



## Change to the Default Rules for Foreign Currency Government Bonds in the FTSE Fixed Income Indices

After thorough consideration, FTSE Russell announces a change to and provides further transparency into the index treatment of defaulted foreign currency government bonds in the FTSE fixed income indices. Effective with September 2022 index profiles, the following approach will be followed:

- In the event that one or more foreign currency government bonds fail to make a coupon payment, all foreign currency government bonds from that issuer will be retained in the index and continue to reflect updated pricing in index return calculations to the extent that it is available from the index pricing provider;
- In the event of a subsequent debt restructuring, FTSE Russell will reflect the economic reality of the transaction for bond investors in the index calculations to the extent it is feasible;
- Any foreign currency government bonds that are newly issued as part of a debt restructuring will be required to meet relevant index eligibility criteria to be added to the index with timing of their inclusion based on index rebalancing rules;
- In the event that a defaulted foreign currency government bond market is no longer functioning and FTSE Russell deems that a market disruption event has taken place, it will reference its FTSE Fixed Income Statement of Principles to determine the appropriate index treatment for the impacted securities.

The above change to the default rules for foreign currency government bonds in the FTSE fixed income indices follows a thorough review of the practicalities faced by investors in these securities and is intended to align its approach with the stated objectives and principles of its indices.

Please contact us at [fi.index@lseg.com](mailto:fi.index@lseg.com) with any comments or questions.

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