



FTSE World Government Bond 0+ Years Index

v1.0



Contents

1.0 Introduction.....3

2.0 Management Responsibilities5

3.0 FTSE Russell Index Policies6

4.0 Composition and design criteria8

Appendix A: Further Information11



Section 1

Introduction

1.0 Introduction

1.1 FTSE World Government Bond 0+ Years Index

1.1.1 This document sets out the Ground Rules for the construction and management of the FTSE World Government Bond 0+ Years Index. The index tracks the universe of securities that meet the eligibility criteria for the flagship FTSE World Government Bond Index (WGBI) through to maturity.

1.1.2 The FTSE WGBI measures the performance of fixed-rate, local currency, investment-grade sovereign bonds, and is a widely used benchmark that currently comprises sovereign debt from over 20 countries, denominated in a variety of currencies.

1.2 The FTSE World Government Bond 0+ Years Index does not take account of ESG factors in its index design.

1.2.1 These rules should be read in conjunction with FTSE World Government Bond Index (WGBI) Ground Rules available at www.ftserussell.com

1.3 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.

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

1.4.1 Index users who choose to follow this index 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 or any members of the FTSE Russell Policy Advisory Board or FTSE Russell Asia Pacific Regional Equity Advisory Committee (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.



Section 2

Management Responsibilities

2.0 Management Responsibilities

2.1 FTSE Fixed Income LLC (FTSE)

2.1.1 FTSE is the benchmark administrator of the index series.¹

2.1.2 FTSE is responsible for the daily calculation, production and operation of the index series 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.
- disseminate the indexes.

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 best reflect the aim of the index series. 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.

2.2.2 As provided for in the Statement of Principles for FTSE Russell 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 Ground Rules should subsequently be updated to provide greater clarity.

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) and [The Benchmarks \(Amendment and Transitional Provision\) \(EU Exit\) Regulations 2019](#) (the UK Benchmark Regulation). FTSE Fixed Income LLC administers the Index Series in line with the third country transitional provisions contained within Article 51(5) of the European Benchmark Regulation and the third country transitional provisions as amended by Article 42(5) of the UK 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 or by contacting info@ftserussell.com. These policies are reviewed annually and any changes are approved by the FTSE Russell Product Governance Board.

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

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 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.

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

3.3 Policy for Benchmark Methodology Changes

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

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

3.4 FTSE Russell Governance Framework

3.4.1 To oversee its indexes, FTSE Russell employs a governance framework that encompasses product, service and technology governance. The framework incorporates the London Stock Exchange Group's three lines of defence risk management framework and is designed to meet the requirements of the IOSCO Principles for Financial Benchmarks², the European benchmark regulation³ and the UK benchmark regulation⁴. The FTSE Russell Governance Framework can be accessed using the following link:

[FTSE_Russell_Governance_Framework.pdf](#)

² IOSCO Principles for Financial Benchmarks Final Report, FR07/13 July 2013

³ 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

⁴ The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019



Section 4

Composition and Design Criteria

4.0 Composition and design criteria

The FTSE World Government Bond 0+ Years Index tracks the universe of securities that meet the eligibility criteria for the flagship FTSE World Government Bond Index (WGBI) ⁵ through to maturity.

The FTSE WGBI measures the performance of fixed-rate, local currency, investment-grade sovereign bonds, and is a widely used benchmark that currently comprises sovereign debt from over 20 countries, denominated in a variety of currencies.

Design criteria for the FTSE World Government Bond 0+ Years Index

Coupon	Fixed-rate.
Market Size	The criteria for entry and exit are consistent with the FTSE WGBI.
Market Accessibility Level	Minimum level of 2. For further details on calibration of Market Accessibility Levels, please see FTSE Fixed Income Country Classification Process .
Minimum maturity⁶	At least one month.
Minimum Amount Outstanding	Minimum amount outstanding criteria vary by currency, and are consistent with the FTSE WGBI.
Minimum credit quality⁷	The criteria for entry and exit are consistent with the FTSE WGBI.
Composition	Securities included: Sovereign debt denominated in the domestic currency. Eligible security types by market are consistent with the FTSE WGBI.
Weighting	Market capitalization.

⁵ For the FTSE World Government Bond Index (WGBI) ground rules, please see the [FTSE Fixed Income Index Guide](#).

⁶ Weighted average life is used to determine a bond's eligibility.

⁷ Each month, the upcoming month's index constituents are "fixed" on the profile fixing date. The credit qualifications of the index are treated as provisional, in order to give market participants time to react to last-minute downgrades. A market will be removed from the index after the fixing if it becomes rated below investment-grade by both S&P and Moody's. This exception window is kept open until 5:00 p.m. New York time on the second to last business day of the month for removal only. Removal from the index, on or after the fixing date, is not reversible except by qualifying for the index once again, which takes a minimum of six months. There is no specific rule concerning default or what constitutes default. Conceivably, a market could technically default, but an immediate rescue could leave its existing bonds in the investment-grade category. Only a downgrade to below investment-grade would trigger a credit-related expulsion from the index..

