

FTSE UK Index Series: history of Ground Rule updates

Changes to the Ground Rules go through the internal governance process via the Equity Operational Forum, Equity Methodology Forum, Equity Technical Forum and FTSE Russell Index governance board meetings. The changes may also be discussed at FTSE Russell external advisory committees.

Changes to policy documents shown in the Ground Rules such as the Corporate Actions and Events Guides can be found separately.

For a current copy of the FTSE UK Index Series Ground Rules, please use the following link: [FTSE UK Index Series.pdf](#)



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2024

January 2024: Foreign Ownership Restrictions and Foreign Headroom Requirement

FTSE Russell updated the rules – summary shown below

1. Previously, the first headroom adjustment was 10% and subsequent headroom adjustments were 5%. To expediate index treatment for impacted securities, the absolute adjustment has been increased to 10% for all adjustments (positive and negative), and not just the first negative adjustment.
2. It was assumed that when a 5% negative adjustment is reversed, the foreign shareholding would increase by 5%. The requirement that a minimum 20% headroom is available post a positive headroom adjustment before a previous negative adjustment is reversed has been removed. Consequently, the investability weight of an existing constituent, which has been subject to headroom adjustments, will have its most recent negative adjustment reversed at a quarterly review subject to a minimum 20% headroom being available as of the cut-off date, for that testing period.

All other components of the Headroom rule remain unchanged.

research.ftserussell.com/products/index-notices/home/getmethodology/?id=2611446

February 2024: Guide to Calculation Method for UK Index Series Median Liquidity Test

FTSE Russell clarified the guide as shown in the notice below.

research.ftserussell.com/products/index-notices/home/getmethodology/?id=2611727

March 2024: FTSE 100 and FTSE 250 replacement companies selection - FAQ

FTSE Russell updated the FAQ as shown below:

8. Where the selection of a replacement company is after market close on the Tuesday that the FTSE UK Index Series Review is conducted, what is the treatment?

Where a FTSE 100 or FTSE 250 company is scheduled to be selected after market close on the Tuesday that the FTSE UK Index Series review is conducted (i.e. on the review cut-off date, prior to the index review announcement date), the highest ranking constituent of the FTSE All-Share (which is not currently a member of the FTSE 100 or FTSE 250) is selected as the replacement company as per the process detailed in 3.0.

The FTSE UK Index Review will then be conducted (excluding the replacement company).

research.ftserussell.com/products/index-notices/home/getmethodology/?id=2612052

April 2024: Guide to Calculation Method for UK Index Series Median Liquidity Test

FTSE Russell clarified the rules around the liquidity threshold.

Addition of the following note Please note that when conducting the liquidity test, no rounding is applied. For example, a constituent company with a monthly median turnover of 0.0149% will not be deemed to have passed the minimum 0.0150% threshold for the month tested.

research.ftserussell.com/products/index-notices/home/getmethodology/?id=2612191

2023

January 2023: periodic review of constituents

FTSE Russell clarified the rules around the periodic review of constituents.

Quarterly reviews in March, September and December

In order to include relatively large non-constituent companies in the FTSE All-Share Index and exclude relatively small constituent companies from the FTSE All-Share Index more regularly, at the quarterly reviews in September, December and March, the company full market capitalisation thresholds for additions and deletions (as detailed in rules 8.3.5 A and 8.3.5 B) will be 0.20% and 0.05% respectively.

The security investable market capitalisation thresholds remain as per rules 8.3.5 A and 8.3.5 B (**i.e. existing constituents will be deleted if their investable market capitalisation is lower than GBP 30 million for two consecutive quarters; and potential new additions must have an investable market capitalisation of at least GBP 50 million**).

- All additions to the FTSE SmallCap Index are subject to passing the required eligibility screens (as per section 6).
- The FTSE SmallCap will consist of those companies too small to be constituents of the FTSE 350 but large enough to be constituents of the FTSE All-Share.
- The FTSE All-Share will consist of all the constituents of the FTSE 350 and FTSE SmallCap.

