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FTSE UK Index Series

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FTSE RUSSELL
An LSEG Business

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Section 1

Introduction

1. Introduction

1.1 The FTSE UK Index Series is designed to represent the performance of the major capital and industry segments of the UK market. The FTSE UK Index Series includes the following indices:

FTSE 100	)	
FTSE 250	)	
FTSE 350	)	
FTSE 350 Supersectors	)	*Real-time calculation*
FTSE 350 Sectors	)	
FTSE Small Cap	)	
FTSE All-Share	)	
FTSE Fledgling	)	
FTSE 350 Higher Yield	)	
FTSE 350 Lower Yield	)	
FTSE All-Share Sectors	)	
FTSE All-Small	)	*End-of-day calculation*
FTSE All-Small Sectors	)	
FTSE 350 Industry Sectors	)	

1.1.1 The following variants are, or if requested may be, calculated for certain indices within the index series:

- capital and total return indices;
- net total-return indices based on specified withholding tax rates;
- indices calculated in currencies other than the base currency (GBP);
- currency hedged indices;
- midday valuation point at 12:00pm UK time indices;
- capped indices – for full details, see the FTSE Russell capping methodology guide; and
- sector indices.

Additional customised variants can be calculated on request including indices with industry and sector exclusions. Selected indices are calculated and disseminated on a real-time basis.

1.1.2 The FTSE UK Index Series does not take account of ESG factors in its index design.

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

1.1.4 For full details of capped indices, please see the capping methodology guide.

1.2 Index objective and intended use

1.2.1 The indices and index statistics are intended to reflect the UK market or those tranches of the market defined by the index titles and to facilitate their detailed analysis.

1.2.2 FTSE Russell hereby notifies users of the index series that it is possible that circumstances, including external events beyond the control of FTSE Russell, may necessitate changes to, or the cessation of, the index series and therefore any financial contracts or other financial instruments that reference the index series or investment funds which use the index series to measure their performance should be able to withstand, or otherwise address the possibility of changes to, or cessation of, the index series.

1.2.3 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 due to negligence or otherwise is accepted by FTSE Russell (or any person concerned with the preparation or publication of these Ground Rules) for any losses, damages, claims and expenses suffered by any person as a result of:

- any reliance on these Ground Rules;
- any errors or inaccuracies in these Ground Rules;
- any non-application or misapplication of the policies or procedures described in these Ground Rules; and/or
- any errors or inaccuracies in the compilation of the Index or any constituent data.

1.3 IOSCO

1.3.1 FTSE International Limited (FTSE) considers that the FTSE UK Index Series meets the IOSCO Principles for Financial Benchmarks as published in July 2013.

Full details can be accessed at www.iosco.org.

Details of FTSE Russell's Statement of Compliance with respect to the IOSCO Principles can be accessed using the following link:

IOSCO Statement of Principles

Section 2

Management responsibilities

2. Management responsibilities

2.1 FTSE International Limited (FTSE)

2.1.1 FTSE is the benchmark administrator of the index series[1].

2.1.2 FTSE is responsible for the daily calculation, production and operation of the FTSE UK Index Series and will:

- maintain records of the index weightings of all constituents;
- make changes to the constituents and their weightings in accordance with the Ground Rules;
- carry out the periodic index reviews of the FTSE UK Index Series and apply the changes resulting from the reviews as required by the Ground Rules;
- publish changes to the constituent weightings resulting from their ongoing maintenance and the periodic reviews; and
- disseminate the indices.

2.1.3 FTSE is also responsible for monitoring the performance of the FTSE UK Index Series throughout the day and will determine whether the status of each index should be firm, indicative or held (see Appendix B).

2.2 FTSE Russell external advisory committees

2.2.1 To assist in the oversight of the indices, FTSE Russell has established the following external advisory committees, consisting of senior market practitioners, providing guidance (as stipulated in their terms of reference) to ensure FTSE Russell indices continue to reflect their underlying market:

- FTSE Russell Europe, Middle East and Africa regional equity advisory committee;
- FTSE Russell industry classification advisory committee; and
- FTSE Russell policy advisory board.

2.2.2 The terms of reference of the FTSE Russell advisory committees are set out on the FTSE Russell website and can be accessed using the following link:

Terms-of-Reference

[1] The term administrator is used in this document in the same sense as it is defined in Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the European Benchmark Regulation) and The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019 (the UK Benchmark Regulation).

2.3 Amendments to these Ground Rules

2.3.1 These Ground Rules shall be subject to regular review (at least once a year) by FTSE Russell to ensure that they continue to best reflect the aims of the index series. Any proposals for significant amendments to these Ground Rules will be subject to consultation with FTSE Russell advisory committees and other stakeholders if appropriate. The feedback from these consultations will be considered by the FTSE Russell Index governance board before approval is granted.

2.3.2 As provided for in the Statement of Principles for FTSE Russell Equity Indices, where FTSE Russell determines that the Ground Rules are silent or do not specifically and unambiguously apply to the subject matter of any decision, any decision shall be based as far as practical on the Statement of Principles. After making any such determination, FTSE Russell shall advise the market of its decision at the earliest opportunity. Any such treatment will not be considered as an exception or change to the Ground Rules or to set a precedent for future action, but FTSE Russell will consider whether the Ground Rules should subsequently be updated to provide greater clarity.

Section 3

FTSE Russell Index policies

3. FTSE Russell Index policies

These Ground Rules should be read in conjunction with the following policy documents, which can be accessed using the links below.

3.1 FTSE UK Index Series guide to calculation methods

The aim of the guide is to describe how the indices are calculated, to facilitate users replicating the indices to support their investment and trading activities and to assist users in understanding the factors that influence the performance of the indices.

FTSE_UK_Index_Series_Guide_to_Calc.pdf

3.2 Corporate Actions and Events Guide

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

Corporate_Actions_and_Events_Guide.pdf

3.3 Statement of Principles for FTSE Russell Equity Indices (the Statement of Principles)

Indices need to keep abreast of changing markets and the Ground Rules cannot anticipate every eventuality. Where the Ground Rules do not fully cover a specific event or development, FTSE Russell will determine the appropriate treatment by reference to the Statement of Principles, which summarises the ethos underlying FTSE Russell's approach to index construction. The Statement of Principles is reviewed annually and any changes proposed by FTSE Russell are presented to the FTSE Russell Policy Advisory Board for discussion before approval by the FTSE Russell Index Governance Board.

