

FTSE EPRA Nareit Global Real Estate 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 EPRA Nareit Global Real Estate Index Series Ground Rules please use the following link: [FTSE EPRA Nareit Global Real Estate Ground Rules.pdf](#)

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Contents

2024	3
2023	5
2022	6
2021	7
2020	8
2019	9
2018	11
2017	13
2016	15
2015	16
2014 (March 2014 to 2015 from IOSCO review)	19
2014	21
2013	21
2012	22
2011	23
2006	24
Appendix Further information	25

2024

February 2024: Eligibility Criteria

FTSE Russell clarified the treatment of companies for the March 2024 index review following the Technical Notice issued on 1 February 2024.

- Current constituents which derive at least 75% of their total consolidated EBITDA from relevant real estate activities will remain eligible for the index series. Their EBITDA percentage from relevant real estate activities will be reviewed on the publication of a new annual report. -
- Non constituents which derive a material proportion of their EBITDA from property, development or fund management services will have their EBITDA reassessed ahead of March 2024 review. To join the FTSE EPRA Nareit Global Real Estate Index non-constituents must:
 1. Derive 75% or more of their total consolidated EBITDA from relevant real estate activities, which now includes property, development, or fund management services.
 2. Derive at least 50% of their total consolidated EBITDA from traditional real estate activities.
 3. Have at least 50% of their total consolidated assets invested in income producing real estate and/or in companies or funds that develop or invest in real estate.
 4. Pass all other inclusion criteria such as reporting (rule 4.9 A, B & C), size, liquidity, free float and voting rights (see section 5.0 for more details)

[Technical Notice - 20 February 2024](#)

February 2024: Eligibility Criteria

FTSE Russell added the following rule to the Eligibility Criteria section of the Ground Rules.

- 4.5 The following activities will be considered eligible only if the company derives at least 50% of its total EBITDA from traditional real estate activities, i.e. the ownership, trading and development of income-producing real estate as defined in rule 1.2: -
- Property and development management services. -
 - Fund management - Provided the fund invests directly or indirectly in real estate. Management of funds investing in any other asset type will not be considered relevant.
- The company must also have at least 50 percent of its total consolidated assets invested in income-producing real estate and/or in companies or funds that develop or invest in real estate. Its annual report must provide enough details to facilitate the analysis of the aforementioned conditions. If insufficient detail is provided, any property, development or fund management revenue will be considered ineligible for the purposes of rule 4.7 C.

[Technical Notice - 1 February 2024](#)

May 2024: EBITDA Test

FTSE Russell announced an update to the EBITDA test for existing constituents as shown in bold (effective immediately).

- 4.91. To gain membership of the index, existing constituents will have passed the criteria set out in rule 4.8. To retain their index membership existing constituents must generally adhere to the same conditions as prospective constituents, but with the following exceptions:
- i) Constituents which drop below 75% (but remain at 65% or above) of EBITDA derived from eligible real estate activities will have a further year to meet the 75% threshold. Constituents that report less than 65% of their total EBITDA from relevant real estate activities will be removed without the additional one year grace period.
 - ii) The 50% threshold of total EBITDA coming from traditional real estate activities (rule 4.8.1) is reduced to 40% for existing constituents. i.e To be removed from the index a constituent would derive less than 40% of its eligible EBITDA from traditional real estate activities).**
 - iii) If an existing constituent does not provide enough detail to make a clear determination on eligible EBITDA, it will be given a one year grace period to provide that detail in its next annual report. If insufficient detail is provided in two successive annual reports, the constituent will no-longer be eligible for the index.

research.ftserussell.com/products/index-notices/home/getmethodology/?id=2612432

August 2024: Defining the eligible universe

FTSE Russell announced that the surveillance stock screen table had been updated to include Indonesia and Pakistan.

research.ftserussell.com/products/index-notices/home/getmethodology/?id=2613164

September 2024: Defining the eligible universe

FTSE Russell announced the rule 4.7.2(x) had been updated as shown below.

Data center service revenues are not considered eligible real estate revenues for the purpose of the EBITDA screen.