<https://research.ftserussell.com/products/index-notice/home/getmethodology/?id=2606630>

April 2023: periodic review of constituents

FTSE Russell clarified the rules around fast entry.

Please note: only those shares being offered for sale in the IPO will be considered when evaluating whether the investable market capitalisation requirement has been met and if so, only the IPO shares will be included within the index weighting at the time of fast entry inclusion (subject to not being categorised as restricted shares as defined within the free float restrictions document). The free float of the company will then be evaluated at the subsequent review.

For the avoidance of doubt, in the event that a non-constituent company of the FTSE UK Index Series splits to form two companies and the spun-off company satisfies the eligibility criteria for the FTSE UK Index Series, it will only be considered for fast entry to the FTSE 100 if it includes an initial public offering of shares (IPO) on the London Stock Exchange. In such case, and assuming the spun-off company meets the full market capitalisation fast entry level, only the IPO shares will be considered when evaluating whether the investable market capitalisation requirement has been met and if so, only the IPO shares will be included within the index weighting at the time of fast entry inclusion. The free float of the company will then be evaluated at the subsequent review.

[Technical notice – 27 April 2023](#)

October 2023: Periodic Review of Constituents

The Ground Rules were further clarified with regard to the current treatment around fast entry.

A new security (IPO), which satisfies the eligibility criteria and the screens other than the liquidity screen, is eligible for fast entry when its full market capitalisation (i.e. before the application of any investability weighting) using the closing price on the first day of Official non-conditional trading is greater than the fast entry level.

Concurrently, constituents of the FTSE 100 and FTSE 250 will be ranked and the required demotions will be selected and published.

research.ftserussell.com/products/index-notice/home/getmethodology/?id=2610573

2022

February 2022: treatment of dividends

FTSE Russell announced an update to the treatment of dividends.

Declared dividends are used to calculate the standard total return indices in the FTSE UK Index Series. All dividends are applied as at the ex-div date.

The standard total return indices include the following versions of the FTSE 100 Total Return Index: FTSE 100 Total Return Index – all dividends are as declared by companies and no withholding tax adjustments are made.

Please note: effective 31 January 2022, Royal Dutch Shell PLC simplified its share structure from A and B shares into a single class of shares in Shell PLC (incorporated and tax resident in the UK). Prior to this date, no adjustment for withholding taxes was made within the FTSE 100 Total Return Index with the exception of dividends paid by Royal Dutch Shell A shares, from which 15% withholding tax was deducted FTSE 100 Total Return Declared Dividend.

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=2603276>

June 2022: variable, best efforts and direct listing IPOs

FTSE Russell updated the Ground Rules to include rules for the treatment of direct listing IPOs.

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=2604765>

September 2022: update to periodic review of constituents

FTSE Russell announced that the full and investable market capitalisations published on the monitored list at the quarterly review cut-off date will be used to evaluate eligibility and index membership. Free float and shares in issue updates due to be implemented on the review effective date will not be calculated.

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=2605733>

2021

December 2021: guide to calculation method for UK Index Series median liquidity test

FTSE Russell updated the guide to clarify the liquidity test for new issues and newly eligible securities.

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=2602828>

December 2021: updates following FCAs market effectiveness consultation and FTSE consultation of UK index series eligibility criteria (effective from the March 2022 index review)

FTSE Russell updated the Ground Rules as follows.

Free float

- The minimum free float requirement for UK incorporated issuers will be reduced from 25% to 10%.
- The free float requirement for non-UK incorporated issuers will be reduced from greater than 50% to a minimum of 25%.

Introduction of security level minimum investable market cap requirement for the FTSE All-Share Index.

Update to rules around companies with dual class share structure.

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=2602819>

July 2021: market consultation – invitation to respond

FTSE Russell invited index users to participate in a market consultation to review potential changes to the UK listing regime, as a result of the Hill Review and the associated FCA consultation. Feedback was sought on the following areas:

- dual class share structures and the associated minimum voting rights requirement; and
- minimum free float requirements.

