FTSE SBI Bond Index Series
v1.1
Contents

1.0 Introduction ............................................................................................................ 3
2.0 Management Responsibilities .................................................................................. 5
3.0 FTSE Russell Index Policies .................................................................................... 6
4.0 Eligibility Criteria ................................................................................................... 7
5.0 Data Sources ........................................................................................................... 8
6.0 Index Rebalancing ................................................................................................. 9
7.0 Index Calculations ................................................................................................ 10
Appendix A: Further Information ............................................................................... 11
Section 1

Introduction

1.0 Introduction

1.1 The FTSE SBI Bond Index Series

The Index Series is designed to reflect the performance of Indian fixed income securities issued in Indian Rupees (INR), in India, by the Government of India.

1.2 FTSE Russell


1.3 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.

1.4 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 series’ 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 nor its subsidiary undertakings (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 in the index series.

1.5 These Ground Rules

This document sets out the Ground Rules for the construction and management of the FTSE SBI Bond Index Series.
1.6 **Index Structure**
The index series consists of the following index family:

- FTSE SBI Indian Government Bond Index

Sub-indexes will be based on the term to maturity (1-3Y, 3-5Y, 5-7Y, 7-10Y, 10-20Y, 10+Y, 20+Y)

1.7 **Weighting Scheme**
These indexes are weighted by Market Value, which is defined as Par Amount Outstanding multiplied by Price plus Accrued Interest.

1.8 **Base Currency**
Each index and sub-index will be available in terms of the base currency of Indian Rupees.
Section 2

Management Responsibilities

2.0 Management Responsibilities

2.1 FTSE International Limited (FTSE)

2.1.1 FTSE is the benchmark administrator of the index.¹

2.1.2 FTSE is responsible for the daily calculation, production and operation of the FTSE SBI Bond Index Series and will:

- maintain records of all the constituents and is responsible for the addition and deletion of bonds and changes of nominal amounts, in accordance with the Ground Rules;
- publish changes to the constituent weightings resulting from their ongoing maintenance and the periodic reviews;
- disseminate the indexes.

2.1.3 These Ground Rules set out the methodology and provide information about the publication of the FTSE SBI Bond Index Series.

2.2 Amendments to these Ground Rules

2.2.1 These Ground Rules shall be subject to regular review (at least once a year) by FTSE Russell to ensure that they continue to best reflect the aims of the index. Any proposals for significant amendments to these Ground Rules will be subject to consultation with FTSE Russell 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.

¹ 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).
Section 3
FTSE Russell Index Policies

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 Guide to the Calculation Methods for the FTSE Fixed Income Indexes
3.1.1 For a description of the methodology used to calculate the index and bond level analytics, please consult the Guide to Calculation Methods for FTSE Fixed Income indexes, which can be found using the following link:
FTSE_Fixed_Income_Index_Guide_to_Calculation.pdf

3.2 Queries and Complaints

FTSE Russell’s complaints procedure can be accessed using the following link:
Benchmark_Determination_Complaints_Handling_Policy.pdf

3.3 Recalculation Policy and Guidelines
3.3.1 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.
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
Section 4

Eligibility Criteria

4.0 Eligibility Criteria

4.1 Eligible Bonds

In order to be eligible for the FTSE SBI Bond Index, bonds must meet the criteria listed below:

- Bonds with fixed coupon are eligible as well as original issue zero coupon bonds.
- Puttable and Callable bonds are eligible for the Index Series. Called bonds will be adjusted based on Rule 6.4.

4.2 Currency

Only bonds which are issued in Indian Rupees (INR) are eligible to be included.

4.3 Issuer

This must be the Government of India.

4.4 Term To Maturity

Term to maturity is the number of years between the settlement date and the maturity date of the bond. Overall minimum is 1 year as of the rebalance effective date. Sub-indexes are defined as ranges of term, such as 1-3 years. Term ranges are inclusive of the lower limit and exclusive of the upper limit. A fixed maturity date is required, perpetual securities are not eligible.

4.5 Minimum Eligible Issue Size

Minimum eligible issue size is measured by the amount outstanding for the bond.

- FTSE SBI Indian Government Bond Index the minimum size should be INR 50 billion as of the rebalance date

4.6 Exclusions

Floating Rate Notes, inflation-linked bonds, and securities where reliable pricing is not available are not eligible.
Section 5

Data Sources

5.0 Data Sources

5.1 Price Sources

The default pricing source for constituents of the index will be mid prices from the Thompson Reuters Evaluated Pricing Service. FTSE Russell reserves the right to select alternative pricing sources based upon quality and coverage considerations.

5.2 FX Rates

FX Rates come from WM/Reuters Closing Spot Rates™, collected at 16:00 UK time (further information on The WM/Reuters Closing Spot Rates service is available from The WM Company).

