

FTSE Tradable Plus Index Series

v2.3



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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 Tradable Plus Index Series calculated by FTSE Russell. Copies of these Ground Rules are available from FTSE Russell.

1.2 These Ground Rules should be read in conjunction with the FTSE Global Equity Index Guide to Calculation Methods, the guide to calculation methods for the FTSE UK Index Series, the corporate actions and events guide and the industry classification benchmark (ICB) rules¹, which can be accessed through the links below:

[FTSE Global Equity Index Series Guide to Calc.pdf](#)

[FTSE UK Index Series Guide to Calc.pdf](#)

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

[Industry Classification Benchmark](#)

1.3 Index definition

1.4 The FTSE Tradable Plus Indices are designed to reflect the performance of the constituents drawn from the underlying universe after the application of liquidity, borrowing cost and borrowing capacity screens designed to facilitate replication of the index.

1.5 The FTSE Tradable Plus Index Series does not take account of ESG factors in its index design.

1.6 Price, total return and net of tax indices are calculated on a real-time basis. The total return indices (TRI) include income based on ex dividend adjustments. All dividends are applied as declared.

1.7 The base currency of the benchmark is US Dollars. Index values may also be published in other currencies.

1.8 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.

1.9 Index objective and intended use

1.10 The indices and index statistics are intended to reflect the investment markets included in the index definitions and to facilitate the detailed analysis of such markets.

¹ FTSE indices migrated to the new ICB classification system in March 2021.

- 1.11 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.
- 1.12 Index users who choose to follow these indices or to buy products that claim to follow these indices should assess the merits of the indices' 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 series².

2.1.2 FTSE is responsible for the daily calculation, production and operation of the FTSE Tradable Plus 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 the 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.

2.2 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 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 through 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 through the following link:

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

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

3.2.1 Indices need to keep abreast of changing markets and the Ground Rules cannot anticipate every eventuality. Where the 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 through the following link:

[Statement of Principles.pdf](#)

3.3 Queries and Complaints

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

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

3.4 Index Policy for Trading Halts and Market Closures

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

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

3.6 Recalculation Policy and Guidelines

3.6.1 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 Tradable Plus Index Series 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 through the link below:

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

3.7 Policy for Benchmark Methodology Changes

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

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

3.8 FTSE Russell Governance Framework

3.8.1 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 through the following link:

[FTSE Russell Governance Framework.pdf](#)

3.9 Real Time Status Definitions

3.9.1 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](#)

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 The underlying universe for each FTSE Tradable Plus Index and the size eligibility requirements are specified in the following table:

Index	Underlying universe	Eligible size	Index currency
FTSE UK Mid Cap Tradable Plus Index	FTSE 350 Ex Investment Trusts Index	Exclude the largest 75%, by full market capitalisation of FTSE 100 securities from the underlying universe	GBP
FTSE Developed Europe SMID Cap Tradable Plus Index	FTSE Developed Europe All Cap Index	Exclude all Large Cap securities from the underlying universe	EUR
FTSE Germany SMID Cap Tradable Plus Index	FTSE Germany All Cap Index	Exclude the largest 75%, by full market capitalisation of Large Cap securities from the underlying universe	EUR
FTSE Italy SMID Cap Tradable Plus Index	FTSE Italy All Cap Index	Exclude the largest 75% by full market capitalisation of Large Cap securities from the underlying universe	EUR
FTSE France SMID Cap Tradable Plus Index	FTSE France All Cap Index	Exclude the largest 75%, by full market capitalisation, of Large Cap securities from the underlying universe	EUR

4.1.1 Preference shares are ineligible and are removed from the underlying universe.

4.2 Liquidity screen

4.2.1 After applying the eligible size criterion, the remaining underlying universe is screened at each annual review to remove illiquid securities.

4.2.2 Liquidity is determined by the average daily traded value (ADTV) in the index currency, over the previous 252 trading days, inclusive of days when securities are suspended.

4.2.3 Securities with fewer than 22 days of trading data are ineligible.

4.3 Securities are ranked by ADTV in descending order and the lowest 10% by ADTV are removed.

4.4 Borrow cost and borrow capacity screens

4.4.1 Borrowing costs are determined by taking the average daily borrowing cost in the calendar month prior to the 1st Friday of the review month.

4.4.2 Securities with an average borrowing cost > 200 basis points are ineligible.

Borrow capacity (active borrowing utilisation) is the proportion of shares currently on loan on the 1st Friday of the review month.

4.4.3 Securities with active borrowing utilisation > 25% or more are ineligible.

4.5 Tradability

- 4.5.1 Securities are screened at each annual review by “days to trade”.
- 4.5.2 Days to trade is calculated using the free float-adjusted market capitalisation on the data cut-off date adjusted forward to the implementation date and ADTV (Rule 4.2.2).
- 4.5.3 $\text{Days to trade} = \frac{\text{Free float-adjusted market capitalisation (in index currency)}}{\text{ADTV (in index currency)}}$.
- 4.5.4 Eligible securities are ranked by days to trade and the bottom 10% (highest days to trade) are removed.

4.6 Selection universe

- 4.6.1 The application (in order) of Rules 4.2 to 4.5 for each underlying universe, determines the selection universe.

Section 5

Periodic review of constituents

5. Periodic review of constituents

5.1 The FTSE Tradable Plus Index Series is reviewed annually, with changes effective at the open on the first business day following the third Friday of the review month.

