

FTSE Canada Bond Indices: Confirmation of Change to Index Pricing Methodology

02 March 2022

On January 22, 2022, FTSE Russell **announced** its intention to change the pricing provider for the FTSE Canada Bond Index Series to CanDeal Data and Analytics (“CanDeal DNA”), a third-party data and analytics provider, and opened a one-month comment period to invite feedback on the proposed change.

This announcement confirms the price source change and provides additional details on the implementation. The change is targeted for May 17, 2022.

Price Source Change for the FTSE Canada Bond Index Series and Projected Index Impact

Currently, FTSE Russell assigns security prices based on its **FTSE Canada Multi-Dealer Pricing Methodology**. After the change, prices will be provided by CanDeal DNA in accordance with its Composite pricing methodology. Prices in the FTSE Canada Bond Index Series will continue to represent a mid-side price as of 4:00 pm (Toronto time), unless otherwise stated in published index methodologies.

There will be no other change to index construction as a result of the price source change. Terms and reference data will continue to be sourced by FTSE Russell directly based on original issue documents. Index analytics, such as modified duration and yield, will continue to be calculated in accordance with existing index conventions and formulae. Index users should not anticipate any changes to file format, distribution channels or delivery times as a result of the price source change.

Figure 1 provides a projected impact assessment for the FTSE Canada Universe Bond Index, and Figure 2 provides a projected impact assessment for other select flagship indices in the FTSE Canada Bond Index Series.

Figure 1. Projected impact of the price source change for the FTSE Canada Universe Bond Index

	CurrHold (\$ BN)	Notional Weight (%)	Bond Count	Average Price New (CanDeal)	Average Price Current (FTSE)	Difference
Communication	43.50	2.32	69	101.31	101.26	0.05
Energy	111.09	5.94	288	102.08	102.12	-0.04
Financial	185.26	9.90	239	99.97	99.98	-0.01
Industrial	33.18	1.77	93	102.66	102.70	-0.04
Infrastructure	76.95	4.11	257	106.90	106.83	0.07
Real Estate	35.50	1.90	106	99.16	99.14	0.02
Securitization	5.62	0.30	13	99.25	99.24	0.01
Corporate Total	491.10	26.24	1,065	101.77	101.77	0.00
Federal	673.38	35.98	111	100.09	100.09	0.00
Provincial	667.06	35.64	319	104.43	104.42	0.01
Municipal	40.19	2.15	109	103.17	103.16	0.01
Government Total	1380.63	73.76	539	102.28	102.27	0.01
Grand Total	1871.73	100.00	1604	102.14	102.14	0.00

Source: FTSE Russell. Data are as of February 28, 2022.

Figure 2. Projected impact of the price source change for other indices in the FTSE Canada Bond Index Series

	CurrHold (\$ BN)	Bond Count	Average Price New (CanDeal)	Average Price Current (FTSE)	Difference
0-1 Year Universe Bond Index	207.89	116	100.42	100.42	0.00
Maple Bond Index	55.98	77	100.56	100.52	0.04
Real Return Bond Index	50.39	13	124.18	124.37	-0.19
High Yield Bond Index	22.20	56	99.34	99.43	-0.09
Strip Bond Index	117.64	438	59.08	59.04	0.04
Floating Rate Note Index	49.50	22	100.35	100.32	0.03
NHA MBS 975 Index	135.24	403	98.04	98.12	-0.08

Source: FTSE Russell. Data are as of February 28, 2022.

Support for Index Users through the Implementation of the Price Source Change

The change in price source is scheduled to be implemented on the close of May 17, 2022. To support index users through the transition, FTSE Russell will make bond-level prices reflecting the new index price source available upon request on a daily basis. Updated summary data will also be published as part of market reminders as of each month-end in advance of the implementation date. Index users with custom indices derived from the FTSE Canada Bond Index Series are encouraged to contact us for further details on the impact to those indices.

Please reach out to us at pcbond@ftserussell.com to request bond level price source comparison files.

Please submit any questions, comments or requests for additional data via pcbond@ftserussell.com or your FTSE Russell relationship manager.

For further information please contact FTSE Russell Client Services at info@ftserussell.com or call:

Australia	+1800 653 680
Hong Kong	+852 2164 3333
Japan	+81 3 4563 6346
London	+44 (0) 20 7866 1810
New York	+1866 551 0617

Alternatively please visit our website at www.ftserussell.com

Terms of Use | Copyright © 2022 FTSE Russell