

Change to Market of Issue Eligibility Criteria for GBP- and JPY-Denominated Credit Bonds in the FTSE World Broad Investment-Grade Bond Index

After a thorough review of the market of issue criteria for GBP- and JPY-denominated credit¹ bonds in the FTSE World Broad Investment Grade Index (WorldBIG), FTSE Russell announces a change to the manner in which a bond's placement is assessed for purposes of index inclusion for these asset classes.

According to existing index methodology, the FTSE WorldBIG Index includes GBP- and JPY-denominated credit bonds as part of the component FTSE Eurosterling and FTSE Euroyen Indices; these indices include bonds issued in the "eurosterling, euroyen and global markets". Effective with March 2023 index profiles, the FTSE WorldBIG Index will include securities issued in both domestic and international markets², broadening the credit coverage for GBP- and JPY-denominated credit bonds in the index.

This change aligns the market of issue eligibility criteria across the USD-, EUR-, GBP- and JPY-denominated credit sectors in the FTSE WorldBIG Index and will be implemented as follows:

- The FTSE Eurosterling Index component of the FTSE WorldBIG Index will be replaced with the credit component of the FTSE UK Broad Investment Grade Index (UKBIG);
- The credit component of the FTSE Japanese Broad Investment Grade Index (JPBIG) will be added to the FTSE WorldBIG Index. The FTSE Euroyen Index will continue to be an eligible sub-index for the FTSE WorldBIG.

FTSE Russell also announced that the FTSE Eurosterling Index will be retired effective March 31, 2023.

As a result of the change, 146 GBP-denominated securities with GBP 75.3 billion in par amount outstanding (USD 91.6 billion in par amount outstanding) and 162 JPY-denominated securities with JPY 11,693.6 billion in par amount outstanding (USD 87.5 billion in par amount outstanding) representing 0.22% and 0.20%, respectively, of the index on a market value weighted basis as of July 31, 2022. Further details on the projected impact of this change can be found in Figures 1 and 2.

¹ Credit is defined as securities with a corporate Global Industry Classification Code (GLIC) and quasi-government GLICs (sovereign guaranteed, government sponsored, regional government, regional government guaranteed and regional government sponsored) and a Corporate Bond Sector Code (COBS) of Foreign Sovereign.

² Private placements will continue to be excluded from the index.

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Figure 1. Projected Impact of the Change for the FTSE World Broad Investment-Grade Credit Index by Industry Classification

	WorldBIG Index			Projected WorldBIG Index			Difference		
	Count	Market Value*	MV%	Count	Market Value*	MV%	Count	Market Value*	MV%
Quasi-Government	2,201	3,694.3	29.50	2,283	3,741.2	29.44	82	47.0	-0.06
Corporate									
Financial	3,447	3,322.1	26.53	3,568	3,405.5	26.80	121	83.4	0.27
Industrial	5,110	4,402.4	35.15	5,185	4,442.6	34.96	75	40.2	-0.20
Utility	1368	1,105.1	8.82	1,398	1,119.5	8.81	30	14.5	-0.01
Total	12,126	12,523.8	100.00	12,434	12,708.8	100.00	308	185.0	0.00

*in USD billions. Source: FTSE Russell. Data are as of July 31, 2022.

Figure 2. Projected Impact of the Change for the FTSE World Broad Investment-Grade Credit Index by Currency

	WorldBIG Index			Projected WorldBIG Index			Difference		
	Count	Market Value*	MV%	Count	Market Value*	MV%	Count	Market Value*	MV%
US Dollar	6,765	7,443.0	59.43	6,765	7,443.0	58.57	-	-	-0.87
European Euro	4,595	4,543.8	36.28	4,595	4,543.8	35.75	-	-	-0.53
UK Sterling	733	519.9	4.15	879	615.2	4.84	146	95.3	0.69
Japanese Yen	33	17.1	0.14	195	106.8	0.84	162	89.7	0.70
Total	12,126	12,523.8	100.00	12,434	12,708.8	100.00	308	185.03	-

*in USD billions. Source: FTSE Russell. Data are as of July 31, 2021.

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

FTSE Russell

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