

FTSE EPRA Nareit IdealRatings Custom Global Extended Islamic 30/18 Capped Index

v1.0



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Section 1

Introduction

1. Introduction

1.1 This document sets out the Ground Rules for the construction and management of the FTSE EPRA Nareit IdealRatings Custom Global Extended Islamic 30/18 Capped Index.

1.2 The underlying universe of the FTSE EPRA Nareit IdealRatings Custom Global Extended Islamic 30/18 Capped Index is the FTSE EPRA Nareit Global Extended Index, whose constituents are then screened according to the business and financial activities outlined in the FTSE IdealRatings Islamic Indices Screening Guidelines, which can be accessed using the following link:

[FTSE IdealRatings Islamic Indexes Screening](#).

1.3 These Ground Rules should be read in conjunction with the Ground Rules of the FTSE EPRA Nareit Global Real Estate Index Series and the FTSE EPRA Nareit Global Real Estate Extended Index Series which can be accessed using the following links:

[FTSE EPRA Nareit Global Real Estate Index Series](#) (Iseg.com)

[FTSE EPRA Nareit Extended Index Series Ground Rules](#) (Iseg.com)

1.4 The FTSE EPRA Nareit IdealRatings Custom Global Extended Islamic 30/18 Capped Net Tax Index does not take account of ESG factors in its index design.

1.5 FTSE Russell

1.6 FTSE Russell is a trading name of FTSE International Limited, Frank Russell Company, FTSE Global Debt Capital Markets Limited (and its subsidiaries FTSE Global Debt Capital Markets Inc. and FTSE Fixed Income Europe Limited), FTSE Fixed Income LLC, FTSE (Beijing) Consulting Limited, Refinitiv Benchmark Services (UK) Limited, Refinitiv Limited and Beyond Ratings.

1.7 Index Construction Methodology

1.8 The base currency of the index is the US Dollar.

1.9 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.

1.10 Index users who choose to follow this index or to buy products that claim to follow this index should assess the merits of the index's rules-based methodology and take independent investment advice before investing their own or client funds. No liability whether as a result of negligence or otherwise is accepted by FTSE Russell or any members of the FTSE EPRA Nareit Global Index Advisory Committee for any losses, damages, claims and expenses suffered by any person as a result of:

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

Section 2

Management responsibilities

2. Management responsibilities

2.1 FTSE International Limited (FTSE)

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

2.1.2 FTSE is responsible for the daily calculation, production and operation of the index series and will:

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

2.2 Amendments to these Ground Rules

2.2.1 These Ground Rules shall be subject to regular review (at least once a year) by FTSE Russell to ensure that they continue to best reflect the aims of the index series.

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

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

Section 3

FTSE Russell index policies

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 Corporate Actions and Events Guide

3.1.1 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](#)

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

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

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

[Statement of Principles.pdf](#)

3.3 Queries, Complaints and Appeals

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

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

3.4 Index Policy for Trading Halts and Market Closures

3.4.1 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](#)

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

3.5.1 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](#)

3.6 Recalculation Policy and Guidelines

3.6.1 Where an inaccuracy is identified, FTSE Russell will follow the steps set out in the FTSE Russell Index Recalculation Guidelines when determining whether an index or index series should be recalculated and/or associated data products reissued. Users of the FTSE EPRA Nareit IdealRatings Custom Global Extended Islamic 30/18 Capped Net Tax Index will be notified through appropriate media.

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

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

3.7 Policy for Benchmark Methodology Changes

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

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

3.8 FTSE Russell Governance Framework

3.8.1 To oversee its Indices, FTSE Russell employs a governance framework that encompasses product, service and technology governance. The framework incorporates the London Stock Exchange Group's three lines of defence risk management framework and is designed to meet the requirements of the IOSCO Principles for Financial Benchmarks², the European benchmark regulation³ and the UK benchmark regulation⁴. The FTSE Russell Governance Framework can be accessed using the following link:

[FTSE Russell Governance Framework.pdf](#)

² IOSCO Principles for Financial Benchmarks Final Report, FR07/13 July 2013.

³ Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds.

⁴ The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019.

