UK 16.7% US 16.7% Japan 8.3% Dev Asia Pacific ex Japan 8.3% Net Tax (UK Pension) Index
FTSE Custom Screened Composite 40% All-Share 60% Developed ex UK Index	FTSE Custom Screened All-Share Index, FTSE Custom Screened Developed ex UK Index
FTSE Custom Screened Composite 40% All-Share 60% Developed ex UK Midday (12:00 UK) Index	FTSE Custom Screened All Share Index, FTSE Custom Screened Developed ex UK Midday (12:00 UK) Index.



## 5.2 Custom Screened Midday Indices:

The following Custom Screened indices from Rule 5.1 will be calculated both on midday and end of day basis. The corresponding Custom Screened Midday Indices will be calculated at 12:00pm GMT:

Index name	Underlying universe
FTSE Custom Screened USA Index	FTSE Custom Screened USA Midday (12:00 UK) Index
FTSE Custom Screened Developed ex UK Index	FTSE Custom Screened Developed ex UK Midday (12:00 UK) Index
FTSE Custom Screened Developed Europe ex UK Index	FTSE Custom Screened Developed Europe ex UK Midday (12:00 UK) Index
FTSE Custom Screened Developed Asia Pacific ex Japan Index	FTSE Custom Screened Developed Asia Pacific ex Japan Midday (12:00 UK) Index
FTSE Custom Screened All-Share Index	FTSE Custom Screened All-Share Midday (12:00 UK) Index
FTSE Custom Screened Japan Index	FTSE Custom Screened Japan Midday (12:00 UK) Index

## 5.3 Excluded Companies

5.3.1 Securities that are members of the exclusion list provided by Aviva every quarter are considered “Excluded Companies” and not eligible for membership of the FTSE Aviva Custom Screened Index Series.

## Section 6

# Periodic review of constituents

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## 6. Periodic review of constituents

### 6.1 Periodic review

- 6.1.1 The FTSE Aviva Custom Screened Index Series will be reviewed quarterly in March, June, September, and December.
- 6.1.2 Index reviews will use stock prices available as at the close of Wednesday before first Friday of the review month (price cut-off date).
- 6.1.3 The review will be implemented after the close of business on the third Friday of the review month.
- 6.1.4 Index reviews will incorporate constituent changes associated with reviews of the underlying eligible universes as of the review effective date. Any changes to the status of “Excluded Companies” as defined in Rule 4.5 are applied using the exclusion list provided by Aviva every quarter.
- 6.1.5 Aviva will provide the exclusion list to FTSE Russell by the close of business on the first Friday of the quarterly review month. The exclusion list will be applied on a quarterly basis in March, June, September, and December, effective after the close of business on the third Friday of the review month.

### 6.2 Weighting

- 6.2.1 The FTSE Aviva Custom Screened Index Series is weighted by free float adjusted market capitalisation. The free float adjustments are in line with the corresponding underlying index.

## Section 7

# Changes to constituent companies

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## 7. Changes to constituent companies

### 7.1 Intra-review additions

7.1.1 Where applicable, additions and fast entrants to the underlying index will be assessed for inclusion to the index series at the next quarterly index review.

### 7.2 Intra-review deletions

7.2.1 If a constituent is removed from the underlying index, it will be removed from the respective index of the FTSE Aviva Custom Screened Index Series. The removal will be concurrent with its removal from its underlying index and its weight will be distributed pro-rata among the remaining constituents in the index.

## Section 9

# Corporate actions and events

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## 8. Corporate actions and events

8.1 Full details of changes to constituent companies due to corporate actions and events can be accessed in the Corporate Actions and Events Guide using the following link:

[Corporate Actions and Events Guide.pdf](#)

A Corporate 'Action' is an action on shareholders with a prescribed ex date. The share price will be subject to an adjustment on the ex date. The index will be adjusted in line with the ex date.

These include the following:

- Capital Repayments
- Rights Issues/Entitlement Offers
- Stock Conversion
- Splits (sub-division)/Reverse splits (consolidation)
- Scrip issues (Capitalisation or Bonus Issue)

A Corporate 'Event' is a reaction to company news (event) that may impact the index depending on the index rules. For example, a company announces a strategic shareholder is offering to sell their shares (secondary share offer) – this could result in a free float weighting change in the index. Where an index adjustment is required FTSE will provide notice advising of the timing of the change.

### 8.2 Shares in Issue

Changes to the number of shares in issue for constituent securities are covered in the Corporate Actions and Events Guide.

### 8.3 Suspension of Dealing

Suspension of Dealing rules can be found within the Corporate Actions and Events Guide.

### 8.4 Takeovers, Mergers and Demergers

The treatment of takeovers, mergers and demergers can be found within the Corporate Actions and Events Guide.

## Section 9

# Treatment of dividends

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## 9. Treatment of dividends

Declared dividends are used to calculate the total return indices of the FTSE Aviva Custom Screened Index Series. All dividends are applied on the ex-div date.

Net-of-tax Total Return Indices are also calculated based on the maximum withholding tax rates applicable to dividends received by institutional investors who are not resident in the same country as the remitting company and who do not benefit from double taxation treaties.

Withholding tax rates used in the net-of-tax indices can be accessed using the following link:  
[Withholding Tax Service](#)

Please also refer to the FTSE Russell Withholding Tax Guide which can be accessed using the following link:

[FTSE Russell Withholding Tax Guide.pdf](#)

## Appendix A

# Further information

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A Glossary of Terms used in FTSE Russell's Ground Rule documents can be found using the following link:

[Glossary.pdf](#)

Further information on the FTSE Aviva Custom Screened Index Series is available from FTSE Russell.

For contact details please visit the FTSE Russell website or contact FTSE Russell client services at [info@ftserussell.com](mailto:info@ftserussell.com).

**Website:** [www.lseg.com/en/ftse-russell/](http://www.lseg.com/en/ftse-russell/)

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