



FTSE Fixed Income Country Classification Announcement March 2022

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1. Addition of New Zealand to FTSE World Government Bond Index

As part of each semi-annual FTSE Fixed Income Country Classification Review, objective index inclusion criteria for market size and credit rating are assessed to ensure a consistent approach to market inclusion in FTSE global government bond indices. As of the March 2022 review, the local currency fixed-rate New Zealand government bond market meets all three eligibility criteria (market size¹, credit rating and a minimum Accessibility Level of “2”) for entry into the FTSE World Government Bond Index (WGBI). FTSE Russell announces that New Zealand will be added to the FTSE WGBI effective with November 2022 index profiles.

As of 28 February 2022, thirteen NZD-denominated bonds with NZD 74.8 billion (USD 50.6 billion) in par amount outstanding are projected to enter the index and would comprise 0.19% of the index on a market value weighted basis. Further details on the projected impact are provided in Figure 1. New Zealand local currency fixed-rate government bonds will also be included in indices that derive their membership from the FTSE WGBI or alternatively weighted versions, including the FTSE Climate Risk-Adjusted WGBI².

¹ With respect to the March 2022 review, New Zealand market size assessment for purposes of potential index inclusion to the WGBI was calculated as of 18 February 2022 (fixing date for March 2022 index profiles) totalling 50.078 billion in USD.

²For related or custom indices that incorporate the FTSE Fixed Income Emerging Markets definition as part of the index inclusion criteria, FTSE Russell also highlights that New Zealand is currently classified as a Developed market.

Figure 1. Projected Impact of Inclusion of New Zealand Government Bonds in the FTSE WGBI

	WGBI			Projected WGBI + NZD			Difference		
	Count	Market Value	MV %	Count	Market Value	MV %	Count	Market Value	MV %
United States	260	10,266.2	40.05	260	10,266.2	39.98	-	-	-0.07
Japan	258	4,257.7	16.61	258	4,257.7	16.58	-	-	-0.03
France	48	2,104.0	8.21	48	2,104.0	8.19	-	-	-0.02
Italy	83	1,852.3	7.23	83	1,852.3	7.21	-	-	-0.02
Germany	58	1,531.7	5.98	58	1,531.7	5.96	-	-	-0.02
Spain	50	1,207.1	4.71	50	1,207.1	4.70	-	-	-0.01
United Kingdom	55	1,174.7	4.58	55	1,174.7	4.57	-	-	-0.01
Belgium	31	475.6	1.86	31	475.6	1.85	-	-	-0.01
Canada	37	429.8	1.68	37	429.8	1.67	-	-	-0.01
Netherlands	22	394.6	1.54	22	394.6	1.54	-	-	-0.00
Australia	26	338.4	1.32	26	338.4	1.32	-	-	-0.00
Austria	28	295.7	1.15	28	295.7	1.15	-	-	0.00
China	53	254.4	0.99	53	254.4	0.99	-	-	0.00
Ireland	18	166.5	0.65	18	166.5	0.65	-	-	-0.00
Mexico	15	158.9	0.62	15	158.9	0.62	-	-	-0.00
Finland	22	127.0	0.50	22	127.0	0.49	-	-	-0.01
Malaysia	31	110.5	0.43	31	110.5	0.43	-	-	0.00
Poland	15	97.0	0.38	15	97.0	0.38	-	-	-0.00
Israel	15	92.7	0.36	15	92.7	0.36	-	-	0.00
Denmark	8	90.9	0.35	8	90.9	0.35	-	-	0.00
Singapore	19	88.9	0.35	19	88.9	0.35	-	-	-0.00
Sweden	8	60.3	0.24	8	60.3	0.23	-	-	-0.01
Norway	10	56.5	0.22	10	56.5	0.22	-	-	0.00
New Zealand	-	-	-	13	49.5	0.19	13	49.5	0.19
Total*	1,170	25,631.1	100.0	1,183	25,680.7	100.0	13	49.5	0

*In USD billions. Source: FTSE Russell. Data as of 28 February 2022.

2. Status of Fixed Income Watch List Markets

Switzerland

In September 2021, Switzerland was assigned a Market Accessibility Level of “1” and placed on the FTSE Fixed Income Country Classification Watch List for a potential upgrade to a Market Accessibility Level of “2” and consideration for inclusion in the FTSE World Government Bond Index. As part of the March 2022 semi-annual FTSE Fixed Income Country Classification Review, FTSE Russell has taken the decision to retain Switzerland on the Watch List.

Based on feedback from international investors, FTSE Russell understands that the reclamation process for the withholding tax that is applied to Swiss government bonds does not satisfy the Taxation Regime requirements for assignment of a Market Accessibility Level of “2” specified in the FTSE Fixed Income Country Classification Framework.

FTSE Russell continues to engage with Swiss regulators to share feedback on index users’ practical experiences of the local market, as well as monitor ongoing reforms to the domestic taxation regime.

India

In March 2021, India was added to the FTSE Fixed Income Country Classification Watch List for potential reclassification of its Market Accessibility Level from “0” to “1” and consideration for inclusion in the FTSE Emerging Markets Government Bond Index (EMGBI).

India’s place on the Watch List was reaffirmed as part of the September 2021 Fixed Income Country Classification Review. FTSE Russell confirms that India’s place on the Watch List will remain unchanged at the March 2022 semi-annual review. India will be assessed again in September 2022.

Feedback from global index users continues to highlight an interest in Indian government securities issued through the Fully Accessible Route (FAR), which was introduced in 2020. The FAR removes foreign ownership restrictions for new issuance of Indian local currency fixed-rate government securities at the 5-, 10-, and 30-year tenors. This market continues to be tracked by the FTSE Indian Government Bond FAR Index. As of the March 2022 index profiles, 17 fixed-rate local currency Indian bonds with INR 17.45 trillion (USD 231.6 billion) in par amount outstanding are eligible for this index and represent 24.3% of the overall FTSE Indian Government Bond Index on a market value weighted basis.

FTSE Russell maintains its constructive engagement with the Reserve Bank of India (RBI). Although the anticipated taxation reforms that may facilitate the availability of Indian government bonds on global settlement platforms were not addressed within the 2022-23 Union Budget, FTSE Russell understands the commitment to market improvement by local policy makers to remain strong. FTSE Russell will continue to monitor the planned programme of enhancements, particularly those relating to improvements in the onboarding requirements and related processes for foreign portfolio investors (FPIs).

FTSE Russell looks forward to continuing the productive dialogue that has taken place with the RBI and will continue to seek feedback from market participants on their practical experiences as they relate to ongoing reform efforts.

3. Off-Cycle Review of Market Accessibility Level for Russian Government Bonds

[On 04 March 2022](#), FTSE Russell announced that the Market Accessibility Level for local currency fixed-rate Russian government bonds would be changed from “1” to “Unassigned”, effective immediately. Russian government bonds would also exit the FTSE Emerging Market Government Bond Index (EMGBI) at March 2022 month-end rebalances.

This decision was taken as part of an off-cycle review of the Market Accessibility Level for Russia, which was triggered due to the market disruption event that was deemed to have taken place by FTSE Russell, in accordance with its [FTSE Fixed Income Index Statement of Principles](#) and the [FTSE Fixed Income Country Classification Framework](#).

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