Index	Annual review month	Data cut-off date	Target index size
FTSE UK Mid Cap Tradable Plus Index	June	1 st Friday in June	150
FTSE Developed Europe SMID Cap Tradable Plus Index	March	1 st Friday in March	300
FTSE Germany SMID Cap Tradable Plus Index	March	1 st Friday in March	50
FTSE France SMID Cap Tradable Plus Index	March	1 st Friday in March	50
FTSE Italy SMID Cap Tradable Plus Index	March	1 st Friday in March	50

5.2 At each annual review the selection universe is determined in as detailed in Section 4.

5.3 The selection universe is ranked by free float market capitalisation and the largest target number of securities as specified in the table in Rule 5.1 are selected. If the selection universe consists of fewer securities than the target index size then the index will consist of the available number of securities.

5.4 Constituents of the FTSE Tradable Plus Index Series are weighted in proportion to their free-float adjusted market capitalisation.

5.5 Quarterly intra-review borrow cost and borrow capacity screens

5.5.1 Each quarter, between annual reviews, constituents of each FTSE Tradable Plus Index are screened for borrow cost and available borrowing capacity. The quarterly review schedule is specified in the following table.

Index	Quarterly review	Data cut-off date
FTSE UK Mid Cap Tradable Plus Index	September, December, March	1 st Friday of review month
FTSE Developed Europe SMID Cap Tradable Plus Index	June, September, December	1 st Friday of review month
FTSE Germany SMID Cap Tradable Plus Index	June, September, December	1 st Friday of review month
FTSE France SMID Cap Tradable Plus Index	June, September, December	1 st Friday of review month
FTSE Italy SMID Cap Tradable Plus Index	June, September, December	1 st Friday of review month

5.5.2 At each quarterly review:

- A. Constituent securities having a borrowing cost average (Rule 4.4.1) > 400 basis points are removed from the index and not replaced;
- B. Securities with active borrowing utilisation (Rule 0) > 50% are removed from the index and not replaced.

Section 6

Changes to constituent companies

6. Changes to constituent companies

6.1 Intra-review additions

6.1.1 Non-constituents will be considered for inclusion in the relevant FTSE Tradable Plus Index at the next annual review. Intra-review additions other than those specified in Section 7 will not be made.

6.2 Intra-review deletions

6.2.1 A constituent will be removed from the relevant FTSE Tradable Plus Index if it is removed from its underlying index. The deletion will be concurrent with its removal from the underlying index and its weight will be distributed pro-rata among the remaining constituents in the relevant index.

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 for Market Cap Weighted Indices through 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 Russell will provide notice advising of the timing of the change.

7.2 Mergers, restructuring and demergers

7.2.1 If a constituent is acquired by a non-constituent, the company will be removed from the index and its weight will be distributed pro-rata amongst the remaining constituents.

7.2.2 If the effect of a merger or takeover is that one constituent of the FTSE Tradable Plus Index Series is absorbed by another constituent, the resulting company will remain a constituent of the relevant index.

7.2.3 If an index constituent undergoes a demerger and the newly spun-off company is eligible for inclusion it will immediately become a constituent of the relevant FTSE Tradable Plus Index.

7.2.4 If an index constituent has a demerger and the newly spun-off company is ineligible for inclusion in the FTSE Tradable Plus Index Series, it will remain in the relevant index for two trading days and then be deleted at market price or if no market price is available, at zero value.

7.3 Suspension of dealing

Suspension of dealing rules can be found within the corporate actions and events guide.

Section 8

Treatment of dividends

8. Treatment of dividends

8.1 Declared dividends are used to calculate the standard total return indices in the FTSE Tradable Plus Index Series. All dividends are applied as at the ex-div date.

8.2 A series of 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 through the following link:

[Withholding Tax Service](#)

Please also refer to the FTSE withholding tax guide which can be accessed through the following link:

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

Section 9

Index calculation

9. Index calculation

9.1 Index start date and history

The base date of the indices is 27 June 2016. Prior to this date the indices were calculated by Russell using a different methodology which can be provided on request to FTSE Russell. The original Russell UK Mid 150 Index (predecessor of the FTSE UK Mid Cap Tradable Plus Index) was first calculated on 30 September 2013 and the Russell Europe SMID 300 Index (predecessor of the FTSE Developed Europe SMID Cap Tradable Plus Index) on 6 March 2012. Data for the periods previous to this is simulated.

9.2 Pricing

9.2.1 The FTSE Tradable Plus Index Series uses actual closing mid-market or last trade prices, where available, for securities with local bourse quotations. Further details can be accessed through the following link:

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

9.2.2 WMR FX Benchmarks real time exchange rates are used in the index calculations which are disseminated in real-time. Exchange rates used in the End of Day calculations are WMR Closing Spot Rates, collected at 16:00 London time.

9.3 Index calculation

9.3.1 The FTSE Tradable Plus Index Series will be displayed to eight decimal points.

9.3.2 The FTSE Tradable Plus Index Series is calculated using the following formula:

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

Where,

- $i=1,2,\dots,N$;
- N is the number of securities in the relevant FTSE Tradable Plus 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;
- 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

Further information

A glossary of terms used in FTSE Russell's Ground Rule documents can be found through the following link:

[Glossary.pdf](#)

Further information on the FTSE Tradable Plus 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.

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

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