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=2601046>

June 2021: Ground Rule update for additions outside of a review

FTSE Russell announced an update to the rule regarding addition of eligible fast entrants, clarifying that should the fifth business day of trading occur during the week of index review, an eligible fast entrant will be added to the index concurrent with the review effective date.

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=2600806>

April 2021: update for fast entry thresholds – effective from June 2021

FTSE Russell announced an update to the fast entry thresholds rule, clarifying that for a security to be considered for fast entry, it will have to meet both a full market capitalisation threshold at company level and an investable market capitalisation threshold at security level.

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=2600094>

April 2021: treatment of dividends

FTSE Russell updated the treatment of dividends section to include details around the FTSE 100 Total Return Index and FTSE 100 Total Return Declared Dividend Index.

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=2599849>

March 2021: update to method of FTSE 350 Yield Indices calculation

FTSE Russell announced a rule update to the method of yield calculation. Yield will now be calculated at the security level, rather than at the company level. This update is effective immediately.

<https://research.ftserussell.com/products/index-notices/home/getmethodology?id=2599538>

2020

October 2020: clarification of the term security and company

FTSE Russell announced an update to the FTSE UK Index Series, replacing the term security with company where more appropriate. The majority of these changes can be found in the sections regarding periodic review of constituents and corporate actions and events.

<https://research.ftserussell.com/products/index-notices/home/getmethodology?id=2598146>

October 2020: removal of reserve lists – effective December 2020

FTSE Russell announced that reserve lists for the FTSE 100 and the FTSE 250 will no longer be published or utilised when selecting a replacement company triggered by intra-quarter deletions. Replacement companies will be selected by ranking the existing constituents of the FTSE All-Share Index.

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=2597885>

July 2020: update to trading venues used in liquidity screen

FTSE Russell announced the following update to the rule regarding volume data used in liquidity screens. The rules were updated as follows:

The trading venues are reviewed annually and assessed using volume data from the first business day of February of the previous year to the last business of January of the current year. Any changes to the trading venues will be announced and reflected in the FTSE UK Index Series Ground Rules following the March quarterly review and will become effective from the June annual review.

Turquoise was also deleted from the list of venues as it no longer meets the minimum market share criteria.

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=2597158>

April 2020: update to ineligible securities and nationality rules

FTSE Russell announced an update to the rule regarding ineligible securities, clarifying that companies classified as belonging to ICB subsector 8995 (non-equity investment instruments) will be ineligible. Nationality rules 5.1.9 and 5.1.10 added to clarify treatment where a company has a change of circumstances (such as adopting an additional listing) or where country of greatest liquidity moves away from the UK.

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=2596009>

2019

May 2019: minimum foreign headroom requirement

FTSE Russell clarified the minimum foreign headroom requirements noting:

In certain jurisdictions (for example Japan), despite the presence of a foreign ownership restriction, the acquisition of shares above the stated foreign ownership limit (FOL) is still permitted but certain shareholder rights may be denied (such as voting rights or dividend distributions). In the event that the acquisition of shares above the FOL is permitted and the forfeit is to dividend distributions, FTSE Russell will treat the company as having reached its FOL and evaluate the company under the minimum foreign headroom requirement.

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=2592906>

April 2019: screens applied to eligible securities

FTSE Russell updated the Ground Rules with regard to screens applied to eligible securities to confirm that constituents are adjusted for free float **and foreign ownership limits (where applicable to UK investors)**.

Foreign ownership restrictions and minimum headroom requirement

For the avoidance of doubt, a security which restricts the number of shares that a UK investor can hold may be included in the FTSE UK Index Series with an investability weight equal to the foreign ownership limit (see foreign ownership restrictions and minimum foreign headroom requirement rule B). However, the actual calculated free float will be referenced to determine if the security meets the minimum free float criteria for index eligibility. For example, company A (non-UK incorporated) has a calculated free float of 62% and a foreign ownership limit (which imposes a limit on UK investors) of 49%. Company A is deemed to meet the minimum free float requirement but will be included in the index with an investability weight of 49%.

