

FTSE Global Financial Metrics Weighted Index Series

v2.1



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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 Global Financial Metrics Weighted Index Series.
- 1.2 The FTSE Global Financial Metrics Weighted Index Series is designed to reflect the performance of securities weighted by a set of accounting measures of size.
- 1.3 The FTSE Global Financial Metrics Weighted Index Series does not take account of ESG factors in its index design.
- 1.4 Both annual and staggered versions are calculated for the following universes (see Section 7). In this document Financial Metrics Weighted is abbreviated by FMW.

Universe	Annual Index	Staggered Index
FTSE All-World Index	FTSE All-World FMW Index	FTSE All-World FMW Staggered Index
FTSE Developed Index	FTSE Developed FMW Index	FTSE Developed FMW Staggered Index
FTSE Developed ex US Index	FTSE Developed ex US FMW Index	FTSE Developed ex US FMW Staggered Index
FTSE USA Index	FTSE USA FMW Index	FTSE USA FMW Staggered Index
FTSE Emerging Index ¹	FTSE Emerging FMW Index	FTSE Emerging FMW Staggered Index

- 1.5 The FTSE Smart Sustainability FMW indices are constructed from the annual FMW indices and reflect the performance of stocks representing an additional set of climate change considerations or ESG practices.
- 1.5.1 The FTSE Smart Sustainability FMW indices take account of ESG factors in their index design. Please see further details in the FTSE Smart Sustainability Index Series Ground Rules.
- 1.6 Price and Total Return Indices will be calculated on an end of day basis. Total return indices include income based on ex dividend adjustments. All dividends are applied as declared.
- 1.7 The base currency of the index series is US Dollars. Index values may also be published in other currencies.
- 1.8 These Ground Rules should be read in conjunction with the FTSE Global Equity Index Series Ground Rules, the FTSE Smart Sustainability Index Series Ground Rules, the Corporate Actions and Events Guide for Non Market Cap Weighted Indices which are available at www.lseg.com/en/ftse-russell/. Unless stated in these Ground Rules, the FTSE Global Financial Metrics Weighted Index Series will follow the same process as the FTSE Global Equity Index Series.
- 1.9 FTSE Russell**
- 1.9.1 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

¹ China A Shares (available under the Northbound China Stock Connect Scheme): Phase 1 implementation completed June 2020 representing 25% of each security's investability weight.

Income Europe Limited), FTSE Fixed Income LLC, FTSE (Beijing) Consulting Limited, Refinitiv Benchmark Services (UK) Limited, Refinitiv Limited and Beyond Ratings.

- 1.10 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.
- 1.11 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 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 series.²

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

- maintain records of the index weightings of all constituents and reserve companies;
- 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 Amendments to these Ground Rules

2.2.1 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.

2.2.2 As provided for in the Statement of Principles for FTSE Russell Equity Indices, 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

² 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

3.2 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](#)

3.3 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 the FTSE Russell Index Governance Board.

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

[Statement of Principles](#)

3.4 Queries and Complaints

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

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

3.5 Index Policy for Trading Halts and Market Closures

3.5.1 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](#)

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

3.6.1 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](#)

3.7 Recalculation Policy and Guidelines

- 3.7.1 Where an inaccuracy is identified, FTSE Russell will follow the steps set out in the FTSE Russell Index Recalculation Guidelines when determining whether an index or index series should be recalculated and/or associated data products reissued. Users of the SE Global Financial Metrics Weighted Index Series will be notified through appropriate media.

[Recalculation Policy and Guidelines Equity Indices.pdf](#)

For further information refer to the FTSE Russell Recalculation Policy and Guidelines document which is available from the FTSE Russell website using the link below or by contacting info@ftserussell.com.

3.8 Policy for Benchmark Methodology Changes

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

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

3.9 FTSE Russell Governance Framework

- 3.9.1 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 Benchmarks³, the European benchmark regulation⁴ and the UK benchmark regulation⁵. The FTSE Russell Governance Framework can be accessed using the following link:

[FTSE Russell Governance Framework.pdf](#)

3.10 Real Time Status Definitions

- 3.10.1 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](#)

³ IOSCO Principles for Financial Benchmarks Final Report, FR07/13 July 2013.

⁴ 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.

⁵ The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019.

Section 4

Eligible securities

4. Eligible securities

- 4.1 Constituents of the FTSE All-World Index are eligible for inclusion in the FTSE Global Financial Metrics Weighted Index Series.
- 4.2 All lines of the same company that are eligible securities are eligible for inclusion in the relevant FTSE FMW Index.