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

Statement_of_Principles.pdf

3.4 Queries, Complaints and Appeals

A constituent or prospective constituent company (or professional adviser acting on behalf of the company), a national organisation or a group of no fewer than 10 users of the Indices 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

3.5 Index Policy for Trading Halts and Market Closures

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

Index_Policy_for_Trading_Halts_and_Market_Closures.pdf

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

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

Index_Policy_in_the_Event_Clients_are_Unable_to_Trade_a_Market_or_a_Security.pdf

3.7 Recalculation Policy and Guidelines

3.7.1 The FTSE Global Equity Index Series are recalculated whenever errors or distortions occur that are deemed to be significant. Users of the FTSE Global Equity Index Series 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.

Equity_Index_Recalculation_Policy_and_Guidelines.pdf

3.8 Policy for Benchmark Methodology Changes

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

Policy_for_Benchmark_Methodology_Changes.pdf

3.9 FTSE Russell Governance Framework

3.9.1 To oversee its indices, FTSE Russell employs a governance framework that encompasses product, service and technology governance. The framework incorporates the London Stock Exchange Group's three lines of defence risk management framework and is designed to meet the requirements of the IOSCO Principles for Financial Benchmarks[2], the European benchmark regulation[3] and the UK benchmark regulation[4].The FTSE Russell Governance Framework can be accessed using the following link:

FTSE_Russell_Governance_Framework.pdf

3.10 Real Time Status Definitions

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

Real_Time_Status_Definitions.pdf

[2] IOSCO Principles for Financial Benchmarks Final Report, FR07/13 July 2013.
[3] Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds.
[4] The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019.

Section 4

Security inclusion criteria

4. Security inclusion criteria

4.1 Eligible securities

4.1.1 Only equity shares listed on the Equity Shares (commercial companies) or Closed-ended investment fund categories, as defined by the Financial Conduct Authority in its Listing Rules Sourcebook, which have been admitted to trading on the Main Market of the London Stock Exchange with a Sterling, Euro or US Dollar denominated trading price on SETS, and have a minimum free float of 10%, are eligible for inclusion in the FTSE UK Index Series.

For the avoidance of doubt, sovereign controlled commercial companies listed on the Equity Shares (commercial companies) category are eligible.

Equity shares listed on the following Main Market categories are not eligible:

- Equity Shares (international commercial companies secondary listing)
- Equity Shares (transition)
- Equity Shares (shell companies)
- Non-Equity Shares and Non-Voting Equity Shares

4.1.2 Eligible securities are required to pass screens as detailed in Section 6 before being included in the FTSE UK Index Series (see section 6).

4.1.3 All securities are assigned a nationality in accordance with the rules as set out in section 5.

4.1.4 Multiple lines

Quarterly review

Where a company has multiple lines of equity capital listed on the Main Market of the London Stock Exchange, all are included and priced separately, provided that the secondary line's full market capitalisation (i.e. before the application of any investability weightings), is greater than 25% of the full market capitalisation of the company's principal line and the secondary line satisfies the eligibility rules and screens in its own right in all respects (including the minimum market capitalisation screen, see rule 8.3.5).

Should the investable market capitalisation of a secondary line, which is already a constituent of the FTSE All-Share Index, fall below the minimum investable market capitalisation threshold for two consecutive quarters, it will be deleted from the relevant index at that review.

Annual review

Should the full market capitalisation of a secondary line, which is already a constituent of the FTSE All-Share Index, fall below 20% of the full market capitalisation of the company's principal line at an annual review, the secondary line will be deleted from the relevant index unless its full market capitalisation remains above the qualification level for continued inclusion as a constituent of the FTSE All-Share Index at that review.

Should the investable market capitalisation of a secondary line, which is already a constituent of the FTSE All-Share Index, fall below the minimum investable market capitalisation threshold for two consecutive quarters, it will be deleted from the relevant index at that review.

Note: there is no minimum qualification level for the FTSE Fledgling, therefore should the full market capitalisation of a secondary line, which is already a constituent of the FTSE Fledgling Index, fall below 20% of the full market capitalisation of the company's principal line at an annual review, the secondary line will remain in the index subject to continuing to satisfy the eligibility rules and screens in its own right in all respects.

For the avoidance of doubt, there is no minimum investable market capitalisation requirement for the FTSE Fledgling Index.

Please note that eligible secondary lines of a company will be included in the same size tier as the primary line. Therefore, a company cannot be represented in the FTSE SmallCap index, and the FTSE Fledgling index.

Multiple Currency Quotes

Where a company has a single listed class of shares which is quoted on the London Stock Exchange in more than one trading currency (e.g. Sterling, Euro, US Dollars), only one of the currency quotes will be included in the index, For the avoidance of doubt, the full market capitalisation of the company is based on a single currency quote. For the purposes of index review ranking, this will be based on the market price of the currency quote reflected in the FTSE UK Monitored list on the index review cut-off date.

Please note: FTSE Russell will include the sterling quote as eligible for index inclusion in priority over any other currency. Where there is no sterling option (or if the sterling quote fails the liquidity criteria), FTSE Russell will select the market quote which exhibits the greatest liquidity for index inclusion (subject to passing all other eligibility criteria). Where the sterling currency quote is included in the index, it will be retained until it fails the liquidity test. Therefore, whilst it continues to pass the liquidity test, the sterling quote will **not** be replaced in the index even if there is an alternative currency quote which exhibits greater liquidity.

4.1.5 Partly paid shares

Where a company's shares are issued partly or nil paid and the call dates are already determined and known, the market price will, for the purposes of calculating its market capitalisation, be adjusted to include all such calls (i.e. the fully paid price).

4.2 Ineligible securities

4.2.1 The following investment entities are regarded as ineligible:

- companies whose business is classified by the Industry Classification Benchmark as open end and miscellaneous investment vehicles (30205000). This includes cash shells and split capital investment trusts where instead of the use of a single class of ordinary share, the structure is split into separate income and capital classes in which the two (or more) classes have different residual entitlements to assets and/or income after meeting the requirements of any other classes or borrowings (note: this does not include split capital trusts with ordinary shares accompanied by zero dividend preference shares, whereby the ordinary share remains eligible in the same manner as a conventional investment trust);
- venture capital trusts (VCTs); and
- convertible preference shares and loan stocks will be excluded until converted into eligible equity shares. Where a unit comprises equity and non-equity it will not be eligible for inclusion.

Section 5

Determining nationality

5. Nationality

5.1.1 A company will be allocated to a single country. A company that has been assigned UK nationality by virtue of these Ground Rules will also be assigned UK nationality in the FTSE Global Equity Index Series. However, a company assigned UK nationality under the FTSE Global Equity Index Series will not be automatically eligible for UK nationality under these rules.