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=2592519>

March 2019: guide to calculation method for median liquidity test

FTSE Russell updated the FTSE UK Index Series guide to calculation method for the median liquidity test – this update was effective immediately.

Where a security has a market quote in multiple currencies, only volume data from the eligible Sterling quote will be used in the liquidity test.

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=2592441>

February 2019: security inclusion criteria

FTSE Russell announced an update to the security inclusion criteria noting that cash shells are ineligible for the FTSE UK Index Series.

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=2591956>

January 2019: formatting update

FTSE Russell announced general reformatting to the FTSE UK Index Series Ground Rules.

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=2591638>

2018

October 2018: fast entry – additions outside of a review

FTSE Russell updated the Ground Rules to clarify that only shares offered at the time of an IPO will be included within the investable market capitalisation calculation for the purposes of evaluating fast entry eligibility and if eligible, the offering shares only will be included within the index calculation.

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=2590396>

May 2018: venues used in liquidity calculation

FTSE Russell updated the Ground Rules to reflect the current venues used in the liquidity calculation.

- The names for BATS Chi-X was updated.
- BOAT Services was removed from the list of venues.

Volume data from the following venues are aggregated for the purpose of the FTSE liquidity test:

London Stock Exchange

Cboe CXE

Cboe BXE

Cboe OTC

Turquoise

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=2588880>

May 2018: determining nationality

FTSE Russell announced that where a company's nationality has been determine as UK, if the shares are traded in CDI form, the CDI will be considered as eligible subject to meeting all other eligibility criteria.

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=2588506>

2017

May 2017: FTSE UK Index Series – guide to calculation methods for the median liquidity test

The guide was updated to include pro-rata pass requirements for current constituents.

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=2229396>

February 2017: FTSE Russell recalculation policy and guidelines – update

FTSE Russell announced a clarification of the treatment of dividends in the FTSE Russell Recalculation Policy and Guidelines noting if a cancelled dividend is captured before pay date (no adjustment applied where captured on or after pay date), a negative adjustment would be applied the next trading day. There would be no recalculation or product reissue.

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=2007433>

January 2017: free float restrictions – update

FTSE Russell proposed two updates to the free float definitions as follows.

1. Clarification as to the restrictions to be applied to investors, investment companies and investment funds. FTSE Russell proposes an update to the language to state that shares where the holder has successfully placed a current member to the board will be considered restricted, and to the language used to determine whether a holding should be deemed strategic.
2. The removal of the 3% buffers which apply to rules 2 and 3. This is in order to apply a consistent approach to all companies.

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=1967065>

January 2017: quarterly and intra-quarter free float and share updates FAQ

In response to feedback from the June 2016 consultation, the FTSE Russell governance board has approved the following methodology changes to the quarterly and intra-quarter maintenance of shares and float data in both FTSE and Russell index series effective from the June 2017 review.

Quarterly updates on a quarterly cycle (in June, September, December, and March), shares and free float will be updated to reflect the following: changes greater than 1% for cumulative shares in issue changes.

- Changes greater than 3% for cumulative free float changes

Intra-quarter updates intra-quarter share and free float changes resulting from primary offerings of new shares or secondary offerings of existing shares will be implemented if there is a USD 1 billion investable market cap change related to a primary/secondary offering;

OR

- there is a resultant 5% change in index shares related to a primary or secondary offerings AND a USD 250 million investable market cap change.

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=1967066>

2016

May 2016 – periodic review of constituents

FTSE Russell announced an update to the Ground Rules to reflect the change in timing and responsibilities of the FTSE Russell Europe, Middle East and Africa regional equity advisory committee.

FTSE will be responsible for conducting the periodic review of constituents for the FTSE UK Index Series. FTSE will determine any constituent insertions or deletions according to the rules. The results of the periodic review will be shown to the FTSE Russell Europe, Middle East and Africa Regional Equity advisory committee at their next quarterly meeting.