Section 5

ESG data inputs

5. ESG data inputs

5.1.1 The following ESG datasets are used in the construction of the indices.

ESG data inputs	Details	Used for selection, weighting or exclusion ⁶
FTSE ESG Scores	FTSE Russell's ESG Scores and data model allows investors to understand a company's exposure to, and management of, ESG issues in multiple dimensions. More information can be found here: https://www.ftserussell.com/data/sustainability-and-esg-data/esg-ratings and Guide to FTSE and Third Party Sustainable Investment Data used in FTSE Russell Indices	Weighting
FTSE Green Revenues	FTSE Russell's Green Revenues data model identifies companies providing green products and services and classifies associated revenues based on the Green Revenues Classification System (GRCS). GRCS is a taxonomy used to define and measure the industrial transition to a Green Economy. More information can be found here: https://research.ftserussell.com/products/downloads/FTSE_Green_Revenues_Classification_System.pdf	Weighting
Carbon emissions and carbon reserves data - Trucost	Trucost environmental data measures environmental impact including greenhouse gas emissions and fossil fuel reserves. More information can be found: https://www.marketplace.spglobal.com/en/datasets/trucost-environmental-(46)	Weighting

5.1.2 Further information on ESG data provided by FTSE Russell and third parties used in this index (index series) can be found in the following guide:

[Guide to FTSE and Third Party Sustainable ESG Data used in FTSE Russell Indices](#)

This includes information on the data and standards used for these ESG data inputs. These data sets may include estimated data.

⁶ Definitions

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

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

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

Section 6

Index construction

6. Index construction

6.1 Accounting measures

6.1.1 The weight of a constituent in the FTSE Global Financial Metrics Weighted Index Series is determined by four accounting measures:

- *Net Income before extraordinary credits and charges (averaged over the prior five years)*
- *Cash flow Adjusted for Financial Leverage (averaged over the prior five years)*
- *Dividends + Buybacks (averaged over the prior five years)*
- *Book Value (averaged over the prior five years)*

6.1.2 For Property and Real Estate securities, designated by the ICB Real Estate (ICB Real Estate Supersector 3510)⁷, Book Value is replaced by Total Assets (averaged over the prior five years).

6.1.3 An average of the last five years annual figures for each reported accounting measure is used. If fewer than five years data are available, accounting measures are averaged over years for which data is available. A minimum of one year of reported accounting data is required for each metric.

6.1.4 For companies that consist of multiple security lines, annual accounting measures are allocated to each line in proportion to the economic interest of the line (shares in issue * par value) in the entire company.

6.1.5 A leverage adjustment is applied annually to Cash Flow at the security level.

$$\text{Leverage Adjusted Cash Flow}_{i,t} = \text{Cash flow}_{i,t} * \text{Total Equity}_{i,t} / \text{Total Assets}_{i,t}$$

In the event that Total Equity or Cash Flow attains a negative value, Cash flow is adjusted in the following manner:

Leveraged Adjusted Cash Flow	Cash Flow	Total Equity/Total Assets
No Adjustment	<0	<0
Adjustment applied	<0	>0
Cash Flow is set to zero	>0	<0
Adjustment applied	>0	>0

6.1.6 Securities will not be eligible for the FTSE Global Financial Metrics Weighted Index Series at the annual review if the relevant financial information is unavailable. For example, recent listings, recently merged companies, or investment entities that do not report the necessary financial metrics will be ineligible.

⁷ FTSE indices migrated to the new ICB classification system in March 2021.

6.2 Sub-Index construction

- 6.2.1 Each accounting measure is converted from local currency to US Dollars at security level using the prevailing exchange rate as of the data cut-off date. The data cut-off date is the Wednesday before the first Friday of the review month.
- 6.2.2 Sub-indices corresponding to each of the four accounting measures are constructed using the FTSE All-World universe. Sub-index security level weights are calculated by dividing each company's accounting measure by the aggregate accounting measure for that sub-index.

The determination of sub-index weights is illustrated using Net Income. If every security has a positive value for the five-year average of Net Income, then the Net Income sub-index weight, W_i^{NI} for company i is:

$$W_i^{NI} = \frac{NI_i}{\sum_i NI_i}$$

Where:

NI_i is the five-year average Net Income of security i in US dollars.

- 6.2.3 Negative average measures are set to zero, For the Net Income sub-index:

$$W_i^{NI} = \frac{\text{Max}(NI_i, 0)_i}{\sum_i \text{Max}(NI_i, 0)}$$

Consequently, a security with a negative five-year average financial measure has zero weight in the relevant sub-index.

