

FTSE RAFI Index Series: history of Ground Rule updates

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

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

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



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2024

January 2024: Update to rule with regard to countries eligible for specific indices

The Eligible securities section of the rules was updated to clarify that

Countries that are designated as Emerging markets within the FTSE Equity Country Classification scheme are only eligible for the FTSE RAFI Index Series if they initially meet the “Country Eligibility Rule” detailed in rule 4.1.9A. The following link lists the markets that are classified as either Developed, Emerging or Frontier within the FTSE Equity Country Classification scheme: [link](#)

2021 to 2023

No updates

2020

October 2020: Addition of FTSE RAFI US BDR 20 Index

FTSE Russell announced the addition of the FTSE RAFI US BDR 20 Index to the list of eligible securities for the FTSE RAFI Index Series.

<https://research.ftserussell.com/products/index-notices/home/getmethodology?id=2598147>

September 2020: FTSE RAFI Indexes Universe Change

FTSE Russell announced that in order to align the selection universe of FTSE RAFI Index Series with that of the Russell RAFI Index Series, the FTSE RAFI Index Series will change its selection universe effective with the March 2021 Index Review. The selection universe will change to the FTSE Global Total Cap Index, which includes the global large, mid, small and micro cap segment of the FTSE Global Equity Index Series (FTSE GEIS).

2019

February 2019: FTSE RAFI Index Series – effective March 2019

FTSE Russell announced details around the calculation of the WAF used in the FTSE RAFI Index Series.

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

February 2019: FTSE RAFI QSR Index Series – effective March 2019

FTSE Russell announced details around the change in methodology used for the calculation of constituent weights in the FTSE RAFI QSR Index Series.

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

2018

No updates.

2017

July 2017: FTSE RAFI Index Series and FTSE RAFI QSR Index Series - effective March 2018

FTSE Russell announced enhancements to the index methodology following feedback from a consultation in Q4 2016. Changes included the inclusion of phased deletions as part of the FTSE RAFI QSR Index Series and enhanced treatment of mergers and takeovers with these no longer being treated as ash mergers.

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

July 2017: FTSE RAFI Low Volatility Index Series and FTSE RAFI Equity Income Index Series

FTSE Russell announced a change to the treatment of mergers and takeovers within the FTSE RAFI Index Series. Mergers and takeovers will no longer be treated as cash mergers. This change will apply a consistent treatment across all FTSE Russell non-market capitalisation weighted indexes. These changes are effective in March 2018.

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

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

March 2017: FTSE RAFI Index Series

FTSE Russell announced a change to the FTSE RAFI Emerging Index Country Eligibility Rule. A country classified by FTSE as Emerging is eligible for inclusion in the FTSE RAFI Emerging Index if the fundamental country weight in the FTSE Emerging All Cap exceeds 1.5%. Countries that are existing members of the FTSE RAFI Emerging Index will remain eligible if the country weight exceeds 0.55%. A country will not be eligible if it fails these criteria. Countries that are newly classified as Emerging are announced by FTSE Russell in September of each year. Newly classified Emerging countries will be evaluated against the above criteria after the country classification announcement in September. The results of this evaluation will be announced in advance of the March annual index review.

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

January 2017: Qatar Index Eligibility

FTSE Russell confirmed that following the reclassification of Qatar from Frontier to Secondary Emerging market status from September 2016, Qatar becomes an eligible market for the FTSE RAFI and FTSE RAFI QSR Index Series from the March 2017 annual review, however, in accordance with the Ground Rules Qatari securities will not qualify for the FTSE RAFI and FTSE RAFI QSR Index Series as the sum of the fundamental scores for the Qatari securities within FTSE RAFI Emerging universe is less than 1.5% of the total sum of the fundamental scores of all the securities in the FTSE RAFI Emerging universe. The future index eligibility of Qatari securities for the FTSE RAFI and FTSE RAFI QSR Index Series will be assessed as part of the March 2018 annual review.

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

2016

December 2016: Free Float Restrictions - Update

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

1. Clarification as to the restrictions to be applied to investors, investment companies and investment funds. FTSE Russell proposes an update to the language to state that shares where the holder has successfully placed a current member to the board will be considered restricted, and to the language used to determine whether a holding should be deemed strategic.
2. The removal of the 3% buffers which apply to Rules 2.0 and 3.0. This is in order to apply a consistent approach to all companies.