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=1518771>

2015

December 2015: FTSE Russell index policy for trading halts and market closures

A new policy was introduced detailing FTSE Russell's treatment with regard to trading halts and market closures.

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=1360239>

December 2015: suspended companies – Corporate Actions and Events Guide

The FTSE Russell governance board approved changes to the treatment of suspended companies.

If a constituent is suspended, FTSE Russell will determine its treatment as follows.

- If a constituent is declared bankrupt without any indication of compensation to shareholders, the last traded price will be adjusted down to zero value and it will subsequently be removed from the index.
- If there is no accompanying news when a constituent is suspended, FTSE Russell will normally allow it to remain in the index for up to 20 business days at its last traded price before determining whether to delete it at zero value or allow it to remain in the index.
- If a constituent is temporarily suspended but expected to recommence trading pending a restructuring or a corporate event, for example a merger or acquisition, it may remain in the index at its last traded price for up to 20 business days.
- If it continues to be suspended at the end of that period, it will be subject to review and a decision will be taken to either allow the constituent to remain in the index for a further period of up to 20 business days or to remove it at zero value. This procedure will be repeated at successive 20 business day intervals thereafter until either trading recommences or the suspension period reaches 80 business days.
- If the suspension period reaches 80 business days and the constituent does not resume trading within a further 40 business days and has not given any firm date for the resumption of trading, then it will be removed at zero value at the next index review.
- If a constituent has been removed from the index and trading is subsequently restored, it will only be re-considered for inclusion after a period of 12 months from its deletion. For the purposes of index eligibility, it will be treated as a new issue.

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=1360237>

November 2015: free float restrictions – update

The FTSE Russell free float restrictions support document was updated to clarify the treatment of securities with high shareholder concentrations. The revised treatment became effective from Monday 21 December 2015. Index constituents that became ineligible following the implementation of the new treatment were deleted at the December review.

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=1359886>

April 2015: liquidity Ground Rule change

FTSE Russell announced that in order to carry out the liquidity screening process relevant to a company's outstanding free float on a more accurate basis, the free float as at the end of each month will be used instead of using the current free float for the whole period. The pro-rata screening process for companies with less than 12 months trading history was also clarified with an illustrative example provided within the Guide to Calculation Methods for UK Liquidity on the FTSE Russell website. For non-UK incorporated companies, the liquidity test will be carried out from the date a UK nationality is assigned by FTSE for purposes of inclusion in the FTSE UK Index Series. This rule was effective immediately.

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=1357542>

April 2015: liquidity trading venues

FTSE Russell announced that it would change the rule used for the annual liquidity test and, in order to capture off-market trades in a consistent manner, added BATS OTC and BOAT Services to the list of venues from which volume data will be aggregated for the purpose of testing liquidity. This rule was announced on 24 April 2015 and was effective immediately.

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=1357551>

2014

September 2014: update to price, size and liquidity

FTSE Russell announced an update to price, size and liquidity rules in order to clarify the trade reporting sources used for assessing the index liquidity threshold rules. In assessing liquidity, volume data will be aggregated from trading venues exhibiting a market share of greater than 2%. Trading venues currently aggregated can be seen in appendix C. If the company fails the liquidity screen on this basis, data may also be obtained from depository receipt (DR) trades. For the purpose of this rule, where the majority of trading is in the DR, 100% of DR trading will be aggregated with 50% of the trades in the country of classification. Where the majority of trading is in the country of classification, 50% of DR trading will be aggregated with 100% of the trades in the country of classification.

Appendix C volume data from the following trading venues are aggregated for the purpose of the FTSE liquidity test.

