July 2026

Glossary of Terms used in FTSE Fixed Income Methodology Documents

v1.5

FTSE RUSSELL
An LSEG Business

lseg.com/en/ftse-russell

Contents

A
Accrued Interest
Amortizing Bonds
Amount Outstanding
Ask Price
B
Bail-In Bond
Basis Point
Benchmark
Benchmark Administrator
Bid Price
C
Callable Bond
Capped Index
Clean Price
Contingent Capital
Convertible Bond
Convexity
Coupon
Covered Bond
Credit Rating
D
Day Count Convention
DDS - Data Delivery System
Duration
Dirty Price
DV01
E
Ex-dividend
Extendible bonds
F
Fix-to-Float bonds
Floating Rate Notes (FRNs)
Fungible Bonds
H
High Yield
I
Index Base Value
Index Cash
Index Rating
Index Re-investment Date
Index Settlement Assumption
Inflation Indexed Annuities
Inflation-Linked Bond
Investment Grade
IOSCO
IOSCO Principles
L
Last Good Price (LGP)
M
Make-Whole Call
Market Value
Market Value Weighted (MVW)
Maturity
Mid-price
Methodology
N
Notional Amount
Non-Viability Contingent Capital (NVCC)

O
Offer Price
Odd Coupons
P
Perpetual Bonds
Poison Put
R
Rebalancing
Rebalancing/Selection Cut-off Date
Rebasing
Redemption
S
Securitized Bonds
Sinking Funds
Step-coupon
T
Total Return Index
Y
Yield to Maturity
Yield Curve
Z
Zero-coupon bond

Glossary

A

Return to Contents

Accrued Interest

The pro-rata interest earned, but not yet paid, between the previous coupon payment and the settlement date.

Amortizing Bonds

Amortizing bonds are securities whose principal amount reduces at a pre-defined rate according to a pre-defined schedule.

Amount Outstanding

The principal amount outstanding of a bond and is sometimes referred to as the notional amount.

Ask Price

The ask price is the price at which a market participant is prepared to sell a security. It is also known as the offer price.

B

Return to Contents

Bail-In Bond

In Canada, Bail-In bonds are particular types of unsecured debt securities issued by one of six “domestic systemically important banks” (D-SIBs) that convert to equity or other “instruments of ownership” at the option of the regulator at the point they deem the bank’s capital ratios to be so low as to make the firm non-viable. Similar to NVCC bonds (see below), the purpose of Bail-In bonds is to provide a framework whereby losses and costs of recapitalisation are borne by creditors and shareholders of the bank, rather than tax payers. Similarly, -motivated Bail-In regimes exist in other countries and jurisdictions but differ in the regulatory details, including how the conversions are triggered.

Basis Point

A unit of measurement equal to 1/100th of 1% or 0.01%.

Benchmark

Historically the terms *Benchmark* and *Index* have been used interchangeably. Following the publication in July 2013 of the IOSCO Principles, the term *Benchmark* has taken a more specific meaning. The IOSCO definition is:

A Benchmark contains prices, estimates, rates, indexes or values that are:

a. made available to users, whether free of charge or for payment;

b. calculated periodically, entirely or partially by the application of a formula or another method of calculation to, or an assessment of, the value of one or more underlying interests;

c. used for reference for purposes including one or more of the following:

   – determining the interest payable, or other sums due, under loan agreements or under other financial contracts or instruments;

   – determining the price at which a financial instrument may be bought or sold or traded or redeemed, or the value of a financial instrument; and/or

   – measuring the performance of a financial instrument.

In June 2016, the EU implemented Regulation (EU) 216/1011, which similarly defined benchmark as meaning: “any index by reference to which the amount payable under a financial instrument or a financial contract, or the value of a financial instrument, is determined, or an index that is used to measure the performance of an investment fund with the purpose of tracking the return of such index or of defining the asset allocation of a portfolio or of computing the performance fees”.

Benchmark Administrator

An organisation that takes responsibility for all stages of the calculation, determination and dissemination of a Benchmark. The IOSCO Principles and aforementioned EU Regulation contain such a definition.

Bid Price

The bid price is the price that a market participant is prepared to pay to purchase a security.

C

Return to Contents

Callable Bond

Callable bonds contain an embedded option allowing the issuer to repurchase it prior to its maturity date.

