

# Determining Nationality

v2.3

This document applies to any Index Series where specifically referenced in the Ground Rules.



# Determining nationality

## 1. Determining nationality

- 1.1 A company will be allocated to a single country.
- 1.2 If a company is incorporated in one country and has its sole listing in the same country, FTSE will allocate the company to that country.
- 1.3 In all other circumstances, FTSE will base its decision on assessment of various factors including, but not necessarily limited to, the following:
- The investor protection regulations present in the country of incorporation;
  - The country in which the company is domiciled for tax purposes;
  - The location of its factors of production;
  - The location of its headquarters;
  - The location of company meetings;
  - The composition of its shareholder base;
  - The membership of its board of directors;
  - The currency denomination of the company's shares;
  - The perception of investors.

In certain circumstances, outlined in Rules 1.4 to 1.5, consideration will also be given to the relative liquidity of trading in those countries where the company's shares trade. In calculating the liquidity associated with a country, trading volumes will be amalgamated from all trading venues which have admitted the shares to trading based on a listing conferred by that country's listing authority. Trades taking place on multi-lateral trading facilities will be included in the calculation and assigned to the country that conferred the listing to the company provided that the country of listing and the multi-lateral trading facility operate within a similar time zone.

- 1.4 If a company is incorporated in a country, has a listing in that country and listings in other countries, FTSE will normally assign the company to the country of incorporation\*. If the company fails FTSE's liquidity test in the country of incorporation, FTSE may assign the company to the country which exhibits the greatest liquidity, contingent on the circumstances set out in Rule 1.6.

\*Please note that companies which would otherwise be assigned to the country where it is both incorporated and listed, but that meet the criteria within the [Guide to Chinese Share Classes](#) document, will be assigned a China nationality in accordance with the Guide to Chinese Share Classes..

- 1.5 If a company is incorporated in a country and is listed only in countries other than the country of incorporation, FTSE will normally allocate the company to the country with the greatest liquidity, contingent on the circumstances set out in Rule 1.6.
- 1.6 For a company to be eligible for a Developed market nationality assignment, it must be incorporated in either:
- A country classified as either Developed, Emerging or Frontier (as per FTSE Country Classification of Equity Markets) or;
  - The country of incorporation is one of:
    - An autonomous, overseas, or unincorporated territory of a developed country.
    - A constituent country/region or a crown dependency of a developed country.
    - One of the Freely Associated States of the United States of America or New Zealand.

These include (but are not limited to) the jurisdictions of:

Bermuda, British Virgin Islands, Cayman Islands, Cook Islands, Curacao, Faroe Islands, Gibraltar, Greenland, Guam, Guernsey, Isle of Man, Jersey, Marshall Islands, Puerto Rico, and Reunion.

Also considered as eligible places of incorporation are Liechtenstein and Monaco, which exhibit close economic or governmental ties to Switzerland and France respectively.

Companies which are considered domestic issuers in the US (e.g. they file 10-K annual reports), will also be eligible for a US nationality assignment, regardless of their location of incorporation.

For companies incorporated in the jurisdictions mentioned above, FTSE will normally assign the company to the country with the greatest liquidity.

For the avoidance of doubt:

- For an Emerging or Frontier nationality assignment there are no restrictions as to the location of the country of incorporation.
- Companies incorporated in China will be assigned nationality in accordance with the Guide to Chinese Share Classes guidelines.

- 1.7 Once a company's nationality has been determined by virtue of the liquidity tests in Rules 1.4 and 1.5, if it subsequently fails the semi-annual index liquidity test within the country it has been assigned to or if the country with greatest liquidity is different to that assigned for two consecutive years, FTSE will review the company's nationality assignment.
- 1.8 Should a company change the location of its sole eligible listing, the nationality of the company will be re-assessed at the time of the event and implemented with a minimum T+2 notice.
- 1.9 Other than meeting the conditions of Rule 1.2, should a company make a change to its circumstances (such as a change in incorporation or adoption of an additional listing), FTSE may defer the consideration of whether to change a company's nationality assignment for a minimum period of three months up to a maximum period of up to 12 months, this will allow FTSE to properly assess the subsequent evolution of its trading liquidity and of the other criteria listed in Rule 1.32. If following such an assessment period, FTSE decides to change a company's nationality assignment, the change will become effective at a semi-annual review in March or September following publication of the decision.
- 1.10 Where a company's nationality has been determined as either UK or Australia, if the shares are traded in CDI form (Crest Depository Interest or Chess Depository Interest respectively), the CDI will be considered as eligible subject to meeting all other index eligibility criteria.
- 1.11 China nationality will be assigned in accordance with the Guide to Chinese share Classes document. Please refer to the [Guide to Chinese Share Classes](#) for further details.

For the avoidance of doubt, companies that satisfy the criteria set out in the Guide to Chinese Share Classes for a China nationality, will be assigned a China nationality in precedence to any other nationality assignment as determined when following the above rules.

# Further information

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