

FTSE Italia PIR Indexes

v2.0



**FTSE
RUSSELL**

An LSEG Business

Contents

FTSE Italia PIR Indexes FAQ	3
1. Background.....	3
2. PIR Asset Allocation Requirements	3
3. What are FTSE Italia PIR Indexes?	3
4. What asset allocation requirements are embedded in the PIR index methodology?	4
5. What enhancements to liquidity and capacity screening have been made?	4
6. What segments of the Italian market do the indexes cover?	5
7. How can the indexes be used?	5
8. What is the governance process for the indexes?	6
9. What are the index codes?	6
10. Where can I find further information?	6

FTSE Italia PIR Indexes FAQ

1. Background

In December 2016, the Italian government introduced a tax-advantaged personal savings plan “Piani Individuali di Risparmio” (PIR), with specific focus on investment in Italian mid and small cap companies.

Individual investors may allocate to a PIR account (managed by banks, securities firms, asset managers, insurance companies) up to €30k per year, to a maximum of €150k. After 5 years, assets may be withdrawn exempt from capital gains and coupons/dividends taxes; PIR accounts are also exempt from inheritance taxes.

The Law was amended in January and December 2019.

2. PIR asset allocation requirements

The 2016 Law required an asset allocation along three lines:

- i. Max 30% completely free allocation (equities or bonds; domestic or international; issued by corporates or governments; listed or not listed);
- ii. At least 70% to be invested in securities issued by companies incorporated in Italy, of which, at least 21% to be invested mid-small caps, defined as companies not included in the FTSE MIB Index

In December 2019, the composition of the 21% above was further clarified to mean mandatory investment of at least 3.5% in small caps, defined as companies not included within the FTSE MIB or the FTSE Italia Mid Cap Indexes.

As an initial stage, also considering the relative size of the Italian corporate bond market, FTSE Russell has decided to start calculating equities indexes only.

3. What are FTSE Italia PIR Indexes?

Launched in May 2017, the FTSE Italia PIR indexes are a set of indexes designed to meet the asset allocation requirements of the Piani Individuali di Risparmio. The indexes are derived from the flagship FTSE Italia Index Series (therefore they are free float adjusted), applying PIR Law allocation constraints and aggregating baskets matching investors requirements.

FTSE PIR Indexes launched in 2017:

1. FTSE Italia PIR Mid Cap Index
2. FTSE Italia PIR Mid Small Cap Index
3. FTSE Italia PIR PMI All Index
4. FTSE Italia PIR PMI Plus Index
5. FTSE Italia PIR STAR Index
6. FTSE Italia PIR Benchmark Index
7. FTSE Italia PIR Benchmark STAR Index
8. FTSE Italia PIR Large Mid Cap Index

In response to PIR Law amendment, in March 2020 FTSE Russell implemented the following enhancement to the above PIR indexes:

- a. Including small caps in indexes 1) and 8) and rebranding them as FTSE Italia PIR PMI Index and FTSE Italia PIR All Cap Index, respectively
- b. Implementing quarterly capping procedures to maintain the thresholds mandated by the PIR Law
- c. Removing the filter excluding the few constituents incorporated outside Italy, as they may be included in the 30% free allocation portion.

In March 2020, FTSE Russell also announced the decommissioning of the FTSE Italia PIR PMI Plus Index, FTSE Italia PIR STAR Index, FTSE Italia PIR Benchmark Index and FTSE Italia PIR Benchmark STAR Index, effective June 2020.

