

# FTSE Quanto Currency Adjusted Index Series

v1.6



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## Section 1

# Introduction

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## 1. Introduction

- 1.1 This document sets out the Ground Rules for the construction and management of the FTSE Quanto Currency Adjusted Index Series.
- 1.2 The FTSE Quanto Currency Adjusted Index Series aims to reflect the performance of an index adjusted to a foreign currency by adding a specified daily currency adjustment.
- 1.3 These Ground Rules should be read in conjunction with the corresponding ground rules of their underlying index which are available at [www.lseg.com/en/ftse-russell/](http://www.lseg.com/en/ftse-russell/).
- 1.4 Price and Total Return Indices will be calculated on an end of day basis.
- 1.5 The FTSE Quanto Currency Adjusted Index Series does not take account of ESG factors in its design.
- 1.6 FTSE Russell**
- FTSE Russell is a trading name of FTSE International Limited, Frank Russell Company, FTSE Global Debt Capital Markets Limited (and its subsidiaries FTSE Global Debt Capital Markets Inc. and FTSE Fixed Income Europe Limited), FTSE Fixed Income LLC, FTSE (Beijing) Consulting Limited, Refinitiv Benchmark Services (UK) Limited, Refinitiv Limited and Beyond Ratings.
- 1.6.1 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.
- 1.7 Index users who choose to follow these indices or to buy products that claim to follow this index series should assess the merits of the index's rules-based methodology and take independent investment advice before investing their own or client funds. No liability whether as a result of negligence or otherwise is accepted by FTSE Russell or its licensors (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, and/or
  - any inaccuracies in these Ground Rules, and/or
  - any non-application or misapplication of the policies or procedures described in these Ground Rules, and/or
  - any inaccuracies in the compilation of the index or any constituent data.

## Section 2

# Management responsibilities

## 2. Management responsibilities

### 2.1 FTSE International Limited (FTSE)

2.1.1 FTSE is the benchmark administrator of the index series.<sup>1</sup>

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

- 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 indices 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. Any proposals for significant amendments to these Ground Rules will be subject to consultation with FTSE Russell advisory committees and other stakeholders if appropriate. The feedback from these consultations will be considered by the FTSE Russell Index Governance Board before approval is granted.

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

## Section 3

# FTSE Russell Index policies

## 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 Queries and Complaints

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

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

### 3.2 Index Policy for Trading Halts and Market Closures

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

[FTSE Russell Index Policy for Trading Halts and Market Closures.pdf](#)

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

3.3.1 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](#)

### 3.4 FTSE Russell Policy for Benchmark Methodology Changes

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

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

### 3.5 FTSE Russell Governance Framework

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

[FTSE Russell Governance Framework.pdf](#)

### 3.6 Real Time Status Definitions

3.6.1 Please refer to the following guide for details of real time status definitions for indices which are calculated in real time.

[Real Time Status Definitions.pdf](#)

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

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

<sup>4</sup> The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019.

## Section 4

# Index calculation

## 4. Index calculation

### 4.1 Index specification

The underlying index, base currency and the quanto adjustment currency for each index in the FTSE Quanto Currency Adjusted Index Series are specified below:

Index Name	Underlying Index	Base Currency	Quanto Adjustment Currency	Currency Rates	Fixing time
FTSE 100 Index Quanto Adjusted KRW Index	FTSE 100 Index	GBP	KRW	WM spot rate	6am GMT
Russell 2000 Index Quanto Adjusted KRW Index	Russell 2000 Index	USD	KRW	WM spot rate	6am GMT

4.1.1 Each FTSE Quanto Index will not be calculated on dates where the underlying index is closed.

### 4.2 Index calculation

The FTSE Quanto Currency Adjusted Index Series is calculated using the following formula:

$$Index(t) = Index(t - 1) \times \left[ \frac{UND(t)}{UND(t - 1)} + \left( \frac{UND(t)}{UND(t - n)} - 1 \right) \times \left( \frac{FX(t)}{FX(t - 1)} - 1 \right) \right]$$

where

- $Index(t)$  = Index value at index calculation day  $t$
- $UND(t)$  = Underlying index value at index calculation day  $t$
- $FX(t)$  = Currency pair rate at index calculation day  $t$
- $n$  = Asynchrony adjustment

Parameter  $n$  corresponds to the asynchronous market trading hours between the underlying index currency and the quanto adjustment currency. This parameter is specified below:

Index Name	Parameter $n$
FTSE 100 Index Quanto Adjusted KRW Index	2
Russell 2000 Index Quanto Adjusted KRW Index	2

## Appendix A

# Further information

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

[Glossary.pdf](#)

For further information on the FTSE Quanto Currency Adjusted Index Series Ground Rules visit [www.lseg.com/en/ftse-russell/](http://www.lseg.com/en/ftse-russell/) or e-mail [info@ftserussell.com](mailto:info@ftserussell.com). Contact details can also be found on this website.

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