

# Capping Methodology

v3.3

**This document applies to any index series where the guide is specifically referenced in the index methodology documents.**



**FTSE  
RUSSELL**

An LSEG Business

# Contents

Section 1 Introduction .....	3
Section 2 FTSE Russell Index policies .....	4
Section 3 Eligible securities .....	6
Section 4 Capping methodologies .....	7
Section 5 Corporate actions and events .....	13
Appendix A List of capped indices .....	14
Appendix B Index algorithm and calculation method .....	21
Appendix C Further information .....	22

## Section 1

# Introduction

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## 1. Introduction

- 1.1 This document sets out the capping methodology applied to FTSE Russell indices calculated by FTSE International Limited (FTSE). The capping methodologies included in this document are used to adjust the weight of index constituent companies to adhere to risk/concentration thresholds based on different regulatory requirements at the time of the periodic reviews. A list of the capped indices is included in

### Appendix A.

- 1.2 These Ground Rules should be read in conjunction with the Ground Rules for the construction and management of the FTSE Global Equity Index Series, FTSE UK Index Series and FTSE TWSE Taiwan Index Series, which are available from FTSE Russell.
- 1.3 In exceptional circumstances the capping methodology will be re-capped outside of the time of the periodic reviews. 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 a change to the Ground Rules, or to set a precedent for future action, but FTSE Russell will consider whether the Rules should subsequently be updated to provide greater clarity.
- 1.4 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.
- 1.5 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 should be able to withstand, or otherwise address the possibility of changes to, or cessation of, the index series.
- 1.6 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

# FTSE Russell index policies

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## 2. FTSE Russell index policies

This document should be read in conjunction with the following policy documents which can be accessed using the links below:

### 2.1 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](#)

### 2.2 Corporate Actions and Events Guide

2.2.1 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](#)

### 2.3 Statement of Principles for FTSE Russell Equity Indices (the Statement of Principles)

Indexes 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 FTSE Russell's Index Governance Board.

The statement of principles can be accessed using the following link:

[Statement of Principles.pdf](#)

### 2.4 Queries, Complaints and Appeals

A constituent or prospective constituent company (or professional advisor acting on behalf of the company), a national organisation or a group of no fewer than ten users of the Indexes from different organisations acting in their professional capacity may appeal against decisions taken by FTSE Russell.

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

[Benchmark Determination Complaints Handling Policy.pdf](#)

FTSE Russell's appeal process can be accessed using the following link:

[Appeals Against Decisions.pdf](#)

## **2.5 Index Policy for Trading Halts and Market Closures**

- 2.5.1 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](#)

## **2.6 Index Policy in the Event Clients are Unable to Trade a Market**

- 2.6.1 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.pdf](#)

## **2.7 Recalculation Policy and Guidelines**

- 2.7.1 The FTSE Capped Indices are recalculated whenever inaccuracies occur that are deemed to be significant. Users of the FTSE Capped Indices are 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 Indexes.pdf](#)

## **2.8 Policy for Benchmark Methodology Changes**

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

[Policy for Benchmark Methodology Changes.pdf](#)

## **2.9 FTSE Russell Governance Framework**

- 2.9.1 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 ensure compliance with the IOSCO Principles for Financial Benchmarks<sup>1</sup> and the European benchmark regulation<sup>2</sup>. The FTSE Russell Governance Framework can be accessed using the following link:

[FTSE Russell Governance Framework.pdf](#)

## **2.10 Real Time Status Definitions**

- 2.10.1 For indices that are calculated in real time, please refer to the following guide for details of real time status definitions:

[Real Time Status Definitions.pdf](#)

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<sup>1</sup> IOSCO Principles for Financial Benchmarks Final Report, FR07/13 July 2013.

<sup>2</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.

## Section 3

# Eligible securities

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### 3. Eligible securities

3.1 The eligible securities of each FTSE Capped index are the constituents of indices defined by the FTSE Global Equity Index Series, Russell US Indexes, FTSE UK Index Series, FTSE TWSE Taiwan Index Series Ground Rules (all underlying indices are listed in **Appendix A**)<sup>3</sup>.

#### 3.2 Multiple lines

3.2.1 All lines of the same company are combined as part of the capping process.

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<sup>3</sup> The FTSE Russia Unclassified Index in the underlying index for the FTSE Russia RIC Capped Index.

## Section 4

# Capping methodologies

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## 4. Capping methodologies

### 4.1 Data cut-off dates and effective dates

- 4.1.1 For the majority of capped indices the calculation of the constituent capping factors (c) will be based on prices at close on the second Friday of the review month using shares in issue and investability weights as designated to take effect after close on the third Friday of the review month (i.e. effective from the open the following Monday). For details on the price and effective dates for capped indices please see

**Appendix A** for further details.

- 4.1.2 The calculation will take into account any corporate actions/events that take effect after close on the second Friday of the review month up to and including the review effective date if they have been announced and confirmed by the second Friday of the review month.
- 4.1.3 Corporate actions/events announced after the second Friday of the review month that become effective up and including the review effective date will not result in any further adjustment.
- 4.1.4 For constituents of indices that do not trade on Friday the previous day's closing prices are used and the capping implemented after close on the third Friday of the review month (i.e. effective from the open the following Monday).

### 4.2 Regulatory capping

- 4.2.1 The following capping methodology has been created in consideration of the European Investment in Transferable Securities (UCITS) and Regulated Investment Company (RIC) requirements for diversification and the definition of a "Diversified Company" via SEC.5.b(1) of the Investment Company Act of 1940 (40 Act). For a fund whose UCITS' investment policy is to replicate the composition of an index, additional capping processes have been created that limit the weight of companies using single or two-level capping using rules 4.3 and 4.4.