Data Center revenues labelled colocation or interconnection will be considered eligible real estate revenues for the purposes of the EBITDA screen.

research.ftserussell.com/products/index-notices/home/getmethodology/?id=2613780

November 2024: Defining the eligible universe

FTSE Russell updated rule 4.6 – reporting requirements adding the following text

The published date within a company report will be used as a reference to determine if it was available on the index review cut-off date.

research.ftserussell.com/products/index-notices/home/getmethodology/?id=2614179

2023

February 2023: Eligibility criteria

FTSE Russell clarified the rules with regard to Limited Liability Partnerships as shown in bold

Limited Liability Partnerships (LLP), Limited Partnerships (LP), Master Limited Partnerships (MLP), Publicly Traded Partnerships (PTP), Limited Liability Companies (LLC) and Business Development Companies (BDC) **will not be eligible if they are recognised as such within the official company filing which have been filed in the company's country of listing within the index series.**

The Athens Stock Exchange Under Surveillance Special Segment was also added to the list of segments where securities are not eligible for index inclusion.

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=2606981>

April 2023: Eligibility criteria

FTSE Russell updated the eligibility criteria for the index noting that companies in the ICB classification Home Construction are eligible for the Emerging Index universe only.

From June 2023 index review onwards, the construction of residential homes for sale is considered relevant real estate activity in all regions for the purposes of the EBITDA test. Any company which generates over 50% of its revenue from home construction activities will, however, be classified within the ICB subsector Home Construction (40202010) and be eligible for the Emerging Index only.

Appendix 7 showing details of EBITDA screening was also clarified.

[Technical Notice -27 April 2023](#)

November 2023: Eligibility Criteria

FTSE Russell updated the eligibility criteria to include the following

Hotels and Motels (Subsector 40501025) if:

- i) the company owns at least 75% of the hotels they operate, based on revenues, and
- ii) provide a revenue breakdown of their portfolio that identifies the room rental income from owned properties.

FTSE Russell also noted that from December 2023 prospective new constituents would be tested for liquidity each quarter.

research.ftserussell.com/products/index-notices/home/getmethodology/?id=2607765

2022

March 2022: Spin-Offs

FTSE Russell noted that based on data availability and timing of the review, sector membership may be updated without a 20-day trading record.

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=2603582>

June 2022: Variable, best efforts and direct listing IPOs

FTSE Russell updated the Ground Rules to include rules for the treatment of direct listing IPOs.

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=2604765>

August 2022: Nationality

FTSE Russell updated the Ground Rules with regard to assignment of nationality.

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=2605141>

September 2022: Qualification criteria and periodic review of constituents

FTSE Russell announced that if a security is listed by the SEC on the HFCAA list for a second consecutive year, the security will be subject to the treatment outlined in Section 5.

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=2605419>

October 2022: Addition of a liquidity screen

FTSE Russell announced the addition of the FTSE EPRA Nareit Developed Asia Pacific Select REITs Index to the index series. A liquidity screen was also added that is applicable to the FTSE EPRA Nareit Developed Asia Pacific Select REITs Index only.

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=2605760>

November 2022: Eligibility criteria

FTSE Russell clarified the rules with regard to the periodic review of constituents and added a new rule:

Prospective constituents must have derived, in the previous full financial year, at least 75% of their total EBITDA from relevant real estate activities. Existing constituents that drop below 75% (but remain at 65% or above) will have a further year to meet the 75% threshold. Constituents that report less than 65% of their total EBITDA from relevant real estate activities will be removed without the additional one year grace period.

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=2605977>

2021

November 2021: Eligibility criteria

FTSE Russell announced that New ICB Storage Facilities would be eligible for the index.

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=2602174>

September 2021: Qualification criteria and period review of constituents

The basis points threshold for adding a non-constituent for emerging markets Asian security was changed from 0.20% to 0.30% and for deleting from 0.10% to 0.15%.

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=2601841>

June 2021: Eligibility criteria

FTSE Russell announced that the universe may also include companies with a New ICB Subsector of 30204000 (Closed End Investments) if the majority of revenue is derived from real estate activities and that revenue must be reported in such a way that revenue from ineligible activities can be excluded.

The thresholds for including and exclusion were also updated and it was clarified that in the event of the fifth 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.

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=2600804>

April 2021: Clarification of Ground Rules with regard to closed end funds and the definition of data center revenues

FTSE Russell clarified the Ground Rules around the inclusion of closed end funds and the definition of data center revenues.

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=2599852>

2020

November 2020: Qualification criteria and periodic review of constituents

FTSE Russell announced a clarification to the criteria regarding qualification into the FTSE EPRA Nareit Global Real Estate Index Series. The rule states that an existing constituent which has been removed from the index as a result of failing the liquidity screen will only be re-considered for inclusion after a period of 12 months from its deletion. The rule further states that the existing constituent in question will be treated as a new issue should it become eligible again.