From June 2020, the updated list of FTSE PIR Indexes will consist of the following:

1. **FTSE Italia PIR PMI Index**, comprising all 60 constituents of the FTSE Italia Mid Cap Index and top 20 constituents of the FTSE Italia Small Cap Index
2. **FTSE Italia PIR Mid Small Cap Index**, comprising all constituents in the FTSE Italia Mid Cap Index and FTSE Italia Small Cap Index
3. **FTSE Italia PIR PMI All Index**, comprising all constituents in the FTSE Italia Mid Cap Index, FTSE Italia Small Cap Index and FTSE AIM Italia Index
4. **FTSE Italia PIR All Cap Index**, comprising all constituents of the FTSE MIB Index and all constituents of the FTSE Italia PIR PMI Index

4. What asset allocation requirements are embedded in the PIR index methodology?

FTSE Italia PIR Indexes are built in order to match PIR asset allocation requirements (see Question 2). The FTSE Italia PIR PMI Index, FTSE Italia PIR Mid Small Cap Index, and FTSE Italia PIR PMI All Index are focused on Italian mid small caps, while the FTSE Italia PIR All Cap Index also includes FTSE MIB blue chips, representing a benchmark for the whole Italian portion of PIR portfolios.

All indexes are capped in order to match the asset allocation requirements mandated by the PIR Law, and to address investment policies of UCITS set out in chapter VII of the UCITS Directive.¹

All capping is run on a quarterly basis.

5. What enhancements to liquidity and capacity screening have been made?

All shares listed on MTA (main Italian equity market) are subject to a liquidity screening before being included in FTSE Italia Mid Cap and FTSE Italia Small Cap Indexes, while the FTSE MIB Index constituent selection is aimed at identifying the top 40 shares by size and liquidity. With the exception of AIM Italia shares included in **FTSE Italia PIR PMI All Index**, all shares included in FTSE Italia PIR Indexes are built according to a minimum liquidity requirement.

FTSE Italia PIR PMI Index is designed to aggregate the 60 shares of FTSE Italia Mid Cap Index and the top 20 shares of FTSE Italia Small Cap by size and liquidity.

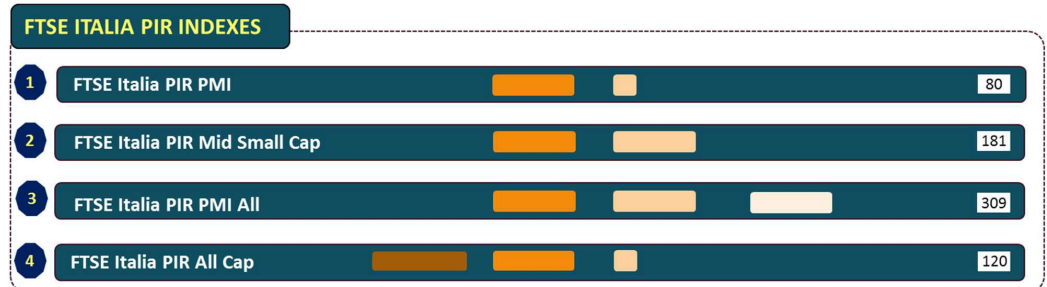
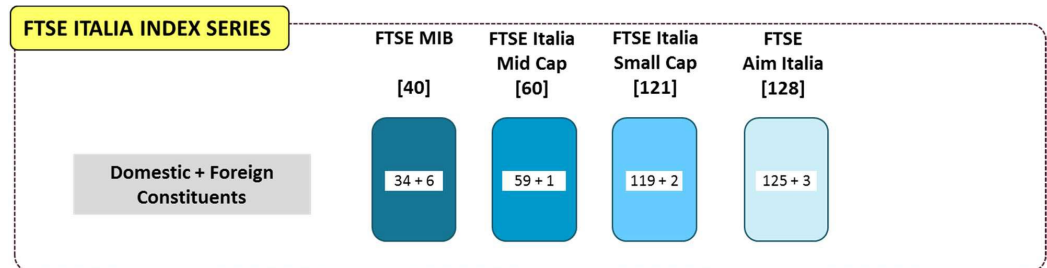
¹ DIRECTIVE 2009/65/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 13 July 2009, on the coordination of laws, regulations, and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS).

