

# Public Minutes

## **FTSE US Fixed Income Advisory Committee**

12 September 2024



**FTSE  
RUSSELL**

An LSEG Business

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## Attendees

**Members:** five (5); apologies: five (5)

**Observers:** three (3)

**FTSE Russell:** eight (8) including the Chair and Committee Secretary

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## Minutes

*Attendees were reminded of their obligations in relation to confidentiality of information, conflicts of interest and competition law. There were no declarations.*

### 1. Statutory governance matters and committee information

#### 1.1 Membership changes

1.1.1 None.

#### 1.2 Minutes

1.2.1 The minutes of the meeting held on Monday 25 March 2024 were approved as presented.

1.2.2 The public minutes of the meeting held on Monday 25 March 2024 were approved as presented.

#### 1.3 Governance

1.3.1 Annual review of the [Statement of Principles for FTSE Fixed Income Indices](#) (presented for endorsement): the advisory committee raised no objections for the minutes to state that the Statement of Principles continue to meet the purpose for which it was designed. There were no changes to the document apart from an update to the disclaimer date.

1.3.2 Updates to the advisory committee Terms of Reference (presented for endorsement): the document accompanied the agenda and included reference to committee oversight of the Tradeweb FTSE closing prices, which FTSE Russell are the benchmark administrator for. The advisory committee endorsed the updated Terms of Reference.

#### 1.4 Action points and matters arising

1.4.1 None.

#### 1.5 Key notices and updates

1.5.1 The methodology notices published since the last meeting were included in the agenda for the advisory committee's information. There were no requests for clarification.

### 2. Tradeweb FTSE Benchmark administered prices

2.1 New future standing agenda item: price data reports (discussed under item 4.2).

2.1.1 FTSE Russell highlighted the publication of the following notices: [Enhancements to the Tradeweb FTSE Closing Price Methodology – Published 17 July 2024](#) and [FTSE Russell and Tradeweb extend benchmark closing prices to US Treasury markets – Published 10 June 2024](#). There were no requests for clarification.

### 3. Fixed Income Country Classification – September 2024 Review

3.1 South Korea – proposal to reclassify from Market Accessibility level 1 to 2, and future inclusion in the FTSE World Government Bond Index (WGBI) (presented for support): an overview of the progress of market reforms implemented over the last two years to enhance market accessibility for international investors was provided in the meeting materials.

