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# FTSE MTS Deposit Index Series

v2.2

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## Section 1

# Introduction

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### 1.0 Introduction

#### 1.1 The FTSE MTS Index Structure

1.1.1 FTSE MTS Indexes are a set of benchmarks for the European sovereign bond market. The indexes are calculated and distributed by FTSE Russell.

1.2 The FTSE MTS Deposit Index Series does not take account of ESG factors in its index design.

#### 1.3 IOSCO

1.3.1 FTSE International Limited (FTSE) considers that the FTSE MTS Deposit Index Series (the Index Series) meets the IOSCO Principles for Financial Benchmarks as published in July 2013.

Full details can be accessed at [www.iosco.org](http://www.iosco.org).

Details of FTSE Russell's Statement of Compliance with respect to the IOSCO Principles can be accessed using the following link:

[IOSCO Statement of Compliance](#).

1.4 FTSE Russell hereby notifies users of the index series that it is possible that circumstances, including external events beyond the control of FTSE Russell, may necessitate changes to, or the cessation of, the index series and therefore, any financial contracts or other financial instruments that reference the index series or investment funds which use the index series to measure their performance should be able to withstand, or otherwise address the possibility of changes to, or cessation of, the index series.

1.5 Index users who choose to follow this index series or to buy products that claim to follow this index should assess the merits of the index's rules-based methodology and take independent investment advice before investing their own or client funds. No liability whether as a result of negligence or otherwise is accepted by FTSE Russell nor its group companies (or any person concerned with the preparation or publication of these Ground Rules) for any losses, damages, claims and expenses suffered by any person as a result of:

- any reliance on these Ground Rules, and/or
- any errors or inaccuracies in these Ground Rules, and/or
- any non-application or misapplication of the policies or procedures described in these Ground Rules, and/or
- any errors or inaccuracies in the compilation of the Index or any constituent data.

## 1.6 These Ground Rules

- 1.6.1 This document sets out the Ground Rules for the construction and management of the FTSE MTS Deposit Index Series.

## 1.7 FTSE Russell

FTSE Russell is a trading name of FTSE International Limited, Frank Russell Company, FTSE Global Debt Capital Markets Limited (and its subsidiaries FTSE Global Debt Capital Markets Inc. and MTSNext Limited), Mergent, Inc., FTSE Fixed Income LLC, The Yield Book Inc and Beyond Ratings.

## 1.8 Index Series Objectives

- 1.8.1 The FTSE MTS Deposit Index Series is designed to be a measure of the daily returns in Eurozone and U.S. overnight deposit market. They are transparent indexes, and are designed to be replicable with individual security holdings and prices disclosed electronically each day.

## 1.9 FTSE MTS Deposit Indexes

The FTSE MTS Deposit Indexes are a range of indexes measuring the total return of a rolling deposit in a specified money market reference rate.

Two main types of deposit indexes are calculated.

## 1.10 FTSE MTS Eonia® Indexes

Eonia® (Euro OverNight Index Average) is the effective overnight reference rate for the euro. It is calculated by the European Central Bank (ECB) and administered by the European Money Markets Institute (EMMI) as the weighted average of all overnight unsecured lending transactions in the euro interbank market. Transactions used in the calculation are reported by a panel of reporting banks.

Eonia® is published between 6:45pm and 7pm CET on each TARGET<sup>1</sup> business day. The rate published is the average overnight reference rate between that day and the next TARGET business day, and is expressed on an act/360 daycount basis. Further information is available at [www.euribor.org](http://www.euribor.org).

Price and Total Return indexes are calculated.

FTSE MTS publishes two indexes that measure the total return of a rolling deposit in the overnight interbank euro money market: the “FTSE MTS Eonia® Index” and the “FTSE MTS Eonia® Investable Index”.