Indexes	FTSE Russell Liquidity Screening	Top Liquid Mid Small Caps	Top Liquid Mid Small Caps + FTSE MIB Blue Chips
FTSE Italia PIR PMI	✓	✓	
FTSE Italia PIR Mid Small Cap	✓		
FTSE Italia PIR PMI All	✓(*)		
FTSE Italia PIR All Cap	✓	✓	✓

(*) AIM Italia shares are not subject to a liquidity screening

6. What segments of the Italian market do the indexes cover?

FTSE Italia PIR indexes cover all segments of Borsa Italiana's equity markets, applying the asset allocation requirements mandated by the PIR law.



7. How can the indexes be used?

FTSE Italia PIR PMI, FTSE Italia PIR Mid Small Cap and FTSE Italia PIR PMI All indexes represent robust indicator of the universe of PIR-compliant mid-small caps listed on Borsa Italiana's equities markets. The first index is also underlying of a futures contract listed on Borsa Italiana's derivatives market and of an ETF.

FTSE Italia PIR All Cap Index is suitable for the use of benchmarks of portfolios built from the whole set of PIR-compliant equities listed on Borsa Italiana's main market, including both blue chips and mid-small caps.

8. What is the governance process for the indexes?

FTSE Italia PIR Indexes have been designed based on industry best practice and on FTSE Russell's experience, with the aim of representing a standard, transparent basis to measure the Italian equity markets.

The FTSE Italia PIR Indexes are included in the [FTSE Italia Index Series Ground Rules](#), approved by FTSE Russell's Governance Board and freely available on the FTSE Russell website. **FTSE Italia PIR PMI Index**, being the underlying of a futures listed on Borsa Italiana's derivatives market, has its own set of Ground Rules.

FTSE considers that the FTSE Italia Index Series meets the IOSCO Principles for Financial Benchmarks, as published in July 2013.

9. What are the index codes?

Index Name	FTSE Russell	Reuters	Bloomberg
FTSE Italia PIR PMI Index	ITPIRMC	.FTITPIRMC	ITPIRMC
FTSE Italia PIR PMI Index TR	ITPIRMC	.TRIITPIRMC	
FTSE Italia PIR PMI Net Tax Index	ITPIRMCN	.TRIITPIRMCN	
FTSE Italia PIR Mid Small Cap Index	ITPIRMS	.FTITPIRMS	
FTSE Italia PIR Mid Small Cap Net Tax Index	ITPIRMSN	.TRIITPIRMSN	ITPIRMSN
FTSE Italia PIR PMI All Index	ITPIRPA	.FTITPIRPA	
FTSE Italia PIR PMI All Net Tax Index	ITPIRPAN	.TRIITPIRPAN	
FTSE Italia PIR All Cap Index	ITPIRLM	.FTITPIRLM	ITPIRLM
FTSE Italia PIR All Cap Net Tax Index	ITPIRLMN	.TRIITPIRLMN	

10. Where can I find further information?

If you would like further information, you can contact FTSE Russell by email at info@ftserussell.com, or by telephone: 020 7866 1810.

ABOUT FTSE RUSSELL

FTSE Russell is a leading global provider of index and benchmark solutions, spanning diverse asset classes and investment objectives. As a trusted investment partner, we help investors make better-informed investment decisions, manage risk, and seize opportunities.

Market participants look to us for our expertise in developing and managing global index solutions across asset classes. Asset owners, asset managers, ETF providers, and investment banks choose FTSE Russell solutions to benchmark their investment performance and create investment funds, ETFs, structured products, and index-based derivatives. Our clients use our solutions for asset allocation, investment strategy analysis, and risk management, and value us for our robust governance process and operational integrity.

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 new opportunities for the global investment community.

CONTACT US

To learn more, visit sef.com/ftse-russell; email info@ftserussell.com; or call your regional Client Service team office:

EMEA +44 (0) 20 7866 1810

Asia-Pacific

North America +1 877 503 6437

Hong Kong +852 2164 3333

Tokyo +81 3 6441 1430

Sydney +61 (0) 2 7228 5659

Disclaimer

© 2023 London Stock Exchange Group plc and its applicable group undertakings ("LSEG"). LSEG includes (1) FTSE International Limited ("FTSE"), (2) Frank Russell Company ("Russell"), (3) FTSE Global Debt Capital Markets Inc. and FTSE Global Debt Capital Markets Limited (together, "FTSE Canada"), (4) FTSE Fixed Income Europe Limited ("FTSE FI Europe"), (5) FTSE Fixed Income LLC ("FTSE FI"), (6) The Yield Book Inc ("YB") and (7) Beyond Ratings S.A.S. ("BR"). All rights reserved.