Trading venue

London Stock Exchange

BATS Chi-X CXE

BATS Chi-X BXE

Turquoise

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=786030>

June 2014: clarification to reserve list Ground Rule

FTSE Russell announced a clarification regarding the reserve list Ground Rule, update as follows:

Where a company being deleted is already due to be replaced in the FTSE 100 or FTSE 250 as part of the periodic review, it should be replaced by the largest company previously announced for addition to the index in the review.

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=585840>

March 2014: free float requirement for non-UK incorporated companies

In March 2014, FTSE announced a rule change for the FTSE UK Index Series requiring a non-UK incorporated company to have a free float greater than 50% for index eligibility, existing constituents which were allocated UK nationality prior to the introduction of the minimum free float requirement in 2010 will be given a two-year period to comply. This period expired in March 2016. If those affected companies fail to meet the minimum requirement at the time of the quarterly index review on 1 March 2016, they will be removed from the FTSE UK Index Series at that review. Precise free float must be greater than 50% in order for a non-UK incorporated company to meet the minimum criteria. Please note: the minimum free float requirement is measured against precise free float and not the number used within the index weighting (which is rounded up to the nearest 1% and subject to buffer rules before changing).

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=266245>

March 2014: median liquidity threshold change

Since the introduction of median liquidity methodology to the FTSE UK Index Series in 2008, the FTSE EMEA Index advisory committee has exercised its discretion to adjust the liquidity rule percentage thresholds by 0.01% at every annual review since then, as afforded by the index rules. As a result it was decided that the rule would be revised, announced on 18 March 2014 with immediate effect.

- The liquidity test threshold for non-constituents was reduced from 0.035% to 0.025% of their shares in issue.
- The liquidity test threshold for constituents was reduced from 0.025% to 0.015% of their shares in issue.
- The liquidity test threshold for new issues which do not have a twelve month trading record was reduced from 0.035% to 0.025% of their shares in issue.

<https://research.ftserussell.com/products/index-notices>

Confirmation of extended implementation notice period

FTSE extended the implementation notice period for the FTSE UK Index Series to provide clients a longer notice period to prepare for the trades involved following each review. FTSE made this change in response to feedback from market practitioners and after ratification by the FTSE policy group at their meeting on 24 September 2013. The changes were effective from the March 2014 index review. Previously, FTSE rebalance files provided a maximum of T+7 notice for index review changes. The notice period of review files for the FTSE UK Index Series was extended to provide an extra five business days' notice, from T+7 to T+12. To accommodate this change, the FTSE Europe, Middle East and Africa regional committee meeting dates have been moved back by a week. The reference data cut-off dates used for determining the rebalance changes in the FTSE UK Index Series have also been moved back by a week.

<https://research.ftserussell.com/products/index-notices>

UK open offers

At the June 2014 meeting, the FTSE governance board approved revised treatment for open offers (which are marked ex-entitlement on the same day as the company announcement) in the FTSE UK Index Series. The change to treatment was announced on 19 June 2014 and effective immediately. Previous treatment: FTSE applied the adjustment at close on the ex-entitlement date to reflect the new shares. The new shares were added at offer price; therefore, the effective adjustment was applied T+1. An intra-day notice would be sent. New treatment: FTSE apply index adjustment before market open on ex-entitlement day if possible or as an intra-day adjustment as soon as possible if not. Adjustment based on previous day's closing price with new shares included at the open offer price. The index may temporarily be held whilst the adjustment is applied. An intra-day notice will be sent and relevant product files reissued.

Reserve list Ground Rule clarification

The Ground Rules were previously silent on the use of the reserve list for a company that is already due to be replaced as part of the index review. To clarify this point the below paragraph was added to the Ground Rules:

- Where a company being deleted is already due to be replaced in the FTSE 100 or FTSE 250 as part of the periodic review, it should be replaced by the largest company previously announced for addition to the index in the review.

The rule update was announced on 19 June 2014 and effective immediately.

Liquidity Ground Rule change

In order to clarify the trade reporting sources used for assessing the liquidity threshold rules FTSE revised the liquidity rules as detailed below. This was announced on 23 September 2014 and effective immediately.