Where an existing constituent of the FTSE Global Equity Index Series is subsequently assigned UK nationality under these Ground Rules and satisfies the liquidity requirement for inclusion to the FTSE UK Index Series, it will also be assigned UK nationality for the FTSE Global Equity Index Series (contingent on the company continuing to satisfy the FTSE UK Index Series liquidity requirement). The company will then be assessed against the liquidity criteria of the FTSE Global Equity Index Series at the semi-annual review which falls 12 months after its inclusion to the FTSE UK Index Series.

5.1.2 If a company is UK incorporated and has a sole listing in the UK, FTSE will allocate the company UK nationality.

5.1.3 If a company is not incorporated in the UK, the company must publicly acknowledge adherence to the principles of the UK Corporate Governance Code, pre-emption rights and the UK Takeover Code as far as practicable.

5.1.4 In circumstances other than those of rule 5.1.2, FTSE will base its recommendation on its assessment of various factors including but not necessarily limited to the following:

- the investor protection regulations present in the country of incorporation;
- the country in which the company is domiciled for tax purposes;
- the location of its factors of production;
- the location of its headquarters;
- the location of company meetings;
- the composition of its shareholder base;
- the membership of its board of directors;
- the currency denomination of the company's shares; and
- the perception of investors.

In certain circumstances, outlined in rules 5.1.5 to 5.1.8, consideration will also be given to the relative liquidity of trading in those countries where the company's shares trade. In calculating the liquidity associated with a country, trading volumes will be amalgamated from all venues which have admitted the shares to trading based on a listing conferred by that country's listing authority. Trades taking place on multi-lateral trading facilities will be included in the calculation and assigned to the country that conferred the listing to the company provided that the country of listing and the multi-lateral trading facility operate within a similar time zone.

5.1.5 If a company is incorporated in the UK, has a listing in the UK and listings in other countries on an eligible exchange (as classified within the FTSE Global Equity Index Series), FTSE will normally assign the country to the UK provided the liquidity in the UK passes FTSE's liquidity test for index inclusion.

5.1.6 If a company is incorporated in a developed country other than the UK, is listed on an eligible exchange in that country and in the UK (and potentially other developed countries), FTSE will normally only assign UK nationality if the company fails FTSE's liquidity tests in its country of incorporation, passes the liquidity tests in the UK, and liquidity is higher in the UK than any other country.

5.1.7 If a company is incorporated in a developed country other than the UK, has no listing in that country but is listed in the UK and potentially other countries on an eligible exchange, FTSE will normally only assign UK nationality if liquidity is highest in the UK.

5.1.8 If a company is incorporated in a country other than a developed country, it will not be eligible for UK nationality unless the country of incorporation is a country that is internationally recognised as having a low taxation status and that has been approved by FTSE. For companies incorporated in approved low taxation countries, FTSE may assign UK nationality if liquidity in the UK is higher than in any other country. A current list of the approved low taxation jurisdictions can be accessed using the following link:

Low_Taxation_Jurisdictions.pdf

5.1.9 Once a company has been assigned a UK nationality by virtue of the liquidity tests in rules 5.1.6 to 5.1.8, if it subsequently fails the liquidity test in the UK or if there is a country with greater liquidity for two consecutive annual reviews, FTSE will review the company's nationality assignment.

5.1.10 Other than meeting the conditions of rule 5.1.2 or 5.15, should a company make a change to its circumstances (such as a change in incorporation or adoption of an additional listing), FTSE may defer the consideration of whether to change a company's nationality assignment for a minimum period of three months up to a maximum period of up to 12 months; this will allow FTSE to properly assess the subsequent evolution of its trading liquidity and of the other criteria listed in rule 5.1.4. If following such an assessment period, FTSE decides to change a company's nationality assignment, the change will become effective at the index quarterly review following publication of the decision.

5.2 Where a company's nationality has been determined as UK, if the shares are traded in Crest Depository Interest (CDI) form, the CDI will be considered as eligible subject to meeting all other index eligibility criteria. Once included (and subject to continuing to pass all index eligibility criteria), the CDI will remain in the index until it either fails the liquidity test or if the country with greatest liquidity is different to that assigned for two consecutive years, at which point FTSE will review the company's nationality assignment.

Section 6

Screens applied to eligible securities

6. Screens applied to eligible securities

6.1 Eligible securities are required to pass the following screens before being added to the FTSE UK Index Series.

6.2 Price

There must be an accurate and reliable price for the purposes of determining the market value of a company.

6.3 Minimum voting rights

6.3.1 Companies assigned a developed market nationality are required to have greater than 5% of the company's voting rights (aggregated across all its equity securities, including, where identifiable, those that are not listed or trading) in the hands of unrestricted shareholders or they will be deemed ineligible for index inclusion.

The voting rights screen is applied to any potential new constituents on a quarterly basis and existing constituents will be tested on an annual basis in conjunction with the June review.

6.3.2 The minimum voting rights screen was introduced in 2017, at the time any existing constituents with a developed market nationality who did not meet the above requirement were afforded a five-year grandfathering period to comply. If subsequently they continued to fail the minimum voting rights screen, they were removed from FTSE Russell indices at the September 2022 review.

6.3.3 The percentage of a company's voting rights in public hands is calculated as:

$$\frac{\text{The number of votes in the hands of shareholders that are unrestricted as determined by the application of FTSE Russell free float definitions}}{\text{The total number of votes conferred by the shares oustanding of all the company's voting securities including those that have not been admitted to trading on a regulated venue}}$$

For example, company A has 100m eligible listed class A shares each conferring one vote, free float is 65%. It also has 300m unlisted class B shares each conferring 10 votes.

The test to assess whether the listed class A line has the required greater than 5% of the company's voting rights is as follows:

$$\frac{65\text{m (i.e. 100m class A voting rights} * 65\% \text{ free float)}}{3.1\text{bn (i.e. 100m class A} + 3\text{bn class B)}}$$

$$= 2.097\% \text{ of the company's voting rights in public hands}$$

6.3.4 For a company with a dual class share structure (DCSS) with a weighted voting rights share class, the enhanced voting ratio will be used for the purposes of the minimum voting rights calculation (see illustrative example below).

FTSE Russell will conduct an annual review of existing constituents in June each year based on data as of the last business day in April. Any constituent deemed to be failing the minimum voting rights' requirement because of increased voting power, will be removed from the FTSE UK Index Series in conjunction with the annual index review in June. Illustrative example:

Company A has 100m eligible listed ordinary shares each conferring one vote with a free float of 100%. It also has 25m unlisted weighted voting rights shares each conferring 10 votes.

100m (i.e. 100m ord voting rights x 100% free float)

350m (i.e. 100m ord voting rights + 250m unlisted weighted voting rights)

100m/350m = 28.57% of the company's voting rights are in public hands.

6.4 Investability weightings

A. Initial weighting

Constituents of the FTSE UK Index Series are adjusted for free float and foreign ownership limits (where applicable to UK investors).

