



FTSE Eurozone Index Series - Methodology Change

FTSE Russell announces few changes to the methodology and publication of the FTSE Eurozone Bond Index Series, which was previously branded as the FTSE MTS Bond Index Series.

The changes detailed in this announcement incorporate feedback gathered from market participants during a market consultation opened by FTSE Russell on June 21, 2021. During this consultation, FTSE Russell engaged with index stake holders to consider several elements of the design and methodology for this index series including the pricing methodology and sources, index calculation frequency, index eligibility criteria, and index rebalancing mechanics.

Changes to Production of FTSE Eurozone Bond Index Series

Currently, index levels for the FTSE Eurozone Bond Index Series are published at 11:00 CET, 16:00 CET and 17:15 CET. FTSE Russell has reviewed usage and dependencies on these levels, and will publish a single set of files, representing a 17:15 CET snap time effective 10 October 2022. This change is intended to streamline operational efficiencies and reduce overhead for the index series.

Please see the attached detailed product files to be decommissioned after the close of business on Friday 7 October 2022. ([FR-458597_-_Product-Decommission.xlsx](#))

Real-time dissemination

With effect from 10 October 2022 the real-time dissemination of these indices will be discontinued.

Monthly Rebalancing

Currently, selections for the index portfolios and their weights are established using market data at 11:00 CET. With the proposed change the selection of the index portfolios and their weights will use the market data as at end of day i.e. 17:15 CET.

Price Source Change and Projected Index Impact

Currently, FTSE Russell assigns security prices for the FTSE Eurozone Bond Index Series based on the FTSE MTS Pricing Methodology, which uses prices from the MTS platforms. Effective 10 October 2022, prices will be provided by Refinitiv. Prices in the FTSE Eurozone Bond Index Series will continue to represent a bid-side price as of 17:15 (CET) time, unless otherwise stated in published index methodologies. FTSE Russell will make sample data for the new price source available upon request.

The price source change follows extensive due diligence of the proposed new price source, a process which comprised qualitative and quantitative assessments, comparisons with the current pricing methodology, and consultation with index users as part of the market consultation. The change ensures the continued tracking of

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Eurozone fixed income markets in an accurate, representative manner through the provision of best-in-class indices that are underpinned by high quality data.

Index analytics, such as modified duration and yield, will continue to be calculated in accordance with existing index conventions and formulae. Index users should not anticipate any changes to file format or distribution channels as a result of the price source change. We anticipate that the single set of index files reflecting a 17:15 (CET) index pricing snap time will be distributed by 18:45 (CET).

Figure 1 provides a projected impact assessment for the select flagship indices in the FTSE Eurozone Bond Index Series.

1. Impact of the price source change for select FTSE Eurozone Bond Indices

	Market Value (€ BN)	MV Weight (%)	Bond Count	Average Price New (Refinitiv)	Average Price Current (FTSE MTS)	Difference
Eurozone Government Bond Index	320256	100.00	187	110.76	110.73	0.03
Eurozone Government Bond 1-3Y Index	36994	11.55	20	105.73	105.70	0.03
Eurozone Government Bond 3-5Y Index	39614	12.36	19	103.01	103.05	0.02
Eurozone Government Bond 5-7Y Index	39993	12.49	20	106.76	106.76	0.00
Eurozone Government Bond 7-10Y Index	36335	11.35	20	97.91	97.88	0.03
Eurozone Government Bond 10-15Y Index	36668	11.46	20	125.66	125.54	0.12
Eurozone Government Bond 25+Y Index	45708	14.26	40	99.13	99.24	0.11
Eurozone Covered Bond Index	19779	100.00	166	97.45	97.50	0.05
Eurozone Covered Bond 1-3Y Index	5980	30.25	47	101.67	101.68	0.01
Eurozone Covered Bond 3-5Y Index	5342	27.01	43	98.71	98.74	0.03
Eurozone Covered Bond 5-7Y Index	3979	20.12	36	95.84	95.88	0.04
Eurozone Covered Bond 7-10Y Index	3121	15.78	29	88.76	88.81	0.05
Eurozone Covered Bond 10-15Y Index	1358	6.85	11	98.57	98.89	0.32

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Eurozone Government Bill 0-12M Index	54722	100.00	83	100.14	100.14	0.00
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Update to Listing Status Inclusion Rule

Currently, to be eligible for the FTSE Eurozone Bond Index Series, a security must be listed on the MTS Platform. This will no longer be an eligibility criteria with effect from November for the monthly rebalanced indices and 14 October 2022 for the weekly rebalanced. FTSE Russell does not anticipate that there will be any impact for this change to index inclusion.

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