



Change to Exempt Authority in FTSE MPF World Government Bond Index

On June 01, 2022, the Hong Kong Legislative Council approved the proposal to classify Central People’s Government (CPG) and Mainland policy banks as exempt authorities, effective June 2, 2022. More details can be found at [MPFA welcomes the approval of the legislative amendments to facilitate MPF investment in debt securities issued by the Central People’s Government, People’s Bank of China and Mainland policy banks - MPFA](#).

Based on the ground rules of the FTSE MPF World Government Bond Index (MPFWGBI), under the amended regulation approved by the Hong Kong Legislative Council, all Chinese government bonds currently in the FTSE World Government Bond Index (WGBI) will be eligible for inclusion in the MPFWGBI and will not be subject to the 10% issuer cap currently imposed on a “non exempt authority” (MPFWGBI applies a 9% cap to allow a buffer for intra-month market movements). There will be no change to other sovereign bonds in the MPFWGBI.

FTSE Russell will apply the new regulation pertaining to the “exempt authority” to the MPFWGBI, effective from the July 2022 profile. Based on the June profile with May 31, 2022 pricing, the number of Chinese government bonds in the MPFWGBI will increase from 5 to 57 and the weight of China in the MPFWGBI will increase from 0.09% to 1.94%. More information on the MPFWGBI can be found via this link: https://www.yieldbook.com/x/ixFactSheet/factsheet_monthly_mpfwgbi_en_US.pdf

The table below compares the current MPFWGBI and new MPFWGBI for the June 2022 index profile, including a country level breakdown.

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Country	# of Issues	Yield	Modified Duration	Current Weight (%)	New Weight (%)	Weight Difference
Current MPFWGBI	982	2.19	7.73	100.00		
New MPFWGBI	1034	2.20	7.58		100.00	
United States	263	2.78	6.38	49.12	48.12	-1.00
Japan	210	0.40	11.72	9.00	9.00	0.00
France	47	1.31	8.31	8.81	8.63	-0.18
Germany	56	0.87	7.71	6.60	6.47	-0.13
Italy	46	2.43	7.08	5.23	5.12	-0.11
United Kingdom	55	2.11	12.18	5.10	5.00	-0.10
Spain	29	1.68	7.01	3.63	3.56	-0.07
Canada	39	2.77	7.17	2.04	2.00	-0.04
China (Current)	5	2.14	2.24	0.09		1.85
China (New)	57	2.55	5.58	-	1.94	
Netherlands	22	1.13	8.37	1.74	1.70	-0.04
Belgium	21	1.35	8.16	1.59	1.55	-0.03
Australia	26	3.22	7.34	1.53	1.50	-0.03
Austria	28	1.25	9.09	1.28	1.26	-0.03
Mexico	13	8.85	5.00	0.78	0.76	-0.02
Ireland	17	1.38	8.53	0.68	0.67	-0.01
Finland	21	1.27	8.01	0.53	0.52	-0.01
Singapore	19	2.55	7.43	0.44	0.43	-0.01
Poland	15	6.61	3.87	0.43	0.42	-0.01
Denmark	8	1.30	8.95	0.38	0.38	-0.01
Malaysia	18	3.92	5.74	0.29	0.29	-0.01
Sweden	8	1.48	5.74	0.27	0.27	-0.01
Israel	7	2.53	7.72	0.23	0.22	0.00
Norway	9	2.58	4.97	0.21	0.21	0.00

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

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