

FAQs

FTSE
Russell

Changes to Russell UK Mid 150 Index Effective 20 June 2016

May 2016

FAQs Re. Russell UK Mid 150 Index Changes

1. What changes will be introduced with the June 2016 review?

FTSE Russell announced on 4 May 2016 that it would implement changes to the Russell UK Mid 150 Index effective on 20 June 2016.

Below is the summary of the main changes that will be implemented:

- The index name will be changed from the current Russell UK Mid 150 Index to the FTSE UK Mid Cap Tradable Plus Index, which will become part of the new FTSE Tradable Plus Index Series.
- The index's underlying universe will change from the current Russell UK SMID Index and Small Cap stocks within the Russell Global Index (RGI), to the FTSE 350 Ex Investment Trusts Index with the largest 75% (by full market capitalisation) of the "large cap" stocks removed.
- The index constituent selection process will change. Under the current rules, after tradability, liquidity, borrowing cost and borrowing capacity screenings, the 150 securities with the largest full market capitalisation is selected to form the index. Under the new rules, the 150 securities with the largest free float adjusted market capitalisation will form the index.
- The review frequency, review data cut-off dates and review effective dates will change. The annual review will continue to be in June, and borrowing cost and available borrowing capacity will be reviewed quarterly rather than monthly.
- The borrowing data provider will change from Astec Analytics (a division of FIS) to Markit.
- The administrator of the index will change from Frank Russell Company to FTSE International Limited.

2. Will the liquidity, tradability, borrowing cost and available borrowing capacity criteria change?

The new methodology has in essence kept the same liquidity, tradability, borrowing cost and borrowing capacity screening criteria as in the current methodology. The borrowing cost data and the borrowing capacity data provider will change from Astec Analytics (a division of FIS) to Markit.

3. Why does the new methodology select the largest 150 securities by free float adjusted market cap instead of full market cap?

The decision to change the ranking of securities from full market cap to free-float adjusted market cap in the eligible universe is based on client feedback, as the latter approach better reflects the investability and tradability of the index.

4. What is the FTSE Tradable Plus Index Series?

The FTSE Tradable Plus Index Series comprises the FTSE UK Mid Cap Tradable Plus Index and the FTSE Developed Europe SMID Cap Tradable Plus Index. The indexes are designed to reflect the performance of the constituents drawn from their respective underlying universes after the application of liquidity, borrowing cost and available borrowing capacity screens designed to facilitate replication of the indexes.

Price, Total Return and Net of Tax Indexes are calculated on a real-time basis. The Total Return Indexes include income based on ex dividend adjustments. All dividends are applied as declared.

5. What changes will be made to the index review calendar?

The frequency of interim screening of borrowing cost and available borrowing capacity will change from monthly to quarterly. There are also some changes to the review data cut off dates and the review effective dates.

Category	Current Rules (As of 4 May 2016)	New Rules (Effective 20 June 2016)
Review Frequency	Annual reconstitution in June Monthly reviews of borrowing cost and capacity	Annual Review in June Quarterly review of borrowing cost and available borrowing capacity September, December and March. Note that no new stocks will be selected at interim reviews
Review Data Cut-Off Date	1 st Friday of review month	1st Friday of review month
Review Effective Date	Last Friday in June, unless when the last Friday in June is 29th or 30th, then reconstitution will occur on the Friday prior	First business day following the third Friday of the review month.

The key review dates and their review data cut off days between June 2016 and December 2017 are therefore as follows:

	Review Data Cut Off Day	Review Effective Day
June 2016 Quarterly Review	3 Jun. 2016	20 Jun. 2016

September 2016 Quarterly Review	2 Sept. 2016	19 Sept. 2016
December 2016 Quarterly Review	2 Dec. 2016	19 Dec. 2016
March 2017 Annual Review	3 Mar. 2017	20 Mar. 2017
June 2017 Quarterly Review	2 Jun. 2017	19 Jun. 2017
September 2017 Quarterly Review	1 Sept. 2017	18 Sept. 2017
December 2017 Quarterly Review	1 Dec. 2017	18 Dec. 2017

6. Will the file format change?

No. The file format will stay the same for all relevant product files.

