

FTSE EMU Government Bond Select Index

v1.0



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Section 1

Introduction

1. Introduction

1.1.1 FTSE EMU Government Bond Select Index

The FTSE EMU Government Bond Select Index measures the performance of fixed-rate, investment-grade, EUR-denominated sovereign bonds from the European Monetary Union (EMU) participating countries that meet specific entry criteria for the FTSE World Government Bond Index (WGBI).

1.1.2 The FTSE EMU Government Bond Select Index does not take account of ESG factors in its index design.

1.2 FTSE Russell

1.2.1 FTSE Russell is a trading name of FTSE International Limited, Frank Russell Company, FTSE Global Debt Capital Markets Limited (and its subsidiaries FTSE Global Debt Capital Markets Inc. and FTSE Fixed Income Europe Limited), FTSE Fixed Income LLC, FTSE (Beijing) Consulting Limited, Refinitiv Benchmark Services (UK) Limited, Refinitiv Limited and Beyond Ratings.

1.2.2 FTSE Russell hereby notifies users of the index series that it is possible that circumstances, including external events beyond the control of FTSE Russell, may necessitate changes to, or the cessation of, the index series and therefore, any financial contracts or other financial instruments that reference the index series or investment funds which use the index series to measure their performance should be able to withstand, or otherwise address the possibility of changes to, or cessation of, the index.

1.2.3 Index users who choose to follow this index series or to buy products that claim to follow this index series should assess the merits of the index's rules-based methodology and take independent investment advice before investing their own or client funds. No liability whether as a result of negligence or otherwise is accepted by FTSE Russell for any losses, damages, claims and expenses suffered by any person as a result of:

- any reliance on these Ground Rules, and/or
- any inaccuracies in these Ground Rules, and/or
- any non-application or misapplication of the policies or procedures described in these Ground Rules, and/or
- any inaccuracies in the compilation of the index or any constituent data.

Section 2

Management responsibilities

2. Management responsibilities

2.1 FTSE Fixed Income LLC (“FTSE”)

2.1.1 FTSE is the benchmark administrator of the index series¹.

2.1.2 FTSE is responsible for the daily calculation, production and operation of the index series and will:

- maintain records of the index weightings of all constituents;
- make changes to the constituents and their weightings in accordance with the Ground Rules;
- carry out the periodic index reviews of the index series and apply the changes resulting from the reviews as required by the Ground Rules;
- disseminate the indices.

2.2 Amendments to these Ground Rules

2.2.1 These Ground Rules shall be subject to regular review (at least once a year) by FTSE Russell to ensure that they continue to best reflect the aims of the index series. Any proposals for significant amendments to these Ground Rules will be subject to consultation with FTSE Russell advisory committees and other stakeholders if appropriate. The feedback from these consultations will be considered by the FTSE Russell Index Governance Board before approval is granted.

2.2.2 As provided for in the statement of principles for FTSE Russell Indices, where FTSE Russell determines that the Ground Rules are silent or do not specifically and unambiguously apply to the subject matter of any decision, any decision shall be based as far as practical on the statement of principles. After making any such determination, FTSE Russell shall advise the market of its decision at the earliest opportunity. Any such treatment will not be considered as an exception or change to the Ground Rules, or to set a precedent for future action, but FTSE Russell will consider whether the Rules should subsequently be updated to provide greater clarity.

¹ The term administrator is used in this document in the same sense as it is defined in Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the European Benchmark Regulation) and [The Benchmarks \(Amendment and Transitional Provision\) \(EU Exit\) Regulations 2019](#) (the UK Benchmark Regulation). FTSE Fixed Income LLC administers the Index Series in line with the third country transitional provisions contained within Article 51(5) of the European Benchmark Regulation and the third country transitional provisions as amended by Article 42(5) of the UK Benchmark Regulation.