The FTSE MTS Eonia® Index, represented by  $I[T]$ , is calculated as follows:

$$I(T + 1) = I(T) \times \left( 1 + \frac{n(T + 1, T)}{360} \times r_E \right)$$

where  $n[T+1, T]$  is the actual number of days between day T+1 and day T (both of which are TARGET business days), and  $r_E$  is the Eonia® fixing published between 6:45pm and 7pm CET on T.

The FTSE MTS Eonia® Investable Index, represented by  $I^{INV}[T]$ , is calculated as follows:

$$I^{INV}(T + 1) = I^{INV}(T) \times \left( 1 + \frac{n(T + 2, T + 3)}{360} \times r_E \right)$$

where terms are as defined above. The FTSE EMTS Eonia® Investable Index is designed as a benchmark for investors seeking an EONIA exposure through an exchange-traded instrument, and

closely tracks the FTSE MTS Eonia® Index. The investable index takes into account a settlement assumption of T+2<sup>1</sup>.

Both indexes are calculated using 12 decimal places and are published in two formats: 9 decimal places and 4 decimal places. If no Eonia® fixing is published on T, the indexes will be calculated on T+1 using the most recent Eonia® fixing available.

Publication of both FTSE MTS Eonia® indexes is at 9am CET for each TARGET business day. The indexes are based to 100 on 4 Jan 1999 and are published with a complete history.

The base currency of the benchmark is EUR.

### 1.11 FTSE MTS FedFunds Indexes

The effective Federal Funds rate (Fed Funds) is the overnight reference rate for the dollar. It is the rate at which depository institutions lend to each other and is calculated by the Federal Reserve Bank of New York. The Federal Funds rate is published 7:30am and 8:00am EST on each US business day with a one day lag.

A history of effective Fed Funds rates is available at:  
<http://www.federalreserve.gov/releases/h15/data.htm>.

Price and Total Return indexes are calculated.

FTSE MTS publishes two indexes that measure the total return of a rolling dollar deposit in the overnight Fed Funds money market at the effective rate: the “FTSE MTS Fed Funds Index” and the “FTSE MTS Fed Funds Investable Index”.

The FTSE MTS Fed Funds Index, represented by  $I[T]$ , is calculated as follows:

$$I(T + 1) = I(T) \times \left( 1 + \frac{n(T + 1, T)}{360} \times r_E \right)$$

where  $n[T+1, T]$  is the actual number of days between day T+1 and day T (both of which are US business days), and  $r_E$  is the effective Federal Funds rate published on T+1 in respect of the period from T to T+1.

The FTSE MTS Fed Funds Investable Index, represented by  $I^{INV}[T]$ , is calculated as follows:

$$I^{INV}(T + 1) = I^{INV}(T) \times \left( 1 + \frac{n(T + 2, T + 3)}{360} \times r_E \right)$$

where the terms are as defined above. The FTSE MTS Fed Funds Investable Index is designed as a benchmark for investors seeking an exposure to the effective Fed Funds rate through an exchange-traded instrument, and closely tracks the FTSE MTS Fed Funds Index. The investable index takes into account a settlement assumption of T+2<sup>2</sup>.

Both indexes are calculated using 12 decimal places and are published in two formats: 9 decimal places and 4 decimal places. If no effective Fed Funds rate is published in respect of US business day T, the index will be calculated on T+1 using the most recent effective Fed Funds rate available.

Publication of both indexes is at 16:00 CET on each US business day and is valid for 24 hours. The indexes are based to 100 on 2 Jan 1997 and are published with a complete history.

The base currency of the benchmark is USD.

<sup>1</sup> Prior to 30 May 2016, the investable index assumed a settlement assumption of T+3

<sup>2</sup> Prior to 30 May 2016, the investable index assumed a settlement assumption of T+3



## Section 2

# Management Responsibilities

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## 2.0 Management Responsibilities

### 2.1 FTSE International Limited (FTSE)

2.1.1 FTSE is the benchmark administrator of the index series.<sup>3</sup>

2.1.2 FTSE Russell is responsible for the daily calculation, production and operation of the FTSE MTS Deposit Index and will:

- maintain records of all the constituents;
- be responsible for the addition and deletion of bonds and changes of nominal amounts, in accordance with the Ground Rules.