#### **Application of Capping at the Quarterly Reviews**

##### **Capping target**

Capping is applied to the constituents of the relevant capped Index at each periodic review so that for:

##### **UCITS**

- All companies that have a weight greater than 4.5% in aggregate are no more than 38% of the index;
- No individual company in the index has a weight greater than 9% of the index.

##### **RIC**

- All companies that have a weight greater than 4.5% in aggregate are no more than 48% of the index;
- No individual company in the index has a weight greater than 20% of the index.

#### **RIC 22.5/45**

- All companies that have a weight greater than 4.5% in aggregate are no more than 45% of the index;
- No individual company in the index has a weight greater than 22.5% of the index.

#### **RIC 6/45**

- All companies that have a weight greater than 4.5% in aggregate are no more than 45% of the index;
- No individual company in the index has a weight greater than 6% of the index.

#### **40 Act**

- All companies that have a weight greater than 4.5% in aggregate are no more than 22.5% of the index;
- No individual company in the index has a weight greater than 22.5% of the index.

#### **40 Act 15/22.5**

- All companies that have a weight greater than 4.5% in aggregate are no more than 22.5% of the index;
- No individual company in the index has a weight greater than 15% of the index.

### **Capping methodology**

The index is capped by the following methodology:

#### **Step 1: Cap at company level**

Any company whose index weight is greater than  $y\%$  is capped at  $y\%$ . Where  $y$  is 9% for UCITS, 20% for RIC, 22.5% for RIC 22.5/45, 22.5% for 40 Act, and 15% for 40 Act 15/22.5 capped indices. The weights of the remaining index constituent companies are increased as a consequence of reducing the weights of the larger companies. The weights of uncapped constituent companies are then checked and if they exceed  $y\%$  they are also capped at  $y\%$ . This process is repeated until no company weight exceeds  $y\%$ .

If the weights after the  $y\%$  capping satisfies the capping target or the index has less than 19 companies for UCITS or 40 Act or 40 Act 15/22.5, or 15 companies for RIC or RIC 22.5/45 capped indices, they then become the final weights of the index. Otherwise, the capping proceeds to the next step.

#### **Step 2: Select the top group of companies**

Companies are ranked in descending order by their capped index weight and the cumulative weight for each company is calculated. The companies are selected for the top group of companies,  $G$  by selecting the company that intersects and companies within the  $z\%$  percentile. Where  $z$  is 38% for UCITS, 48% for RIC, 45% for RIC 22.5/45, and 22.5% for 40 Act and 40 Act 15/22.5 capped indices. The weights that are capped at  $y\%$  in Step 1 are discarded.

#### **Step 3: Intermediary step**

##### Indices with 23 companies or greater

Companies in the index are capped at 4.5% based on their uncapped weights.  $w'_i$  is used in Step 4 and the subsequent steps 5a and 6.

##### Indices with less than 23 companies

Let  $G$  denote the collection of the top group of companies as defined in Step 2. A set of intermediate weights  $w'$  are calculated:

$$w'_i = \begin{cases} 4.5\% & , i \in G \\ \frac{w_i}{v} \times 4.5\% & , i \notin G \end{cases}$$

where  $v = \max(w_i: \forall i \notin G)$  is the largest uncapped weight of all companies that are not in the top group  $G$ .

$w'$  is used in Step 4 and the subsequent steps 5b and 6.



**Step 4: Adjust weights for the top group of companies**

Let  $w_i$  be the uncapped weight for company  $i$ ,  $w'_i$  the adjusted weight of company  $i$  and  $G$  denote the collection of the largest companies defined in step 2:

$$G = \{i: w_i \text{ is one of the top group of companies}\} \quad (\text{E.1})$$

Let  $u$  denote the minimum uncapped index weight in the top group  $G$  and  $w'_k$  is the adjusted weight of  $u$  from step 3.

The top companies that belong to group  $G$ , are then elevated proportionally from the weights adjusted in Step 3, i.e.  $w'$ .

With  $u < 4.5\%$

$$w_i^* = w'_i + \left( z\% - \sum_{j \in G} w'_j \right) \frac{|w'_k - u| + w_i - w'_i}{\sum_{j \in G} |w'_k - u| + w_j - w'_j}, i, j \in G \quad (\text{E.2.1})$$

With  $u \geq 4.5\%$

$$w_i^* = w'_i + \left( z\% - \sum_{j \in G} w'_j \right) \frac{|w'_i - w_j|}{\sum_{j \in G} |w'_i - w_j|}, i, j \in G \quad (\text{E.2.2})$$

If all companies weights are no greater than  $y\%$ , i.e.  $w_i^* \leq y\%$ ,  $\forall w_i \in G$ , then the capping proceeds to Step 5. Otherwise, update the weights as:

With  $u < 4.5\%$

$$w_i^* := \begin{cases} y\% & , w_i^* \geq y\% \\ w_i^* + \left( z\% - \sum_{w_j^* < y\%} w_j^* - y\%N \right) \frac{|w_k^* - u| + w_i - w_i^*}{\sum_{w_j^* < y\%} |w_k^* - u| + w_j - w_j^*} & , w_i^* < y\% \end{cases}, i, j \in G \quad (\text{E.3.1})$$

With  $u \geq 4.5\%$

$$w_i^* := \begin{cases} y\% & , w_i^* \geq y\% \\ w_i^* + \left( z\% - \sum_{w_j^* < y\%} w_j^* - y\%N \right) \frac{|w_i^* - w_j|}{\sum_{w_j^* < y\%} |w_i^* - w_j|} & , w_i^* < y\% \end{cases}, i, j \in G \quad (\text{E.3.2})$$

Where  $N$  is the number of companies with weights equal to or greater than  $y\%$ . (E.3) is repeated until all company weights are no greater than  $y\%$ .

