

UPDATE: Impact of Recent Russian Sanctions on FTSE Fixed Income Indices

FTSE Russell has been actively monitoring the impact of sanctions imposed by the United States, European Union and United Kingdom on Russian government bonds and Russian entities on FTSE fixed income indices.¹ FTSE Russell also acknowledges the recent imposition of capital controls by the Central Bank of Russia.

FTSE Russell has received feedback from market participants and its FTSE fixed income external advisory committees on the impact of the current environment for international investors. This feedback has indicated a complete inability for international investors to repatriate bond proceeds in ruble and non-ruble denominated assets from the Russian government and Russian bond-issuers. In turn, this has resulted in either a complete or near complete lack of price discovery mechanisms for such securities. Additionally, FTSE Russell has noted the corresponding significant impairment of the ruble foreign exchange market.

FTSE Russell's Index Governance Board has deemed the imposition of the sanctions by the United States, the European Union and the United Kingdom, along with the sudden imposition of the aforementioned capital controls by the Russian government, to constitute a market disruption event. In making this determination, FTSE Russell has acted in accordance with its published [FTSE Fixed Income Index Statement of Principles](#) and the [FTSE Fixed Income Country Classification Framework](#).² The FTSE Fixed Income Country Classification Framework allows for the following:

"In the case of a market disruption event (i.e., the sudden imposition of prohibitive capital controls), FTSE Russell will reference its Statement of Principles to determine whether an off-cycle review of Market Accessibility Levels should be triggered."

FTSE Russell has assessed the market against its published Fixed Income Country Classification criteria and announces that the Market Accessibility Level for local currency, fixed-rate Russian government bonds will change from "1" to "Unassigned", effective immediately.

FTSE Russell announces the following handling with respect to the FTSE fixed income indices:

- All ruble and non-ruble denominated Russian government bonds, and hard currency bonds issued by Russian domiciled issuers will be excluded from all FTSE fixed income indices, effective as of March 2022 month-end (April 2022 index profiles).
- The price and accrued interest for all ruble-denominated government bonds, hard currency domestic ("RU" ISINs) government bonds and explicitly sanctioned Russian entities will be set to zero, effective as of 07 March 2022. This is in recognition of the practical impact of the capital controls imposed by the Russian government on investors.

¹ FTSE Russell previously published an [announcement](#) on 25 February 2022 regarding the impact to its fixed income indices.

² The FTSE Fixed Income Country Classification Framework is a robust, evidence-drive and process-oriented framework for assessing the index eligibility of local currency government bond markets and assigns a Market Accessibility Level for each country based on a transparent and publicly available set of criteria. Market Accessibility Levels are incorporated in the index rules for flagship FTSE multi-currency bond indices, including the FTSE Emerging Markets Government Bond Index (EMGBI).

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- FTSE Russell will continue to monitor evolving market conditions and reflect updated prices for USD-denominated international ("US" ISINs) Russian government bonds and hard currency bonds issued by Russian domiciled issuers through March 2022 month-end to the extent that this is feasible.

These changes will be reflected in the FTSE Emerging Markets Government Bond Index (EMGBI), the FTSE World Broad Investment Grade Index (WorldBIG), the FTSE US Broad Investment Grade Index (USBIG), FTSE Emerging Markets USD Broad Bond Index (EMUSDBBI), FTSE Euro Broad Investment Grade Index (EuroBIG), the FTSE Eurodollar Index and derived indices.³ Index users are encouraged to contact FTSE Russell regarding the impact to any custom indices. The remainder of this announcement provides further details on impacted securities.

The aforementioned index handling for FTSE fixed income indices is consistent with the [treatment announced for FTSE Russell equity indices on 02 March 2022](#).