Section 3

FTSE Russell index policies

3. FTSE Russell index policies

These Ground Rules should be read in conjunction with the following policy documents which can be accessed using the links below:

3.1 Queries and Complaints

FTSE Russell's complaints procedure can be accessed using the following link:

[FTSE_Russell_Benchmark_Determination_Complaints_Handling_Policy.pdf](#)

3.2 Statement of Principles for FTSE Fixed Income Indices (the Statement of Principles)

Indices need to keep abreast of changing markets and the Ground Rules cannot anticipate every eventuality. Where the Rules do not fully cover a specific event or development, FTSE Russell will determine the appropriate treatment by reference to the statement of principles for FTSE Fixed Income Indices which summarises the ethos underlying FTSE Russell's approach to index construction. The statement of principles is reviewed annually and any changes proposed by FTSE Russell are presented to the FTSE Russell Policy Advisory Board for discussion before approval by the FTSE Russell Index Governance Board.

The statement of principles for fixed income indices can be accessed using the following link:

[Statement_of_Principles_Fixed_Income_Indices.pdf](#)

3.3 Recalculation Policy and Guidelines

The recalculation policy and guidelines for fixed income indices document is available from the FTSE Russell website using the link below or by contacting fi.index@lseq.com.

[Fixed_Income_Recalculation_Policy_and_Guidelines.pdf](#)

3.4 Policy for Benchmark Methodology Changes

Details of FTSE Russell's policy for making benchmark methodology changes can be accessed using the following link:

[Policy_for_Benchmark_Methodology_Changes.pdf](#)

3.5 Index Policy in the Event Clients are Unable to Trade a Market or a Security

Details of FTSE Russell's treatment can be accessed using the following link:

[Index_Policy_in_the_Event_Clients_are_Unable_to_Trade_a_Market_or_a_Security.pdf](#)

3.6 FTSE Russell Governance Framework

To oversee its indices, FTSE Russell employs a governance framework that encompasses product, service and technology governance. The framework incorporates the London Stock Exchange Group's three lines of defense risk management framework and is designed to meet the requirements of the IOSCO Principles for Financial Benchmarks², the European benchmark regulation³ and the UK benchmark regulation⁴. The FTSE Russell Governance Framework can be accessed using the following link:

[FTSE Russell Governance Framework.pdf](#)

² IOSCO Principles for Financial Benchmarks Final Report, FR07/13 July 2013.

³ Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds.

⁴ The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019.

Section 4

Index design and methodology

4. Eligible securities

4.1.1 The FTSE EMU Government Bond Select Index measures the performance of fixed-rate, investment-grade, EUR-denominated sovereign bonds from the European Monetary Union (EMU) participating countries that meet specific entry criteria.

4.2 The FTSE EMU Government Bond Select Index: Index design and eligibility criteria

Coupon	Fixed-rate
Minimum maturity	At least one year
Market size	The thresholds for entry and exit are as follows: Entry: At least EUR 40 billion Exit: Below EUR 20 billion
Minimum issue size	EUR 2.5 billion
Minimum credit quality⁵	Entry: A- by S&P and A3 by Moody's. Exit: Below BBB- by S&P and Baa3 by Moody's.
Market Accessibility Level	Minimum level of 2. For further details on calibration of Market Accessibility Levels, please see FTSE Fixed Income Country Classification Process .
Security Types	Included: Sovereign debt denominated in the domestic currency. Eligible security types by market are listed in the below table. Excluded: Variable rate, fixed-to-floating rate, index-linked, treasury bills, stripped zero coupon bonds, savings bonds, bonds with equity-like features (eg, convertibles), structured notes, private placements, retail bonds and securities where reliable pricing is unavailable.

⁵ Each month, the upcoming month's index constituents are "fixed" on the profile fixing date. The credit qualifications of the index are treated as provisional, in order to give market participants time to react to last-minute downgrades. A market will be removed from the index after the fixing if it becomes rated below investment-grade by both S&P and Moody's. This exception window is kept open until 5:00 p.m. New York time on the second to last business day of the month for removal only. Removal from the index, on or after the fixing date, is not reversible except by qualifying for the index once again, which takes a minimum of six months. There is no specific rule concerning default or what constitutes default. Conceivably, a market could technically default, but an immediate rescue could leave its existing bonds in the investment-grade category. Only a downgrade to below investment-grade would trigger a credit-related expulsion from the index.