To be eligible for inclusion in the FTSE UK Index Series, a security must have a minimum free float of 10%.

Please note: A new security may be initially included in the FTSE UK Index Series with a free float below 10% (provided it is above 5%*) where the free float calculation has restricted shares solely because they are subject to a lock-in clause of 12 months or less from their first day of trading, but that would in all other respects be considered part of a company's free float.

For illustration purposes only: A new issue has a calculated free float of 9%. The restriction includes a 7% holding by a sovereign wealth fund which is subject to a 6-month lock-in. For the purposes of index eligibility, the minimum criteria are deemed to have been met as the free float rises to 16% on expiry of the lock-ins (within 12 months from first day of trading). Only sovereign wealth fund holdings of 10% or greater are restricted under FTSE Russell methodology, therefore the 7% holding is thereafter considered within the free float.

*New securities with an initial free float of 5% or below are not eligible for inclusion in the FTSE UK Index Series.

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

Free_Float_Restrictions.pdf

6.5 Foreign ownership restrictions and minimum headroom requirement

6.5.1 For the avoidance of doubt, a security that 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 tule 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%.

Further details of the foreign ownership restrictions can be accessed using the following link:

FTSE UK Index Series – Foreign Ownership Restrictions and MInimum_Foreign_Headroom_Requirement.pdf

6.6 Size

To determine index membership, all companies with eligible securities will be ranked by their full market capitalisation (i.e. before the application of any investability weightings).

Only the equity shares which are listed on the Main Market of the London Stock Exchange will be included in the calculation of the company's market capitalisation.

Where a company has two or more classes of listed equity shares, the secondary lines will be included in the calculation of the market capitalisation of the company, based on the market price of that secondary line.

For the avoidance of doubt, for companies with a dual class share structure, the unlisted weighted voting rights shares will not be included in the calculation of the company's full market capitalisation for ranking purposes.

6.7 Liquidity

For full details of the liquidity screening please refer to the FTSE UK Index Series – Guide to Calculation Method for the Median Liquidity Test, which can be accessed using the following link:

Guide_to_Calculation_Methods_for_UK_Liquidity.pdf

Section 7

Index qualification criteria

7. Index qualification criteria

7.1 FTSE 100

7.1.1 The FTSE 100 will consist of the largest 100 UK companies by full market capitalisation (i.e. before the application of any investability weightings) which qualify for inclusion in the index.

7.2 FTSE 250

7.2.1 The FTSE 250 will consist of the next 250 UK companies ranked by full market capitalisation (i.e. before the application of any investability weightings) outside the FTSE 100, which qualify for inclusion in the index.

7.3 FTSE 350

7.3.1 The FTSE 350 will consist of the companies in the FTSE 100 and FTSE 250. Thus, it will represent the largest 350 companies included in the FTSE UK Index Series.

7.4 FTSE 350 Yield Indices

7.4.1 The constituents of the FTSE 350 Yield Indices will comprise the companies in the FTSE 350. These companies are ranked in order of dividend yield and the boundary between the FTSE 350 Higher Yield and FTSE 350 Lower Yield indices is determined so that the market capitalisation of each index is approximately 50% of the market capitalisation of the FTSE 350 index. Appendix C describes the process for determining the constituents of these indices.

7.5 FTSE SmallCap

7.5.1 The FTSE SmallCap will consist of the UK companies within the FTSE All-Share that are not large enough to be constituents of the FTSE 350.

7.6 FTSE All-Share

7.6.1 The FTSE All-Share will consist of the companies in the FTSE 350 and FTSE SmallCap.

7.6.2 The FTSE All-Share will aim to represent at least 98% of the full market capitalisation (i.e. before the application of any investability weightings), of all companies which qualify as eligible for inclusion in the FTSE UK Index Series.

7.7 FTSE Fledgling

7.7.1 The FTSE Fledgling will consist of all companies that qualify as eligible for inclusion in the FTSE UK Index Series but are too small to be included in the FTSE All-Share.

At the quarterly reviews in September, December and March, companies whose full market capitalisation (i.e. before the application of individual constituent investability weightings) is greater than 0.20% of the full market capitalisation of the FTSE SmallCap will be added to the FTSE All-Share index, providing they meet the liquidity criteria for the FTSE All-Share Index. Liquidity data for this period is taken as at the previous annual review.

If a FTSE Fledgling constituent rises in size after the annual review so as to qualify for the FTSE All-Share index but does not meet the liquidity criteria, it will be deleted from the FTSE Fledgling and remain ineligible until the next annual review, when it will be reassessed against all eligibility screens.

7.8 FTSE All-Small

7.8.1 The FTSE All-Small will consist of all the companies in the FTSE SmallCap and FTSE Fledging Indices.

Section 8

Periodic review of constituents

8. Periodic review of constituents

8.1 Review dates

8.1.1 The FTSE UK Index Series is reviewed on a quarterly basis in March, June, September and December. A full review of the FTSE All-Share, FTSE All-Small and FTSE 350 Yield Indices will be conducted in June.

The index reviews will be based on data included within the FTSE UK Monitored List at the end of day on the Tuesday before the first Friday of the review month. The FTSE UK Monitored List comprises the universe of eligible equity securities listed on the Main Market of the London Stock Exchange.

For the avoidance of doubt,-free float and shares in issue reflected within the FTSE UK Monitored List are updated in accordance with the methodology stated within the FTSE Russell Indices - Quarterly and Intra Quarter Free Float and Share Updates FAQ. As a result, the FTSE UK Monitored List free float or shares in issue at the index review cut-off date (and used for ranking purposes) may not mirror the most up-to-date company free float or shares in issue number at that date.

Any constituent changes will be implemented after the close of business on the third Friday of the review month (i.e. effective Monday), following the expiry of the ICE Futures Europe futures and options contracts.

8.2 Responsibilities and reporting

8.2.1 FTSE will be responsible for conducting the periodic review of constituents for the FTSE UK Index Series.

8.2.2 FTSE will be responsible for publicising the outcome of the periodic review.

8.3 Index reviews

8.3.1 The rules for inserting and deleting securities at the periodic review are designed to provide stability in the selection of constituents of the FTSE UK Index Series while ensuring that the indices continue to be representative of the market by including or excluding those securities which have risen or fallen significantly.

8.3.2 Review process

Securities eligible for inclusion in the FTSE UK Index Series will comprise the FTSE UK Monitored List. At the periodic review, all securities included in the FTSE UK Monitored List will be ranked by full market capitalisation (i.e. before the application of investability weightings) from largest to smallest.

Please note: the full and investable market capitalisations published on the FTSE UK Monitored List at the quarterly review cut-off date will be used to evaluate eligibility and index membership. For the avoidance of doubt,-free float and shares in issue updates which are due to be implemented on the review effective date will not be included within the calculation.