**Step 5a: Adjust the weights of the remaining companies (23 companies or greater)**

For indices with 23 companies or greater the next step of capping adjusts the weights of all the remaining companies whose uncapped weights are not one of the companies in group  $G$ . Let  $T$  denote the collection of these companies:

$$T = \{i: w_i \text{ is NOT one of the top group companies}\} \quad (\text{E.4})$$

Then all the companies in  $T$  are adjusted as:

$$w_i^* = (1 - z\%) \left( \frac{w_i}{\sum_{j \in T} w_j} + a \times d_i \right), i \in T \quad (\text{E.5})$$

Where,

$$d_i = \frac{w_i}{\sum_{j \in T} w_j} - \frac{w_h}{\sum_{j \in T} w_j}, i, j \in T \quad (\text{E.6})$$

is the normalised weight difference between 4.5% capped and uncapped weights, and

$$a = \frac{1}{d_h} \left( \frac{0.045}{1 - z\%} - \frac{w_h}{\sum_{i \in T} w_i} \right), i, j \in T \quad (\text{E.7})$$

is an adjustment scalar with  $h$  denoting the company with the highest uncapped weight in group  $T$ .

**Step 5b: Adjust the weights of the remaining companies (less than 23 companies)**

For indices with less than 23 companies the next step of capping adjusts the weights of all the remaining companies whose uncapped weights are not one of the companies in group G. Let T denote the collection of these companies:

$$T = \{i: w_i \text{ is NOT one of the top group companies}\} \quad (\text{E.8})$$

Then all the companies in T are adjusted as:

$$w_i^* = w_i' + a \times d_i, \quad i \in T \quad (\text{E.9})$$

Where

$$d_i = \frac{4.5\% - w_i'}{\sum_{j \in T} (4.5\% - w_j')}, \quad i \in T \quad (\text{E.10})$$

is the normalised weight difference between 4.5% capped and uncapped weights, and

$$a = (1 - z\%) - \sum_{i \in T} w_i' \quad (\text{E.11})$$

is an adjustment scalar with h denoting the company with the highest uncapped weight in group T.

**Step 6: Calculate capping factor**

The capping concludes with final weights  $w_i^*$  for company i in the Index.

In order to weight the companies in the index a capping factor  $c_i$  is calculated for each company i (see Appendix B).

$$c_i = \frac{w_i^*}{w_i} \quad (\text{E.12})$$

**4.3 Two level capping****Step 1: Cap the largest company's weight**

If the largest company's weight exceeds x%, cap it at x%.

**Step 2: Calculate weights for the remaining companies**

Any remaining company whose index weight is greater than y% is capped at y%.

The excess weight generated from Steps 1 & 2 is distributed across uncapped companies of the index. This process is repeated until the largest company does not exceed x% and all other remaining company's weights do not exceed y%.

The constituent capping factor  $c_i$  (see Appendix B) is outlined in equation E.13.

**4.4 Single level company capping**

Any company whose index weight is greater than y% is capped at y%. The weights of the remaining index constituent companies are increased as a consequence of reducing the weights of the larger companies. The weights of uncapped constituent companies are then checked and if they exceed y% they are also capped at y%. This process is repeated until no company weight exceeds y%.

The capping procedure is applied using the following algorithm:

NB. The algorithm is applied to each constituent that requires capping, i.e. any constituent whose uncapped weight is greater than y%.

The constituent capping factor  $c_i$  (see Appendix B) is given by:

$$c_i = \frac{y}{I \times (p_i \times s_i \times f_i)} \sum_{j \in J} (p_j \times s_j \times f_j) \quad (\text{E.13})$$

Where i is the security to be capped, j is the uncapped security, J is the subset of securities that are uncapped, p is the closing price of the security, s is the number of shares in issue, f is the investability weight of the security, I is the percentage of the index represented by all uncapped constituents and y is the capping percentage level.

## 4.5 Daily monitoring

- 4.5.1 Selected capped indices are monitored daily to ensure that their index constituent weights do not breach set thresholds. The index constituent weights that are used to determine whether the threshold has been breached are calculated using closing constituent prices adjusted for corporate actions on each calculation day with forward looking shares in issue, investability weights (after capping) and constituents as designated to take effect at a future date. The future date is specific to each index and included in the table in Rule 4.5.4. For example, the FTSE Latin America UCITS Capped Index looks forward to the next trading day (t+1) to determine the constituent information.
- 4.5.2 On the calculation day where a threshold has been breached the index is recapped using the capping methodology as outlined in **Appendix A**. The capping will be based on closing constituent prices adjusted for corporate actions on the calculation day using forward looking shares in issue, investability weights and constituents as designated to take effect on the future date.
- 4.5.3 For capped indices that provide more than t+1 notice (see table in Rule 4.5.4), at the periodic capping review the daily monitoring will not recap an index between the date of the calculation of the constituent capping factors and their effective date.
- 4.5.4 The indices covered by daily monitoring are included in the table below.