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

December 2016: Quarterly and Intra-Quarter Free Float and Share Updates FAQ

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

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

December 2016: Corporate Actions and Events Guide - mergers

FTSE Russell updated the Corporate Actions and Events Guide clarifying treatment when a constituent is acquired by a non-constituent.

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

November 2016: Update to Periodic Review of Constituents

FTSE Russell announced the change in the timing for the data used at the periodic review of constituents. Data will be taken as at the close of business on the last trading day of January. Target weights will be achieved using prices as at the Monday 4 weeks prior to the review effective date, shares in issue and investability weight as at the review effective date.

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

October 2016: Corporate Actions and Events Guide – mergers, acquisitions and tender offers

FTSE Russell clarified the timing of the treatment of mergers, acquisitions and tender offers, spin off valuations and share and float updates within the Corporate Actions and Events Guide.

The Corporate Actions and Events Guide now includes references and language specific to the Russell Global and Russell US Index Series.

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

October 2016: Corporate Actions and Events Guide – acquisitions and tender offers

FTSE Russell clarified the treatment of mergers, acquisitions and tender offers within the Corporate Actions and Events Guide.

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

October 2016: Corporate Actions and Events Guide – Spanish scrip dividends

FTSE Russell clarified the treatment of scrip dividends issued by Spanish companies.

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

August 2016: Corporate Actions and Events Guide – Spin off Valuation Update

FTSE Russell clarified the treatment of spin-offs within the Corporate Actions and Events Guide.

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

June 2016: Corporate Actions and Events Guide – Scrip Issues

FTSE Russell approved an amendment to the Scrip Issues Rule within the Corporate Actions and Events Guide which was effective immediately.

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

June 2016: Suspended Companies Rule

FTSE Russell clarified the treatment of Suspended Companies across FTSE indexes.

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

2015

December 2015: The decommissioning of certain FTSE RAFI Indexes was announced including the following.

These changes will be effective on 18 March 2016.

• FTSE RAFI BRIC Index	FTSE RAFI
• FTSE RAFI Developed Asia Pacific ex Japan Mid Small Index	FTSE RAFI
• FTSE RAFI Developed Mid Small 1500 Index	FTSE RAFI
• FTSE RAFI Europe ex UK & Switzerland Index	FTSE RAFI
• FTSE RAFI Nordic Index	FTSE RAFI
• FTSE RAFI Canada REIT Index	FTSE RAFI
• FTSE RAFI US 2000 Index	FTSE RAFI
• FTSE RAFI US 3000 Index	FTSE RAFI
• FTSE RAFI US Industry Indices	FTSE RAFI
• FTSE RAFI US Small 500 Index	FTSE RAFI
• FTSE RAFI Israel Index	ISRAEL
• FTSE RAFI Sweden 100	Sweden
• FTSE RAFI Sweden 100 Multiple Share Class	Sweden
• FTSE RAFI US 1000 Index - Basic Materials	FTSE RAFI
• FTSE RAFI US 1000 Index - Consumer Goods	FTSE RAFI
• FTSE RAFI US 1000 Index - Consumer Services	FTSE RAFI
• FTSE RAFI US 1000 Index - Financials	FTSE RAFI
• FTSE RAFI US 1000 Index - Health Care	FTSE RAFI
• FTSE RAFI US 1000 Index - Industrials	FTSE RAFI
• FTSE RAFI US 1000 Index - Oil & Gas	FTSE RAFI
• FTSE RAFI US 1000 Index - Utilities	FTSE RAFI
• FTSE RAFI US 1000 Index - Telecommunications & Technology	FTSE RAFI
• FTSE RAFI ASEAN 100 Index	KITMC
• FTSE RAFI China 50 Index	KITMC
• FTSE RAFI China 70 Index	KITMC
• FTSE RAFI Eurozone 120 Index	KITMC
• FTSE RAFI G7 200 Index	KITMC
• FTSE RAFI Japan 150 Index	KITMC
• FTSE RAFI Korea 200	KITMC
• FTSE RAFI Latin America 50 Index	KITMC
• FTSE RAFI India 50 Index	FTSE RAFI
• FTSE RAFI Canada 100 Index	FTSE RAFI
• FTSE RAFI Developed Mid Small 1500 Index - QSR	QSR
• FTSE RAFI Developed Mid Small ex US 1500 Index - QSR	QSR
• FTSE RAFI Korea 200 Index - QSR	QSR
• FTSE RAFI China 50 Index - QSR	QSR
• FTSE RAFI China 70 (Red Chip and H Share) Index - QSR	QSR

December 2015: FTSE Russell Index Policy for Trading Halts and Market Closures

A new policy was introduced with regard to Trading Halts and Market Closures.