- 6.2.4 Where data is unavailable for a security, that security is excluded from the relevant sub-index. The Dividend plus buyback metric is treated differently. If a company does not pay a dividend or engage in buybacks, this measure is set to zero and a security will have a weight of zero in the Dividend + Buyback sub-index.
- 6.2.5 Investability Weight Adjustment

The weight of each constituent in each sub-index is adjusted for free-float and foreign ownership restrictions. The final weight of a constituent in the Net income sub-index is:

$$W_i^{NI} = \frac{\text{Max}(NI_i, 0)_i * f_i}{\sum_i \text{Max}(NI_i, 0)_i * f_i}$$

Where:

f_i is the investability weighting adjustment.

6.3 Headline Index construction

- 6.3.1 The headline index refers to the FTSE All-World FMW (Annual) Index.
- 6.3.2 The weight of a security in the headline index is the average of the security's weightings across the four sub-indices.

$$W_i = \frac{W_i^{FLACF} + W_i^{NI} + W_i^{D+BB} + W_i^{BV}}{4}$$

Where:

- W_i^{NI} is the Net Income sub-index weight
- W_i^{FLACF} is the Cash flow Adjusted for Financial Leverage sub-index weight
- W_i^{D+BB} is the Dividends + Buybacks sub-index weight
- W_i^{BV} is the Book Value sub-index weight

6.3.3 The average is across only those sub-indices in which a security is represented. For clarity, if a company reports negative five year average net income it will have a weight of zero in the Net income sub-index. The headline index weight will be the result of averaging across the four sub-indices (given all remaining financial data is available). If a company does not report net income, it is not a member of the sub-index in question and the headline index weight is determined as the average weight across the remaining three sub-indices.

6.3.4 The headline index weights are standardized such that they sum to one.

6.4 Trivial weightings

6.4.1 Any headline index constituent with a weight of less than 0.5 basis points is treated as having zero weight in the headline index. The headline index weights are renormalized with the weight of securities that are less than 0.5 basis points redistributed pro-rata amongst the remaining constituents.

6.5 Annual FMW Indices

6.5.1 Constituents of the annual regional and country FTSE FMW Indices are derived from the corresponding underlying universe.

Annual FMW Index	Underlying Index
FTSE Developed FMW Index	FTSE Developed Index
FTSE Developed ex US FMW Index	FTSE Developed ex US Index
FTSE USA FMW Index	FTSE USA Index
FTSE Emerging FMW Index	FTSE Emerging Index

6.6 Smart Sustainability FMW Indices

6.6.1 The eligible securities of each FTSE Smart Sustainability FMW Index consist of the constituents of the corresponding underlying (annual) FMW index.

Smart Sustainability Index	Annual FMW Index
FTSE All-World FMW Climate Index	FTSE All-World FMW Index
FTSE Developed FMW Climate Index	FTSE Developed FMW Index
FTSE Developed ex US FMW Climate Index	FTSE Developed ex US FMW Index
FTSE US FMW Climate Index	FTSE US FMW Index
FTSE Emerging FMW Climate Index	FTSE Emerging FMW Index
FTSE All-World FMW ESG Index	FTSE All-World FMW Index
FTSE Developed FMW ESG Index	FTSE Developed FMW Index
FTSE Developed ex US FMW ESG Index	FTSE Developed ex US FMW Index
FTSE US FMW ESG Index	FTSE US FMW Index
FTSE Emerging FMW ESG Index	FTSE Emerging FMW Index

6.7 ESG tilt

6.7.1 The FTSE FMW ESG index weights are determined as follows:

$$v_i = w'_i \times A_i^{ESG}$$

And

$$w_i = \frac{v_i}{\sum_j v_j}$$

Where:

- w'_i is the weight of stock i in the annual FMW index
- A_i^{ESG} is the ESG regional industry tilt for stock i
- w_i is the weight of stock i in the FMW ESG index

6.7.2 The ESG tilt, A_i^{ESG} applies S-scores based on the overall ESG scores of each constituent with regional industry neutral adjustments. The ESG tilt follows the definition and methodology as detailed in FTSE ESG Index Series Ground Rules.

6.8 Climate tilts

6.8.1 The FTSE FMW Climate unconstrained index weights are calculated as follows:

$$v_i = w'_i \times A_i^{FF} \times A_i^{CE} \times A_i^{CS} \times A_i^{GR}$$

And

$$w_i = \frac{v_i}{\sum_j v_j}$$

where

- w'_i is the weight of stock i in the annual FMW index
- A_i^{FF} is the Fossil Fuel Reserves adjustment for stock i
- A_i^{CE} and A_i^{CS} are the Low Operational Carbon Emissions and Low Operational Carbon Emissions sector adjustment respectively of stock i
- A_i^{GR} is the Green Revenue adjustment of stock i
- w_i is the weight of stock i in the FMW Climate index

6.8.2 Fossil Fuel Reserves tilts, Operational Emissions tilts and Green Revenue tilts are based on the company fossil fuel reserve, operational carbon emission and the FTSE Green Revenues Factor respectively. These tilts follow the definitions and methodologies as detailed in FTSE Global Climate Index Series Ground Rules and the FTSE Green Revenues Index Series Ground Rules.