Capped index	Thresholds	Future dsate
FTSE Brazil UCITS Daily Capped Index	No company is greater than 10%, and all companies that have a weight greater than 5% in aggregate are no more than 40% of the index	T+1
FTSE Brazil UCITS Daily Capped Net Tax Index	No company is greater than 10%, and all companies that have a weight greater than 5% in aggregate are no more than 40% of the index	T+1
FTSE Brazil All Cap UCITS Daily Capped Index	No company is greater than 10%, and all companies that have a weight greater than 5% in aggregate are no more than 40% of the index	T+1
FTSE Brazil All Cap UCITS Daily Capped Net Tax Index	No company is greater than 10%, and all companies that have a weight greater than 5% in aggregate are no more than 40% of the index	T+1
FTSE EPRA Nareit Developed Europe UCITS Daily Capped Index	No company is greater than 10%, and all companies that have a weight greater than 5% in aggregate are no more than 40% of the index	T+1
FTSE Latin America UCITS Daily Capped Index	No company is greater than 10%, and all companies that have a weight greater than 5% in aggregate are no more than 40% of the index	T+1
FTSE Latin America UCITS Daily Capped Net Tax Index	No company is greater than 10%, and all companies that have a weight greater than 5% in aggregate are no more than 40% of the index	T+1
FTSE Latin America All Cap UCITS Daily Capped Index	No company is greater than 10%, and all companies that have a weight greater than 5% in aggregate are no more than 40% of the index	T+1
FTSE Latin America All Cap UCITS Daily Capped Net Tax Index	No company is greater than 10%, and all companies that have a weight greater than 5% in aggregate are no more than 40% of the index	T+1
FTSE Mexico UCITS Daily Capped Index	No company is greater than 10%, and all companies that have a weight greater than 5% in aggregate are no more than 40% of the index	T+1
FTSE Mexico UCITS Daily Capped Net Tax Index	No company is greater than 10%, and all companies that have a weight greater than 5% in aggregate are no more than 40% of the index	T+1
FTSE Mexico All Cap UCITS Daily Capped Index	No company is greater than 10%, and all companies that have a weight greater than 5% in aggregate are no more than 40% of the index	T+1
FTSE Mexico All Cap UCITS Daily Capped Net Tax Index	No company is greater than 10%, and all companies that have a weight greater than 5% in aggregate are no more than 40% of the index	T+1
Russell 1000 40 Act Daily Capped Index	All companies that have a weight greater than 4.8% in aggregate are no more than 24% of the index	T+3

Capped index	Thresholds	Future dsate
Russell 1000 Growth 40 Act Daily Capped Index	All companies that have a weight greater than 4.8% in aggregate are no more than 24% of the index	T+3
Russell 1000 Value 40 Act Daily Capped Index	All companies that have a weight greater than 4.8% in aggregate are no more than 24% of the index	T+3
Russell 2500 40 Act Daily Capped Index	All companies that have a weight greater than 4.8% in aggregate are no more than 24% of the index	T+3
Russell 2500 Growth 40 Act Daily Capped Index	All companies that have a weight greater than 4.8% in aggregate are no more than 24% of the index	T+3
Russell 2500 Value 40 Act Daily Capped Index	All companies that have a weight greater than 4.8% in aggregate are no more than 24% of the index	T+3
Russell 3000 40 Act Daily Capped Index	All companies that have a weight greater than 4.8% in aggregate are no more than 24% of the index	T+3
Russell 3000 Growth 40 Act Daily Capped Index	All companies that have a weight greater than 4.8% in aggregate are no more than 24% of the index	T+3
Russell 3000 Value 40 Act Daily Capped Index	All companies that have a weight greater than 4.8% in aggregate are no more than 24% of the index	T+3
Russell Midcap 40 Act Daily Capped Index	All companies that have a weight greater than 4.8% in aggregate are no more than 24% of the index	T+3
Russell Midcap Growth 40 Act Daily Capped Index	All companies that have a weight greater than 4.8% in aggregate are no more than 24% of the index	T+3
Russell Midcap Value 40 Act Daily Capped Index	All companies that have a weight greater than 4.8% in aggregate are no more than 24% of the index	T+3
Russell Top 50 40 Act Daily Capped Index	All companies that have a weight greater than 4.8% in aggregate are no more than 24% of the index	T+3
Russell Top 200 40 Act Daily Capped Index	All companies that have a weight greater than 4.8% in aggregate are no more than 24% of the index	T+3
Russell Top 200 Growth 40 Act Daily Capped Index	All companies that have a weight greater than 4.8% in aggregate are no more than 24% of the index	T+3
Russell Top 200 Value 40 Act Daily Capped Index	All companies that have a weight greater than 4.8% in aggregate are no more than 24% of the index	T+3
Russell Top 500 40 Act Daily Capped Index	All companies that have a weight greater than 4.8% in aggregate are no more than 24% of the index	T+3
Russell 1000 Financials 40 Act 15/22.5 Daily Capped Index	All companies that have a weight greater than 4.8% in aggregate are no more than 24% of the index	T+4
Russell 1000 Consumer Discretionary 40 Act 15/22.5 Daily Capped Index	All companies that have a weight greater than 4.8% in aggregate are no more than 24% of the index	T+4
Russell 1000 Industrials 40 Act 15/22.5 Daily Capped Index	All companies that have a weight greater than 4.8% in aggregate are no more than 24% of the index	T+4

## Section 5

# Corporate actions and events

## 5. Corporate actions and events

### 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](#)

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 will provide notice advising of the timing of the change.

### 5.2 Fast entrants

Where a security is added to the underlying index as a fast entry it will also be added to the capped index. To determine whether capping is required the new security is added to the capped index with a capping factor of 1. Where the inclusion of the new security breaches the relevant capping target (e.g. its weight is greater than 10% in a single level company capping) the index is capped following the relevant capping procedures outlined in Section 4. This process will use prices adjusted for corporate events as at the close of business on the first day of official trading based on the constituents, shares in issue and free float on the next trading day following the fifth day of official trading.

Where capping is not required the security is given a capping factor of 1.