8.3.3 Eligible securities are required to pass tests for liquidity (except for FTSE Fledgling) and free float (see rules 6.4 and 6.7).

8.3.4 Reviewing companies for the FTSE 100 and FTSE 250

A company will be inserted at the periodic review if it rises above the position stated below:

FTSE 100 – Risen to 90th or above

FTSE 250 – Risen to 325th or above

A company will be deleted at the periodic review if it falls below the position stated below:

FTSE 100 – Fallen to 111th or below

FTSE 250 – Fallen to 376th or below

- Companies deleted from the FTSE 100 at the periodic review will normally be included in the FTSE 250. Companies added to the FTSE 100 at the periodic review will be deleted from the FTSE 250.
- Companies deleted from the FTSE 250 at the periodic review will normally be included in the FTSE SmallCap. Companies added to the FTSE 250 at the periodic review will be deleted from the FTSE SmallCap.
- Changes made to the FTSE 100 and FTSE 250 at the periodic review will be made automatically to the FTSE 350 and FTSE 350 Yield Indices.
- A constant number of constituents will be maintained for the FTSE 100, FTSE 250 and FTSE 350. Where a greater number of companies qualify to be inserted in an index than those qualifying to be deleted, the lowest-ranking constituents presently included in the index will be deleted to ensure that an equal number of companies are inserted and deleted at the periodic review. Likewise, where a greater number of companies qualify to be deleted than those qualifying to be inserted, the securities of the highest-ranking companies that are presently not included in the index will be inserted to match the number of companies being deleted at the periodic review.
- Where a FTSE 100 or FTSE 250 company is scheduled to be deleted after the periodic review changes have been announced but before they have been implemented, 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. However, if that replacement company is already scheduled to be added as part of the index review then the next highest-ranking company is selected as the replacement.
- 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 will be replaced by the largest company previously announced as a review addition to the index. In other words, the review addition will be brought forward and implemented concurrent with the intra-quarter deletion.

8.3.5 Reviewing companies for the FTSE SmallCap and FTSE All-Share

FTSE SmallCap cut-off threshold

June annual review

For a security to be added to the FTSE SmallCap (and thus the FTSE All-Share Index), it will have to meet both a full market capitalisation threshold at company level and an investable market capitalisation threshold at security level (and meet all other index eligibility criteria).

A. Inclusion threshold

- The company full market capitalisation (i.e. before the application of any investability weighting) is greater than 0.15% of the full market capitalisation of the FTSE SmallCap Index.
- The security investable market capitalisation (i.e. after the application of any investability weighting) is equal to or greater than GBP 50 million.

B. Exclusion threshold

- FTSE All-Share constituents will be deleted from the FTSE All-Share Index and added to the FTSE Fledgling Index if the full market capitalisation is less than 0.10% of the full market capitalisation of the FTSE SmallCap.
- FTSE All-Share constituents which are above the minimum full market capitalisation size threshold for continued FTSE All-Share inclusion but whose investable market capitalisation (i.e. after the application of any investability weighting) is less than GBP 30 million for two consecutive quarters, will be deleted from the FTSE All-Share index. For the avoidance of doubt, securities deleted under this rule will not be added to the FTSE Fledgling Index. However, FTSE All-Share constituents falling below the minimum full market capitalisation requirement AND below the minimum investable market capitalisation threshold, will be added to the FTSE Fledgling index (since the minimum investable market capitalisation requirement does not apply to the FTSE Fledgling Index).

Quarterly reviews in March, September and December

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 30m 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.

8.3.6 Reviewing companies for the FTSE Fledgling and FTSE All-Small

- The FTSE Fledgling will consist of those companies too small to be constituents of the FTSE SmallCap. There are no liquidity or minimum investable market capitalisation requirements for entry to the FTSE Fledgling Index.
- The FTSE All-Small will consist of all the constituents of the FTSE SmallCap and FTSE Fledgling.

8.3.7 A constant number of constituents will not be maintained for the FTSE SmallCap, FTSE All-Share, FTSE Fledgling or FTSE All-Small.

8.3.8 Companies that are large enough to be constituents of the FTSE All-Share but do not pass the liquidity test (see rule 6.7) shall not be included in any index in the FTSE UK Index Series. They will remain ineligible until the next annual review in June when they will be re-tested against all eligibility screens.

8.3.9 FTSE 350 Yield Indices

The rules governing the insertion and deletion of stocks at the periodic review for the FTSE 350 Yield Indices are set out in Appendix C.

8.4 Fast entry

8.4.1 For a security to be considered for fast entry to the FTSE 100 or FTSE 250, it will have to meet both a full market capitalisation threshold at company level and an investable market capitalisation threshold at security level (see rule 8.4.2).

8.4.2 Fast-entry level – FTSE 100 and FTSE 250

- the company full market capitalisation (i.e. before the application of any investability weighting) must rank at position 225th* or above in the FTSE UK Monitored List; and

– the security investable market capitalisation (i.e. after the application of any investability weighting) must amount to or be greater than GBP one billion.

– If the company ranks at position 90th* or above it will be placed in the FTSE 100, else it will be placed in the FTSE 250.

*The minimum fast-entry full-market capitalisation requirement for the FTSE 100 and FTSE 250 will be set and published at the time of the quarterly reviews in March, June, September and December using data from the close of business on the Tuesday before the first Friday of the review month.

8.4.3 Fast entry will result in a security being added to the FTSE 100 or FTSE 250 index and those broader indices, which include the constituents of the FTSE 100 or FTSE 250 (e.g. FTSE 350, FTSE All-Share).

8.4.4 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.

*if the security trades in Euros or US Dollars, the price will be converted using the same day WMR 4:00 pm London Spot Rates to determine if the fast entry threshold has been met.

- 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 illustration purposes: company A offers 18% of its shares for sale at the time of the IPO (of these, 3% are taken up by cornerstone investors which are locked in for 180 days). Company A will be added with an initial investability weighting of 15%*.

  Company B offers 20% of its shares for sale at the time of the IPO of which none are identified as being taken up by restricted holders. Company B will be added with an initial investability weighting of 20%*.

  *Subject to satisfying all eligibility criteria including minimum float requirement as detailed in rule 6.4.

  The calculation to determine that the minimum free float requirement has been met, will be based on the total ordinary share capital issued by the company and the post IPO shareholder structure. The calculation may include shares that would otherwise be excluded solely because they are subject to a lock-in clause of twelve months or less from their first day of trading, but that would in all other respects be considered part of a company's free float.

