

# FTSE ADR Index Series

Gain investment exposure to global companies through US securities.



The FTSE ADR Index Series aims to represent the performance of eligible American Depositary Receipts (ADRs) that correspond to stocks in the FTSE Global All Cap Index representing the performance of large, mid, and small cap stocks globally.

### Leaders in index design

FTSE Russell offers a comprehensive series of equity indices which give investors an accurate view of the markets.

The 1984 Russell 3000 launch was the first modular US benchmark to segment large cap and small cap into the Russell 1000 and Russell 2000 Indexes.

Since launching the first small cap index in 1984, the Russell 2000 Index, FTSE Russell has been viewed as a leading innovator in index design, consistently setting industry standards that are relevant today.

**American Depositary Receipts (ADRs)** are US securities that represent an underlying investment in non-US stocks. They offer US investors exposure to those non-US stocks without the complexities of dealing in foreign markets, such as the need to transact in foreign exchange and to deal with non-US clearing and settlement systems.

Market participants typically categorise ADRs into three “levels”, depending on the extent to which the foreign company has accessed US markets:

- Level I ADR programmes establish a trading presence in the over-the-counter market, and may be unsponsored.
- Level II ADR programmes establish a trading presence on a US national securities exchange.
- Level III ADR programmes may be used not only to establish a trading presence, but also to raise capital for the non-US issuer.

Source: <https://www.sec.gov/investor/alerts/adr-bulletin.pdf>

### Features and Benefits

- **Simplified foreign investments:** ADRs allow investors to diversify their portfolios by investing in foreign companies through US securities.
- **US dollar-denominated:** ADRs and their dividends are denominated in US dollars.
- **Accessible:** ADRs are traded during US market hours, making them more accessible to American investors.
- **Consistent with FTSE GEIS:** Membership, Size, Country assignments are based on the FTSE Global Equity Index Series.
- **Reliable source:** ADR data is sourced from Refinitiv, one of the world’s largest providers of financial markets data.



## Construction and Methodology

### Step 1

#### Determine membership

The ADR, either themselves or their current underlying constituents, must be in the corresponding FTSE Global All Cap Index Series

Nationality follows the assigned nationality of the underlying constituent in the FTSE Global All Cap Index Series

Large, Mid, Small Cap  
Size index membership follows the assignment of the underlying constituent in the FTSE Global All Cap Index Series.

### Step 1 Step 2

#### Determine eligibility

##### Eligible securities

Security must have priced in 6 months prior to the review cutoff date

- Unsponsored ADRs
- Level I ADRs
- Level II ADRs
- Level III ADRs
- Canadian cross-listed companies in US

### Step 1 Step 2 Step 3

#### Assign weightings

The FTSE ADR Index series is a market cap weighted index series, as such, at step 3 of the construction process, we derive each security's index weight based on float adjusted market capitalization.

### Step 1 Step 2 Step 3 Step 4

#### Maintenance

##### Additions

Eligible ADRs are added to the series quarterly, following the review schedule of the FTSE Global Equity Index Series.

##### Deletions

If a constituent is removed from the FTSE Global All Cap Index Series, its ADR/Canadian cross listing line is also removed from the FTSE ADR Index Series.

If an ADR/Canadian cross listing is delisted in the US, it will be removed from the ADR Index.

##### Corporate Actions

Corporate Actions are managed in accordance with the published ground rules.

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For over 35 years we have been at the forefront of driving change for the investor, always innovating to shape the next generation of benchmarks and investment solutions that open up new opportunities for the global investment community.

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