### 5.3 Spin-offs

If a constituent company is split and forms two or more companies by issuing new equity to existing shareholders then the spin-off entity will follow the treatment of its underlying index. Where eligible the spin-off entity will be added to the same index as the parent company, per the terms, on the ex-date of the distribution. The spin-off entity will be retained in the index with the same capping factor as the parent company until the next periodic review. Where the spin-off entity has not commenced trading within 20 business days from the ex-date of the distribution and no firm trading date has been announced, then it will normally be deleted at zero value with T+2 notice.

## Appendix A

# List of capped indices

Capped index	Underlying index	Review frequency	Price date	Effective date	Capping approach/level
FTSE 100 Capped 10% Index	FTSE 100 Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.4/10%
FTSE All-Share ex Investment Trusts 5% Capped Index	FTSE All-Share ex Investment Trusts	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.4/5%
FTSE All-Share Capped 10% Index	FTSE All-Share Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.4/10%
FTSE 100 Capped 5% Index	FTSE 100 Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.4/5%
FTSE All-Share Capped 5% Index	FTSE All-Share Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.4/5%
FTSE Asia Ex-Japan RIC Capped Index	FTSE Asia Pacific Ex-Japan, Australia, New Zealand Index <sup>2</sup>	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.2/RIC
FTSE Australia RIC Capped Index	FTSE Australia Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.2/RIC
FTSE BIVA Index	FTSE Mexico All Cap Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.4/15%
FTSE Brazil 30/18 Capped Index	FTSE Brazil Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.3/30%/18%
FTSE Brazil All Cap UCITS Daily Capped Index	FTSE Brazil All Cap Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.2/UCITS
FTSE Brazil All Cap UCITS Daily Capped Net Tax Index	FTSE Brazil All Cap Net Tax Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.2/UCITS
FTSE Brazil RIC Capped Index	FTSE Brazil Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.2/RIC
FTSE Brazil UCITS Daily Capped Index	FTSE Brazil Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.2/UCITS
FTSE Brazil UCITS Daily Capped Net Tax Index	FTSE Brazil Net Tax Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.2/UCITS
FTSE Canada RIC Capped Index	FTSE Canada Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.2/RIC
FTSE China 30/18 Capped Index	FTSE China Index <sup>1</sup>	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.2/30%/18%

Capped index	Underlying index	Review frequency	Price date	Effective date	Capping approach/level
FTSE China RIC Capped Index	FTSE China Index <sup>2</sup>	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.2/RIC
FTSE Developed Europe RIC Capped Index	FTSE Developed Europe Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.2/RIC
FTSE Developed Europe RIC Capped Hedged to USD Index <sup>2</sup>	FTSE Developed Europe Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.2/RIC
FTSE EPRA Nareit Developed Europe UCITS Daily Capped Index	FTSE EPRA Nareit Developed Europe Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.2/UCITS
FTSE EPRA Nareit Developed Extended Opportunities RIC 6/45 Capped Index	FTSE EPRA Nareit Developed Extended Opportunities Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.2/RIC 6/45
FTSE France RIC Capped Index	FTSE France Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.2/RIC
FTSE Germany RIC Capped Index	FTSE Germany Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.2/RIC
FTSE Hong Kong RIC Capped Index	FTSE Hong Kong Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.2/RIC
FTSE India 30/18 Capped Index	FTSE India Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.3/30%/18%
FTSE India RIC Capped Index	FTSE India Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.2/RIC
FTSE Italy RIC Capped Index	FTSE Italy Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.2/RIC
FTSE Japan RIC Capped Index	FTSE Japan Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.2/RIC
FTSE Japan RIC Capped Hedged to USD Index <sup>3</sup>	FTSE Japan 100% Hedged to USD Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.2/RIC
FTSE Latin America All Cap UCITS Capped Index	FTSE Latin America All Cap Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.2/UCITS
FTSE Latin America All Cap UCITS Daily Capped Net Tax Index	FTSE Latin America All Cap Net Tax Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.2/UCITS
FTSE Latin America UCITS Daily Capped Index	FTSE Latin America Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.2/UCITS
FTSE Latin America UCITS Daily Capped Net Tax Index	FTSE Latin America Net Tax Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.2/UCITS
FTSE Latin America RIC Capped Index	FTSE Latin America Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.2/RIC
FTSE Mexico All Cap UCITS Capped Index	FTSE Mexico All Cap Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.2/UCITS
FTSE Mexico All Cap UCITS Daily Capped Net Tax Index	FTSE Mexico All Cap Net Tax Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.2/UCITS

