

# FTSE Saudi Arabia Free Index Series

v1.3



**FTSE  
RUSSELL**

An LSEG Business

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## Section 1

# Introduction

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## 1. Introduction

- 1.1 This document sets out the Ground Rules for the construction and management of the FTSE Saudi Arabia Free Index Series. Constituents of the FTSE Saudi Arabia Free Index Series are adjusted for free float but have no foreign ownership restrictions applied.
- 1.2 The FTSE Saudi Arabia Free Index Series Index Series does not take account of ESG factors in its index design.
- 1.3 The base currency of the benchmark is Saudi riyal. Index values may also be published in other currencies.
- 1.4 The FTSE Saudi Arabia Free Index Series covers the following indices:
- FTSE Saudi Arabia Free Index
  - FTSE Saudi Arabia Free Capped Index
  - FTSE Saudi Arabia Free All Cap Index
  - FTSE Saudi Arabia Free All Cap Capped Index
  - FTSE Saudi Arabia Free Large Cap Index
  - FTSE Saudi Arabia Free Mid Cap Index
  - FTSE Saudi Arabia Free Small Cap Index
  - FTSE IdealRatings Saudi Arabia Free All Cap Islamic Index<sup>1</sup>
- Sector indices are available for the above.
- 1.5 Capital and Total Return indices are available are published at the end of each working day. The Total Return Indices include income based on ex dividend adjustments.
- 1.6 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.
- 1.7 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.

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<sup>1</sup> Please refer to the FTSE IdealRatings Islamic Index Series Ground Rules for full details and screening methodology using the following link [FTSE\\_IdealRatings\\_Islamic\\_Index\\_Series\\_Ground\\_Rules.pdf \(ftserussell.com\)](https://www.ftserussell.com/FTSE_IdealRatings_Islamic_Index_Series_Ground_Rules.pdf)

- 1.8 Index users who choose to follow this index series or to buy products that claim to follow this index series 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 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 the benchmark administrator of the index series.<sup>2</sup>

2.1.2 FTSE is responsible for the daily operation, calculation and operation of the FTSE Saudi Arabia Free Index Series 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 index series 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.

<sup>2</sup> 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

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### 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 FTSE Global Equity Index Guide to Calculation Methods

The aim of the guide is to describe how the indices are calculated, to facilitate users replication of 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 Global Equity 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 using 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 FTSE Russell's Index Governance Board.

The Statement of Principles can be accessed using the following link:

[Statement of Principles.pdf](#)

#### 3.4 Queries and Complaints

3.4.1 FTSE Russell's complaints procedure can be accessed using 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 using 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 using 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 Saudi Arabia Free Index Series 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 using the link below or by contacting [info@ftserussell.com](mailto:info@ftserussell.com).

[Recalculation Policy and Guidelines Equity Indices.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 using 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 Benchmarks<sup>3</sup>, the European benchmark regulation<sup>4</sup> and the UK benchmark regulation<sup>5</sup>. The FTSE Russell Governance Framework can be accessed using the following link:

[FTSE Russell Governance Framework.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](#)

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<sup>3</sup> IOSCO Principles for Financial Benchmarks Final Report, FR07/13 July 2013.

<sup>4</sup> 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.

<sup>5</sup> The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019.

## Section 4

# Eligible securities

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## 4. Eligible securities

- 4.1 Companies are eligible for inclusion in the FTSE Saudi Arabia Free Index Series if they are eligible for inclusion in FTSE Saudi Arabia All Cap Index (part of FTSE Global Equity Index Series).
- 4.2 The FTSE Saudi Arabia Free Indices do not incorporate foreign ownership restrictions. Where a company fails the foreign ownership restrictions screen but passes all other eligibility requirements for the FTSE Saudi Arabia All Cap Index, it will be eligible for inclusion in the FTSE Saudi Arabia Free Indices.
- The size segment for the FTSE Saudi Arabia Free indices are based on the size segments for FTSE Saudi Arabia All Cap Index.
- 4.3 Unless stated otherwise these Ground Rules follow the Ground Rules of the FTSE Global Equity Index Series which are available from the FTSE Russell website using the link below:
- [FTSE Global Equity Index Series.pdf](#)



## Section 5

# Investability weightings

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## 5. Investability weightings

Constituents of the FTSE Saudi Arabia Free Indices are adjusted for free float. No adjustment is made for Foreign Ownership Restrictions.

Free float is calculated using available published information rounded to 12 decimal places.

Further details on free float restrictions can be accessed using the following link:

[Free Float Restrictions.pdf](#)

## Section 6

# Periodic review of constituents

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## 6. Periodic review of constituents

- 6.1 The FTSE Saudi Arabia Free Index Series will be reviewed in accordance with the FTSE Global Equity Index Series Ground Rules.

## Section 7

# Changes to constituent companies

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## 7. Changes to constituent companies

### 7.1 Removal and replacement

- 7.1.1 When a constituent is deleted from the FTSE Saudi Arabia All Cap Index, it will also be removed from the FTSE Saudi Arabia Free Indices, unless the deletion is due to foreign ownership restrictions which are not applicable to the FTSE Saudi Arabia Free indices.

## Section 8

# Corporate actions and events

## 8. Corporate actions and events

- 8.1 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](#)

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 Russell will provide notice advising of the timing of the change.

### 8.2 Shares in issue

- 8.2.1 Changes to the number of shares in issue for constituent securities are covered in the Corporate Actions and Events Guide.

### 8.3 Investability weightings

- 8.3.1 Changes to free float for constituent securities are covered in the Corporate Actions and Events Guide.

### 8.4 Suspension of dealing

Suspension of dealing rules can be found within the Corporate Actions and Events Guide.

### 8.5 Mergers, restructuring and complex takeovers

- 8.5.1 If the effect of a merger or takeover is that one constituent is absorbed by another constituent, the resulting company will remain a constituent of the index if it remains in the FTSE Saudi Arabia Free Indices.

### 8.6 New issues

- 8.6.1 New issues will be included in the FTSE Saudi Arabia Free Indices provided they qualify as a Fast Entry into the FTSE Saudi Arabia All Cap Index (excluding foreign ownership limit requirements).

## **8.7 Suspended companies**

8.7.1 If a constituent is suspended from the FTSE Saudi Arabia All Cap Index, the same treatment will be applied in the FTSE Saudi Arabia Free Indices.

8.7.2 FTSE Russell's treatment can be found using the following link:

[Suspended\\_Companies\\_Rule.pdf](#)

## Appendix A

# Further information

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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 Saudi Arabia Free 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](mailto:info@ftserussell.com).

**Website:** [www.lseg.com/en/ftse-russell/](http://www.lseg.com/en/ftse-russell/)

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