6.8.3 The maximum stock level capacity ratio, country and industry constraints are applied to the unconstrained weights to derive the final weights in the FMW Climate indices as detailed in the FTSE Global Climate Index Series Ground Rules.

6.9 Minimum weight

6.9.1 The table below shows the minimum stock weightings applied to the final Smart Sustainability FMW indices. Any stock weight that is less than the minimum weight threshold is treated as having a zero weight in the relevant index. Any resulting excess weight will be redistributed amongst the remaining constituents in proportion to their index weights.

Smart Sustainability FMW Indices	Minimum Weight
FTSE All-World FMW Climate Index	0.5bps
FTSE Developed FMW Climate Index	0.5bps
FTSE Developed ex US FMW Climate Index	0.5bps
FTSE US FMW Climate Index	0.5bps
FTSE Emerging FMW Climate Index	0.5bps
FTSE All-World FMW ESG Index	2bps
FTSE Developed FMW ESG Index	2bps
FTSE Developed ex US FMW ESG Index	2bps
FTSE US FMW ESG Index	2bps
FTSE Emerging FMW ESG Index	2bps

Section 7

Review of annual FMW indices

7. Review of annual FMW indices

7.1 The FTSE Global Financial Metrics Weighted (Annual) Index Series will be reviewed annually in September using the data as of the close of business on the Wednesday before the first Friday in September (data cut-off date). Review additions and deletions to the underlying index will be reflected in the FTSE Global Financial Metrics Weighted (Annual) Index Series.

7.2 Weighting changes and constituent additions and deletions arising from the annual review will be fully implemented after the close of business on the third Friday (i.e. effective Monday) of September.

7.3 **Index back-histories**

All index reviews prior to the index series launch date use realized financial accounting measures with a lag of six months. For example, the Net Income measure detailed in Rule 6.1 is the 5 year average of annual Net Income available six months prior to the data cut-off date.

Section 8

Review of staggered indices

8. Review of staggered indices

8.1 Staggered rebalance

8.1.1 Weighting changes and constituent additions and deletions arising from the annual review (see Section 6) will be implemented in four stages in the staggered indices using data as of the close of business on the Wednesday before the first Friday in September, December, March and June.

8.1.2 Weighting changes arising from the staggered rebalance will be effective after the close on the third Friday of September, December, March and June each year.

8.1.3 The staggered mechanism described in Rule 8.2 will be applied separately to each derived regional and country index.

8.2 Staggered mechanism

Four sub-indices are constructed and reviewed annually in September, December, March and June respectively using the constituents and September review weights of the corresponding annual FMW Index. (see Appendix A)

For example, the September sub-index will consist of the same constituents and weightings as the annual FMW Index.

The December sub-index will consist of the September annual review weights ($w_{i,sep}$) of the corresponding annual FMW Index in the FTSE Global Financial Metrics Weighted Index Series (updated for corporate events and deletions).

$$w_{i,Dec} = w_{i,sep}$$

The weightings of each sub-index evolve with price movements and corporate events for the next 12 months until they are updated and replaced with the new FTSE Global Financial Metrics Weighted Index Series annual review weights.

At each quarterly staggered rebalance, the weight of each security in the corresponding staggered index is calculated as an average of the four sub-index weights.

$$w_i^* = \left(\frac{w_{i,Mar} + w_{i,Jun} + w_{i,Sep} + w_{i,Dec}}{4} \right)$$

Section 9

Review of smart sustainability FMW indices

9. Review of smart sustainability FMW indices

9.1 Review dates

- 9.1.1 The FTSE Smart Sustainability FMW Indices will be reviewed in September.
- 9.1.2 The index review will be implemented after the close of business on the third Friday of the review month

9.2 Data dates

- 9.2.1 Index reviews will use Green Revenue, Fossil Fuel Reserves, Carbons Emissions and ESG data as of the last business day of the month prior to the review month (the data cut-off date).
- 9.2.2 Index reviews will incorporate constituent changes associated with reviews of the underlying annual FMW universe

9.3 Index back-histories

- 9.3.1 Annual Fossil Fuel Reserves, Operational Carbon Emissions and annual sales data prior to September 2016 are lagged by one year in the FMW Climate Indices.
- 9.3.2 Prior to September 2014, FTSE4Good constituent weights are used to proxy the ESG tilts in the FTSE Developed FMW ESG Index, FTSE Developed ex US FMW ESG Index and FTSE US FMW ESG Index.
- 9.3.3 The index history of each FTSE FMW ESG Index prior to September 2014 is simulated by applying regional and ICB industry neutrality to the stock weights calculated in Rule 9.3.2. Details can be found in the FTSE ESG Index Series Ground Rules.

