
FTSE Policy Statement on MiFID

The Markets in Financial Instruments Directive (MiFID) is an EU regulatory directive replacing the earlier Investment Services Directive (ISD) and was implemented on 1 November 2007.

As with the previous ISD, there is no direct impact on FTSE as it is not a regulated investment company.

FTSE is aware that there may be future impact on its pricing policies resulting from the implementation of MiFID due to the expansion of trading platforms and the attendant growth in alternative pricing sources.

However, FTSE's index guidelines make explicit the eligible markets for the selection of constituents in its Global Equity Index Series and the sources of prices used in index calculations. FTSE's index rules will continue to be specific in this regard and any changes to these policies will only be made with the agreement of the relevant FTSE practitioner committees, on the basis of long term changes in the pattern of market trading, with at least three months' notice being given to market participants.

To ensure that FTSE's methodology and indexes continue to represent best practice, FTSE has formed a working group of market specialists to review FTSE's definitions of market eligibility and price formation. Specifically, it will develop criteria for defining:

- eligibility for inclusion of additional markets in FTSE's indexes, and
- changes to pricing sources under specific circumstances of significantly altered patterns of liquidity.

Current policy post 1 November 2007:

- No initial changes to FTSE policy, index methodology or calculations;
- Ongoing monitoring of underlying price formation and trading data from existing and new trading platforms;
- Any future changes to FTSE practice to be user driven and overseen by its independent market practitioner committees;
- At least three months' notice to be given of any changes.