Rebalancing	Once a month on the last business day of the month (pricing as of the last business day of the monthly and settlement as of the last calendar day of the month).
Reinvestment of cash flow	At daily average of the local currency one-month Eurodeposit rate, calculated from the actual scheduled payment date of the cash flow through the end of the reporting period.
Pricing	Pricing sources are consistent with the FTSE WGBI.
Calculation frequency	Daily
Settlement date	Monthly: Settlement is on the last calendar day of the month. Daily: Same day settlement except if the last business day of the month is not the last calendar day of the month; then, settlement is on the last calendar day of the month.
Fixing date	Each month, the upcoming month's index constituents are "fixed" on the profile fixing date. Each year's scheduled fixing dates are published on the website.
Base date	December 31, 2005

4.1 Holiday calendar

- 4.1.1 The index is calculated Monday through Friday except Christmas Day (observed) and New Year's Day (observed). Each local market will observe its own holiday calendar; if a local market is on holiday, the closing prices used for that day will be the closing prices from the previous day.

4.2 Index Quality

- 4.2.1 An index quality is assigned to each index bond as of profile fixing. The quality is first mapped to the Standard & Poor's Financial Services LLC ("S&P") rating. If a bond is not rated by S&P but it is rated by Moody's Investors Service, Inc ("Moody's"), the S&P equivalent of the Moody's rating is assigned to the index quality. If a bond is rated by neither S&P nor Moody's, the bond is not assigned an index quality. If a bond is rated as investment-grade by one rating agency and high-yield by the other, the S&P equivalent of the investment-grade rating is assigned to the index quality. These ratings remain unchanged for the entire performance month.

4.3 Return Computation

- 4.3.1 Total returns are computed on the assumption that each security is purchased at the beginning of the period and sold at the end of the period. An issue's total rate of return is the percentage change in its total value over the measurement period. The components of total return for each security are price change, principal payments, coupon payments, accrued interest, and reinvestment income on intra-month cash flows. The total returns are market capitalization-weighted using the security's beginning-of-period market value (see Figure 1).

Figure 1. Total rate of return calculation methodology

Beginning-of-period value	-	(Beginning price + Beginning accrued) x Beginning par amount outstanding
End-of-period value	-	[(Ending price + Ending accrued) x (Beginning par amount outstanding – Principal payments)] + Coupon payments + Principal payments + Reinvestment income
Total rate of return (%)	-	[(End-of-period value / Beginning-of-period value) – 1] x 100

A note on precision: Returns are computed to at least six decimal places but reported to a maximum of four. In addition, owing to rounding errors inherent in computer floating-point arithmetic, the last digit in any reported value may sometimes be off by one from its true value.

Figure 2. Tickers for the FTSE World Government Bond 0+ Years Index

Ticker	Index
SBWGZUU	FTSE World Government Bond 0+ Years Index, in USD terms
SBWGZEU	FTSE World Government Bond 0+ Years Index, in EUR terms
SBWGZGU	FTSE World Government Bond 0+ Years Index, in GBP terms
SBWGZJU	FTSE World Government Bond 0+ Years Index, in JPY terms

4.4 Chronological Summary of Events

FTSE World Government Bond 0+ Years Index summary of events

In addition to the following events, the construction of the FTSE World Government Bond 0+ Years Index is driven by the same events that mark the FTSE WGBI, please see the FTSE Fixed Income Index Guide⁸ for details.

Year	Monthly highlights
2021	April: The FTSE World Government Bond 0+ Years Index is introduced. The pricing source for Polish government bonds changes from Refinitiv to BondSpot.

⁸ Price source changes that occur in the FTSE WGBI are not reflected in the FTSE World Government Bond 0+ Years Index prior to March 31, 2021.



Appendix A: Further Information

For contact details please visit the FTSE Russell website or contact FTSE Russell client services at info@ftserussell.com.

Website: www.ftserussell.com

© 2021 London Stock Exchange Group plc and its applicable group undertakings (the "LSE Group"). The LSE Group includes (1) FTSE International Limited ("FTSE"), (2) Frank Russell Company ("Russell"), (3) FTSE Global Debt Capital Markets Inc. and FTSE Global Debt Capital Markets Limited (together, "FTSE Canada"), (4) MTSNext Limited ("MTSNext"), (5) Mergent, Inc. ("Mergent"), (6) FTSE Fixed Income LLC ("FTSE FI"), (7) The Yield Book Inc ("YB"), and (8) Beyond Ratings S.A.S. ("BR"). All rights reserved.

The FTSE World Government Bond 0+ Years Index is calculated by or on behalf of FTSE Fixed Income LLC or its affiliate, agent or partner.

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 0+ Year WGBI 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.