

## FTSE Fixed Income Country Classification – Timing of the September 2020 Annual Announcement

FTSE Russell announces that the FTSE Fixed Income Country Classification Annual Announcement will be published on Thursday 24 September 2020 (after U.S. market close).

The FTSE Fixed Income Country Classification Framework assigns a Market Accessibility Level of 0, 1 or 2, with 2 representing the highest level of accessibility to foreign investors of local currency and fixed-rate government bond markets. The Market Accessibility Levels are incorporated in the index inclusion rules for the FTSE World Government Bond Index (WGBI), FTSE Emerging Markets Bond Index (EMGBI) and indexes that derive their membership from them.

To ensure transparency, local fixed income government bond markets that are being considered for potential reclassification of these Market Accessibility Levels are placed on the FTSE Watch List.

The following markets were designated as Watch List markets as of March 2020:

- China - possible reclassification from Market Accessibility Level 1 to 2
- Malaysia - possible reclassification from Market Accessibility Level 2 to 1.

As part of the September annual review, objective index inclusion criteria (market size and credit rating) and fixed income emerging and developed markets designations are also assessed to ensure a consistent approach to market inclusion. FTSE Russell notes the following with respect to anticipated index inclusion changes due to the objective criteria assessments:

- New Zealand - as of the fixing date for September profiles (24 August 2020), the New Zealand fixed-rate government bond market size totaled USD 50.0 billion, EUR 42.3 billion and JPY 5.3 trillion, surpassing the market size minimum for inclusion to the FTSE WGBI.<sup>1</sup> New Zealand had previously met the credit rating and market accessibility level requirements for inclusion. The Annual Announcement will confirm the details of the resulting index changes, along with relevant implementation details allowing for at least a six months notice period between announcement and implementation.

Ahead of the publication of the Annual Announcement, FTSE Russell consults with members of the Regional Fixed Income Advisory Committees, the Policy Advisory Board and other stakeholders. Feedback received is considered, and the Annual Announcement approved, at a meeting of the FTSE Russell Product Governance Board.

<sup>1</sup> Market size is determined based on par amount outstanding as of the month-end prior to the September annual review. To qualify for entry to the FTSE WGBI, the amount outstanding of a market's eligible issues must total at least USD 50 billion, EUR 40 billion and JPY 5 trillion based on the September profile.

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The key dates leading to the September 2020 Annual Announcement are as follows:

Tuesday 8 September	Joint meeting of the Regional Fixed Income Advisory Committees
Thursday 24 September	Policy Advisory Board
Thursday 24 September	FTSE Russell Product Governance Board
Thursday 24 September	Release of the September 2020 FTSE Fixed Income Country Classification Annual Announcement (after U.S. market close).

The Annual Announcement will be sent to clients via a client notice and published on the FTSE Russell website at: <https://www.ftserussell.com/fixed-income-country-classification>.

Please contact us at [fi.index@ftserussell.com](mailto:fi.index@ftserussell.com) with any comments and questions.

FTSE Russell

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