

Recalculation Policy and Guidelines – FR Global Equity Indices

v1.0

This document applies to any index series where the guide is specifically referenced in the index methodology document.



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Recalculation Policy and Guidelines – FR Global Equity Indices

1. FR Global Equity Indices recalculation policy

- 1.1.1 This document sets out FR Global Equity Indices' Recalculation Policy. This policy and the Index Recalculation Guidelines below only apply to FR Global Equity Indices and FTSE (hRefinitiv) indices now rebranded as FTSE) indices.
- 1.1.2 FTSE Russell¹ makes every effort to maintain its indices to high standards. Nevertheless, inaccuracies may arise in the index and constituent data from time to time and investors, index constituents, licensees or other market participants should be aware of this. Such inaccuracies may arise as a result of a range of events, including the complexity of certain corporate events, late announced or missed dividends, pricing inaccuracies, external disruptions or market distortions, inaccurate, incomplete or late data input whether occurring internally or externally to FTSE Russell, and inaccurate application of index criteria such free floats, industry sectors or constituent make-up.
- 1.1.3 Where an inaccuracy is identified, FTSE Russell will follow the steps set out in the FR Global Equity Indices' Recalculation Policy when determining whether an index or index series should be recalculated (or updated on a go forward basis) and/or associated data products reissued. Due to the complexity of corporate events and the unpredictable nature of the issues which could arise, these guidelines should not be construed as definitive rules to determine the steps FTSE Russell will take whenever an inaccuracy is identified. In addressing inaccuracies, in complex cases, FTSE Russell reserves the right to consult market participants as to the appropriate course of action, including the decisions on whether to recalculate indices and/or reissue its associated data products.
- 1.1.4 FTSE Russell does not accept any responsibility to investors, index constituents, licensees, or other market participants for the accuracy of the index or its constituent data, and accepts no liability for any losses, damages, claims, or expenses suffered by any person as a result of any errors or inaccuracies in the compilation or calculation of the index or any constituent data, whether arising as result of negligence or otherwise.

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2. FR Global Equity Indices recalculation guidelines

The guidelines followed by FTSE Russell when determining whether a FR equity index or FR Global Equity index series or a FTSE (hRefinitiv) ESG index should be recalculated and/or associated data files reissued are set out below. The terms of the FR Global Equity Indices Recalculation Policy apply to these guidelines.

Event type	Event capture date	Notes	Index recalcaiton	File re-issue (IDX, ICW or ICA ² files as applicable)
Rights Issue, Entitlement Offer, Capital Repayment/Restructuring, Bonus Issue, Stock Split/Consolidation	Captured on ex-date	Same day adjustment is applied as long as it can be incorporated well within the index calculation window	NO	YES (PD ICA ³)
	Captured after ex-date (within five trading days)	No restatement if the local country index error is less than 0.01%	NO	NO
	Captured after ex-date (beyond five trading days)	All affected indices will be recalculated if the local country index error is more than 0.02% (beyond five trading days & within 30 calendar days) Restatements beyond 30 calendar days will be on a discretionary basis	YES	YES
Dividends (Normal or Special)	Incorrect dividend amount or missed dividend captured on the ex-date	Does not impact divisors: Same day adjustment is applied as long as it can be incorporated well within the index calculation window for non-Price Return variants	NO	YES (PD ICA)
	Incorrect dividend amount or missed dividend captured after the ex-date	Does not impact divisors and falls within the five trading days window. Non-Price Return variants to be adjusted accordingly (No restatement beyond this five trading days window)	YES	YES
Incorrect Underlying Prices	Individual stock (Stock Exchange issue)	Index will be recalculated provided that the Exchange is able to convey the official close on the impacted stock well within the calculation	YES	YES

² IDX- Index value file, ICW: Index constituent and weight file, ICA: Index corporate actions file

³ Applies only to ICA files being reissued from the previous business day for events getting captured on the ex-date during the index calculation hours.

- Errors occurring within the five trading days window will be reviewed and recalculated if the impact is greater than 0.01% (1/100th of a percent of index performance) at the local country level where the impacted stock is primarily listed.
- If extenuating circumstances exist for a particular index (e.g. the index is a basis for a passive ETF or is based on the size of AUM tracking the index), an exception for restatement may be made at the sole discretion of Refinitiv.
- Errors beyond the five trading days window will not be incorporated (otherwise captured above) unless the error is material and impacts the replicability/tracking of the index.
- All changes regarding errors will be clearly communicated as to magnitude of the error and products impacted therein via the client notification process (e-mails and client notifications released via Refinitiv Customer Zone portal).

Event type	Event capture date	Notes	Index recalcaiton	File re-issue (IDX, ICW or ICA ² files as applicable)
		window meant for the local country index		
	Individual stock (Refinitiv in-house issue)	No restatement if the local country index error is less than 0.01%	NO	NO
Index Constituent Changes	Whole Market (Stock Exchange issue)	Index will be recalculated provided that the Exchange is able to convey the official close on the impacted stock well within the calculation window meant for the local country index	YES	YES
	Whole Market (Refinitiv in-house issue)	Index will be recalculated accordingly	YES	YES
	Incorrect or ineligible company added to the index	Removed and replaced provided that this is identified within the five trading days window from the latest index rebalancing date	YES	YES
	Company added to the wrong index/sector	Removed and replaced provided that this is identified within the five trading days window from the latest index rebalancing date	YES	YES
Index Calculation Issue Mergers & Acquisitions	New addition added with incorrect weights	Float revision to take place only at next index rebalancing	NO	NO
	Index not calculated on any given business day (outside market holidays) or with incorrect constituent count	Index will be recalculated accordingly	YES	YES
	Such events with deals terms having a bearing on either index shares or prices	Event incorporated accordingly if this is identified within the five trading days window from the deal effective date	YES	YES
Operator Errors	In-house operator error with respect to index calculation inputs	Index will be recalculated accordingly if this is identified within the five trading days window from the time the error was committed (No restatement if the local country index error is less than 0.01%)	YES	YES

3. Service Level Agreement (SLA)

Assigning Fault Severity Level				
Severity Level	Blocker	Critical	Major	Minor
	Brand & Revenue are at Risk	Causes great inconvenience to our customers and staff, but is not risking the Brand or Revenue	Causes some inconvenience to customers and staff, but there is an acceptable work around	No noticeable inconveniences for customers or staff.
Data < 1 day	Must be corrected within 4 hours	Must be corrected within 24 hours	Must be corrected within 5 days	During a future restatement period (Optional)
Data > 1 day	Must be corrected within 5 days	Must be corrected next restatement period	During a future restatement period (Optional)	During a future restatement period (Optional)
Production Software	Must be corrected within 24 hours	Must be corrected within next release or 30 days whichever occurs first	Should be corrected within next 2 releases	Address in future releases if resource and time permits
Release Candidate	Must Fix before Releasing	Must Fix before Releasing	Can Release but mark as Product Deficiency	Can Release but maintain in bug database
Documentation	Must be corrected within 4 hours	Must be corrected within 24 hours	Must be corrected within 5 days	Should be reviewed and considered for next publication

Severity Level Definitions document

Further information

For further information on FTSE Russell Indices please visit www.lseg.com/en/ftse-russell/ or e-mail IndexManagers@lseg.com or info@ftserussell.com.

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