### 2.2 Amendments to these Ground Rules

2.2.1 These Ground Rules shall be subject to regular review by FTSE Russell to ensure that they continue to best reflect the aims of the index series. Any proposals for significant amendments to these Ground Rules will be subject to consultation with the external advisory committees and other stakeholders if appropriate. The feedback from these consultations will be considered by the FTSE Russell Product Governance Board before approval is granted.

2.2.2 As provided for in the Statement of Principles for FTSE Fixed Income Indexes, where FTSE Russell determines that the Ground Rules are silent or do not specifically and unambiguously apply to the subject matter of any decision, any decision shall be based as far as practical on the Statement of Principles. After making any such determination, FTSE Russell shall advise the market of its decision at the earliest opportunity. Any such treatment will not be considered as an exception or change to the Ground Rules, or to set a precedent for future action, but FTSE Russell will consider whether the Rules should subsequently be updated to provide greater clarity.

### 2.3 Market Disruption

2.3.1 If the value of one or more constituents is not published due to a suspension or a market disruption event, the index will be calculated taking the latest intra-day value, if available. If an intra-day value is unavailable the previous end of day value will be used.

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<sup>3</sup> The term administrator is used in this document in the same sense as it is defined in [Regulation \(EU\) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds](#) (the European Benchmark Regulation).

## **2.4 Interruption of Live Pricing from MTS Platform**

- 2.4.1 The FTSE MTS Indexes are calculated based on executable bids and offers sourced from the MTS inter-dealer platform. The MTS platform is not controlled by FTSE Russell and should the platform be unable to disseminate live prices for any reason, the FTSE MTS Indexes will not be updated during that period. Index users who choose to follow the FTSE MTS Indexes should be aware of this possibility and make suitable contingency arrangements.



## Section 3

# FTSE Russell Index Policies

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### 3.0 FTSE Russell Index Policies

These Ground Rules should be read in conjunction with the following policy documents which can be accessed using the links below:

#### 3.1 Queries and Complaints

FTSE Russell's complaints procedure can be accessed using the following link:

[Benchmark Determination Complaints Handling Policy.pdf](#)

#### 3.2 Statement of Principles for FTSE Fixed Income Indexes (the Statement of Principles)

Indexes need to keep abreast of changing markets and the Ground Rules cannot anticipate every eventuality. Where the Ground Rules do not fully cover a specific event or development, FTSE Russell will determine the appropriate treatment by reference to the Statement of Principles for FTSE Fixed Income Indexes which summarises the ethos underlying FTSE Russell's approach to index construction. The Statement of Principles is reviewed annually and any changes proposed by FTSE Russell are presented to the FTSE Russell Policy Advisory Board for discussion before approval by the FTSE Russell Product Governance Board.

The Statement of Principles for Bond Indexes can be accessed using the following link:  
[Statement of Principles Fixed Income Indexes.pdf](#)

#### 3.3 Recalculation Policy and Guidelines

The Recalculation Policy and Guidelines for Fixed Income Indexes document is available from the FTSE Russell website using the link below or by contacting [info@ftserussell.com](mailto:info@ftserussell.com).

[Fixed Income Recalculation Policy and Guidelines.pdf](#)

#### 3.4 Policy for Benchmark Methodology Changes

3.4.1 Details of FTSE Russell's policy for making benchmark methodology changes can be accessed using the following link:

[Policy for Benchmark Methodology Changes.pdf](#)





## Appendix A: Further Information

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A Glossary of Terms used in FTSE Russell's Ground Rule documents can be found using the following link:  
[Fixed Income Glossary of Terms.pdf](#)

For further information on the FTSE MTS Deposit Index Series Ground Rules please visit [www.ftserussell.com](http://www.ftserussell.com) or e-mail [info@ftserussell.com](mailto:info@ftserussell.com).

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