

Inclusion of Eurozone Sovereign Bonds to the FTSE Euro Broad Investment-Grade Bond Index

The FTSE Euro Broad Investment-Grade Bond Index (EuroBIG[®]), according to its published methodology, includes only those domestic sovereign bonds that are included in the Eurozone sector of the FTSE World Government Bond Index (WGBI). Currently, these markets include Austria, Belgium, Finland, France, Germany, Ireland, Italy, the Netherlands, and Spain. Due to an incorrect sector classification, 15 domestic sovereign government bonds issued by Latvia and Cyprus are classified as foreign sovereign and have been included to the EuroBIG Index. The total par amount outstanding for these securities in the June profile is €13.7 billion which represents 0.1% of the index in market weight.

We invite index users to provide feedback on the appropriateness of inclusion of EUR-denominated domestic sovereign bonds that are not eligible for the WGBI due to its minimum market size, credit quality, or Market Accessibility Level to the EuroBIG Index, as well as the minimum issue size that should be applied to these bonds should they be included¹. Note that the minimum issue size criteria for domestic sovereign bonds that are included to the FTSE WGBI is EUR 2.5 billion amount outstanding – FTSE Russell are not considering a change to this criteria at this time.

The following table provides EUR domestic sovereign markets that are not eligible for the WGBI, but have securities that meet other inclusion criteria for the EuroBIG Index using a EUR 500 million amount outstanding threshold. If included to the EuroBIG Index, these bonds would represent 0.8% of the index by market weight.

	Number of Issues	Outstanding Amount (in \$ billion)
Total	51	74.86
Cyprus	6	6.35
Latvia	9	7.35
Lithuania	6	5.30
Slovakia	17	32.01
Slovenia	13	23.86

Source: FTSE Russell. Data as of May 31, 2019. The impact to the index may be different from the impact quantified as of May 31, 2019 in this Figure.

As FTSE Russell solicit feedback from users on this consideration, the 15 domestic Eurozone sovereign bonds currently included to the EuroBIG Index will remain eligible.

Please contact us at fi.index@ftserussell.com with any comments or questions.

FTSE Russell

¹ The amount outstanding minimum applied to non-WGBI bonds in other sectors of the EuroBIG Index is currently EUR 500 million.

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