Details of Impacted Russian Government Bonds included in FTSE Fixed Income Indices

As of 28 February 2022, 26 RUB-denominated Russian government bonds with RUB 9,116.0 billion (USD 85.0 billion) in par amount outstanding were included in the FTSE Emerging Markets Government Bond Index (EMGBI), comprising 1.90% of the index on a market value weighted basis. These securities will exit FTSE fixed income indices at March 2022 month-end with price and accrued interest set to zero. Figure 1 provides further details on these securities.

Figure 1. Details of Impacted Local Currency Russian Government Bonds Included in FTSE Fixed Income Indices

ISIN	Issuer	Coupon	Maturity Date	Currency	Par Value*
RU000A0JU4L3	Russia Govt	7.000	8/16/2023	RUB	250.0
RU000A101FA1	Russia Govt	5.300	10/04/2023	RUB	151.5
RU000A0ZYU88	Russia Govt	6.500	2/28/2024	RUB	339.4
RU000A1007F4	Russia Govt	7.400	7/17/2024	RUB	400.0
RU000A0JXQF2	Russia Govt	7.100	10/16/2024	RUB	350.0
RU000A101QE0	Russia Govt	4.500	7/16/2025	RUB	496.7
RU000A100EG3	Russia Govt	7.150	11/12/2025	RUB	450.0
RU000A0JWM07	Russia Govt	7.750	9/16/2026	RUB	350.0
RU000A0ZZYW2	Russia Govt	7.950	10/07/2026	RUB	350.0
RU000A0JS3W6	Russia Govt	8.150	2/03/2027	RUB	350.0
RU000A1014N4	Russia Govt	6.000	10/06/2027	RUB	450.0

³ For avoidance of doubt, impacted bonds will be removed from FTSE fixed income sustainable indices.

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Index Announcements | 04 March 2022

RU000A0JTK38	Russia Govt	7.050	1/19/2028	RUB	350.0
RU000A102BT8	Russia Govt	5.700	5/17/2028	RUB	500.0
RU000A1038Z7	Russia Govt	6.700	3/14/2029	RUB	351.1
RU000A0ZYUA9	Russia Govt	6.900	5/23/2029	RUB	350.0
RU000A100A82	Russia Govt	7.650	4/10/2030	RUB	450.0
RU000A1028E3	Russia Govt	5.900	3/12/2031	RUB	483.8
RU000A103901	Russia Govt	6.900	7/23/2031	RUB	435.3
RU000A0JWV48	Russia Govt	8.500	9/17/2031	RUB	250.0
RU000A0JXFM1	Russia Govt	7.700	3/23/2033	RUB	350.0
RU000A0ZYUB7	Russia Govt	7.250	5/10/2034	RUB	350.0
RU000A101F94	Russia Govt	6.100	7/18/2035	RUB	450.0
RU000A103BR0	Russia Govt	7.000	7/30/2036	RUB	219.3
RU000A100EF5	Russia Govt	7.700	3/16/2039	RUB	300.0
RU000A1038V6	Russia Govt	7.100	5/15/2041	RUB	126.3
RU000A100MY9	Russia Govt	0.250	7/20/2044	RUB	212.6

* in RUB billions. Source: FTSE Russell. Data as of 28 February 2022.

As of 28 February 2022, 10 USD-denominated Russian government bonds with USD 31.1 billion in par amount outstanding were eligible for the FTSE US Broad Investment Grade Index (USBIG) and FTSE Emerging Markets USD Broad Bond Index (EMUSDBBI), comprising 0.04% and 0.54% of these indices, respectively, on a market value weighted basis. These securities were also included in other FTSE fixed income indices that derive their membership from the USBIG and EMUSDBBI, such as the FTSE World Broad Investment Grade Index (WorldBIG) and FTSE EM USD Government Bond Index (EMUSDGBI). These securities will be excluded from FTSE fixed income indices at March 2022 month-end.

Figure 2 provides further details of the domestic securities that will be removed from the index with price and accrued interest set to zero and Figure 3 provides further details of the international securities where pricing will be monitored through March 2022 month-end.

