

FTSE UK Listed Africa Index

v1.6



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Section 1

Introduction

1. Introduction

1.1 The FTSE UK Listed Africa Index is designed to represent the performance of African companies listed on the London Stock Exchange.

1.1.1 The FTSE UK Listed Africa Index does not take account of ESG factors in its index design.

1.1.2 The base currency of the benchmark is GBP. Index values may also be published in other currencies.

1.2 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.

1.3 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 indicative 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 series¹.

2.1.2 FTSE is responsible for the daily calculation, production and operation of the FTSE UK Listed Africa 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 FTSE UK Listed Africa 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 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 Ground Rules should subsequently be updated to provide greater clarity.

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 through the links below:

3.1 FTSE UK Index Series Guide to Calculation Methods

3.1.1 The aim of the guide is to describe how the indices are calculated, to facilitate users replicating the indices in order to support their investment and trading activities and to assist users in understanding the factors which influence the performance of the indices.

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

3.2 Corporate Actions and Events Guide

3.2.1 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](#)

3.3 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 through the following link:

[Statement of Principles.pdf](#)

3.4 Queries and Complaints

A constituent or prospective constituent company (or professional advisor acting on behalf of the company), a national organisation or a group of no fewer than ten users of the Indices from different organisations acting in their professional capacity may appeal against decisions taken by FTSE Russell.

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

[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 through 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 through 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 FTSE UK Listed Africa 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 through the link below or by contacting info@ftserussell.com.

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

3.8 Policy for Benchmark Methodology Changes

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

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

3.9 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 Benchmarks², the European benchmark regulation³ and the UK benchmark regulation⁴. The FTSE Russell Governance framework can be accessed through the following link:

[FTSE Russell Governance Framework.pdf](#)

3.10 Real Time Status Definitions

3.10.1 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](#)

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

Security inclusion criteria

4. Security inclusion criteria

4.1 Eligible securities

4.1.1 Equity securities listed on the following London Stock exchange segments are eligible for inclusion in the FTSE UK Listed Africa Index:

- Premium listing;
- Standard listing;
- Professional securities market;
- High growth;
- AIM;
- International order book.

4.1.2 Eligible securities are required to pass screens as detailed in Section 5 before being included in the FTSE UK Listed Africa Index (see Section 5).

4.1.3 Partly paid shares

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).

4.2 Ineligible securities

4.2.1 The following investment entities are regarded as ineligible:

- Non-corporate investment entities such as exchange traded funds (ETFs), currency funds and those funds whose prices are a direct derivation of their underlying holdings e.g. unit trusts and open ended investment companies (OEICs);
- Venture capital trusts (VCTs);
- Split capital investment trusts where instead of the use of a single class of ordinary share, the structure is split into separate income and capital classes in which the two (or more) classes have different residual entitlements to assets and/or income after meeting the requirements of any other classes or borrowings (note: this does not include split capital trusts with ordinary shares accompanied by zero dividend preference shares, whereby the ordinary share remains eligible in the same manner as a conventional investment trust);
- Cash shells;
- Convertible preference shares and loan stocks will be excluded until converted into eligible equity shares. Where a unit comprises equity and non-equity, it will not be eligible for inclusion.

Section 5

Screens applied to eligible securities

5. Screens applied to eligible securities

5.1 Eligible securities are required to pass at least one of the geographic screens and pass the trading screen before being added to the FTSE UK Listed Africa Index.

Geographic screens

- Revenues from African countries are greater than 25%, or;
- Country of headquarters are in Africa, or;
- Country of incorporation is in Africa.

Trading screen

60 day trading screen (See Rule 5.1.2).

5.1.1 Existing index constituents which fail all geographic screens can remain in the index if they have a minimum of 20% revenues from African countries and they continue to pass the trading screen.

