



Recalculation Policy and Guidelines - Fixed Income Indexes

v1.0



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FTSE Russell Fixed Income Index Recalculation Policy

This document sets out the FTSE Russell¹ Fixed Income Index Recalculation Policy. This policy and the FTSE Russell Fixed Income Index Recalculation Guidelines below apply only to those fixed income indexes where the relevant index ground rules and other methodology documents indicate that this policy and the guidelines apply.

FTSE Russell makes every effort to maintain its indexes to high standards. However, investors, licensees and other market participants should be aware that inaccuracies may arise in the index level and / or constituent data from time to time. A range of events may contribute to the inaccuracy, including the following examples: the use of incorrect data for amounts outstanding, coupons or FX rates; incorrect constituent prices; processing issues leading to the incorrect application of the index methodology; incorrect analytics calculations such as duration or yield; and external disruptions or market conditions that may lead to late or incomplete delivery of input data.

Where an inaccuracy is identified, FTSE Russell will follow the steps set out in the FTSE Russell Index Recalculation Guidelines – Fixed Income Indexes below when determining whether an index or index series should be recalculated and/or associated data products reissued as a result of an inaccuracy. Because of the unpredictable nature of the issues that could arise, these guidelines should not be construed as definitive rules that determine the steps FTSE Russell will take whenever an inaccuracy is identified. In addressing inaccuracies, FTSE Russell reserves the right to consult market participants in complex cases as to the appropriate course of action, including the decisions on whether to recalculate indices and/or reissue its associated data products.

Please note that FTSE Russell does not accept any responsibility to investors, licensees or other market participants for the accuracy of the index or its constituent data and accepts no liability for any losses, damages, claims or expenses suffered by any person as a result of any errors or inaccuracies in the compilation or calculation of the index or any constituent data, whether arising as a result of negligence or otherwise.

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Table 1: FTSE Russell Fixed Income Recalculation Guidelines

Table 1 below sets out the general guidelines that FTSE Russell will follow when determining whether an index or index series should be recalculated and/or associated data products reissued. The terms of the FTSE Russell Index Recalculation Policy apply to these guidelines.

In interpreting these guidelines, FTSE Russell will use expert judgement taking into account all relevant factors including, but not limited to: the asset class of the index constituents; the nature of the incident, the impact on the total return of the broad, top-level index and sub-indexes; the impact on constituent weights; the rebalance frequency of the index; the time elapsed since the incident occurred; the implications for products known to track the index; and the impact on index users should a recalculation and/or reissue take place. Because of the individual circumstances of an incident may be complex, FTSE Russell reserves the right to recalculate, or not to recalculate, an index when these general guidelines might suggest otherwise.

If a decision to recalculate an index is taken, all affected sub-indexes and custom indexes will also be recalculated. Following such an event, index users will be notified of the products affected through standard communication channels (including the publication of a FTSE Russell technical notice), index values will be updated on the FTSE Russell website, and associated data products will be reissued.

If an inaccuracy is discovered prior to client delivery, the index will be recalculated and clients will be notified of any delay to file deliverables.

CATEGORY	EXAMPLE ISSUE	ACTION	INDEX RECALCULATION
Data Input	Incorrect amount outstanding	Correct with notice on a go forward basis	N
	Incorrect coupon or accrued interest amount	Consider where bond is in the coupon payment cycle and correct with notice on a go forward basis	N
	Incorrect WM spot rates and forwards	Recalculate if material impact to index total return	Y
Methodology	Instrument incorrectly added or removed from the index	Correct with notice unless material impact to index total return	N
	New instrument added with incorrect weight (i.e. inaccurate amount outstanding or market value)	Correct with notice unless material impact to index total return	N
	Instrument added to the wrong sector/incorrectly categorised	Correct with notice unless material impact to index total return	N
	Index calculated with incorrect constituent count (e.g., dropped a constituent for one day)	Recalculate if material impact to index total return	Y
Pricing Input	Incorrect close or redemption price	Recalculate only if material impact to index total return	N
	Incorrect closing prices for entire market	Recalculate	Y
Statistical Calculation	Analytics (i.e., duration, yield)	Update on a going forward basis	N

Generally, materiality will be determined with respect to headline indexes, which are listed in the table below. The list is not exhaustive, however, and FTSE Russell will exercise its expert judgement when determining where a custom index, an index linked to an exchange traded product, or a standard sub-index other than those listed in the table, should be recalculated.

Headline Indexes

Index Series	Headline Indexes
FTSE Actuaries UK Gilts Index Series	FTSE Actuaries UK Conventional Gilts All Stocks Index FTSE Actuaries UK Index-Linked Gilts All Stocks Index
FTSE-BOCHK Offshore RMB Bond Index	FTSE-BOCHK Offshore RMB Bond Index
FTSE China Onshore Bond Index Series	FTSE China Onshore Sovereign and Policy Bank Bond Index
FTSE MTS Indexes	FTSE MTS Covered Bond Index FTSE MTS Eurozone Government Bill Index FTSE MTS Eurozone Government Broad Index FTSE MTS Eurozone High-Yield Government Bond Index FTSE MTS Eurozone Inflation-Linked Bond Index FTSE MTS Government Index FTSE MTS Short Government Bond Index FTSE MTS Deposit Index
FTSE SBI Indian Government Bond Index	FTSE SBI Indian Government Bond Index
FTSE Canada Bond Indexes	FTSE Canada Universe Bond Index FTSE Canada Real Return Bond Index FTSE Canada T-Bill Indexes FTSE Canada Floating Rate Note Index FTSE Canada Maple Bond Index FTSE Canada NVCC Bond Index FTSE Canada High Yield Index FTSE Canada Hybrid Bond Index



Further Information

For further information on FTSE Russell indexes please visit www.ftserussell.com or e-mail info@ftserussell.com.

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