Section 10

Changes to constituent companies

10. Changes to constituent companies

10.1 Intra-review additions

10.1.1 Additions to the underlying indices will be considered for inclusion at the next annual review of the FTSE Financial Metrics Weighted Annual indices and Smart Sustainability FMW indices.

10.2 Intra-review deletions

There will be no intra-review deletions except in the event of corporate actions and events covered in Section 10, or of securities which are subject to surveillance by stock exchanges. Such securities will be deleted in line with their removal from the underlying. Further details can be found in the FTSE Global Equity Index Series Ground Rules.

Section 11

Corporate actions and events

11. Corporate actions and events

11.1 If a constituent in the FTSE Global Financial Metrics Weighted Index Series 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 (with the exception of tender offers), the constituent's weighting in the FTSE Global Financial Metrics Weighted Index Series remains unchanged pre and post such an event.

11.2 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. 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 Russell will provide notice advising of the timing of the change.

11.3 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.

11.4 Suspension of dealing

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

Section 12

Index calculation

12. Index calculation

12.1 Prices

12.1.1 The FTSE Global Financial Metrics Weighted Index Series use actual closing mid-market or last trade prices, where available, for securities with local market quotations. Further details can be accessed using the following link:

[Closing Prices Used For Index Calculation.pdf](#)

12.2 Calculation frequency

12.2.1 The FTSE Global Financial Metrics Weighted Index Series will be calculated on an end of day basis and displayed to eight decimal points.

12.3 Index calculation

12.3.1 The FTSE Global Financial Metrics Weighted Index Series is calculated using the algorithm described below:

$$\sum_{i=1}^N \frac{(p_i \times e_i \times s_i \times f_i \times c_i)}{d}$$

Where,

- $i=1,2,\dots,N$
- N is the number of securities in the Index.
- p_i is the latest trade price of the component security (or the price at the close of the index on the previous day).
- e_i is the exchange rate required to convert the security's currency into the index's base currency.
- s_i is the number of shares in issue used by FTSE Russell for the security, as defined in these Ground Rules.
- f_i is the Investability Weighting Factor to be applied to a security to allow amendments to its weighting, expressed as a number between 0 and 1, where 1 represents a 100% free float. This factor is published by FTSE Russell for each security in the underlying index.
- c_i is the Weight Adjustment Factor to be applied to a security to correctly weight that security in the index. This factor maps the investable market capitalisation of each stock to a notional market capitalisation for inclusion in the index.
- d is the divisor, a figure that represents the total issued share capital of the Index at the base date. The divisor can be adjusted to allow changes in the issued share capital of individual securities to be made without distorting the index.

Appendix A

Sub indices for staggered rebalance

Four sub-indices are constructed and reviewed annually in September, December, March and June respectively for staggered rebalance (see Section 7).

Annual Sub Indices	Review Months
FTSE All-World FMW September Tranche Index	September
FTSE All-World FMW December Tranche Index	December
FTSE All-World FMW March Tranche Index	March
FTSE All-World FMW June Tranche Index	June
FTSE Developed FMW September Tranche Index	September
FTSE Developed FMW December Tranche Index	December
FTSE Developed FMW March Tranche Index	March
FTSE Developed FMW June Tranche Index	June
FTSE Developed ex US FMW September Tranche Index	September
FTSE Developed ex US FMW December Tranche Index	December
FTSE Developed ex US FMW March Tranche Index	March
FTSE Developed ex US FMW June Tranche Index	June
FTSE US FMW September Tranche Index	September
FTSE US FMW December Tranche Index	December
FTSE US FMW March Tranche Index	March
FTSE US FMW June Tranche Index	June
FTSE Emerging FMW September Tranche Index	September
FTSE Emerging FMW December Tranche Index	December
FTSE Emerging FMW March Tranche Index	March
FTSE Emerging FMW June Tranche Index	June

Appendix B

Further information

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

[Glossary.pdf](#)

Further information on the FTSE Global Financial Metrics Weighted Index Series is available from FTSE Russell.

The FTSE Russell ESG Metrics website can be found using the following link: [ESG Metrics](#)

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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