

FTSE Decrement Index Series

v2.4



**FTSE
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Section 1

Introduction

1. Introduction

- 1.1 The objective of the FTSE Decrement Index Series is to measure the performance of the underlying index after taking into account expected transaction costs. The cost can be applied either as a number of fixed points to the underlying index value or as a fixed percentage to the underlying index returns.
- 1.2 These Ground Rules should be read in conjunction with the underlying index Ground Rules.
- 1.3 FTSE Russell**
- FTSE Russell is a trading name of FTSE International Limited, Frank Russell Company, FTSE Global Debt Capital Markets Limited (and its subsidiaries FTSE Global Debt Capital Markets Inc. and FTSE Fixed Income Europe Limited), FTSE Fixed Income LLC, FTSE (Beijing) Consulting Limited, Refinitiv Benchmark Services (UK) Limited, Refinitiv Limited and Beyond Ratings.
- 1.4 FTSE Russell hereby notifies users of the indices that it is possible that circumstances, including external events beyond the control of FTSE Russell, may necessitate changes to, or the cessation of, the indices and therefore any financial contracts or other financial instruments that reference the indices or investment funds which use the indices to measure their performance should be able to withstand, or otherwise address the possibility of changes to, or cessation of, the indices.
- 1.5 Index users who choose to follow this index or to buy products that claim to follow this index should assess the merits of the index's 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 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.¹

2.1.2 FTSE is responsible for the daily calculation, production and operation of the index 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 the periodic index reviews of the index 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 index.

2.2 The rate used in the calculation of the FTSE Custom 100 Equally Weighted Net Cost Index is determined in consultation with clients of the index.

2.3 Amendments to these Ground Rules

2.3.1 These Ground Rules shall be subject to regular review by FTSE Russell to ensure that they continue to best reflect the aims of the index. 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.

¹ FTSE is not the benchmark administrator of the Index Series as the term administrator is defined in the [\[IOSCO Principles for Financial Benchmarks and\] 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).

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 for Non-Market Capitalisation Weighted Indices

3.1.1 Full details of changes to constituent companies due to corporate actions and events can be accessed in the Corporate Actions and Events Guide for Non-Market Capitalisation Weighted Indices using the following link:

[Corporate Actions and Events Guide for Non Market Capitalisation Weighted Indices.pdf](#)

3.2 Index Policy for Trading Halts and Market Closures

3.2.1 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](#)

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

3.3.1 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](#)

3.4 Policy for Benchmark Methodology Changes

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

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

3.5 Real Time Status Definitions

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

[Real Time Status Definitions.pdf](#)

Section 4

Calculation methodology

4. Calculation methodology

Unless stated in these Ground Rules, the FTSE Decrement Index will follow the same construction methodology as the underlying index series.

4.1 Fixed points of index

$$IL(t) = IL(t - 1) \times \frac{UIL(t)}{UIL(t - 1)} - FP \times ACT \frac{(t - 1, t)}{d}$$

4.2 Fixed percentage of index return

$$IL(t) = IL(t - 1) \times \left(\frac{UIL(t)}{UIL(t - 1)} - FD \times ACT \frac{(t - 1, t)}{d} \right)$$

where,

| | | |
|---------------|---|--|
| IL(t) | = | Closing index value of the decrement index on calculation date (t) |
| IL(t - 1) | = | Closing index value of the decrement index on calculation date (t - 1) |
| UIL(t) | = | Closing index value of the underlying index on calculation date (t) |
| UIL(t - 1) | = | Closing index value of the underlying index on calculation date (t - 1) |
| FP | = | Fixed points |
| FD | = | Fixed percentage |
| ACT(t - 1, t) | = | The number of calendar days between Calculation Date (t - 1) (excluded) and Calculation Date (t) (included). |
| d | = | Day count convention (either 360 or 365). |

4.3 List of indices

| Index Name | Fixed Cost | Underlying Index | Day Count |
|---|------------|---|-----------|
| Russell 2000 2% Decrement Index | 2% | Russell 2000 Total Return Index | Act/365 |
| FTSE 100 Equally Weighted 4% Fixed Dividend Act-360 Net Tax Index | 4% | FTSE 100 Equally Weighted Index Net Tax Index | Act/360 |
| FTSE 100 Equally Weighted 5% Fixed Dividend Act-360 Net Tax Index | 5% | FTSE 100 Equally Weighted Index Net Tax Index | Act/360 |
| FTSE 100 Equally Weighted 45 point decrement index | 45 points | FTSE 100 Equally Weighted Index | Act/365 |
| FTSE 100 4% Fixed Dividend Act-360 Net Tax Index | 4% | FTSE 100 Net of Tax Index | Act/360 |
| FTSE 100 Synthetic 4.5% Fixed Dividend Act-365 Index | 4.5% | FTSE 100 Synthetic Index | Act/365 |