5.3 Terms and Conditions

Terms and conditions for constituents will be provided by Thomson Reuters.
Section 6

Index Rebalancing

6.0 Index Rebalancing

6.1 Overview

6.1.1 The indexes are rebalanced on a monthly basis on the last business day of the month. The new constituents are effective on the first business day of the month. The cutoff for inclusion/exclusion of bonds will be 1 business day prior to the last business day before month end. Bonds issued on the last business day of the month will not be included in the following month’s constituent file.

6.2 Additions

6.2.1 New Issues: All securities are added if their issue date is before the last calendar day of the month.

6.2.2 Bonds which have become eligible are added at the month end rebalance.

6.3 Deletions

6.3.1 Bonds whose term to maturity has dropped below 1 year are deleted at month end.

6.3.2 Bonds which have become ineligible are also deleted at month end.

6.4 Intra-Month Actions

The following events are implemented on their effective date:

- Unscheduled redemptions or repurchases, including puts or calls. The resulting cash is held in the index portfolio to the next rebalance,
  - Coupons which step up or down,
  - Fungible bonds which funge into an existing bond.
Section 7

Index Calculation

7.0 Index Calculations

7.1 The index is calculated daily in a base currency where local currency amounts are converted using the spot exchange rate. The index is market value weighted with monthly reinvestment of cash flows. Cash holdings earn a zero rate of return during the month.

7.2 Calculation Schedule

7.2.1 The index will be calculated on business days which are not Indian Rupee trading holidays.

7.3 Index Settlement Assumption

The index settlement assumption is T+0 calendar days, unless otherwise specified.

On the last business day of the month, settlement is assumed to be the last calendar day of the month to allow for one full month of accrued interest to be calculated.

7.4 Bond and Index Level calculations

The Total and Price return will be available for each index. Additionally, the following metrics will be calculated at the index or at individual constituent level.

- Coupon
- Semi-annual and Annual Yield
- Term to Maturity
- Macaulay Duration
- Modified Duration
- Convexity
- Notional/Market Value
- Accrued Interest
- Cash Payments
- The number of bonds in each Index

For further details on the index and bond level calculations, please see the Guide to Calculation Methods of the FTSE Fixed Income Indexes, which can be accessed using the following link: [FTSE_Fixed_Income_Index_Guide_to_Calculation.pdf](FTSE_Fixed_Income_Index_Guide_to_Calculation.pdf)

7.5 Index Weighting

The indexes will be market value weighted, this means that the weight of each bond in the index will be dependent on the notional amount outstanding, its price and any accrued interest.
Appendix A: Further Information

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 SBI Bond Index Series Ground Rules visit [www.ftserussell.com](http://www.ftserussell.com) or e-mail [info@ftserussell.com](mailto:info@ftserussell.com). Contact details can also be found on this website.


The FTSE SBI Bond Index is calculated by or on behalf of FTSE International Limited or its affiliate, agent or partner. FTSE International Limited is authorised and regulated by the Financial Conduct Authority as a benchmark administrator.

FTSE Russell® is a trading name of FTSE, Russell, FTSE Canada, MTSNext, Mergent, FTSE FI, YB and BR. “FTSE®”, “Russell®”, “FTSE Russell®”, “MTS®”, “FTSE4Good®”, “ICB®”, “Mergent®”, “The Yield Book®”, “Beyond Ratings®” and all other trademarks and service marks used herein (whether registered or unregistered) are trade marks and/or service marks owned or licensed by the applicable member of the LSE Group or their respective licensors and are owned, or used under licence, by FTSE, Russell, MTSNext, FTSE Canada, Mergent, FTSE FI, YB or BR.

All information is provided for information purposes only. Every effort is made to ensure that all information given in this publication is accurate, but no responsibility or liability can be accepted by any member of the LSE Group nor their respective directors, officers, employees, partners or licensors for any errors or for any loss from use of this publication or any of the information or data contained herein.

No member of the LSE Group nor their respective directors, officers, employees, partners or licensors make any claim, prediction, warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of FTSE SBI Bond Index or the fitness or suitability of the Index for any particular purpose to which it might be put.

No member of the LSE Group nor their respective directors, officers, employees, partners or licensors provide investment advice and nothing in this document should be taken as constituting financial or investment advice. No member of the LSE Group nor their respective directors, officers, employees, partners or licensors make any representation regarding the advisability of investing in any asset. A decision to invest in any such asset should not be made in reliance on any information herein. Indexes cannot be invested in directly. Inclusion of an asset in an index is not a recommendation to buy, sell or hold that asset. The general information contained in this publication should not be acted upon without obtaining specific legal, tax, and investment advice from a licensed professional.

No part of this information may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without prior written permission of the applicable member of the LSE Group. Use and distribution of the LSE Group index data and the use of their data to create financial products require a licence with FTSE, Russell, FTSE Canada, MTSNext, Mergent, FTSE FI, YB, BR and/or their respective licensors.