

FTSE Russell March 2021 Fixed Income Country Classification Review

In September 2020, FTSE Russell announced¹ that Chinese Government Bonds would be included in the FTSE World Government Bond Index (WGBI) with inclusion scheduled to start with the October 2021 index profile. Additionally, it was communicated that commencement of inclusion would be subject to final affirmation in March 2021 as part of FTSE Russell's semi-annual country classification review. The confirmation remains subject to FTSE Russell receiving feedback from market participants that recently announced reforms have made the anticipated practical improvements in the market structure ahead of confirming relevant index inclusion implementation details.

Additionally, FTSE Russell announced that the amount outstanding for Swiss government bonds would be lowered from CHF 4 billion to CHF 2 billion in FTSE fixed income indexes, effective with January 2021 profiles, to align the local currency threshold with current issuance patterns and benchmark sizes. FTSE Russell regularly reviews security-level amount outstanding thresholds to ensure they are properly calibrated to capture the most accurate and representative choice set for local currency government markets. As of January 2021, Switzerland meets the minimum market size criteria for entry to the FTSE World Government Bond Index. Inclusion of Switzerland in the WGBI will be considered as part of the March 2021 Fixed Income Country Classification review.

In advance of the scheduled upcoming March review and subsequent results announcement, FTSE Russell would like to formally welcome feedback from global index stakeholders on the aforementioned considerations to ensure a smooth transition for all market participants. FTSE Russell requests comments before 14 February 2021.

Please contact us at fi.index@ftserussell.com if you would like to provide comments.

FTSE Russell

¹ For further details, please see: <http://yieldbook.com/m/indexes/ftse-indexes/message.shtml?id=300>.

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