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

December 2015: FTSE Russell Recalculation Policy and Guidelines

An update was made to the FTSE Russell Recalculation Policy and Guidelines.

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

December 2015: Suspended Companies, Takeovers and Mergers

The Corporate Actions and Events Guide for Non Market Capitalisation Weighted Indexes was amended to reflect the new Ground Rules for Suspended Companies and Takeovers and Mergers.

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

August 2015: Corporate Actions and Events Guide for Non Market Capitalisation Weighted Indexes

The Corporate Actions and Events Guide for Non Market Capitalisation Weighted Indexes was amended to reflect the new treatment for Spin-offs. The proceeds of the deletion of Company B are now reinvested across the index where previous they were reinvested into Company A.

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

March 2015: FTSE RAFI Low Volatility Index Series

The FTSE RAFI Low Volatility Index Series had the following enhancements

- Regional indexes will be constructed from FTSE Global Equity Index Series components.
- Country indexes will be constructed from FTSE RAFI Index Series country indexes.
- Indexes will be constructed from a currency-neutral perspective.
- A banding mechanism will be applied to limit turnover.
- Deletions arising from the annual index review will be removed in four phases.

These methodology enhancements become effective on 23 March 2015.

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

March 2015: Change of name for FTSE RAFI Brazil Domestic Index

The FTSE RAFI Brazil Domestic Index was renamed as the FSTE RAFI Brazil 50 Index.

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

2014

(March 2014 to 2015 from IOSCO Review)

Extended Implementation Notice Period

FTSE extended the implementation notice period for the FTSE RAFI Index Series to provide clients a longer notice period to prepare for the trades involved following each review. FTSE made this change in response to feedback from market practitioners, and after ratification by the FTSE Policy Group at their meeting on 24 September 2013. The changes were effective from the March 2014 index review.

Previously FTSE rebalance files provided a maximum of T+7 notice for index review changes. The notice period of review files for the FTSE RAFI Index Series was extended to provide an extra 5 business days notice, from T+7 to T+12.

December 2014: Suspended Companies

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

Old rule: If a constituent is suspended on its home exchange it may remain in the indices, at the price at which it is suspended, for up to 20 business days. During this time FTSE may delete the constituent immediately at zero value in cases where it is expected that the constituent will not recommence trading.

- If the constituent is declared bankrupt without any indication of compensation to shareholders, the last traded price will be adjusted down to zero value and subsequently removed from the index.
- If the constituent is temporarily suspended but expected to recommence trading pending a restructure or corporate event, it may remain in the index at its last traded price until trading recommences post event.
- If there is no accompanying news when a constituent is suspended, FTSE will normally allow it to remain in the index for up to 20 business days at its last price before determining whether to delete it or allow it to remain in the index.
- If a constituent recommences trading within 3 months of being suspended, it will be re-added to the index at the same value (normally zero) at which it was deleted. It will then be determined whether it may remain in the index at its new value.
- If a company relists after a continuous period of suspension lasting more than 3 months, the company will be treated as a new issue for the purposes of index eligibility.

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

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

November 2014: FTSE RAFI Brazil Domestic Index – Update to Treatment of Multiple Lines

FTSE Russell announced an update to the treatment of multiple lines within the FTSE RAFI Brazil Domestic index, update is as follows:

In the event that one line of a company, represented within the FTSE RAFI Brazil Domestic Index by two or more lines of stock, is removed from the index, the RAFI fundamental value calculated for the company as a whole is allocated to the remaining lines of stock in proportion to their investable market capitalisations as of the close of business on the day before the effective date of the deletion.

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

2012 and 2013

No updates.

2011

March 2011: FTSE RAFI Index – Change to Methodology

FTSE announced the following enhancements to the FTSE RAFI Index Methodology:

- FTSE to calculate company level float adjusted fundamental scores, as opposed to security level float. As a result of this change applied to the RAFI Universe, the weight of China in the FTSE RAFI All-World 3000 Index will drop from approx. 3% to 1%.
- FTSE RAFI Emerging Index and the FTSE RAFI All-World 3000 Index will be reconstituted by introducing country level entry and exit thresholds.

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

Appendix

Further information

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

[Glossary.pdf](#)

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

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