  For illustration purposes: A new issue offers 8% of its shares at the time of the IPO of which none are identified as being taken up by restricted holders. The listing prospectus confirms that post IPO, the free float of the company will be 20% as defined by FTSE Russell. The company will satisfy the minimum 10% free float requirement. However, the company will be evaluated for potential fast entry inclusion based on the 8% IPO shares, and if it satisfies the fast entry thresholds, only the IPO shares will be included within the index weighting at the time of fast entry inclusion, with the free float further evaluated at the following index review

- For the avoidance of doubt, if 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 or FTSE 250 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.

If a UK incorporated* company with an existing listing on another eligible market (as set out within Appendix A of the FTSE Global Equity Index Series Ground Rules) adopts a new London Stock Exchange listing

which satisfies the eligibility criteria for the FTSE UK Index Series, it will be considered for fast entry to the FTSE UK Index Series if it conducts a public offering of new shares in conjunction with the new London Stock Exchange Listing (subject to meeting the fast entry thresholds). In this scenario, if the company is currently a constituent within the FTSE Global Equity Index Series with a non-UK nationality, the nationality will be assigned to UK across all FTSE indices, concurrent with the Fast Entry addition to the FTSE UK Index Series.

*a UK incorporation and a listing on an eligible listing category on the London Stock Exchange would satisfy the nationality requirements to be assigned a UK nationality at the time of listing for the purposes of potential fast entry inclusion to the FTSE UK Index Series.

Note: If the UK incorporated constituent of the FTSE Global Equity Index Series (with a non-UK nationality) does not qualify for Fast Entry addition to the FTSE UK Index Series, any change to nationality assignment will be assessed at the next quarterly review.

For the avoidance of doubt, a UK incorporated company (with an existing listing on another market) which simply adopts a new eligible listing category on the London Stock Exchange (without an associated public offering of new shares), will not be considered for Fast Entry.

Where a non-UK incorporated company with an existing listing on another eligible market (as set out within Appendix A of the FTSE Global Equity Index Series Ground Rules) conducts a public offering of new shares on an eligible category of the London Stock Exchange, it will be evaluated for UK nationality during the quarterly index review cycle and would not be considered for fast entry inclusion. At the review, a liquidity comparison to determine the country exhibiting the greatest liquidity will be conducted between all listed locations to determine nationality.

8.4.5 If an existing constituent of the FTSE 100 or FTSE 250 (ranking at position 225th or above) conducts an initial public offering of a new class of eligible equity with an eligible category listing on the London Stock Exchange, the new class of equity will be considered for fast entry to the FTSE UK Index Series if the secondary line's full market capitalisation (i.e. before the application of any investability weightings), is greater than 25% of the full market capitalisation of the company's principal line and the investable market capitalisation of the secondary line is GBP 1 billion or above (as set out above, only shares offered in the IPO will be included in the investable market capitalisation calculation). The secondary line must satisfy all eligibility criteria in its own right other than the liquidity screen.

8.4.6 The addition of a new security to the FTSE 100 or FTSE 250 index will be implemented after the close of business on the fifth business day of unconditional trading. In the event of the fifth business day of trading occurring during the week of the index review, an eligible fast entrant will be added to the index concurrent with the review effective date. If the addition results in there being more than 100 companies in the FTSE 100 Index or more than 250 companies in the FTSE 250 index, the company that is the lowest-ranking constituent of the index will be selected for removal and related indices adjusted in accordance with rules 9.4.1, 9.4.2 and 9.4.3.

8.4.7 For a demutualisation that satisfies the eligibility criteria for fast entry: if on listing the entire free float of the new eligible security is immediately transferred to private shareholders, then the addition of the security will be deferred for 20 business days after official non-conditional trading has commenced to test that the minimum liquidity requirement (as defined under rule 6.7) is met.

8.4.8 At the subsequent annual review, securities added to the FTSE 100 or FTSE 250 as fast entrants will have their liquidity assessed on a pro-rata basis.

8.5 Additions outside of a review

8.5.1 New issues, including demutualisations, that do not qualify as fast entrants will become eligible for inclusion at the next quarterly review providing they have, since the commencement of official non-conditional trading, a minimum trading record of at least 20 trading days prior to the date of the review and meet the liquidity criteria as defined under rule 6.7.

8.5.2 New issues will not be eligible for inclusion in the FTSE Fledgling other than at the annual review.

An existing security that has become newly eligible, for example a security transferring from AIM to an eligible UK (main market) listing (see Section 4), will be reviewed for inclusion at the next quarterly review

and will be subject to normal eligibility rules including a minimum 20 day trading record and meeting the liquidity criteria as detailed within the FTSE UK Index Series Guide to Calculation Method for the Median Liquidity Test.

8.5.3 Variable, best effort and direct listing IPOs will not be considered for fast entry inclusion since FTSE Russell is:

- unable to confirm if the minimum free float requirement has been met; and
- unable to assign an accurate free float for the purposes of the index calculation.

8.5.4 Variable, best effort and direct listing IPOs will be considered for index inclusion at the next quarterly review if, by the review cut-off date, a public disclosure* (which has been published post IPO) is available confirming the updated shareholder structure. Index inclusion remains subject to meeting all other eligibility criteria. If the post IPO shareholder structure has not been disclosed by the review cut-off date, the evaluation of the company will be deferred to a subsequent quarterly review.

*A public disclosure is typically by way of a company filing, stock exchange notice or shareholding regulatory announcement.

Section 9

Corporate actions and events

9. Corporate actions and events

9.1 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); and
- 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.

9.2 Shares in issue

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

9.3 Investability weightings

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

9.4 Removal and replacement

9.4.1 Companies removed from the FTSE 100 and FTSE 250 indices intra-quarter will be replaced by the highest-ranking company of the FTSE All-Share index that is not currently a constituent of the FTSE 100 or FTSE 250. For full details of the process in selecting a replacement company, please refer to the following guide:

FTSE_FAQ_Document_UK_Index_Series_Replacement_Company.pdf

9.4.2 If a constituent is delisted, ceases to have a firm quotation or is subject to a takeover offer that has been declared unconditional with bidders shareholding reaching at least 75% and irrevocably accepted for payment (the minimum required to approve the cancellation of a listing on the London Stock Exchange), or has ceased to be a viable constituent as defined by the Ground Rules, it will be removed from the list of constituents and, in the case of the FTSE 100 and the FTSE 250, be replaced by the highest ranking constituent of the FTSE All-Share (which is not currently a member of the FTSE 100 or FTSE 250).

For illustration purposes: if the application of rule 9.4.1 results in the deletion of a constituent of the FTSE 250 to replace a deleted FTSE 100 constituent, that FTSE 250 constituent will be replaced with the

constituent of the FTSE All-Share (which is not currently a member of the FTSE 250). The company removed from the FTSE SmallCap will not be replaced.

