

FTSE Russia Unclassified Index Series

v1.2

The FTSE Russia Unclassified Index Series is not, and is not intended to be, used by supervised entities in the European Union or the United Kingdom and accordingly, the European Benchmark Regulation* and the UK Benchmark Regulation# do not apply to the index series.

Consequently, supervised entities within the European Union and the United Kingdom are not permitted to use any of the indices within the index series as a benchmark as set out in article 3(1)(7) of the European Benchmark Regulation. This Index Series is only to be used for research purposes.

For the avoidance of doubt, neither FTSE International Limited nor any other member of the London Stock Exchange Group plc group of companies, is the benchmark administrator (as defined in article 3(1)(6) of the European Benchmark Regulation) of the index series.

* [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 Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019 (which amends the European benchmark regulation in the United Kingdom)



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Section 1

Introduction

1. Introduction

1.1 FTSE Russia Unclassified Index Series

1.1.1 The FTSE Russia Unclassified Index Series starting universe covers securities that were index constituents of the FTSE Global All Cap Index as of close on Friday 4 April 2022.

1.2 The FTSE Russia Unclassified Index Series does not take account of ESG factors in its index design.

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

1.4 Indices Included in the FTSE Russia Unclassified Index Series

The following Indices are included in the FTSE Russia Unclassified Index Series:

1.4.1 FTSE Russia Unclassified Index

This index will comprise companies designated as Large and Mid Cap.

1.4.2 FTSE Russia Unclassified All-Cap Index

This index will comprise companies designated as Large, Mid and Small Cap

1.5 The FTSE Russia Unclassified Index Series weights its constituents according to their investable market capitalisation (after the application of investability weightings) in the index calculation.

1.6 Price and Total Return Indices are published at the end of each working day and are calculated in Rubble. The Total Return Indices are based on ex-dividend adjustments.

1.7 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, The Yield Book Inc and Beyond Ratings.

1.8 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.

- 1.8.1 Index users who choose to follow this index or to buy products that claim to follow this index should assess the merits of the index's 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 (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 Index or any constituent data.

Section 2

Management responsibilities

2. Management responsibilities

2.1 FTSE International Limited (FTSE)

2.1.1 FTSE is responsible for the daily calculation, production and operation of the FTSE Russia Unclassified Index Series and will:¹

- 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 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 FTSE is not the benchmark administrator of the Index Series as the term administrator is defined in the [IOSCO Principles for Financial Benchmarks](#) and [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 using the links below:

3.1 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 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 using the following link:

[Statement_of_Principles.pdf](#)

3.2 Queries and Complaints

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

[Benchmark_Determination_Complaints_Handling_Policy.pdf](#)

3.3 Policy for Benchmark Methodology Changes

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

[Policy_for_Benchmark_Methodology_Changes.pdf](#)

3.4 FTSE Russell Governance Framework

3.4.1 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 using the following link:

[FTSE_Russell_Governance_Framework.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.

The following policies (Rule 3.5, 3.6, 3.7, 3.8 and 3.9) do not apply to this index until normal market conditions, accessibilities and operational framework have resumed in the Russian equity market. These include, but are not limited to, the Moscow Exchange (MOEX) reopening for regular trading for local as well as foreign investors, the removal of all restrictions that limit the ability of non-resident investors to execute and settle buy/sale trades and the lifting of capital control to enable investors to freely move capital in/out of Russian Ruble into USD.

FTSE Russell will issue a technical notice and update the Ground Rules when these notices are applicable to this index series.

3.5 Corporate Actions and Events Guide

- 3.5.1 Full details of changes to constituent companies due to corporate actions and events can be accessed in the Corporate Actions and Events Guide using the following link:

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

3.6 Index Policy for Trading Halts and Market Closures

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

[Index Policy for Trading Halts and Market Closures.pdf](#)

3.7 Index Policy in the Event Clients are Unable to Trade a Market or a Security

- 3.7.1 Details of FTSE Russell's treatment can be accessed using the following link:

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

3.8 FTSE Russell Treatment of Sanctioned Index Constituents

The document lists the FTSE Russell index constituents that have either been subject to sanctions or are currently subject to sanctions that either restrict or prohibit the trading or holding of the named listed securities. Index constituents that are subject to sanctions are treated in accordance with the FTSE Russell Index Policy Guide, "In the Event Clients are Unable to Trade a Market", section 2.3, "Sanctions are imposed which restrict investment into foreign jurisdictions".