Capped Index

A *Capped Index* limits the weight of any single security (industry, issuer or rating category) in the index. The aim is to prevent any single security (industry, issuer or rating category) from having a disproportionate influence on the index.

Clean Price

The price of a bond which excludes any accrued interest. Also known as the capital price.

Contingent Capital

Contingent Capital securities, otherwise known as CoCos, are issued by financial institutions and contain embedded options that may trigger a principal write-down or conversion into equity if certain pre-defined conditions are met.

Convertible Bond

Convertible bonds have clauses that permit conversion into equity of the issuing entity, usually, but not always at the option of the bondholder.

Convexity

Convexity is the approximate rate at which duration changes for a given change in yield.

Coupon

The annual interest rate paid on a bond, expressed as a percentage of the face value.

Covered Bond

Covered bonds are a type of securitised bond, where the bond is secured by a segregated pool of mortgages or other loans and the issuer is obliged to maintain the quality of these assets. Also see securitised bonds.

Credit Rating

Credit ratings are an opinion on the credit worthiness of a bond, or bond issuer. Credit ratings are provided by Credit Rating Agencies (CRAs).

D

Return to Contents

Day Count Convention

Bond level calculations such as yield, accrued interest, duration and convexity rely on the specified day count convention for each bond. These conventions describe the assumptions that are made when calculating the number of days between two dates.

DDS – Data Delivery System

FTSE's File Transfer Protocol (FTP) site, used to distribute index and related files to clients.

Duration

Duration refers to a range of approximate measures which quantify the sensitivity of price to changes in yield. Typical measures of duration are Macaulay, DV01, modified, effective and key-rate duration. For more information on how these measures are calculated, please see the Guide to Calculation Methods for the FTSE Fixed Income Indexes.

Dirty Price

The dirty price is the clean price plus any accrued interest.

DV01

This is the absolute or monetary change in the bond price given a one basis point change in the yield. Also known as Basis Point Value (BPV).

E

Return to Contents

Ex-dividend

Some bonds have coupons that go ex-dividend, meaning that the bond holder will only receive the next coupon if they held the bond before the ex-dividend date. The ex-dividend period is the difference between the ex-dividend date and the coupon pay date and is specified by a number of calendar or business days.

Extendible bonds

Extendible bonds whose redemption date may be extended at the discretion of the issuer.

F

Return to Contents

Fix-to-Float bonds

Fix-to-float bonds pay a fixed rate of interest until a pre-specified date, after which the coupon 'floats'; meaning that the coupon rate will depend on the movement of a pre-specified interest rate.

Floating Rate Notes (FRNs)

Floating Rate Notes are securities whose coupons are linked to a reference interest rate plus or minus a margin that is usually specified in basis points.

Fungible Bonds

Quite often, new bonds are issued as separate tranches but are eventually merged or made fungible with existing bonds of the same issuer, with which they share the same characteristics.

H

Return to Contents

High Yield

High yield is a term usually referring to bonds whose credit ratings are classified as being below investment grade or equivalent to BB+ and below. High yield bonds are also known as sub-investment grade bonds.

I

Return to Contents

Index

European Union Regulation (EU) 2016/1011, implemented in June 2016, defines an index as: “any figure:

(a) that is published or made available to the public;

(b) that is regularly determined:

(i) entirely or partially by the application of a formula or any other method of calculation, or by an assessment; and

(ii) on the basis of the value of one or more underlying assets or prices, including estimated prices, actual or estimated interest rates, quotes and committed quotes, or other values or surveys.”

Index Base Date

The date for which the *Index Base Value* applies.

Index Base Value

An arbitrary number (e.g. 100) set on the *Index Base Date* as the starting value of an index.

Index Cash

Index cash refers to income that has been received since the previous index re-investment date, typically in the form of coupon or principal repayments.

Index Rating

The rating each bond is assigned for index inclusion and classification purposes, as defined by the applicable index ground rules.

Index Re-investment Date

The date at which any cash is re-invested into the index, occurs at the same time as the index rebalancing date, unless specified otherwise.

Index Settlement Assumption

Is the date offset (T+0, T+1, T+2, T+3) that is assumed to determine the settlement date for the purpose of calculating accrued interest and the recognition of cash-flows.

Inflation Indexed Annuities

An Inflation Indexed Annuity (IIA) is a stream of regular payments that includes both an interest and a principal component, which is adjusted with reference to an inflation rate in order to maintain the real value of the payments.