| Index Name | Fixed Cost | Underlying Index | Day Count |
|--|------------|---|-----------|
| FTSE 100 Synthetic 4% Fixed Dividend Act-365 Index | 4% | FTSE 100 Synthetic Index | Act/365 |
| FTSE Custom 100 Synthetic 4.5% Fixed Dividend Index | 4.5% | FTSE 100 Synthetic Index | |
| FTSE 100 Synthetic 30 Fixed Point Decrement Act 365 Index | 30 points | FTSE 100 Synthetic Index | Act 365 |
| FTSE 100 Synthetic 40 Fixed Point Decrement Act 365 Index | 40 points | FTSE 100 Synthetic Index | Act 365 |
| FTSE 100 Synthetic 50 Fixed Point Decrement Act 365 Index | 50 points | FTSE 100 Synthetic Index | Act 365 |
| FTSE 100 200 Fixed Point Decrement Act 365 Index | 200 points | FTSE 100 Index | Act 365 |
| FTSE 100 250 Fixed Point Decrement Index | 250 points | FTSE 100 Index | |
| FTSE Custom 50 Equally Weighted 50 Points Decrement Index | 50 Points | FTSE Custom 50 Equally Weighted Index | |
| FTSE Custom 150 Equally Weighted 50 Points Decrement Index | 50 Points | FTSE Custom 150 Equally Weighted Index | |
| Russell 2000 ESG Enhanced Target Exposure 3% Decrement Index | 3% | Russell 2000 ESG Enhanced Target Exposure Total Return Index | Act/365 |
| Russell 2000 ESG Enhanced Target Exposure 3% Decrement Net Tax Index | 3% | Russell 2000 ESG Enhanced Target Exposure Net Tax Index | Act/365 |
| FTSE MIB 3.5% Decrement Act-365 Index | 3.5% | FTSE MIB Index | Act/365 |
| FTSE MIB 4% Decrement Act-365 Index | 4% | FTSE MIB Index | Act/365 |
| FTSE 150 Equally Weighted 50 Point Decrement Index | 50 Points | FTSE Custom 150 Equally Weighted Index | Act/365 |
| FTSE 50 Equally Weighted 50 Point Decrement Index | 50 Points | FTSE Custom 50 Equally Weighted Index | Act/365 |
| FTSE 150 Equally Weighted 50 Point Decrement Net Tax Index | 50 Points | FTSE Custom 150 Equally Weighted Net Tax Index | Act/365 |
| FTSE 50 Equally Weighted 50 Point Decrement Net Tax Index | 50 Points | FTSE Custom 50 Equally Weighted Net Tax Index | Act/365 |
| FTSE Developed Eurozone Consumer Discretionary Select 50 Point Decrement Index | 50 Points | FTSE Developed Eurozone Consumer Discretionary Select Index | Act/365 |
| FTSE Developed Eurozone Consumer Discretionary Select 5% Decrement Net Tax Index | 5% | FTSE Developed Eurozone Consumer Discretionary Select Net Tax Index | Act/365 |
| FTSE Developed Europe Automobiles and Parts Select 50 Point Decrement Index | 50 Points | FTSE Developed Europe Automobiles and Parts Select Index | Act/365 |
| FTSE Developed Europe Automobiles and Parts Select 5% Decrement Net Tax Index | 5% | FTSE Developed Europe Automobiles and Parts Select Net Tax Index | Act/365 |
| FTSE Developed Europe Health Care Select 50 Point Decrement Index | 50 Points | FTSE Developed Europe Health Care Select Index | Act/365 |
| FTSE Developed Europe Health Care Select 5% Decrement Net Tax Index | 5% | FTSE Developed Europe Health Care Select Net Tax Index | Act/365 |
| FTSE Top 50 Eurozone Greece Tilted 50 Point Decrement Index | 50 Points | FTSE Top 50 Eurozone Greece Tilted Index | Act/365 |
| FTSE Eurozone Banks Select 50 Point Decrement Index | 50 Points | FTSE Eurozone Banks Liquid Index | Act/365 |