<https://research.ftserussell.com/products/index-notices/home/getmethodology?id=2598494>

October 2020: Update regarding eligibility criteria

FTSE Russell announced that revenue derived from retail fuel stations is now considered eligible for inclusion. This update was made to the Surveillance Stocks Screen table.

<https://research.ftserussell.com/products/index-notices/home/getmethodology?id=2598144>

July 2020: Update to Surveillance Stocks Screen table

FTSE Russell announced an update to the Surveillance Stocks Screen, adding UAE to the list of countries where securities which are subject to surveillance will not be eligible for index inclusion. Where an existing constituent is assigned to an ineligible segment, it will normally be deleted from the index at the next quarterly review and will only be reconsidered for index inclusion after a period of 12 months from its deletion subject to it no longer being under surveillance. For the purposes of the index eligibility, it will be treated as a new issue.

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

June 2020: Update to eligible companies

FTSE Russell announced that the initial universe of eligible companies has been updated to remove the heavy construction subsector. This update was effective immediately.

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

2019

December 2019: Update to criteria & periodic review of constituents – Effective March 2020

FTSE Russell clarified the dates for securities liquidity testing,

Each security will be tested for liquidity semi-annually in March and September

- March Review: liquidity will be tested from the first business day of January to the last business day of December of the previous year;
- September Review: liquidity will be tested from the first business day of July of the previous year to the last business day of June of the current year.

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=2595050>

September 2019: Update regarding Swedish D shares – Effective December 2019

FTSE Russell announced that as well as preference shares, Swedish class 'D' shares, which have the same characteristics as preference shares would not be eligible for the index.

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=2593901>

July 2019: Inclusion of two new sectors – Effective September 2019

FTSE Russell and EPRA Nareit announced the inclusion of two new Property Sectors within the FTSE EPRA Nareit Global Real Estate Index Series. These sectors were added to distinguish index constituents that operate specific lines of business and are not truly diversified. The additional sectors will not impact the eligibility of securities for the series as a whole. The new sectors will be Data Centers and Specialty

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=2593350>

July 2019: Addition of rule regarding assignment of nationality

FTSE Russell announced the addition of a new rule regarding assignment of nationality:

In cases where an existing constituent undergoes a significant corporate event, the nationality of that company may be assessed based on the most recent one year audited financial statements in the latest annual report or restructuring prospectus.

<https://research.ftserussell.com/products/index-notices/home/getmethodology/?id=2593442>

January 2019: Trading screen Ground Rule update

FTSE Russell announced the addition of a new Trading Screen effective immediately.

Existing and non-constituent securities which have not traded on 60 or more trading days during the past year (up to and including the review cut-off date) will not be eligible for (continued) index inclusion. Regular/ad-hoc market holidays and unscheduled market closures will not count towards the total — otherwise, the reason(s) for a security's non-trading will not be considered. If a security does not have a full year of trading, the 60-day period will be pro-rated according to the number of available trading days passed since its listing. Please note:

- All standard trading days will be incorporated within the calculation (Friday and Sundays as appropriate);
- Ad-hoc non-standard trading days will not be incorporated within the calculation (e.g. ad-hoc Saturday trading will not be considered);
- Where a pro-rata calculation is necessary, the number of available trading days on the underlying market during the previous year up to and including the review cut-off date will be used as the basis of the calculation. For example, Market ABC has 253 available trading days for the annual period to the review cutoff date, therefore the security would not be eligible if for 23.7% (60/253) or more of its available trading days since listing, it did not trade;
- A security which has been removed from an index as a result of this screen will only be reconsidered for inclusion after a period of 12 months from its deletion. For the purposes of index eligibility, it will be treated as a new issue.

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

2018

November 2018: Eligibility and free float

FTSE Russell announced the following clarification (in bold):

A company may only be added to the FTSE EPRA Nareit Global Real Estate Index Series if it publishes **a publicly available** audited annual report in English. This is defined as a current set of accounts in English consisting of a profit and loss statement, balance sheet, directors' review and full notes to the accounts. Audited fiscal reports in Japan in English are also eligible. Reporting requirements in the United States are such that official announcements or filings may be used in addition to annual reports for US companies only, in exceptional circumstances.

