

Eligibility of Contingent Capital Bonds for the FTSE Fixed Income Indexes

Based on feedback from index users gathered through our formal governance processes, FTSE Russell would like to clarify the eligibility of contingent convertible capital bonds that count towards bank regulatory capital for the FTSE Fixed Income Indexes. Securities that convert to common equity or suffer principle write-downs based on explicit balance-sheet or regulatory capital pre-specified triggers are not eligible for the index. Securities that can be converted at the discretion of local regulators are eligible provided that they meet other index inclusion criteria.

Effective with the January 2020 profile, several securities with such mechanical triggers will be removed from the following FTSE fixed income indexes:

Index	Number of Issues	Par Amount	Market Weight (%)
FTSE Asian Broad Bond Index	1	\$300 million	0.04
FTSE Emerging Market Broad Bond Index	11	\$7.10 billion	0.40
FTSE Euro Broad Investment-Grade Bond Index	3	€2.30 billion	0.02
FTSE Euro High-Yield Markets Index	28	\$19.30 billion	5.60

Data as of October 2019 index.

Additionally, FTSE Russell have identified several bonds that are convertible at the discretion of local regulators and do not have a mechanical trigger, which will be added to the following indexes. These changes will also be effective with the January 2020 profile.

Index	Number of Issues	Par Amount	Market Weight (%)
FTSE Asian Broad Bond Index	1	\$400 million	0.05
FTSE Australia Broad Investment-Grade Bond Index	1	\$150 million	0.02
FTSE Emerging Markets Broad Bond Index	1	\$400 million	0.02
FTSE Euro Broad Investment-Grade Bond Index	9	€8.4 billion	0.08
FTSE Eurodollar Index	2	\$2.8 billion	0.05
FTSE US Broad Investment-Grade Bond Index	6	\$7.9 billion	0.04

Data as of October 2019 index.

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

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