In assessing liquidity, volume data will be aggregated from trading venues exhibiting a market share of greater than 2%, trading venues currently aggregated can be seen in appendix C. If the company fails the liquidity screen on this basis, data may also be obtained from depository receipt (DR) trades. For the purpose of this rule, where the majority of trading is in the DR, 100% of DR trading will be aggregated with 50% of the trades in the country of classification. Where the majority of trading is in the country of classification, 50% of DR trading will be aggregated with 100% of the trades in the country of classification.

The trading venues used for volume data will be announced annually in June.

Suspended companies

At the December 2014 meeting, the FTSE governance board approved revised treatment of suspended companies. It was decided that the rule needed to be clarified and clearer guidance should be provided as to the treatment and status of ongoing suspended companies in FTSE indices. The new rule provides stricter enforcement of the 20-day rule whilst still allowing for discretion to be used.

If a constituent is suspended, FTSE will determine its treatment as follows: if a constituent is declared bankrupt without any indication of compensation to shareholders, the last traded price will be adjusted down to zero value and it will subsequently be removed from the index.

- If there is no accompanying news when a constituent is suspended, FTSE will normally allow it to remain in the index for up to 20 business days at its last traded price before determining whether to delete it at zero value or allow it to remain in the index.
- If a constituent is temporarily suspended but expected to recommence trading pending a restructuring or a corporate event, for example a merger or acquisition, it may remain in the index at its last traded price for up to 20 business days.
- If it continues to be suspended at the end of that period, it will be subject to review and a decision will be taken to either allow the constituent to remain in the index for a further period of up to 20 business days or to remove it at zero value. This procedure will be repeated at successive 20 business day intervals thereafter until either trading recommences or a decision is taken to remove it from the index.
- If a constituent has been removed from the index and trading is subsequently restored, it will be treated as a new issue for the purposes of index eligibility.

The rule change was announced on 18 December 2014 and effective immediately.

January 2014 – exclusion of non-GBP quoted stocks

Note that non-Sterling constituents of the FTSE UK Index Series were removed from the index in line with the annual review in June 2014.

<https://research.ftserussell.com/products/index-notices>

January 2014 – index policy documents

At the December 2013 meeting, the FTSE policy group approved a number of rule changes to the FTSE UK Index Series, including the introduction and/or clarifications to the following sections:

- 2 Statement of Principles
- 11 Amendments and exceptions to these Ground Rules
- 12 Appeals against decisions

2013

October 2013 – free float clarification

FTSE clarified the Ground Rules stating that following a takeover or merger involving one or more index constituents any free float restriction will be based on restricted holdings in the successor company and applied in accordance with the rules. For the avoidance of doubt, any holding or holdings which are treated as restricted in the index because they exceed 10% in any party to the takeover or merger will continue to be treated as restricted unless such holding or holdings fall below 7% in the successor company.

<https://research.ftserussell.com/products/index-notice>

2012

December 2012 – fast entry Ground Rule change

FTSE announced a change to the timing of fast entry inclusions within the FTSE UK Index Series – this moves from after the close of business on the first day of official trading to the close of business on the fifth day of official trading with eligibility being determined using the closing price on the first day of trading. This change was effective 1 January 2013.

<https://research.ftserussell.com/products/index-notices>

January 2012 – free float methodology

FTSE announces that it will move to use actual free float (rounded up to the next 1%) in the FTSE UK Index Series with effect from the June 2012 review.

This decision has been approved by the FTSE EMEA regional committee and the FTSE policy group and has been taken in response to feedback received from recent client consultations.

<https://research.ftserussell.com/products/index-notices>

January 2012 – minimum free float

Following the November 2011 free float consultation, the Ground Rules were updated effective 1 January 2012. A minimum free float requirement of 25% was introduced for UK incorporated companies.

<https://research.ftserussell.com/products/index-notices>

2011

December 2011: minimum free float – effective January 2012

Following the November 2011 free float consultation, the Ground Rules were updated effective 1 January 2012.

