

# FTSE Russell Index Series Decommissioning Statement

v4.0



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# FTSE Russell Index series decommissioning statement

## 1. Overview

FTSE Russell<sup>1</sup> has a documented procedure which is followed when considering decommissioning a benchmark or index series. These procedures are considered annually by the FTSE Russell Index Governance Board to ensure they are suitable. This document outlines the process which is followed when FTSE Russell considers decommissioning a benchmark or index for one of the families it administers. Additional cessation procedures are required for Critical Benchmarks, which apply to the WMR Closing (4pm UK time) Spot Benchmark Rates– a link to this is included in this document for reference: [Critical Benchmark Methodology Change and Cessation Policy](#).

## 2. Factors considered when evaluating a decommission proposal

FTSE Russell considers a number of matters before reaching a decision to decommission a benchmark or index series. A proposal to decommission an index may be for one of a number of reasons, including:

- Inadequate supply of data;
- Data supply being of poor quality;
- the representativeness of the input data used to determine each benchmark or index, whether this is an automated feed of data, submissions from a panel, or other mechanism or combination of mechanisms;
- Insufficient number of clients using the index;
- Insufficient revenues linked to the index;
- Insufficient number of eligible constituents available for inclusion in the index
- the structure and liquidity of the market underlying each benchmark and index; .

## 3. Index decommissioning process

Any decommissioning proposal is overseen by the FTSE Russell Index Management Board and notified to the relevant Oversight Committee.

Following a proposal to decommission an index, a number of decommissioning steps will be followed to facilitate index users' transition to alternative indices, including:

- Identification of users and usage of the index;

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- Vendor/client notice given at least three months prior to the proposed decommissioning date including an invitation for index users to provide feedback on the proposed decommission. Timelines for the decommission of a custom index are co-ordinated with the client and therefore less notice may be given;
- Dependent on the usage identified and the feedback received following the publication of the notice, the FTSE Russell Index Governance Board will discuss whether a formal, public consultation on the proposed decommissioning would be appropriate;
- In the event that the FTSE Russell Index Governance Board determines to issue a public consultation on the proposed decommissioning the results and any next steps will be notified to affected users;
- GDS notice released three months prior to the proposed decommissioning date for real time indices;
- Follow up vendor/client notices given one month and one week prior to the proposed decommissioning date;
- Final notice issued to confirm index has been decommissioned.

#### 4. Interest and Reference Rate Benchmark decommission procedures

- On becoming aware that due to the reasons listed above or other circumstances that it may be necessary to cease a Benchmark<sup>2</sup>, a detailed analysis is carried out of the estimated breadth and depth of usage, including financial contracts, financial instruments, and funds that reference the Benchmark and the economic and financial stability impact that might result from the cessation of the Benchmark, to ensure that the response is proportionate.
  - The selection of a credible, alternative Benchmark such as, but not limited to, criteria that seek to match to the extent practicable the existing Benchmark's characteristics (e.g. credit quality) will be considered.
  - The practicality of maintaining parallel Benchmarks (where feasible) in order to accommodate an orderly transition to a new Benchmark will be considered.
  - A public consultation will be issued following agreement from the relevant Benchmark Oversight Committee and approved by the FTSE Russell Index Governance Board
  - In all cases, all reasonable steps to ensure that all Users and other stakeholders are made aware as soon as possible of any intention or possible necessity to cease a Benchmark.
  - Following the consultation, a summary of comments received may be published, and a decision on whether to cease or not in a Cessation Notice. All cessations are subject to final approval by the FTSE Russell Index Governance Board.
    - If the decision is to cease, an indicative calendar in the Decommission Notice will be included. The calendar may include a period of suspension, following which any further comments received will be considered before the final cessation of the Benchmark.
  - Typically, Users will be given a six-month notice period prior to the cessation of a benchmark. The exact length of the notice period would take into consideration relevant factors, including but not limited to:
    - the urgency of ceasing the benchmark;
    - the length of time Users need to adequately prepare;
    - technology issues; and
    - legal and / or regulatory provisions

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<sup>2</sup> For the purposes of this section of the document Interest and Reference benchmarks are: FTSE Term SONIA; FTSE IBOR Cash Fallbacks; FTSE Term ESTR; Saudi Arabian Interbank Offered Rate (SAIBOR); Tokyo Swap Rate

- Where possible and appropriate, along with the Decommission Notice, guidance for Users and other stakeholders on potential alternative or replacement Benchmarks will be published.

## 5. Emergency cessation procedures

- It is possible in extremis that circumstances beyond FTSE Russell's control arise which mean that it is necessary to cease an index or benchmark at short notice. This may include a sudden change in circumstances or markets that result in it being impossible to collect sufficient data to produce a viable Benchmark, and impossible to source alternative or back up inputs.

# Further information

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For further information on FTSE Russell Benchmarks and Indices please visit [www.lseg.com/en/ftse-russell/](http://www.lseg.com/en/ftse-russell/) or e-mail [info@ftserussell.com](mailto:info@ftserussell.com). Contact details can also be found on the website.

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