Capped index	Underlying index	Review frequency	Price date	Effective date	Capping approach/level
FTSE Mexico UCITS Daily Capped Index	FTSE Mexico Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.2/UCITS
FTSE Mexico UCITS Daily Capped Net Tax Index	FTSE Mexico Net Tax Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.2/UCITS
FTSE Korea 30/18 Capped Index	FTSE Korea Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.3/30%/18%
FTSE Kuwait All Cap 15% Capped Index	FTSE Kuwait All Cap Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.4/15%
FTSE Mexico RIC Capped Index	FTSE Mexico Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.2/RIC
FTSE Russia RIC Capped Index	FTSE Russia Unclassified Index	Quarterly in Mar, Jun, Sep and Dec <sup>4</sup>	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.2/RIC
FTSE Saudi Arabia RIC Capped Index	FTSE Saudi Arabia Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.2/RIC
FTSE Saudi Arabia UCITS Capped Index	FTSE Saudi Arabia Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.2/UCITS
FTSE/JSE South Africa RIC Capped Index	FTSE South Africa Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.2/RIC
FTSE South Korea RIC Capped Index	FTSE South Korea Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.2/RIC
FTSE Switzerland RIC Capped Index	FTSE Switzerland Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.2/RIC
FTSE Taiwan RIC Capped Index	FTSE Taiwan Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.2/RIC
FTSE TWSE Taiwan 50 30% Capped Index	FTSE TWSE Taiwan 50 Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.4/30%
FTSE Taiwan 30/18 Capped Index	FTSE Taiwan Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.3/30%/18%
FTSE UK Listed Africa Index	-	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.4/10%
FTSE UK RIC Capped Index	FTSE UK Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.2/RIC
Russell 1000 40 Act Daily Capped Index	Russell 1000 Index	Quarterly in Mar, Jun, Sep and Dec	Friday before the last Friday in Jun, 2 <sup>nd</sup> Friday for other months <sup>4</sup>	Monday after last Friday in Jun, Monday after 3 <sup>rd</sup> Friday for other months <sup>4</sup>	Rule 4.2/40 Act
Russell 1000 Growth 40 Act Daily Capped Index	Russell 1000 Growth Index	Quarterly in Mar, Jun, Sep and Dec	Friday before the last Friday in Jun, 2 <sup>nd</sup> Friday for other months <sup>4</sup>	Monday after last Friday in Jun, Monday after 3 <sup>rd</sup> Friday for other months <sup>4</sup>	Rule 4.2/40 Act
Russell 1000 Value 40 Act Daily Capped Index	Russell 1000 Value Index	Quarterly in Mar, Jun, Sep and Dec	Friday before the last Friday in Jun, 2 <sup>nd</sup> Friday for other months <sup>4</sup>	Monday after last Friday in Jun, Monday after 3 <sup>rd</sup> Friday for other months <sup>4</sup>	Rule 4.2/40 Act

<sup>4</sup> Effective from August 2022 the quarterly capping has been suspended until further notice.



Capped index	Underlying index	Review frequency	Price date	Effective date	Capping approach/level
Russell 1000 Value UCITS 30/18 Capped Index	Russell 1000 Value	Quarterly in Mar, Jun, Sep and Dec	Friday before the last Friday in Jun, 2 <sup>nd</sup> Friday for other months <sup>4</sup>	Monday after last Friday in Jun, Monday after 3 <sup>rd</sup> Friday for other months <sup>4</sup>	Rule 4.2/UCITS
Russell 1000 Growth UCITS 30/18 Capped Index	Russell 1000 Growth	Quarterly in Mar, Jun, Sep and Dec	Friday before the last Friday in Jun, 2 <sup>nd</sup> Friday for other months <sup>4</sup>	Monday after last Friday in Jun, Monday after 3 <sup>rd</sup> Friday for other months <sup>4</sup>	Rule 4.2/UCITS
Russell 1000 Value UCITS 30/18 Capped Net Tax 15% Index	Russell 1000 Value	Quarterly in Mar, Jun, Sep and Dec	Friday before the last Friday in Jun, 2 <sup>nd</sup> Friday for other months <sup>4</sup>	Monday after last Friday in Jun, Monday after 3 <sup>rd</sup> Friday for other months <sup>4</sup>	Rule 4.2/UCITS
Russell 1000 Growth UCITS 30/18 Capped Net Tax 15% Index	Russell 1000 Growth	Quarterly in Mar, Jun, Sep and Dec	Friday before the last Friday in Jun, 2 <sup>nd</sup> Friday for other months <sup>4</sup>	Monday after last Friday in Jun, Monday after 3 <sup>rd</sup> Friday for other months <sup>4</sup>	Rule 4.2/UCITS
Russell 1000 Value UCITS 30/18 Capped Net Tax 30% Index	Russell 1000 Value	Quarterly in Mar, Jun, Sep and Dec	Friday before the last Friday in Jun, 2 <sup>nd</sup> Friday for other months <sup>4</sup>	Monday after last Friday in Jun, Monday after 3 <sup>rd</sup> Friday for other months <sup>4</sup>	Rule 4.2/UCITS
Russell 1000 Growth UCITS 30/18 Capped Net Tax 30% Index	Russell 1000 Growth	Quarterly in Mar, Jun, Sep and Dec	Friday before the last Friday in Jun, 2 <sup>nd</sup> Friday for other months <sup>4</sup>	Monday after last Friday in Jun, Monday after 3 <sup>rd</sup> Friday for other months <sup>4</sup>	Rule 4.2/UCITS
Russell 1000 Hyper Growth RIC Capped Index	Russell 1000 Hyper Growth Index	Quarterly in Mar, Jun, Sep and Dec	Wednesday before the second Friday in Mar, Jun, Sep and Dec <sup>4</sup>	Monday after last Friday in Jun, Monday after 3 <sup>rd</sup> Friday for other months <sup>4</sup>	Rule 4.2/RIC
Russell 2500 40 Act Daily Capped Index	Russell 2500 Index	Quarterly in Mar, Jun, Sep and Dec	Friday before the last Friday in Jun, 2 <sup>nd</sup> Friday for other months <sup>4</sup>	Monday after last Friday in Jun, Monday after 3 <sup>rd</sup> Friday for other months <sup>4</sup>	Rule 4.2/40 Act
Russell 2500 Growth 40 Act Daily Capped Index	Russell 2500 Growth Index	Quarterly in Mar, Jun, Sep and Dec	Friday before the last Friday in Jun, 2 <sup>nd</sup> Friday for other months <sup>4</sup>	Monday after last Friday in Jun, Monday after 3 <sup>rd</sup> Friday for other months <sup>4</sup>	Rule 4.2/40 Act
Russell 2500 Value 40 Act Daily Capped Index	Russell 2500 Value Index	Quarterly in Mar, Jun, Sep and Dec	Friday before the last Friday in Jun, 2 <sup>nd</sup> Friday for other months <sup>4</sup>	Monday after last Friday in Jun, Monday after 3 <sup>rd</sup> Friday for other months <sup>4</sup>	Rule 4.2/40 Act
Russell 3000 40 Act Daily Capped Index	Russell 3000 Value Index	Quarterly in Mar, Jun, Sep and Dec	Friday before the last Friday in Jun, 2 <sup>nd</sup> Friday for other months <sup>4</sup>	Monday after last Friday in Jun, Monday after 3 <sup>rd</sup> Friday for other months <sup>4</sup>	Rule 4.2/40 Act