4.3 FTSE EMU Government Bond Select Index composition by market

Market	Security type
Austria	Includes Bundesanleihen Excludes Bundesobligationen bonds
Belgium	N/A
Finland	Excludes sinking fund, puttable, extendable, housing fund and yield bonds
France	Includes Obligations Assimilables du Trésor (OATs) and Bons du Trésor à Intérêt Annuel Normalisé (BTANs)
Germany	Includes Bundesrepublik, Schatzanweisungen, Bundesobligationen, Unity bonds, Treuhandanstalt, and Treuhandobligationen Excludes Schuldscheine, Unverzinsliche, Bundespost, Bundesbahn, and European Recovery Program Bonds
Ireland	N/A
Italy	Includes Buoni del Tesoro Poliennale (BTPs)
Netherlands	N/A
Spain	Includes Bonos and Obligaciones del Estado Excludes discount bonds (Letras and Pagares del Tesoro)

4.4 FTSE EMU Government Bond Select Index calculation methodology

Weighting	Market capitalization
Rebalancing	Once a month at the end of the month
Reinvestment of cash flow	Intra-month cash flows from interest and principal payments are not reinvested as part of monthly index total return calculations.
Pricing	LSEG Pricing Service 16:15 (London)
Calculation frequency	Daily
Settlement date	Monthly – Settlement is on the last calendar day of the month. Daily – Same day settlement except if the last business day of the month is not the last calendar day of the month; then, settlement is on the last calendar day of the month.
Fixing date	Each month, the upcoming month's index constituents are "fixed" on the profile fixing date. Each year's scheduled fixing dates are published on the website.
Base date	December 31, 1998

4.5 Holiday calendars

4.5.1 The indices are calculated Monday through Friday except Christmas Day (observed) and New Year's Day (observed). Each local market will observe its own holiday calendar: if a local market is on holiday, the closing prices used for that day will be the closing prices from the previous day.

4.5.2 Eurozone countries are considered a single bloc and use the Eurex Exchange holiday calendar rather than local market calendars to determine holidays. As such, the closing prices for EUR-denominated securities on any holiday under the Eurex Exchange holiday calendar are the previously available closing prices

4.6 Index quality

4.6.1 An index quality is assigned to each index bond as of profile fixing. The quality is first mapped to the Standard & Poor's Financial Services LLC ("S&P") rating. If a bond is not rated by S&P but it is rated by Moody's Investors Service, Inc ("Moody's"), the S&P equivalent of the Moody's rating is assigned to the index quality. If a bond is split-rated (an investment-grade rating by one rating agency and high-yield by the other), the S&P equivalent of the investment-grade rating is assigned to the index quality. These ratings remain unchanged for the entire performance month.

4.7 Return computation

4.7.1 Total returns are computed on the assumption that each security is purchased at the beginning of the period and sold at the end of the period. An issue’s total rate of return is the percentage change in its total value over the measurement period. The components of total return for each security are price change, principal payments, coupon payments and accrued interest. The total returns are market capitalization-weighted using the security’s beginning-of-period market value (see Figure 1).

Figure 1. Total rate of return calculation methodology

Beginning-of-period value	-	(Beginning price + Beginning accrued) x Beginning par amount outstanding
End-of-period value	-	[(Ending price + Ending accrued) x (Beginning par amount outstanding – Principal payments)] + Coupon payments + Principal payments
Total rate of return (%)	-	[(End-of-period value / Beginning-of-period value) – 1] x 100

4.8 Tickers for FTSE EMU Government Bond Select Index

Ticker	Index
CFIIEGBS	FTSE EMU Government Bond Select Index, in EUR terms

Section 5

Chronological summary of events

5. Chronological summary of events

FTSE EMU Government Bond Select Index event summary

Year	Highlights
2024	May: FTSE EMU Government Bond Select Index launched.

Appendix A

Further information

For contact details please visit the FTSE Russell website or contact FTSE Russell client services at fi.index@lseg.com.

Website: www.lseg.com/en/ftse-russell/

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