7. Will the vendor codes change?

No. The vendor codes will remain the same.

8. When will the changes take effect?

The ground rule changes will become effective on 20 June 2016.

9. Where can I find further information about the changes?

Please refer to the revised ground rules (effective 20 June 2016) for further information:

http://www.ftse.com/products/downloads/FTSE_Tradable_Plus_Index_Series_Ground_Rules.pdf

The FTSE Russell research team has also prepared analysis highlighting the impact of the change. Please contact info@ftse.com if you would like to request a copy.

For more information about our indexes, please visit ftserussell.com.

© 2016 London Stock Exchange Group plc and its applicable group undertakings (the "LSE Group"). The LSE Group includes (1) FTSE International Limited ("FTSE"), (2) Frank Russell Company ("Russell"), (3) FTSE TMX Global Debt Capital Markets Inc. and FTSE TMX Global Debt Capital Markets Limited (together, "FTSE TMX") and (4) MTSNext Limited ("MTSNext"). All rights reserved.

FTSE Russell[®] is a trading name of FTSE, Russell, FTSE TMX and MTS Next Limited. "FTSE[®]", "Russell[®]", "FTSE Russell[®]", "MTS[®]", "FTSE TMX[®]", "FTSE4Good[®]" and "ICB[®]" and all other trademarks and service marks used herein (whether registered or unregistered) are trade marks and/or service marks owned or licensed by the applicable member of the LSE Group or their respective licensors and are owned, or used under licence, by FTSE, Russell, MTSNext, or FTSE TMX.

All information is provided for information purposes only. Every effort is made to ensure that all information given in this publication is accurate, but no responsibility or liability can be accepted by any member of the LSE Group nor their respective directors, officers, employees, partners or licensors for any errors or for any loss from use of this publication or any of the information or data contained herein.

No member of the LSE Group nor their respective directors, officers, employees, partners or licensors make any claim, prediction, warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the FTSE Russell indexes or the fitness or suitability of the Indexes for any particular purpose to which they might be put.

No member of the LSE Group nor their respective directors, officers, employees, partners or licensors provide investment advice and nothing in this document should be taken as constituting financial or investment advice. No member of the LSE Group nor their respective directors, officers, employees, partners or licensors make any representation regarding the advisability of investing in any asset. A decision to invest in any such asset should not be made in reliance on any information herein. Indexes cannot be invested in directly. Inclusion of an asset in an index is not a recommendation to buy, sell or hold that asset. The general information contained in this publication should not be acted upon without obtaining specific legal, tax, and investment advice from a licensed professional.

No part of this information may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without prior written permission of the applicable member of the LSE Group. Use and distribution of the LSE Group index data and the use of their data to create financial products require a licence from FTSE, Russell, FTSE TMX, MTSNext and/or their respective licensors.

About FTSE Russell

FTSE Russell is a leading global provider of benchmarking, analytics and data solutions for investors, giving them a precise view of the market relevant to their investment process. A comprehensive range of reliable and accurate indexes provides investors worldwide with the tools they require to measure and benchmark markets across asset classes, styles or strategies.

FTSE Russell index expertise and products are used extensively by institutional and retail investors globally. For over 30 years, leading asset owners, asset managers, ETF providers and investment banks have chosen FTSE Russell indexes to benchmark their investment performance and create ETFs, structured products and index-based derivatives.

FTSE Russell is focused on applying the highest industry standards in index design and governance, employing transparent rules-based methodology informed by independent committees of leading market participants. FTSE Russell fully embraces the IOSCO Principles and its Statement of Compliance has received independent assurance. Index innovation is driven by client needs and customer partnerships, allowing FTSE Russell to continually enhance the breadth, depth and reach of its offering.

FTSE Russell is wholly owned by London Stock Exchange Group.

For more information, visit www.ftserussell.com.

To learn more, visit www.ftserussell.com; email index@russell.com, info@ftse.com;
or call your regional Client Service Team office

EMEA

+44 (0) 20 7866 1810

North America

+1 877 503 6437

Asia-Pacific

Hong Kong +852 2164 3333

Tokyo +81 3 3581 2764

Sydney +61 (0) 2 8823 3521