| Index Name | Fixed Cost | Underlying Index | Day Count |
|---|------------|--|-----------|
| FTSE Eurozone Banks Select 3% Decrement Net Tax Index | 3% | FTSE Eurozone Banks Liquid Net Tax Index | Act/365 |
| FTSE Eurozone Banks Select 5% Decrement Net Tax Index | 5% | FTSE Eurozone Banks Liquid Net Tax Index | Act/365 |
| FTSE Eurozone Insurance Select 50 Point Decrement Index | 50 Points | FTSE Eurozone Insurance Liquid Index | Act/365 |
| FTSE Eurozone Insurance Select 4% Decrement Net Tax Index | 4% | FTSE Eurozone Insurance Liquid Net Tax Index | Act/365 |
| FTSE Eurozone Insurance Select 5% Decrement Net Tax Index | 5% | FTSE Eurozone Insurance Liquid Net Tax Index | Act/365 |
| FTSE Eurozone Oil & Gas Select 50 Point Decrement Index | 50 Points | FTSE Eurozone Oil & Gas Liquid Decrement Index | Act/365 |
| FTSE Eurozone Oil & Gas Select 50 Point Decrement Index III | 50 Points | FTSE Eurozone Oil & Gas Liquid Decrement Index | Act/365 |
| FTSE Eurozone Oil & Gas Select 4% Decrement Net Tax Index | 4% | FTSE Eurozone Oil & Gas Liquid Net Tax Index | Act/365 |
| FTSE Eurozone Oil & Gas Select 5% Decrement Net Tax Index | 5% | FTSE Eurozone Oil & Gas Liquid Net Tax Index | Act/365 |
| FTSE Custom 150 Equally Weighted 5% Decrement Index | 5% | FTSE Custom 150 Equally Weighted Net Tax Index | Act/365 |
| FTSE4Good UK 4% Decrement Index | 4% | FTSE4Good UK Index | Act/365 |
| FTSE4Good UK 5% Decrement Index | 5% | FTSE4Good UK Index | Act/365 |
| FTSE Custom UK 150 ESG Leaders 5% Decrement Index | 5% | FTSE Custom UK 150 ESG Leaders Index | Act/365 |
| FTSE Germany 3% Decrement Index | 3.0% | FTSE Germany Index | Act/365 |
| FTSE Germany 30 Point Decrement Index | 30 Points | FTSE Germany Index | Act/365 |
| FTSE Switzerland 4.5% Decrement Index | 4.5% | FTSE Switzerland Index | Act/365 |
| FTSE Switzerland 45 Point Decrement Index | 45 Points | FTSE Switzerland Index | Act/365 |
| FTSE France 3.5% Decrement Index | 3.5% | FTSE France Index | Act/365 |
| FTSE France 35 Point Decrement Index | 35 Points | FTSE France Index | Act/365 |
| FTSE All-World 3% Decrement Index | 3.0% | FTSE All-World Index | Act/365 |
| FTSE All-World 30 Point Decrement Index | 30 Points | FTSE All-World Index | Act/365 |
| FTSE Developed 3% Decrement Index | 3.0% | FTSE Developed Index | Act/365 |
| FTSE Developed 30 Point Decrement Index | 30 Points | FTSE Developed Index | Act/365 |
| FTSE Emerging 3% Decrement Index | 3.0% | FTSE Emerging Index | Act/365 |
| FTSE Emerging 30 Point Decrement Index | 30 Points | FTSE Emerging Index | Act/365 |
| FTSE Europe 3.5% Decrement Index | 3.5% | FTSE Europe Index | Act/365 |
| FTSE Europe 35 Point Decrement Index | 35 Points | FTSE Europe Index | Act/365 |
| FTSE Europe Ex UK 3.5% Decrement Index | 3.5% | FTSE Europe Ex UK Index | Act/365 |
| FTSE Europe Ex UK 35 Point Decrement Index | 35 Points | FTSE Europe Ex UK Index | Act/365 |
| FTSE Atlantic ESG Equal Weight 50 Point Decrement Index | 50 Points | FTSE Atlantic ESG Equal Weight Index | Act/365 |
| FTSE Eurozone Equal Sector 50 EW Select 5% Decrement Index | 5% | FTSE Eurozone Equal Sector 50 EW Select Index | Act/365 |

| Index Name | Fixed Cost | Underlying Index | Day Count |
|--|------------|---|-----------|
| FTSE Eurozone Equal Sector 50 EW Select 50 Point Decrement Index | 50 Points | FTSE Eurozone Equal Sector 50 EW Select Index | Act/365 |

Section 5

Corporate actions and events

5. Corporate actions and events

- 5.1 The FTSE Decrement Index Series will follow the same corporate actions and events treatment as the underlying index.
- 5.2 If a constituent in the underlying index has a stock split, stock consolidation, rights issue, bonus issue, a change in the number of shares in issue or a change in free float, the constituent's weighting in the FTSE Decrement Index Series will remain unchanged pre and post such an event.
- 5.3 Full details of changes to constituent companies due to corporate actions and events can be accessed in the Corporate Actions and Events Guide for Non Market Capitalisation Weighted Indices using the following link:

[Corporate Actions and Events Guide for Non Market Cap Weighted Indices.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.

5.4 Suspension of dealing

Suspension of Dealing rules can be found within the Corporate Actions and Events Guide for Non Market Capitalisation Weighted Indices.

5.5 Takeovers, mergers and demergers

The treatment of takeovers, mergers and demergers can be found within the Corporate Actions and Events Guide for Non Market Capitalisation Weighted Indices.

Appendix A

Further information

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

[Glossary.pdf](#)

For contact details please visit the FTSE Russell website or contact FTSE Russell client services at info@ftserussell.com.

Website: www.lseg.com/en/ftse-russell/

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