FTSE Russell® is a trading name of FTSE, Russell, FTSE Canada, FTSE FI, FTSE FI Europe, YB and BR. "FTSE®", "Russell®", "FTSE Russell®", "FTSE4Good®", "ICB®", "The Yield Book®", "Beyond Ratings®" and all other trademarks and service marks used herein (whether registered or unregistered) are trademarks and/or service marks owned or licensed by the applicable member of LSEG or their respective licensors and are owned, or used under licence, by FTSE, Russell, FTSE Canada, FTSE FI, FTSE FI Europe, YB or BR. FTSE International Limited is authorised and regulated by the Financial Conduct Authority as a benchmark administrator.

All information is provided for information purposes only. All information and data contained in this publication is obtained by LSEG, from sources believed by it to be accurate and reliable. Because of the possibility of human and mechanical error as well as other factors, however, such information and data is provided "as is" without warranty of any kind. No member of LSEG nor their respective directors, officers, employees, partners or licensors make any claim, prediction, warranty or representation whatsoever, expressly, or impliedly, either as to the accuracy, timeliness, completeness, merchantability of any information or of results to be obtained from the use of FTSE Russell products, including but not limited to indexes, data and analytics, or the fitness or suitability of the FTSE Russell products for any particular purpose to which they might be put. Any representation of historical data accessible through FTSE Russell products is provided for information purposes only and is not a reliable indicator of future performance.

No responsibility or liability can be accepted by any member of LSEG nor their respective directors, officers, employees, partners or licensors for (a) any loss or damage in whole or in part caused by, resulting from, or relating to any error (negligent or otherwise) or other circumstance involved in procuring, collecting, compiling, interpreting, analyzing, editing, transcribing, transmitting, communicating, or delivering any such information or data or from use of this document or links to this document or (b) any direct, indirect, special, consequential or incidental damages whatsoever, even if any member of LSEG is advised in advance of the possibility of such damages, resulting from the use of, or inability to use, such information.

No member of LSEG 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 LSEG nor their respective directors, officers, employees, partners or licensors make any representation regarding the advisability of investing in any asset or whether such investment creates any legal or compliance risks for the investor. 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 nor confirmation that any particular investor may lawfully buy, sell or hold the asset or an index containing the 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.

The information contained in this report should not be considered "research" as defined in recital 28 of the Commission Delegated Directive (EU) 2017/593 of 7 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council ("MiFID II") and is provided for no fee.

Past performance is no guarantee of future results. Charts and graphs are provided for illustrative purposes only. Index returns shown may not represent the results of the actual trading of investable assets. Certain returns shown may reflect back-tested performance. All performance presented prior to the index inception date is back-tested performance. Back-tested performance is not actual performance, but is hypothetical. The back-test calculations are based on the same methodology that was in effect when the index was officially launched. However, back-tested data may reflect the application of the index methodology with the benefit of hindsight, and the historic calculations of an index may change from month to month based on revisions to the underlying economic data used in the calculation of the index.

This document may contain forward-looking assessments. These are based upon a number of assumptions concerning future conditions that ultimately may prove to be inaccurate. Such forward-looking assessments are subject to risks and uncertainties and may be affected by various factors that may cause actual results to differ materially. No member of the LSE Group nor their licensors assume any duty to and do not undertake to update forward-looking assessments.

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 LSEG. Use and distribution of LSEG data requires a licence from FTSE, Russell, FTSE Canada, FTSE FI, FTSE FI Europe, YB, BR and/or their respective licensors.



**FTSE
RUSSELL**
An LSEG Business