FTSE Russell also clarified the free float requirement for Indian Securities - Foreign Ownership Limit (FOL) data is sourced from the Reserve Bank of India (RBI), the National Securities Depository Limited (NSDL) and the Central Depository Services Limited (CDSL).

In the event that FOL data is not publicly available from any official source the following FOL will be assigned for the purposes of calculating the company's investability weight and conducting the foreign headroom test:

- Private bank sector: 49% FOL
- Public bank sector: 20% FOL
- Others: 24% FOL

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

October 2018: Additions outside of a review

FTSE Russell updated the Ground Rules to clarify that only shares offered at the time of an IPO will be included within the index weighting at the time of the fast entry inclusion.

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

August 2018: Variable, best efforts and direct listing IPOs

FTSE Russell updated the Ground Rules to confirm treatment of variable, best efforts and direct listing IPOs.

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

June 2018: Qualification criteria

FTSE Russell announced an amendment to the qualification criteria for the index series noting that at least 50% of an addition's total assets should be invested in real estate at the time of entering the index.

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

March 2018:

FTSE Russell updated the rules for the FTSE EPRA Nareit Investment Focus Index Series. This rule change was effective in advance of the June 2018 index review and involved the analysis of annual reports published after 23 May 2016. It was noted if a company had not published two annual reports since that date, it would be assessed once two annual reports were available.

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

March 2018: Capping clarification

FTSE Russell clarified the treatment of capping within the FTSE Russell Ground Rules.

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

January 2018: FTSE EPRA/NAREIT global real estate index series

FTSE Russell announced an update to the Minimum Foreign Headroom Rules.

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

January 2018: FTSE EPRA/NAREIT global real estate index series

FTSE Russell announced a clarification of the liquidity rule clarifying that for the avoidance of doubt Sunday volume data will be included in the test for those markets which are open on Sunday and for the purpose of fast entry where a date is a non-trading day or falls on a Saturday or Sunday then the previous trading days' data will be used.

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

2017

September 2017: Eligibility criteria – Clarifications

FTSE Russell clarified the rules around eligibility and assignment of nationality.

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

September 2017: Screens applied to eligible securities

FTSE Russell announced that stocks listed on the Bombay Stock Exchange in India which appeared on the Graded Surveillance Measure (GSM) list would be added to the Surveillance Stocks Screen for the FTSE EPRA/NAREIT Global Real Estate Index Series. FTSE Russell noted that there were currently no companies within the FTSE EPRA/NAREIT Global Real Estate Index Series that would be impacted by this rule update. This update was effective immediately.

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

September 2017: FTSE EPRA/NAREIT dividend+ index series

FTSE Russell announced an update to the Ground Rules. If a constituent of the index has a forecast/estimated dividend yield of less than two per cent, then it will be ineligible for inclusion and will be deleted from the index.

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

July 2017: Eligibility criteria – Update

FTSE Russell announced a number of updates to the Eligibility Criteria section adding insurance and power supply, prisons, timberland and farmland, and outdoor advertising. Data center revenues labelled colocation will be considered real estate revenues for the purpose of the EBITDA screen only if the information is provided in sufficient detail to ensure that revenues from ineligible activities are not included. It was confirmed that “audited fiscal reports in Japan in English are also eligible. Reporting requirements in the United States are such that official announcements or filings may be used in addition to annual reports for US companies only, in exceptional circumstances”. An additional criterion was added to the list which needs to be met to enter the index. A prospective constituent that derives more than 25% of its total annual EBITDA from Frontier or standalone markets (as classified by FTSE Russell) will not be eligible for inclusion in the FTSE EPRA/NAREIT Global Real Estate Index Series. And the Assignment of Nationality section was revised. These changes were effective immediately.

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

May 2017: Foreign ownership restrictions – Ground Rule update

FTSE Russell clarified the rules noting that in some jurisdictions, a company's foreign ownership restriction applies to the company's share classes in aggregate, and not to share classes individually. However, not all of the share classes of a restricted company might be eligible for index inclusion. In such cases, the aggregate (company level) foreign ownership restriction will be allocated pro-rata across those share classes that are eligible for index inclusion.

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

May 2017: Update to eligibility criteria

FTSE Russell announced that, regardless of assigned nationality, only companies which trade in Euros will be eligible for inclusion in Eurozone indices.

