

FTSE/MV Exchanges Index

v2.6



**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/MV Exchanges Index by FTSE Russell. Copies of these Ground Rules are available from FTSE Russell.
- 1.2 The FTSE/MV Exchanges Index is designed to represent the performance of global quoted and regulated stock exchanges.
- 1.3 The FTSE/MV Exchanges Index does not take account of ESG factors in its index design.
- 1.4 The index is calculated and published in US Dollars.
- 1.5 The FTSE/MV Exchanges Index is calculated in real time and published every 60 seconds.
- 1.6 Capital and Total Return Indices are available. The Total Return Indices are based on ex dividend adjustments.
- 1.7 **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.
- 1.8 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'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.

1.10 Mondo Visione

Mondo Visione is the leading source of insight and knowledge about the world's exchanges and trading venues. Since 1991, Mondo Visione has provided those who operate and invest in the global markets with fast, reliable information, both online and in print. The company also organises conferences and events where market professionals can share ideas and experience with their peers, regulators, system providers, academics, and journalists.

Section 2

Management responsibilities

2. Management responsibilities

2.1 FTSE International Limited (FTSE)

2.1.1 FTSE is the benchmark administrator of the index¹.

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;
- publish changes to the constituent weightings resulting from their ongoing maintenance.

2.1.3 The FTSE/MV Exchanges Index will not require periodic reviews.

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.

¹ 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

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

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

3.2 Queries and Complaints

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

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

3.3 Index Policy for Trading Halts and Market Closures

3.3.1 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](#)

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

3.4.1 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](#)

3.5 Recalculation Policy and Guidelines

3.5.1 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 FTSE/MV Exchanges Index will be notified through appropriate media.

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.

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

3.6 Policy for Benchmark Methodology Changes

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

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

3.7 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 Benchmarks², the European benchmark regulation³ and the UK benchmark regulation⁴. 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 Please refer to the following guide for details of real time status definitions for indices which are calculated in real time.

[Real Time Status Definitions.pdf](#)

² IOSCO Principles for Financial Benchmarks Final Report, FR07/13 July 2013.

³ 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.

⁴ The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019.

Section 4

Eligible securities

4. Eligible securities

- 4.1 Only quoted and regulated Exchange securities that are fully listed by way of ordinary shares or their equivalent on a stock exchange are eligible for the FTSE/MV Exchanges Index.
- 4.1.1 Only listed and regulated exchanges trading within a country classified as Developed, Advanced Emerging, Secondary Emerging or Frontier within the FTSE Country Classification framework are eligible for inclusion. Full details of the Country Classification process can be found in the following document:
[FTSE Country Classification Paper.pdf](#)
Current Country classification can be found using the following link:
[Matrix-of-Markets latest.pdf](#)
- 4.2 Constituents of the FTSE/MV Exchanges Index are adjusted for free float. Further details on free float restrictions can be accessed using the following link:
[Free Float Restrictions.pdf](#)
- 4.3 Initial weighting**
- 4.3.1 Free float will be calculated using available published information rounded to 12 decimal places. Companies with a free float of 5% or below are excluded from the index.
- 4.4 Where a company's shares are issued partly, or nil, paid and the call dates are already determined and known, the market price will, for the purposes of calculating its market capitalisation, be adjusted so as to include all such calls (i.e. the fully paid price).
- 4.5 Convertible preference shares and loan stocks are excluded until converted.
- 4.6 If a company selected under Rule 4.1 has multiple lines, these multiple lines will also be constituents of the FTSE/MV Exchanges Index.
- 4.7 Prices**
- Further details can be accessed using the following link:
[Closing Prices Used For Index Calculation.pdf](#)
- 4.8 Minimum voting rights**
- 4.8.1 Companies assigned a developed market nationality are required to have greater than 5% of the company's voting rights (aggregated across all of its equity securities, including, where identifiable, those that are not listed or trading) in the hands of unrestricted shareholders or they will be deemed ineligible for index inclusion. Emerging market securities are not subject to this requirement.⁵

⁵ Index constituents with a developed market nationality which did not meet the minimum voting rights requirement were given a 5 year grandfathering period to comply before being removed at the September 2022 index review.

4.8.2 The percentage of a company's voting rights in public hands is calculated as:

The number of votes in the hands of shareholders that are unrestricted as determined
by the application of FTSE Russell free float definitions

The total number of votes conferred by the shares outstanding of all the company's
voting securities including those that have not been admitted to trading on a regulated venue

For example, Company A has 100m listed Class A shares each conferring one vote, free float is 65%. It also has 300m unlisted Class B shares each conferring 10 votes.

The test to assess whether the listed Class A line has the required greater than 5% of the company's voting rights is as follows:

$$\frac{65\text{m (i. e. } 100\text{m Class A voting rights} * 65\% \text{ float)}}{3.1\text{bn (i. e. } 100\text{m Class A} + 3\text{bn Class B)}} \\ = 2.097\% \text{ of the company's voting rights in public hands}$$

Section 5

Index qualification criteria

5. Index qualification criteria

- 5.1 The FTSE/MV Exchanges Index comprises of all Stock Exchanges that are regulated and listed companies, which qualify under Section 4 as eligible for inclusion in the index.

Section 6

Changes to constituent companies

6. Changes to constituent companies

6.1 Removal

6.1.1 A company will cease to be a constituent of the FTSE/MV Exchanges Index if the constituent delists from its primary exchange, or becomes ineligible under Section 4.

6.2 Additions/new issues

6.2.1 If a stock exchange becomes a listed security it will be eligible to be included in the FTSE/MV Exchanges Index, subject to Section 4. The new issue will become a constituent of the FTSE/MV Exchanges Index after the close of business on the fifth day of official trading. Advance notification confirming the timing of the inclusion of the new constituent will be given accordingly.

Section 7

Corporate actions and events

7. Corporate actions and events

7.1 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. 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.

7.2 Shares in issue

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

7.3 Investability weightings

7.3.1 Changes to free float for constituent securities are covered in the Corporate Actions and Events Guide.

Section 8

Index calculation

8. Index calculation

The indices are calculated using the algorithm described below.

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

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 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 for each security in the underlying 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

Index opening and closing hours

Index	Open	Close
FTSE/MV Exchanges Index	02:00	21:10

Closing values at 21:10 will be disseminated at 21:30.

Timings are UK hours.

The Index Series are calculated every weekday, when one or more of the constituent markets are open, however on 1 January, the indices may not be disseminated. There is no separate calculation to accommodate the Saturday or Sunday opening of any market.

Appendix B

Further information

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/MV Exchanges Index is available from FTSE Russell.

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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