5.1.2 Existing and non-constituent securities which have not traded on 60 or more trading days during the past year (up to and including the review cut-off date) will not be eligible for index inclusion. If a security does not have a full year of trading, the 60 day period will be pro-rated according to the number of available trading days passed since its listing. Please note:

- All standard trading days will be incorporated within the calculation (Friday and Sundays as appropriate);
- Ad-hoc non-standard trading days will not be incorporated within the calculation (e.g. ad-hoc Saturday trading will not be considered);
- Where a pro-rata calculation is necessary, the number of available trading days on the underlying market during the previous year up to and including the review cut-off date will be used as the basis of the calculation (e.g. Market ABC has 253 available trading days for the annual period to the review cut-off date; therefore, the security would be eligible if it traded for 23.7% (60/253) or more days since listing);
- A security which has been removed from an index as a result of this screen will only be reconsidered for inclusion after a period of 12 months from its deletion. For the purposes of index eligibility, it will be treated as a new issue.

5.1.3 Revenue is defined as sales and other operating revenues prior to other income or cash items by origin or destination.

5.1.4 Revenue data is taken from the most recent company filings prior to the periodic review.

- 5.1.5 Geographic breakdowns of revenues will supersede any written statements, but where breakdowns are not available:
- Statements such as “all or virtually all of the company’s revenues reside in Africa” will be viewed as definitive statements and pass the revenue screen;
 - Statements such as “majority of the company’s revenues reside in Africa” will be viewed as non-definitive statements as FTSE Russell cannot confirm that a company’s revenues would have passed the relevant thresholds;
 - Statements that include Africa as part of a broader region such as “Middle East & Africa” when reporting their revenue will not be viewed as passing the relevant thresholds.
- 5.1.6 An African company that previously passed the revenue screen but whose filings no longer provide geographic breakdowns, will continue to meet the relevant thresholds unless the company states otherwise.

Section 6

Periodic review of constituents

6. Periodic review of constituents

6.1 Review dates

6.1.1 The FTSE UK Listed Africa Index Series is reviewed annually in June. The index review will be based on data up to the close of business on the last working day of May.

Any constituent changes will be implemented after the close of business on the third Friday of the review month (i.e. effective Monday).

6.2 Responsibilities and reporting

6.2.1 FTSE will be responsible for conducting the periodic review of constituents for the FTSE UK Listed Africa Index.

6.2.2 FTSE will be responsible for publicising the outcome of the periodic review.

6.3 Review process

6.3.1 Securities eligible for inclusion in the FTSE UK Listed Africa Index outlined in Section 4 will be screened by applying the criteria outlined in Section 5 of these index rules.

6.4 Capping process

6.4.1 On a quarterly basis companies of the FTSE UK Listed Africa Index will be capped at 10%. Further information on the capping process can be found in the capping methodology guide.

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 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. 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 Initial public offerings (IPO)

7.2.1 Securities that undergo an IPO outside of the annual review in June will be eligible for inclusion in the FTSE UK Listed Africa Index providing they are listed on an eligible London Stock exchange segment outlined in Section 4 and pass the screening criteria outlined in Section 5 of these index rules.

7.2.2 The quarterly constituent updates will include any eligible security listed up to the close of business on the last working day of February, August and November.

7.2.3 Any constituent changes will be implemented after the close of business on the third Friday of March, September and December (i.e. effective Monday).

7.3 Shares in issue

Changes to the number of shares in issue for constituent securities are covered in the corporate actions and events guide.

7.4 Investability weightings

Changes to free float for constituent securities are covered in the corporate actions and events guide.

7.5 Spin-offs

7.5.1 If a constituent company is split so as to form two or more companies, both will be eligible to continue as constituents of the FTSE UK Listed Africa Index. The resulting companies' eligibility will be reassessed at the next annual review in June.

7.6 Suspension of dealing

7.6.1 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 TRI of the FTSE UK Listed Africa Index. All dividends are applied as at the ex-div date.

Section 9

Industry classification benchmark (ICB)

9. Industry classification benchmark (ICB)

9.1 Classification structure⁵

9.1.1 The FTSE UK Listed Africa Index constituents are classified into industries, supersectors, sectors and subsectors, as defined by the industry classification benchmark (ICB).

9.1.2 Details of the ICB are available from FTSE and published on the FTSE Russell website (www.lseg.com/en/ftse-russell/) and can be accessed through the following link:

[ICB](#)

⁵ FTSE indices will migrate to the new ICB classification system in March 2021.

Section 10

Announcing changes

10. Announcing changes

10.1 Index methodology changes

Users of the FTSE UK Listed Africa Index are notified of such policy changes through appropriate media before implementation.

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 UK Listed Africa 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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