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

April 2017: Determination of REIT or Non-REIT status

FTSE Russell clarified the methodology to determine REIT or non-REIT status. The use of audited annual reports to determine REIT status will be supplemented by evidence within the company's latest published financial accounts or regulatory announcements.

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

April 2017: Changes to free float

Key changes below:

- Free float will no longer be rounded up to the next highest whole percentage number in FTSE indices. Free float will instead be rounded to 12 decimal places;
- Every June a constituent's free float will be updated regardless of size. No buffers will be applied;
- At the March, September and December quarterly updates, a constituent with a free float greater than 15% will have its free float updated if it moves by more than 3 percentage points above or below the existing free float;
- A constituent with a free float of 15% or below will be subject to a 1 percentage point threshold;
- Free float changes resulting from corporate events will not be subject to the buffers as detailed above.

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

2016

December 2016: Spin-Offs

The FTSE Russell Governance Board approved an amendment to the Ground Rules with regard to the treatment of Spin-Offs.

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

2015

April 2015: Eligibility criteria

FTSE Russell announced a change to the Eligibility criteria for the FTSE EPRA/NAREIT Global Real Estate Index Series. Preferred shares are ineligible for index inclusion. This change was effective immediately. The criterion relating to annual reports was also updated. A company must provide an audited report at least annually in English to be eligible. Existing constituents must provide a report within 12 months after its fiscal year-end, companies that fail to do this become ineligible at the subsequent quarterly review.

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

June 2015: Liquidity test

FTSE Russell announced a change in timing for the Liquidity test – with effect from March 2016, the Liquidity test will be applied on a semi-annual basis in March and September.

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

July 2015: Additions outside of a review

FTSE Russell announced a clarification of the rules relating to additions outside of a review. Companies must have 50% of total assets invested in real estate in addition to meeting other eligibility criteria. Where a company has met the criteria and has more than one line of equity, each line's investable market capitalisation will be tested individually.

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

July 2015: Rights issues/entitlement offers/takeovers & mergers/spin-offs

FTSE Russell updated the corporate actions and events guide to reflect revised treatment for rights issues, entitlement offers, takeovers and mergers and spin-offs.

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

September 2015: Rights issues/entitlement offers/takeovers & mergers/spin-offs

FTSE Russell clarified the rules within the corporate actions and events guide. There were no fundamental changes in the treatment of corporate events. The layout has been reformatted, e.g. removal of some footnotes, incorporation of comments within the main explanation and further explanation on the way the actions are carried out in practice (such as timing and examples of various scenarios).

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

September 2015: Rights issues/entitlement offers/takeovers & mergers/spin-offs

FTSE Russell clarified the rules within the Corporate Actions and Events Guide. There were no fundamental changes in the treatment of corporate events. The layout has been reformatted, e.g. removal of some footnotes, incorporation of comments within the main explanation and further explanation on the way the actions are carried out in practice (such as timing and examples of various scenarios).

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

October to December 2015

All Ground Rules were re-branded to the new FTSE Russell corporate brand.

November 2015: Fast Entry level

The Fast Entry level for each region will be set at the time of the quarterly review in March, June, September and December. The regional Fast Entry levels are based on data as at the close of business on the Monday four weeks prior to the review effective date.

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

November 2015: Classification of annual reports/two-year speciality/nationality test/EBITDA screening/clarification of wording on liquidity test

FTSE Russell clarified rules relating to the requirement for companies to provide annual reports. Additionally, in the event that it is not possible to classify new constituents as Developed, the new constituents will be classified as Emerging if greater than 75 percent of their total annual EBITDA has been derived from Developed Markets and Emerging Markets combined (as classified by FTSE) for two consecutive years as evidenced from the company's annual reports. EBITDA derived from Frontier Markets (as classified by FTSE) and unclassified markets will be considered ineligible EBITDA. New constituents that have only one year of audited financial statements in their latest annual report or English IPO prospectus will be reviewed and classified based on the most recent available one year audited financial statements. The wording with regard to the median liquidity test was also clarified.

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

November 2015: FTSE Russell free float restrictions

The FTSE Russell free float restrictions support document has been updated to clarify the treatment of securities with high shareholder concentrations. The revised treatment was effective from Monday 21 December 2015. Those index constituents that were no longer eligible following the implementation of the new treatment were deleted at the December review.

