

## FTSE Fixed Income Indexes Market Consultation: Index Adjustments for Government Holdings

FTSE Russell have been closely monitoring the evolving global fixed income markets and index considerations related to recent market structure changes. We have received several inquiries regarding index adjustments for government holdings in the FTSE World Government Bond Index (WGBI) and the FTSE World Inflation-Linked Securities Index (WorldILSI), and indexes that derive their membership from them. We would like to canvass the views of market participants on this topic as it relates to current index handling for several markets and invite comments by Friday May 15, 2020.

### Adjustment of Index Weights for Government Bond Holdings

Under existing index rules, bond-level amount outstanding amounts are adjusted for government holdings for the US, UK and Japan nominal bonds in the FTSE World Government Bond Index (WGBI), and are adjusted for government holdings for Japan inflation-linked bonds in the FTSE World Inflation-Linked Securities Index (WorldILSI).

FTSE Russell would like to solicit feedback on the following changes:

- Adjustment of bond weights for Canadian nominal government bonds for amounts held by the Bank of Canada at primary auction in the FTSE WGBI.<sup>1</sup>
- Adjustment of bond weights for Eurozone government bonds for individual Eurozone member government holdings in the FTSE WGBI. Note that the amount outstanding for Eurozone government bonds are not adjusted for purchases by the European Central Bank.
- Adjustment of bond weights for US Treasury Inflation Protected Securities (TIPS) for holdings in the Federal Reserve SOMA account in the FTSE WorldILSI.
- Adjustment of bond weights for UK Inflation-Linked Gilts for Bank of England holdings in the FTSE WorldILSI.

FTSE Russell would also like to seek feedback on user preferences for implementation of the above changes.

If you would like to provide feedback, please contact [fi.index@ftserussell.com](mailto:fi.index@ftserussell.com).

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<sup>1</sup> Published WGBI methodology references adjustments for Canadian government bonds specifically as “Bank of Canada Cash Management bond buybacks”. This specific program has recently been discontinued by the Bank of Canada. FTSE Russell clarifies that the activities of its replacement, a new secondary market purchase program announced on 27 March 2020 are currently being adjusted for.

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