<https://research.ftserussell.com/products/index-notices>

June 2011: FTSE UK index series user consultation

FTSE Russell consulted the market on open offer implementation in the FTSE UK Index Series. FTSE's current treatment is to await the results of an open offer entitlement (i.e. after the offer closing date) and then increase the index weighting reflecting the new shares that have subsequently listed. The new shares are included at the prevailing market price (i.e. there is no adjustment to price on the ex-entitlement date in the index). FTSE will now apply an adjustment at close on the ex-entitlement date to reflect the new number of shares offered to existing shareholders only. The new shares will be added to the index weighting at the offer price. Therefore, the effective adjustment will be applied on a T+1 basis. FTSE will issue an intra-day notice to advise the pending index adjustment.

<https://research.ftserussell.com/products/index-notices>

2010

October 2010 – update to nationality rules

[Nationality Practice Note – Update to Nationality Rules \(ftserussell.com\)](http://ftserussell.com)

April 2010 – update to reflect new UK listing rules

A review of the UK listing regime has resulted in the UK Listing Authority (UKLA) introducing a two-tier listing structure of premium and standard listings:

- premium indicates the more stringent super-equivalent standards; and
- standard indicates EU minimum standards.

Under current FTSE UK Index Series Ground Rules, a UK primary listing is required for inclusion in the index. Following the introduction of the new listing rules, a UK premium listing will be required for inclusion in the FTSE UK Index Series. The new listing rules are due to become effective on Tuesday 6 April 2010.

<https://research.ftserussell.com/products/index-notices>

2009

June 2009: Change of annual review date

Following feedback from index users concerning the timing of the implementation date of the UK Index Series Annual Review, the FTSE Policy Group has approved that all future FTSE UK Index Series Annual reviews be carried out in June.

It further approved that the transition be carried out by postponing the annual review process in December 2009 and introducing the new annual review timetable in June 2010. In order to remain consistent with existing rules, the annual liquidity test will be based on the 12 month trading period to the end of April 2010. Meanwhile a normal quarterly review process will be carried out in December 2009.

[FTSE UK Index Series change of annual review date \(ftserussell.com\)](http://ftserussell.com)

2008

September 2008: liquidity rule change – effective December 2008

FTSE announced that the current method of basing a company's liquidity hurdle on its monthly trading volume will be changed to this being based on its median daily trading volume per month.

<https://research.ftserussell.com/products/index-notices>

2007

December 2007 – liquidity rule change

The Ground Rules were updated to state that a company must have a Sterling price to be eligible for index inclusion. For companies with multiple lines of equity, a Euro and/or US Dollar price may only be included where there is an eligible Sterling line. A company's liquidity criteria current based on its monthly trading total will be changed to being based on its median daily trading total per month.

<https://research.ftserussell.com/products/index-notices>

November 2007 – clarification of the 20 trading day rule at index reviews

FTSE's current working practice is to consider companies transferring from AIM to the official list (e.g. main market listing) as new issues for the purpose of index inclusion rules when carrying out the quarterly review of the UK index series. However, as companies previously trading on AIM already provide a published trading record, FTSE is to change this practice and not consider them as new issues for this purpose and therefore only being subject to normal eligibility rules, with the inclusion of trading records previously carried out on AIM as part of the liquidity rule screening.

For the purpose of this rule, a company transferring from AIM to a full UK (main market) listing within 20 days of the review will not be considered as a new issue but will be subject to normal eligibility rules and a minimum trading record (as above) based on turnover inclusive of that previously carried out on AIM.

<https://research.ftserussell.com/products/index-notices>

2005

September 2005: introduction of ICB on 1 January 2006

<https://research.ftserussell.com/products/index-notice>

Appendix

Further information

A Glossary of Terms used in FTSE Russell's Ground Rule documents can be found using the following link:

[Glossary.pdf](#)

For contact details, please visit the FTSE Russell website or contact FTSE Russell client services at info@ftserussell.com.

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