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

December 2015: FTSE Russell free float restrictions

The FTSE Russell free float restrictions support document was updated with details regarding the analysis of US company free float. For the analysis of US companies' free float, holdings of options, warrants and convertibles were removed from the officer and director holdings when those shares are provided in summed format within the footnotes of the US Securities and Exchange Commission (SEC) filings. Where FTSE Russell determines that a company is being excluded from index membership solely on the basis of the minimum float requirement, FTSE Russell will use the best available information contained in the SEC filings to determine the free float.

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

December 2015: Recalculation policy and guidelines

The FTSE Russell Recalculation Policy and Guidelines document was updated to include guidelines for FTSE Russell indices including timelines for recalculation in specific circumstances.

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

December 2015: Index Policy for trading halts and market closures

FTSE Russell issued a new document for the policy which will be followed for trading halts and market closures.

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

December 2015: Rights issues/entitlement offers – Late notifications, investability weighted changes, mergers, acquisitions and tender offers, dividends, suspended companies

FTSE Russell clarified the rules within the corporate actions and events guide with regard to the items listed.

<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 NAREIT US Real Estate 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 NAREIT US Real Estate Index Series was extended to provide an extra 5 business days' notice, from T+7 to T+12.

To accommodate the extended implementation notice period for the FTSE NAREIT US Real Estate Index Series, the data cut-off date for determining index inclusions and exclusions also changed.

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 added back 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.

The rule change was announced on 18 December 2014 and made effective immediately.

2014

2013

September 2014: Update to additions outside of a review rule

FTSE Russell announced that new issues must have 50% of total assets invested in real estate, in addition to meeting other eligibility criteria outlined in the Ground Rules, for addition into the index.

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

November 2013: Update to shares in issue rule – Effective March 2014

Updated rule as follows:

For the purposes of computing the FTSE EPRA/NAREIT Global Real Estate Index Series, the number of shares in issue for each constituent security is expressed to the nearest share and, to prevent a large number of insignificant weighting changes, the number of shares in issue for each constituent security is amended only when the total shares in issue held within the index system changes by more than 1% on a cumulative basis. Changes will be made quarterly after the close of business on the third Friday of March, June, September and December. The cut-off for these changes will be the close of business on the third Wednesday of the month prior to the review month.

November 2013: Update regarding Canadian REITs – Effective March 2014

FTSE Russell announced that the index should follow the same foreign ownership restrictions on Canadian REITs as per the FTSE Global Equity Index Series.

2012

June 2012: Change to free float methodology

FTSE Russell announced that following the adoption of actual free float in the FTSE UK Index Series, FTSE EPRA/NAREIT will use actual free float (rounded up to the net 1%) in all other float-weighted FTSE/NAREIT Indices with effect from March 2013.

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

June 2012: Update to suspension of dealing rule

FTSE Russell announced that the existing 10 business day period to address suspended stocks has been extended to 20 business days.

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

2011

December 2011: Change to fast entry Ground Rule – Effective January 2012

Following a user consultation and discussion at Regional Committees in June 2011, FTSE Russell announced a change to the timing of fast entry inclusions to the FTSE EPRA/NAREIT Global Index Series. The new rule clarifies the basis cut-off will also be taken using the closing price on the first day of trading.

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

October 2011: Revision of nationality rule – Effective March 2012

FTSE Russell announced that the nationality of a real estate company will generally be the same as that allocated by FTSE in the construction of the FTSE Global Equity Index Series, with additional criteria which is driven by where the majority of EBITDA is generated.

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

September 2011: Clarification to free float restrictions

FTSE Russell announced a Ground Rule update in order to provide further transparency in the determination of free float. The rule further clarifies the free float restrictions in this index and which holdings are not considered as free float.

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

May 2011: Discontinuation of FTSE EPRA/NAREIT developed specialty index – Effective June 2011

FTSE Russell announced the discontinuation of the FTSE EPRA/NAREIT Developed Specialty Index and the incorporation of its current constituents into the FTSE EPRA/NAREIT Developed Diversified Index.

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

March 2011: Reclassification of Red Chips – Effective March 2012

The following Red Chip stocks will be reclassified as China (Secondary Emerging) from Hong Kong (Developed):

- China Overseas Land & Inv (6192150)
- China Resources Land (6193766)
- Shenzhen Investment (6535261)

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

2006

December 2006: Update to size and liquidity eligibility criteria – Effective March 2007

FTSE Russell announced changes to the size and liquidity eligibility criteria which are applied to determine the constituents of the index series.

<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 through the following link:

[Glossary.pdf](#)

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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