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- 3.1.1 In light of the South Korean authorities' implementation of the market infrastructure changes outlined above, FTSE Russell said it proposed to reclassify South Korea from Market Accessibility Level 1 to 2 and announce its future inclusion into the WGBI in the September 2024 review announcement. FTSE Russell invited the committee members to share their feedback on the market accessibility of South Korean government bonds, and whether they had any objections to reclassifying South Korea from Market Accessibility Level 1 to 2. The committee members were asked to also comment on the implementation considerations related to the notice period, phase-in approach, and eligibility of the 50-year tenor bonds if South Korea was included into the WGBI. A discussion took place, and the committee members provided their comments.
- 3.1.1.1 **Summary:** there were no objections to reclassifying South Korea from Market Accessibility Level 1 to 2. Any final decisions on the Watch List markets were subject to approval by the relevant FTSE Russell internal governance forums.
- 3.2 India – proposal to reclassify from Market Accessibility Level 0 to 1, and potential inclusion in the FTSE Emerging Markets Government Bond Index (EMGBI) (presented for support): India was placed on the Watch List at the March 2021 FTSE Fixed Income Country Classification Review, subsequent to the launch of the Fully Accessible Route (FAR) scheme, which allows foreign investors to access a select list of government securities under the category of FAR, without investment ceilings.
- 3.2.1 An overview of the evolution of the FAR scheme, and improvements made in the processes for account opening, registration, tax clearance, and margin financing for international investors were included in the meeting materials.
- 3.2.2 FTSE Russell said that it proposed to reclassify India from Market Accessibility Level 0 to 1 and to announce its inclusion into the EMGBI in the September 2024 review announcement. FTSE Russell invited the committee members to share their feedback on other features of the market accessibility of the Indian government bond market that impacted accessibility, and whether they had any objections to reclassifying India from Market Accessibility Level 0 to 1. The committee members were asked to also comment on any impact to international investors of the recently announced changes to specified securities that qualified under the FAR scheme. A discussion took place, and the committee members provided their comments.
- 3.2.2.1 **Summary:** committee members were generally supportive of the proposal to reclassify India from Market Accessibility Level 0 to 1, and to announce its inclusion into the EMGBI. Any final decisions on the Watch List markets were subject to approval by the relevant FTSE Russell internal governance forums.
- 3.2.3 *Post-meeting note:* [FTSE Fixed Income Country Classification – September 2024 Semi-Annual Review Results Announcement – Published 08 October 2024](#) and [Exclusion of 50-year Tenor Bonds from the FTSE Korean Government Bond Index – Published 30 October 2024](#).
- 3.3 Summary of Q2-Q3 2024 market engagement meetings (presented for information): the market engagement summary was duly noted.
- 3.4 Annual review of the local currency amount outstanding minimums by local currency market (presented for information): in September, as part of the Fixed Income Country Classification annual review, the minimum bond-level amount outstanding amounts are reviewed to ensure that the indices remain representative of the local market structures they are designed to track. These amounts are based on prevailing domestic issuance patterns and benchmark sizes for each local currency fixed-rated and inflation-linked market that is eligible for a FTSE fixed income index. Bond-level amount outstanding amounts are incorporated into respective index methodologies and at times, may require recalibration to ensure these levels are in line with contemporary market structures and debt issuance programmes. FTSE Russell proposed no changes to the current amount outstanding thresholds as part of the September 2024 annual review. There were no comments.

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- 3.5 Annual review of Emerging and Developed market designations within FTSE fixed income indices (presented for information): for the purposes of inclusion in FTSE Emerging Markets (EM) hard and local currency fixed income indices, a market is considered to be emerging if it is defined by the International Monetary Fund (IMF) to be among “emerging and developing economies” or if it is defined by the World Bank to be among “low-income economies”, “lower-middle-income economies” or “upper-middle-income economies”. Updates to the EM list are made on an annual basis each September, based on updated data from the IMF and World Bank. FTSE Russell confirmed that there were no changes to the IMF and World Bank designations that resulted in a change to the Emerging and Developed Market Designations within the FTSE Fixed Income Indices as part of the September 2024 annual review. There were no comments.
- 4. Index methodology and policy**
- 4.1 Tradeweb FTSE Bond Pricing for UK Gilts, European Government Bonds and US Treasuries (presented for discussion): FTSE Russell, as the benchmark administrator, was responsible for the governance and oversight of the calculation of the closing bond prices by Tradeweb. The closing prices were administered in accordance with the EU and UK Benchmark Regulation and the IOSCO Principles for Financial Benchmarks.
- 4.1.1 The FTSE regional fixed income advisory committees provided external oversight to these methodologies and may be asked to provide their feedback on methodology changes. Tradeweb data pricing reports for Tradeweb FTSE UK Gilts Closing Prices, with relevant details of price contributions by market makers, have been provided to the EMEA advisory committees for several years. As part of this agenda item, FTSE Russell invited the committee members for their feedback on the content of these reports to ensure that the most appropriate, relevant data points were provided for continued monitoring. A discussion took place, and the committee members provided their comments.
- 4.1.1.1 **Next steps:** a pricing report template, tailored to the prevailing pricing methodology, to be presented as a standard agenda item from the March 2025 committee meeting.
- 4.2 Three other methodology items were discussed.
- 5. AOB**
- 5.1 There was no other business.
- 6. Meeting dates** for the 2025 meetings was included in the agenda and duly noted.
- 6.1 2025: 19 March / 17 September

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