Inflation-Linked Bond

Inflation-linked bonds have cash flows, deriving from coupon and principal repayments, that are fixed in real rather than nominal terms, by referencing an official measure of inflation.

Investment Grade

Credit ratings are typically grouped into two rating classes: investment grade and sub-investment grade (or High Yield). Investment grade bonds are assessed as having lower levels of credit risk than high yield bonds, and have a credit rating of BBB-/Baa3 or above.

IOSCO

The International Organization of Securities Commissions.

IOSCO Principles

The principles set out in the final report of the Board of IOSCO on the Principles for Financial Benchmarks, published in July 2013.

L

Return to Contents

Last Good Price (LGP)

For the FTSE Eurozone Government Bond indices, the last good price is the latest available bond price which has successfully passed through the price verification process.

M

Return to Contents

Make-Whole Call

Bonds that have an embedded make-whole call allow the issuer to repurchase the bond at a predefined level that does not disadvantage the bond holder.

Market Value

The market value of a bond is the dirty price of a bond multiplied by its principal or notional amount outstanding.

Market Value Weighted (MVW)

In standard benchmark indices, constituents are weighted by their market value.

Maturity

The maturity of a bond is the date at which the issuer must repay the principal and any remaining coupons. Also see *Redemption*.

Mid-price

The mid-price is the arithmetic average of a security's Bid and Ask price.

Methodology

The set of documents that describe how an index is calculated and maintained. For FTSE indexes, the *Methodology* documents include the index Ground Rules, price methodology guides, the Guide to Calculation Methods, and various policy documents that set out how the index will respond to unusual events.

N

Return to Contents

Notional Amount

See *Amount Outstanding*

Non-Viability Contingent Capital (NVCC)

See *Contingent Capital*

O

Return to Contents

Offer Price

See *Ask Price*

Odd Coupons

A bond with odd coupons will have one or more coupon periods that are shorter or longer than the standard, according to its coupon schedule. The odd coupon period is usually the first or the last coupon payment.

P

Return to Contents

Perpetual Bonds

Perpetual bonds have no pre-defined maturity date, but usually include an embedded call option that allows the issuer to repay the bond early.

Poison Put

A bond with a poison put allows the bondholder to sell the bond back to the issuer, at a pre-defined price, contingent on the occurrence of a pre-defined event such as a change of control.

R

Return to Contents

Rebalancing

Rebalancing is the periodic reapplication of the index eligibility criteria, resulting in newly-eligible securities being added and securities that are no longer eligible being removed from the index. Changes to other characteristics, such as bond ratings and notional amounts will also be applied. Rebalancing frequency is usually daily, monthly or quarterly.

Rebalancing/Selection Cut-off Date

The rebalancing selection or cut-off date is the date on which the state of the world (for example, bond ratings, or amounts outstanding) is captured for the purpose of performing an index rebalance.

Rebasing

Rebasing is the process of scaling the time series values of two or more indexes so that they have the same value at a given point in time. Rebasing facilitates direct comparison of the performance of different indexes.

Redemption

Redemption results in a bond's principal amount being either partially or fully repaid. On a bond's maturity date, the bond is usually fully redeemed unless the issuer has defaulted. Partial redemption may occur due to calls, puts, tender offers or open market repurchases.

S

Return to Contents

Securitized Bonds

Securitized bonds are a broad class of bonds whose cash flows are either i) secured or "backed" by, or ii) provided directly by other assets or securities. Asset Backed Securities (ABS), Mortgage Backed Securities (MBS) and Covered bonds are examples of securitized bonds.

Sinking Funds

See *Amortizing Bonds*

Step-coupon

A bond with a step-coupon means that the fixed coupon may step up or step down according to a pre-defined schedule, or subject to the occurrence of a specific event, typically a credit rating upgrade or downgrade.

T

Return to Contents

Total Return Index

The total return index captures all the economic benefits of holding the index constituents in accordance with the methodology, and includes coupon income, principal repayments and changes in the market price.

Y

Return to Contents

Yield to Maturity

A bond's yield to maturity is the return from holding the bond until maturity, assuming that any coupon income is re-invested at the same yield (and that the yield and return are quoted on the same compounding basis, such as "annual" or "semi-annual") The terms: yield, redemption yield and yield to maturity are often used interchangeably. For bonds with uncertain maturity dates yields to call, put or worst may be quoted. These yields work exactly like yield to maturity, with different assumptions for the likely maturity date.