Capped index	Underlying index	Review frequency	Price date	Effective date	Capping approach/level
Russell 3000 Growth 40 Act Daily Capped Index	Russell 3000 Growth Index	Quarterly in Mar, Jun, Sep and Dec	Friday before the last Friday in Jun, 2 <sup>nd</sup> Friday for other months <sup>4</sup>	Monday after last Friday in Jun, Monday after 3 <sup>rd</sup> Friday for other months <sup>4</sup>	Rule 4.2/40 Act
Russell 3000 Value 40 Act Daily Capped Index	Russell 3000 Value Index	Quarterly in Mar, Jun, Sep and Dec	Friday before the last Friday in Jun, 2 <sup>nd</sup> Friday for other months <sup>4</sup>	Monday after last Friday in Jun, Monday after 3 <sup>rd</sup> Friday for other months <sup>4</sup>	Rule 4.2/40 Act
Russell Midcap 40 Act Daily Capped Index	Russell Midcap Index	Quarterly in Mar, Jun, Sep and Dec	Friday before the last Friday in Jun, 2 <sup>nd</sup> Friday for other months <sup>4</sup>	Monday after last Friday in Jun, Monday after 3 <sup>rd</sup> Friday for other months <sup>4</sup>	Rule 4.2/40 Act
Russell Midcap Growth 40 Act Daily Capped Index	Russell Midcap Growth Index	Quarterly in Mar, Jun, Sep and Dec	Friday before the last Friday in Jun, 2 <sup>nd</sup> Friday for other months <sup>4</sup>	Monday after last Friday in Jun, Monday after 3 <sup>rd</sup> Friday for other months <sup>4</sup>	Rule 4.2/40 Act
Russell Midcap Value 40 Act Daily Capped Index	Russell Midcap Value Index	Quarterly in Mar, Jun, Sep and Dec	Friday before the last Friday in Jun, 2 <sup>nd</sup> Friday for other months <sup>4</sup>	Monday after last Friday in Jun, Monday after 3 <sup>rd</sup> Friday for other months <sup>4</sup>	Rule 4.2/40 Act
Russell Top 50 40 Act Daily Capped Index	Russell Top 50 Index	Quarterly in Mar, Jun, Sep and Dec	Friday before the last Friday in Jun, 2 <sup>nd</sup> Friday for other months <sup>4</sup>	Monday after last Friday in Jun, Monday after 3 <sup>rd</sup> Friday for other months <sup>4</sup>	Rule 4.2/40 Act
Russell Top 200 40 Act Daily Capped Index	Russell Top 200 Index	Quarterly in Mar, Jun, Sep and Dec	Friday before the last Friday in Jun, 2 <sup>nd</sup> Friday for other months <sup>4</sup>	Monday after last Friday in Jun, Monday after 3 <sup>rd</sup> Friday for other months <sup>4</sup>	Rule 4.2/40 Act
Russell Top 200 Growth 40 Act Daily Capped Index	Russell Top 200 Growth Index	Quarterly in Mar, Jun, Sep and Dec	Friday before the last Friday in Jun, 2 <sup>nd</sup> Friday for other months <sup>4</sup>	Monday after last Friday in Jun, Monday after 3 <sup>rd</sup> Friday for other months <sup>4</sup>	Rule 4.2/40 Act
Russell Top 200 Value 40 Act Daily Capped Index	Russell Top 200 Value Index	Quarterly in Mar, Jun, Sep and Dec	Friday before the last Friday in Jun, 2 <sup>nd</sup> Friday for other months <sup>4</sup>	Monday after last Friday in Jun, Monday after 3 <sup>rd</sup> Friday for other months <sup>4</sup>	Rule 4.2/40 Act
Russell Top 500 40 Act Daily Capped Index	Russell Top 500 Index	Quarterly in Mar, Jun, Sep and Dec	Friday before the last Friday in Jun, 2 <sup>nd</sup> Friday for other months <sup>4</sup>	Monday after last Friday in Jun, Monday after 3 <sup>rd</sup> Friday for other months <sup>4</sup>	Rule 4.2/40 Act
Russell 1000 Technology RIC 22.5/45 Capped Index	Russell 1000® Index - Technology	Quarterly in Mar, Jun, Sep and Dec	Wednesday before the second to last Friday in Jun, Wednesday before 2 <sup>nd</sup> Friday for other months <sup>4</sup>	Monday after last Friday in Jun, Monday after 3 <sup>rd</sup> Friday for other months <sup>4</sup>	Rule 4.2/RIC 22.5/45