9.4.3 Changes made to the FTSE 100 and FTSE 250 will be made automatically to the FTSE 350 and FTSE 350 Yield Indices. Changes to the FTSE 350 and FTSE SmallCap will be made automatically to the FTSE All-Share.

9.4.4 If the effect of a merger or takeover is that one constituent in the FTSE 100 or FTSE 250 is absorbed by another constituent of the same index (e.g. a FTSE 100 constituent acquiring another FTSE 100 constituent), the resulting company will remain a constituent and a vacancy will be created. This vacancy will be filled by selecting the highest-ranking constituent of the FTSE All-Share (which is not currently a member of the FTSE 100 or FTSE 250). The replacement company is announced after market close two days prior to the deletion (based on the close prices three days prior to the deletion).

9.4.5 If a constituent company in the FTSE 100 or FTSE 250 is taken over by a non-constituent company, the original constituent will be removed and may be replaced by the acquiring company where eligible for the FTSE UK Index Series. Otherwise, the highest-ranking constituent of the FTSE All-Share (which is not currently a member of the FTSE 100 or FTSE 250) will serve as the replacement.

9.5 Spin-offs

9.5.1 If a constituent company in the FTSE 100 or FTSE 250 is split to form two or more companies, both eligible for the FTSE UK Index Series, then the resulting companies' index memberships will be re-assessed to rebalance the indices back to 100 or 250 companies (respectively). The full market capitalisations at close on the first day of trading of the spun-off company will be used to determine the most appropriate index memberships for continued inclusion. The changes will then be applied at market close giving two days' notice. Consequently, the FTSE 100 and FTSE 250 may have more than 100 or 250 companies (respectively) for three days (or more if the spun-off company does not trade on effective date).

For illustration purposes: a FTSE 100 constituent splits into two eligible companies resulting in 101 companies in the FTSE 100. At close on the first trading day of the split the lowest ranking FTSE 100 constituent will be selected to become a constituent of the FTSE 250 and the lowest ranking FTSE 250 constituent will, in turn, be selected to become a constituent of the FTSE SmallCap.

Please note: where a company resulting from a split is smaller than the lowest ranking FTSE 250 constituent, it will only be selected to become a constituent of the FTSE SmallCap if it's respective full market capitalisation is equal to or greater than 0.1% of the full market capitalisation (i.e. before the application of any investability weightings) of the FTSE SmallCap index. If smaller than 0.1%, it will be added to the FTSE Fledgling.

9.5.2 If a constituent company in the FTSE 100 or FTSE 250 is split to form a company eligible for the FTSE UK Index Series and a company ineligible for the FTSE UK Index Series, then the ineligible company will remain in the index for two trading days and then be deleted at market price. The eligible company will be retained in the index as the replacement company and its continued index membership will be reviewed at the next quarterly index review.

9.5.3 For the purposes of rules 9.5.1 and 9.5.2, if the market price of the company resulting from the split is unavailable, it may be retained in the index for up to 20 business days and if trading has not commenced, it will be deleted at zero value.

9.6 Suspension of dealing

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

9.6.2 If the suspended company deleted from the indices is a constituent of the FTSE 100 or FTSE 250, it will be replaced with the highest-ranking constituent of the FTSE All-Share (which is not currently a member of the FTSE 100 or FTSE 250).

Section 10

Treatment of dividends

10. Treatment of dividends

10.1 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 Dividend Index except for dividends paid by Royal Dutch Shell A shares from which 15% withholding tax was deducted.

FTSE 100 Total Return Declared Dividend Index – all dividends are as declared by companies and no withholding tax adjustments are made.

10.2 A series of net of tax Total Return Indices are also calculated.

For further details refer to the FTSE Withholding Tax Guide, which can be accessed using the following link:

FTSE_Russell_Withholding_Tax_Guide.pdf

10.3 Treatment of Special Dividends[5]

Ordinary cash dividends are those paid to shareholders out of a company's profits or reserves. These ordinary cash dividends impact the total return and are reinvested across the index on the dividend ex date. In addition to paying ordinary dividends, a company may at times pay special cash dividends. These are normally paid outside a company's regular dividend schedule and can occur for a variety of reasons, such as a major litigation win, the sale of a business or liquidation of an investment. For special cash dividends, the price of the stock is adjusted to deduct the dividend amount before the open on the ex date. Special cash dividends are not included within the total return index calculation.

FTSE Russell deems a dividend to be special if the distributing company describes it as such. However, in cases where a company pays a special cash dividend in a recurring cycle (e.g. monthly, quarterly, semi-annually, or annually) on more than three consecutive occasions which are not deemed to be extraordinary, FTSE Russell will normally consider any further such cash distributions as ordinary dividends.

For illustration purposes: Company A pays dividends annually. For the last three consecutive years, the company has paid an ordinary cash dividend accompanied by a special cash dividend. The special cash dividend has not been included within the total return index calculation or annual dividend yield calculation. If the company subsequently pays a fourth consecutive special cash dividend, the fourth occurrence will be treated as an ordinary cash dividend.

[5] Effective from the March 2025 index review.

Section 11

Industry Classification Benchmark (ICB)

11. Industry Classification Benchmark (ICB)[6]

11.1 Classification structure

11.1.1 The FTSE UK Index Series constituents are classified into industries, supersectors, sectors and subsectors, as defined by the ICB.

11.1.2 Details of the ICB are available from FTSE and published on the FTSE Russell website (www.lseg.com/en/ftse-russell/) and can be accessed using the following link:

Industry_Classification_Benchmark

[6] FTSE indices migrated to the new ICB classification system in March 2021.

Section 12

Announcing changes

12. Announcing changes

12.1 Index methodology changes

Users of the FTSE UK Index Series are notified of such policy changes through appropriate media before implementation.

Appendix A

Index opening and closing hours

Index	Open	Midday Valuation[7]	Close
The FTSE UK Index Series			
FTSE 100	08:00	12:00	16:30
FTSE 250	08:00	12:00	16:30
FTSE 350	08:00	12:00	16:30
FTSE 350 Supersectors	08:00	-	16:30
FTSE 350 Industry Sectors	08:00	-	16:30
FTSE SmallCap	08:00	-	16:30
FTSE All-Share	08:00	12:00[8]	16:30
FTSE All-Share Sectors	–	-	16:30
FTSE Fledgling	–	-	16:30
FTSE Fledgling Sectors	–	-	16:30
FTSE All-Small	–	-	16:30
FTSE All-Small Sectors	–	-	16:30
FTSE 350 Higher Yield	–	-	16:30
FTSE 350 Lower Yield	–	-	16:30

Notes:

1. Closing prices will be London Stock Exchange official closing price.
2. The indices will not be calculated on UK public holidays and may close early on the business day prior to the Christmas and New Year public holidays.
3. Timings are London hours (GMT or BST).
4. Effective from 1 October 2026, the WMR 4:00 pm LN Spot Rates will be used when converting non-GBP traded securities into GBP for the purposes of the end-of-day index calculation.

