

FTSE Goldman Sachs US Preferred Stock and Hybrids Index

v1.2

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Section 1

Introduction

1. Introduction

1.1 FTSE Goldman Sachs US Preferred Stock and Hybrids Index

1.1.1 The FTSE Goldman Sachs US Preferred Stock and Hybrids Index (“Index”) measures the performance of preferred stock and other hybrid instruments issued in the US and denominated in USD. The Index is created from a starting universe of the FTSE US Preferred and Hybrids Index (“Base Index”) and filters out the instruments which have a yield to worst less than -5% (minus five percent).

1.1.2 These rules should be read in conjunction with the FTSE US Preferred and Hybrids Index Series Ground Rules, available at [FTSE Russell](#).

1.1.3 The FTSE Goldman Sachs US Preferred Stock and Hybrids Index does not take account of ESG factors in its 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.,) FTSE Fixed Income LLC, FTSE (Beijing) Consulting Limited.

1.2.2 FTSE Russell hereby notifies users of the index that it is possible that factors, including external factors beyond the control of FTSE Russell, may necessitate changes to, or the cessation, of the index and therefore, any financial contracts or other financial instruments that reference the index or investment funds which use the index 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 or to buy products that claim to follow this index 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 or any members of the FTSE Russell Policy advisory board (or any person concerned with the preparation or publication of these Ground Rules) for any losses, damages, claims and expenses suffered by any person as a result of:

- any reliance on these Ground Rules;
- any inaccuracies in these Ground Rules;
- 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 International Limited (FTSE)

2.2 FTSE is the benchmark administrator of the index¹.

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

- maintain records of all the constituents;
- be responsible for the addition and deletion of bonds and changes of nominal amounts, in accordance with the Ground Rules; and
- disseminate the indices.

2.3 Amendments to these Ground Rules

2.3.1 These Ground Rules shall be subject to regular review (at least once a year) by FTSE Russell to ensure that they best reflect the aim 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.

2.3.2 As provided for in the Statement of Principles for FTSE Russell Fixed Income 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 Ground 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).

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 or by contacting fi.index@lseg.com. These policies are reviewed annually and any changes are approved by the FTSE Russell Index governance board.

3.1 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 Ground 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](#)

3.2 Queries and Complaints

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

[Benchmark_Determination_Complaints_Handling_Policy.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@lseg.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 FTSE Russell Governance Framework

3.5.1 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 defence 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.

3.6 Real Time Status Definitions

3.6.1 Please refer to the following guide for details of real time status definitions for indices that are calculated in real time

[Real Time Status Definitions.pdf](#)

Section 4

Composition and design criteria

4. Composition and design criteria

- 4.1 The FTSE Goldman Sachs US Preferred Stock and Hybrids Index selects securities from the constituents of the FTSE US Preferred Stock and Hybrids Index and filters out the instruments with a yield to worst (YTW) of less than -5%, subject to a 2.5% buffer (i.e. for securities in the index the previous month, they are only screened if YTW is less than -7.5%)
- 4.2 The methodology for the FTSE US Preferred Stock and Hybrids Index can be found at www.lseg.com/en/ftse-russell/.

Figure one: design criteria and calculation assumptions for the FTSE Goldman Sachs US Preferred Stock and Hybrids Index

Currency	USD
Minimum maturity	At least one year
Minimum issue size	USD 100 million amount outstanding for par amounts USD 25 USD 250 million amount outstanding for par amounts USD 1,000
Minimum credit quality	Issue credit rating of B, which represent a minimum rating of B- by S&P and/or Fitch, and/or B3 by Moody's. An issue credit rating is assigned using ratings from Moody's, S&P, and Fitch, where the most common rating is used. If all three are different, the middle rating is used. If only two are available, the lower rating is used. If only one rating is available, that rating is used.
Composition	<p>Securities included: Par values USD 25 and USD 1000. Fixed-rate, floating rate, fixed-to-float. Dividends/coupons may be cumulative or non-cumulative. Deferrable dividend/coupon that does not trigger default. Baby Bonds. Perpetual.</p> <p>Securities excluded: OTC, where par value is less than USD 1000. Exchange Code "PINX", also known as Pink Sheets. Index-linked, retail directed, bills, stripped zero coupon, convertibles except for the ones at regulator's discretion, savings, structured products, sinking funds and private placements. Non-rated, parent level issuer ratings cannot serve as proxies for issue level ratings.</p> <p>Additional exclusion: the instruments with a YTW of less than -5%, subject to a 2.5% buffer (i.e. for securities in the index the previous month, they are only screened if YTW is less than -7.5%).</p>
Weighting	Market capitalisation
Capping	Maximum 5% issuer (as determined by common parent ticker).
Rebalancing	Once a month on the last business day of the month (pricing as of the last business day of the monthly and settlement as of the last calendar day of the month).
Reinvestment of cash flows	Intra-month cash flows from interest and principal payments are not reinvested as part of monthly index total return calculations.
Pricing	Preferred stocks <ul style="list-style-type: none"> - Where the primary listing is on a US exchange, the last trade price from the primary exchange will be used. - Where the primary listing is not on a US exchange or the security is traded over-the-counter, LSEG evaluated bid prices will be used as of 4:00 p.m. (New York) time.

	Hybrid securities – LSEG evaluated bid-side prices as of 4:00 p.m. (New York) time.
Calculation frequency	Daily
Settlement date	Monthly: last calendar day 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. The profile fixing dates for each year are available on the FTSE Russell website
Base date	30 December 2005

Ticker for the FTSE Goldman Sachs US Preferred Stock and Hybrids Index

Ticker	Index
GPRF	FTSE Goldman Sachs US Preferred Stock and Hybrids Index

4.3 Holiday calendar

4.3.1 The index series are calculated Monday through Friday except Christmas Day (observed) and New Year's Day (observed). If the market is on holiday, the closing prices used for that day will be the closing prices from the previous day.

4.4 Chronological summary of events

4.4.1 The construction of the FTSE Goldman Sachs US Preferred Stock and Hybrids Index is also driven by the same events that mark the FTSE US Preferred Stock and Hybrids Index. For more information, please see the Ground Rules available at www.lseg.com/en/ftse-russell/.

Appendix A

Further information

A Glossary of Terms used in FTSE Russell's ground rule documents can be found using the following link:

[Glossary_of_terms_FTSE_Fixed_Income.pdf](#)

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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