Yield Curve

A yield curve is a graphical depiction of the yields of related bonds with different maturities. The bonds are typically issued by the same issuer, comparable bonds from other issuers operating in the same industry or bonds that have similar credit characteristics.

Z

Return to Contents

Zero-coupon bond

A zero-coupon bond pays no coupons.

Further information

To learn more, visit www.lseg.com/en/ftse-russell/, e-mail info@ftserussell.com or call your regional Client Service team office:

EMEA +44 (0) 20 7866 1810

North America +1 866 551 0617

Asia-Pacific
Hong Kong +852 2164 3333
Tokyo +81 3 3581 2764
Sydney +61 (0) 2 8823 3521

Disclaimer

© 2026 London Stock Exchange Group plc and its applicable group undertakings (“LSEG”). LSEG includes (1) FTSE International Limited (“FTSE”), (2) Frank Russell Company (“Russell”), (3) FTSE Global Debt Capital Markets Inc. “FTSE Canada”, (4) FTSE Fixed Income LLC (“FTSE FI”), (5) FTSE (Beijing) Consulting Limited (“WOFE”), (6) FTSE EU SAS ("FES"). All rights reserved.

FTSE Russell® is a trading name of FTSE, Russell, FTSE Canada, FTSE FI, WOFE, FES and other LSEG entities providing LSEG Benchmark and Index services. “FTSE®”, “Russell®”, “FTSE Russell®”, “FTSE4Good®”, “ICB®”, “Refinitiv”, “WMR™”, “FR™” and all other trademarks and service marks used herein (whether registered or unregistered) are trademarks and/or service marks owned or licensed by the applicable member of LSEG or their respective licensors.

FTSE International Limited is authorised as a Benchmark Administrator and regulated in the United Kingdom (UK) by the Financial Conduct Authority ("FCA") under the UK Benchmark Regulation.
FTSE EU SAS is authorised as a Benchmark Administrator by the Autorité des Marches Financiers (“AMF”) and is supervised by the European Securities and Markets Authority (“ESMA”) under the EU Benchmark Regulation.

All information is provided for information purposes only. All information and data contained in this publication is obtained by LSEG, from sources believed by it to be accurate and reliable. Because of the possibility of human and mechanical inaccuracy as well as other factors, however, such information and data is provided "as is" without warranty of any kind. No member of LSEG nor their respective directors, officers, employees, partners or licensors make any claim, prediction, warranty or representation whatsoever, expressly or impliedly, either as to the accuracy, timeliness, completeness, merchantability of any information or LSEG Products, or of results to be obtained from the use of LSEG products, including but not limited to indices, rates, data and analytics, or the fitness or suitability of the LSEG products for any particular purpose to which they might be put. The user of the information assumes the entire risk of any use it may make or permit to be made of the information.

No responsibility or liability can be accepted by any member of LSEG nor their respective directors, officers, employees, partners or licensors for (a) any loss or damage in whole or in part caused by, resulting from, or relating to any inaccuracy (negligent or otherwise) or other circumstance involved in procuring, collecting, compiling, interpreting, analysing, editing, transcribing, transmitting, communicating or delivering any such information or data or from use of this document or links to this document or (b) any direct, indirect, special, consequential or incidental damages whatsoever, even if any member of LSEG is advised in advance of the possibility of such damages, resulting from the use of, or inability to use, such information.

No member of LSEG nor their respective directors, officers, employees, partners or licensors provide investment advice and nothing in this document should be taken as constituting financial or investment advice. No member of LSEG nor their respective directors, officers, employees, partners, or licensors make any representation regarding the advisability of investing in any asset or whether such investment creates any legal or compliance risks for the investor. A decision to invest in any such asset should not be made in reliance on any information herein. Indices and rates cannot be invested in directly. Inclusion of an asset in an index or rate is not a recommendation to buy, sell or hold that asset nor confirmation that any particular investor may lawfully buy, sell or hold the asset or an index or rate containing the asset. The general information contained in this publication should not be acted upon without obtaining specific legal, tax, and investment advice from a licensed professional.

No part of this information may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without prior written permission of the applicable member of LSEG. Use and distribution of LSEG data requires a licence from LSEG and/or its licensors.

FTSE RUSSELL
An LSEG Business