[7] Midday indices are available in gross, net and ex-investment trust versions
[8] A 5% capped version is also available

Appendix B

Status of indices

The FTSE UK Index Series may be calculated in real time.

For further details of real time definitions please refer to the following guide:

Real_Time_Status_Definitions.pdf

Official market hours are defined as that period when SETS is open for order execution and market makers must display firm dealing prices for the non-SETS constituent securities. The official opening and closing hours of the FTSE UK Index Series are set out in Appendix A. Variations to the official hours of the indices will be published by FTSE Russell.

Appendix C

FTSE 350 yield indices – review process and maintenance

Annual review process

A. The annual review of the FTSE 350 Yield Indices will be conducted in June based on data as at the close of business on the Tuesday before the first Friday of the month. There are two yield indices: higher yield, representing securities with above average yields and lower yield, representing those with below average yields.

Step A1: Start with the constituents of the FTSE 350, taking into account any additions and deletions resulting from the June index review.

Step A2:
a. Take the annual dividend and closing price as at the data cut-off date to calculate the Gross Annual Dividend Yield.

b. Where a company has more than one line of shares included in the FTSE 350, the lines will be evaluated independently and a separate yield value will be assigned to each security (i.e. one line could qualify for the higher yield index and one for the lower yield).

c. For IPOs, the forecast dividend may be used (where available) to allow for accurate reflection of the future yield. A zero-dividend yield will be given if a forecast dividend is unavailable.

Step A3: Rank the stocks by their Gross Annual Dividend Yield. Zero yielding stocks will be ranked last.

Step A4: Calculate the weighted average annual dividend yield (WAADY) of the FTSE 350, taking into account constituent changes in step A1.

The calculation on WAADY is detailed below:

$$WAADY = \frac{\sum_{i=1}^{N} p_i \times s_i \times e_i \times \frac{GD_i}{p_i \times e_i}}{\sum_{i=1}^{N} p_i \times s_i \times e_i}$$

Where:

– i=1,2,…,N;

– N is the number of securities in the index;

– P_i is the latest trade price of the component security;

– 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 for the security, as defined in these Ground Rules; and

– GD_i is the gross dividend of the component security.

Step A5: Calculate the review bands which are 85/115% of the weighted average annual dividend yield (WAADY) of the FTSE 350.

Step A6: Identify the securities in the FTSE 350 Lower Yield Index that have risen above the 115% yield band. These securities will become constituents of the FTSE 350 Higher Yield Index. New additions to the FTSE 350 that pass the criteria will be added to the FTSE 350 Higher Yield Index.

Step A7: Identify the securities in the FTSE 350 Higher Yield Index that have fallen below the 85% yield band. These will become constituents of the FTSE 350 Lower Yield Index. New additions to the FTSE 350 that do not pass the criteria in Step A6 will be added to the FTSE 350 Lower Yield Index.

Step A8: Calculate the total capitalisation of both the higher yield and lower yield indices, taking into account the changes arising from steps A1, A6 and A7. The aim is that the total capitalisation of each yield index should be the same, each representing 50% or as close to 50% as possible of the total capitalisation of the FTSE 350.

Step A9: If the total capitalisation of the FTSE 350 Higher Yield Index is greater than the FTSE 350 Lower Yield Index, the lowest-ranking constituent of the higher yield index should be removed and included in the lower yield index. This task should be repeated until the capitalisation of the two yield indices is equal or as close to being equal as possible.

Step A10: If the total capitalisation of the FTSE 350 Lower Yield Index is greater than the FTSE 350 Higher Yield Index, the highest-ranking constituent of the FTSE 350 Lower Yield Index should be removed and included in the FTSE 350 Higher Yield Index. This task should be repeated until the capitalisation of the two yield indices is equal or as close to being equal as possible.

Step A11: Steps A9 and A10 should be repeated until the two yield indices are equal or as close to being equal as possible.

Quarterly review process

B. Securities will be added to the FTSE 350 Yield Indices following the quarterly reviews of the FTSE 350 Index in September, December and March based on data as at the close of business on the Tuesday before the first Friday of the review month and on the following basis.

Step B1: Adjust the weighted average annual dividend yield of the FTSE 350 from the previous annual review (see step A4 above) by the capital performance of the FTSE 350 Index since the last annual review.

Step B2: Remove those securities which are to be deleted from the FTSE 350.

Step B3:

a. Add new securities to either the higher yield or lower yield index depending on whether the constituent's yield is higher or lower than the adjusted average yield calculated in step B1.

b. For IPOs, the forecast dividend may be used (where available) to allow for accurate reflection of the future yield. A zero-dividend yield will be given if a forecast dividend is unavailable.

Corporate event changes

C. Mergers and demergers in the FTSE 350 Yield Indices will follow the FTSE 350 Index.

Step C1: The acquiring company will remain a constituent of the relevant FTSE 350 Yield Index. The constituent being acquired is deleted on the effective date of the acquisition.

Step C2: If a constituent splits and forms two or more companies and any of the new entities are retained in the FTSE 350 Index, those new entities will be retained in the same FTSE 350 Yield Index as their parent company until the next periodic review.

Step C3: If a constituent is deleted and a replacement company is selected, the replacement company will be added to the FTSE 350 Higher Yield Index if it is greater than the dividend yield of the FTSE 350 Index. Otherwise, it will be added to the FTSE 350 Lower Yield Index.

Note: if the replacement company has more than one line of shares to be included in the FTSE 350, the lines will be evaluated independently (i.e. one line could qualify for the higher yield index and one for the lower yield).

D. At FTSE Russell's sole discretion, the yield status of a security whose issuer has suspended or temporarily revised its dividend policy may be adjusted at the annual review if the adjusted status is a more accurate reflection of the future yield.

Appendix D

Volume data used in liquidity screen

For the purposes of the FTSE UK Index Series liquidity screen, volume data will be aggregated from those venues exhibiting a market share of greater than 2%. 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.

Venues meeting the criteria are detailed below:

– London Stock Exchange
– Cboe CXE
– Cboe BXE
– Cboe OTC

Appendix E

Further information

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

Glossary.pdf

A history of Ground Rule changes is available using the following link:

FTSE UK Index Series - History of Ground Rule updates

Further information on the FTSE UK Index Series is available from FTSE Russell.

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

Website: www.lseg.com/en/ftse-russell/

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