Capped index	Underlying index	Review frequency	Price date	Effective date	Capping approach/level
Russell 1000 Telecommunications RIC 22.5/45 Capped Index	Russell 1000® Index - Telecommunications	Quarterly in Mar, Jun, Sep and Dec	Wednesday before the second to last Friday in Jun, Wednesday before 2 <sup>nd</sup> Friday for other months <sup>4</sup>	Monday after last Friday in Jun, Monday after 3 <sup>rd</sup> Friday for other months <sup>4</sup>	Rule 4.2/RIC 22.5/45
Russell 1000 Health Care RIC 22.5/45 Capped Index	Russell 1000® Index - Health Care	Quarterly in Mar, Jun, Sep and Dec	Wednesday before the second to last Friday in Jun, Wednesday before 2 <sup>nd</sup> Friday for other months <sup>4</sup>	Monday after last Friday in Jun, Monday after 3 <sup>rd</sup> Friday for other months <sup>4</sup>	Rule 4.2/RIC 22.5/45
Russell 1000 Financials 40 Act 15/22.5 Daily Capped Index	Russell 1000® Index - Financials	Quarterly in Mar, Jun, Sep and Dec	Wednesday before the second to last Friday in Jun, Wednesday before 2 <sup>nd</sup> Friday for other months <sup>4</sup>	Monday after last Friday in Jun, Monday after 3 <sup>rd</sup> Friday for other months <sup>4</sup>	Rule 4.2/40 Act 15/22.5
Russell 1000 Consumer Discretionary 40 Act 15/22.5 Daily Capped Index	Russell 1000® Index - Consumer Discretionary	Quarterly in Mar, Jun, Sep and Dec	Wednesday before the second to last Friday in Jun, Wednesday before 2 <sup>nd</sup> Friday for other months <sup>4</sup>	Monday after last Friday in Jun, Monday after 3 <sup>rd</sup> Friday for other months <sup>4</sup>	Rule 4.2/40 Act 15/22.5
Russell 1000 Consumer Staples RIC 22.5/45 Capped Index	Russell 1000® Index - Consumer Staples	Quarterly in Mar, Jun, Sep and Dec	Wednesday before the second to last Friday in Jun, Wednesday before 2 <sup>nd</sup> Friday for other months <sup>4</sup>	Monday after last Friday in Jun, Monday after 3 <sup>rd</sup> Friday for other months <sup>4</sup>	Rule 4.2/RIC 22.5/45
Russell 1000 Industrials 40 Act 15/22.5 Daily Capped Index	Russell 1000® Index - Industrials	Quarterly in Mar, Jun, Sep and Dec	Wednesday before the second to last Friday in Jun, Wednesday before 2 <sup>nd</sup> Friday for other months <sup>4</sup>	Monday after last Friday in Jun, Monday after 3 <sup>rd</sup> Friday for other months <sup>4</sup>	Rule 4.2/40 Act 15/22.5
Russell 1000 Basic Materials RIC 22.5/45 Capped Index	Russell 1000® Index - Basic Materials	Quarterly in Mar, Jun, Sep and Dec	Wednesday before the second to last Friday in Jun, Wednesday before 2 <sup>nd</sup> Friday for other months <sup>4</sup>	Monday after last Friday in Jun, Monday after 3 <sup>rd</sup> Friday for other months <sup>4</sup>	Rule 4.2/RIC 22.5/45
Russell 1000 Energy RIC 22.5/45 Capped Index	Russell 1000® Index - Energy	Quarterly in Mar, Jun, Sep and Dec	Wednesday before the second to last Friday in Jun, Wednesday before 2 <sup>nd</sup> Friday for other months <sup>4</sup>	Monday after last Friday in Jun, Monday after 3 <sup>rd</sup> Friday for other months <sup>4</sup>	Rule 4.2/RIC 22.5/45
Russell 1000 Utilities RIC 22.5/45 Capped Index	Russell 1000® Index - Utilities	Quarterly in Mar, Jun, Sep and Dec	Wednesday before the second to last Friday in Jun, Wednesday before 2 <sup>nd</sup> Friday for other months <sup>4</sup>	Monday after last Friday in Jun, Monday after 3 <sup>rd</sup> Friday for other months <sup>4</sup>	Rule 4.2/RIC 22.5/45

Capped index	Underlying index	Review frequency	Price date	Effective date	Capping approach/level
FTSE EPRA Nareit Ideal Ratings Developed REITs Islamic Green RIC Capped Index	FTSE EPRA Nareit Ideal Ratings Developed REITs Islamic Green Index	Quarterly in Mar, Jun, Sep and Dec	2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.2/ RIC
FTSE Green Revenues Select Infrastructure and Industrials Index	FTSE Green Revenues Select Infrastructure and Industrials Uncapped Index	Quarterly in Mar, Jun, Sep and Dec	Thursday before 2 <sup>nd</sup> Friday	Monday after 3 <sup>rd</sup> Friday	Rule 4.2/RIC 6/45

## Notes

1. The underlying index is based the FTSE China Index where China A shares were added from the September 2018 review that trade under the Northbound China Stock Connect Scheme Buy-and-Sell List with an inclusion investability weight of 25%, i.e. the index will be aligned with the completion of phase 1 of the inclusion of China A shares into the FTSE Global Equity Index Series at the June 2020 semi-annual review.
2. As part of the September 2017 review the FTSE RIC Capped indices included N-shares at 100% of their investability weight in the underlying index, i.e. the indices did not tranche the weight of N shares.
3. On a monthly basis 100% of the currency exposure will be hedged in the calculation of the currency hedged indices.
4. If the last Friday in June occurs on 29<sup>th</sup> or 30<sup>th</sup> the reconstitution will occur on the Friday prior, and the price date will change one week prior, accordingly. Please refer to the Russell US Indices construction and methodology guide for further details

## Appendix B

# Index algorithm and calculation method

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The capped index is calculated using the algorithm described below.

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

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 the underlying index 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 C

# Further information

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A glossary of terms used in FTSE Russell's methodology documents can be found using the following link:

[Glossary.pdf](#)

Further information on the FTSE Russell Capping Methodology 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).

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