[FTSE Russell Treatment of Sanctioned Index Constituents.pdf](#)

3.9 Recalculation Policy and Guidelines

- 3.9.1 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 Russia Unclassified Index Series will be notified through appropriate media.

For further information please refer to the FTSE Russell Recalculation Policy and Guidelines document which is available on the FTSE Russell website using the link below or by contacting info@ftserussell.com.

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

3.10 Real Time Status Definitions

- 3.10.1 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](#)

Section 4

Treatment of eligible securities

4. Treatment of eligible securities

4.1 Eligible securities

- 4.1.1 The eligible universe consists of all Russian index constituents of the FTSE Global All Cap Index as of close on Friday 4 April 2022.
- 4.1.2 The constituents are designated as Large Cap, Mid Cap and Small Cap.

Section 5

Periodic review of constituents

5. Periodic review of constituents

- 5.1.1 The Index will not be reviewed until normal market conditions, accessibilities and operational framework have resumed in the Russian equity market. These include, but are not limited to, the Moscow Exchange (MOEX) reopening for regular trading for local as well as foreign investors, the removal of all restrictions that limit the ability of non-resident investors to execute and settle buy/sale trades and the lifting of capital control to enable investors to freely move capital in/out of Russian Ruble into USD.

Section 6

Changes to constituent companies

6. Changes to constituent companies

6.1 New issues

- 6.1.1 No new issues will be eligible for the index until normal market conditions, accessibilities and operational framework have resumed in the Russian equity market. These include, but are not limited to, the Moscow Exchange (MOEX) reopening for regular trading for local as well as foreign investors, the removal of all restrictions that limit the ability of non-resident investors to execute and settle buy/sale trades and the lifting of capital control to enable investors to freely move capital in/out of Russian Ruble into USD.

6.2 Removal and replacement

- 6.2.1 If a constituent is delisted, or ceases to have a firm quotation, or it is no longer a viable constituent as defined by the Ground Rules, it will be removed from the index.

Section 7

Corporate actions and events

7. Corporate actions and events

- 7.1 This Policy does not apply to this index until normal market conditions, accessibilities and operational framework have resumed in the Russian equity market. These include, but are not limited to, the Moscow Exchange (MOEX) reopening for regular trading for local as well as foreign investors, the removal of all restrictions that limit the ability of non-resident investors to execute and settle buy/sale trades and the lifting of capital control to enable investors to freely move capital in/out of Russian Ruble into USD.

Section 8

Industry Classification Benchmark (ICB)

8. Industry Classification Benchmark (ICB)⁵

8.1 Classification structure

- 8.1.1 The FTSE Russia Unclassified Index Series constituents are classified into Industries, Supersectors, Sectors and Subsectors, as defined by the Industry Classification Benchmark (ICB).
- 8.1.2 Details of the Industry Classification Benchmark are available from FTSE Russell and published on the FTSE Russell website (www.lseg.com/en/ftse-russell/) and can be accessed using the following link:
[Industry Classification Benchmark](#)

⁵ FTSE Indices migrated to the new ICB classification system in March 2021.

Section 9

Index algorithm and calculation method

9. Index algorithm and calculation method

9.1 Prices

- 9.1.1 FTSE Russell may remove a security from the FTSE Russia Unclassified Index Series should it consider that 'accurate and reliable' prices are not available.
- 9.1.2 The FTSE Russia Unclassified Index Series uses the last trade prices for securities with local bourse quotation for the end-of-day index calculation.

9.2 Algorithm

- 9.2.1 The FTSE Russia Unclassified Index Series is calculated using the chained Paasche methodology.
- 9.2.2 The performance of the FTSE Russia Unclassified Index Series on any given day is determined by calculating the percentage difference between:
- the index's market capitalisation as at the close of that day and
 - the market capitalisation at the start of that day.
- 'Start of the day' is defined as the previous day's close adjusted for capital changes, free float weighting changes, additions and deletions, etc.
- 9.2.3 Adjustments apply whenever capital changes take place, so that the performance of the FTSE Russia Unclassified Index Series reflects the experience of investors.
- 9.2.4 The FTSE Russia Unclassified Index Series are calculated using the following formula:

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

Where,

- $i=1,2,\dots,N$
- N is the number of securities in the 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.

- c_i is the Capping Factor to be applied to a security to correctly weight that security in the index. This factor maps the investable market capitalisation of each stock to a notional market capitalisation for inclusion in the 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 using the following link:

[Glossary.pdf](#)

Further information on the FTSE Russia Unclassified 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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