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Figure 2. Details of Impacted USD-Denominated Russian Government Domestic Bonds in FTSE Fixed Income Indices

ISIN	Issuer	Coupon	Maturity Date	Currency	Par Value*
RU000A0JWHB2	Russia Govt	4.750	5/27/2026	USD	3,000.0
RU000A0JXTT7	Russia Govt	4.250	6/23/2027	USD	2,404.6
RU000A0ZYYP9	Russia Govt	4.375	3/21/2029	USD	3,000.0
RU000A1006T7	Russia Govt	5.100	3/28/2035	USD	4,000.0
RU000A0JXU22	Russia Govt	5.250	6/23/2047	USD	7,000.0

* in USD millions. Source: FTSE Russell. Data as of 28 February 2022.

Figure 3. Details of Impacted USD-Denominated Russian Government International Bonds in FTSE Fixed Income Indices

ISIN	Issuer	Coupon	Maturity Date	Currency	Par Value*
US78307ADG58	Russia Govt	4.875	9/16/2023	USD	3,000.0
US78307AAE38	Russia Govt	12.750	6/24/2028	USD	2,499.9
US78307ACZ49	Russia Govt	7.500	3/31/2030	USD	1,720.7
US78307ADE01	Russia Govt	5.625	4/04/2042	USD	3,000.0
US78307ADH32	Russia Govt	5.875	9/16/2043	USD	1,500.0

* in USD millions. Source: FTSE Russell. Data as of 28 February 2022.

As of 28 February 2022, four EUR-denominated Russian government domestic bonds with EUR 5.3 billion in par amount outstanding were eligible for the FTSE Euro Broad Investment Grade Index (EuroBIG), comprising 0.02% of the index on a market value weighted basis. These securities were also included in other FTSE fixed income indices that derive their membership from the EuroBIG, such as the FTSE World Broad Investment Grade Index (WorldBIG). These securities will be removed from FTSE fixed income indices at March 2022 month-end with price and accrued interest set to zero. Figure 4 provides further details on these securities.

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Figure 4. Details of Impacted EUR-Denominated Russian Government Domestic Bonds in FTSE Fixed Income Indices

ISIN	Issuer	Coupon	Maturity Date	Currency	Par Value*
RU000A0ZZVE6	Russia Govt	2.875	12/04/2025	EUR	1,750.0
RU000A102CK5	Russia Govt	1.125	11/20/2027	EUR	1,250.0
RU000A102CL3	Russia Govt	1.850	11/20/2032	EUR	1,250.0
RU000A1034K8	Russia Govt	2.650	5/27/2036	EUR	1,000.0

* in EUR millions. Source: FTSE Russell. Data as of 28 February 2022.

Impact of Bonds Issued by Non-Government Russian Entities included in FTSE Fixed Income Indices

Following a comprehensive review of the index inclusion of hard currency bonds issued by Russian-domiciled non-government entities, a full list of impacted securities will be published to index users in due course and with sufficient notice in advance of March 2022 month-end rebalances.

For the avoidance of doubt, FTSE Russell confirms that the four securities listed in Figure 5 that are subject to explicit sanctions will be removed from FTSE fixed income indices with price and accrued interest set to zero at the March 2022 month-end rebalance.

Figure 5. Details of Securities Issued by Explicitly Sanctioned Russian Entities

ISIN	Issuer	Coupon	Maturity Date	Currency	Par Value*
US91821XAD57	VEB Finance PLC	6.800	11/22/2025	USD	1,000.0
US91822CAC29	VEB Finance PLC	5.942	11/21/2023	USD	1,150.0
US78397MAA62	SCF Capital DAC	3.850	4/26/2028	USD	430.0
US78403LAB80	SCF Capital DAC	5.375	6/16/2023	USD	498.4

* in USD millions. Source: FTSE Russell. Data as of 28 February 2022.

FTSE Russell continues to monitor the rapidly evolving situation and welcomes feedback from index users and other stakeholders on the content of this announcement.

Please contact us at fi.index@lse.com with any feedback, comments or questions.

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