Section 4

Eligibility criteria

4. Eligibility criteria

4.1 FTSE EPRA Nareit IdealRatings Custom Global Extended Islamic30/18 Capped Index

- 4.1.1 Companies included in the FTSE EPRA Nareit Global Extended Index are eligible for inclusion in the FTSE EPRA Nareit IdealRatings Custom Global Extended Islamic 30/18 Capped Index.

Section 5

Qualification criteria and periodic review of constituents

5. Qualification criteria and periodic review of constituents

5.1 Review process

5.1.1 Constituents of the FTSE EPRA Nareit IdealRatings Custom Global Extended Islamic 30/18 Capped Index are reviewed on a semi-annual basis in March and September.

5.1.2 The data on which the semi-annual review is undertaken will be from the close of business on the Monday four weeks prior to the review effective date.

5.1.3 Any constituent changes resulting from the semi-annual review will be implemented after the close of business on the third Friday (i.e. effective the following Monday) of March and September.

5.2 Custom Islamic screening ratios for REITs

5.2.1 In addition to the standard financial screening rules as per 1.2, custom eligibility rules are applied:

- debt ratio is less than or equal 30% for new entries
- non-permissible income and interest-bearing income from conventional investments ratios are less than or equal 4.5% respectively for new entries

5.3 UCITS capping

5.3.1 Constituents will be capped monthly so that

- If the largest company in the index has a weight greater than 30%, it will be capped at 30%.
- Any remaining companies in the index that have a weight greater than 18% will be capped at 18%.

Prices from the close of business on the Monday following the second Friday of the month will be used

Section 6

Changes to constituent companies

6. Changes to constituent companies

6.1 Additions outside of a review

- 6.1.1 If a security is added to the FTSE EPRA Nareit Global Extended Index Series, it will become eligible for inclusion in the FTSE EPRA Nareit IdealRatings Custom Global Extended Islamic 30/18 Capped Index at the next semi-annual review.

6.2 Deletions

- 6.2.1 . A constituent will be removed from the FTSE EPRA Nareit IdealRatings Custom Global Extended Islamic 30/18 Capped Index if it is also removed from the FTSE EPRA Nareit Global Extended Index Series. The deletion will be concurrent with the deletion from the underlying index.

Section 7

Corporate Actions and Events

7. Corporate Actions and Events

7.1 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](#)

Details of the treatment of specific corporate actions and events in the FTSE EPRA Nareit IdealRatings Custom Global Extended Islamic 30/18 Capped Net Tax Index can be accessed using the following link:

[Treatment of Corporate Actions and Events](#)

A Corporate 'Action' is an action on shareholders with a prescribed ex date. The share price will be subject to an adjustment on the ex date. These include the following:

- Capital Repayments
- Rights Issues/Entitlement Offers
- Stock Conversion
- Splits (sub-division)/Reverse splits (consolidation)
- Scrip issues (Capitalisation or Bonus Issue)

A Corporate 'Event' is a reaction to company news (event) that may impact the index depending on the index rules. For example, a company announces a strategic shareholder is offering to sell their shares (secondary share offer) – this could result in a free float weighting change in the index. Where an index adjustment is required FTSE Russell will provide notice advising of the timing of the change.

7.2 Shares in issue

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

7.3 Investability weightings

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

7.4 Mergers and takeovers

The treatment of takeovers, mergers and demergers can be found within the Corporate Actions and Events Guide.

If an existing constituent of the FTSE EPRA Nareit IdealRatings Custom Global Extended Islamic 30/18 Capped Net Tax Index is acquired by a non-constituent, the resultant entity will be deleted from the index. The eligibility of the resultant entity will be assessed in full at the next review.

7.5 Suspension of dealing

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

7.6 Sector classification changes

Sector classification changes will be concurrent with their change in the FTSE EPRA Nareit IdealRatings Islamic Index Series.

Appendix A

Further information

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

[Glossary.pdf](#)

Further information on The FTSE EPRA Nareit IdealRatings Custom Global Extended Islamic 30/18 Capped Net Tax Index is available from FTSE Russell on www.lseg.com/en/ftse-russell/. Contact details can also be found on this website.

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