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FTSE Fixed Income Index Consultation: FX Input Data for FTSE World Government Bond Index – Japanese Investment Trust (JIT) Series

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FTSE Russell is committed to ensuring that its broad offering of fixed income indices provides solutions that meet the needs of both global and regional investors. As such, domestically focussed solutions, such as the FTSE World Government Bond Index – Japanese Investment Trust (WGBI-JIT), are intended to align their methodology with the recommendations of local investment associations within a geographic region. This approach is balanced with the need to reflect the practical experiences of domestic investors and ensure that the most appropriate and representative data sources are used in index calculations. As such, FTSE Russell announces that it is opening a market consultation regarding the foreign exchange (FX) spot input data that is used within the FTSE WGBI-JIT Series.

Methodology for the FTSE World Government Bond Index - Japanese Investment Trust (JIT) Series

The FTSE World Government Bond Index – Japanese Investment Trust (WGBI-JIT) was launched in 2007 as a thematic variant of the flagship FTSE WGBI intended to reflect the evaluation **recommendations** of the Investment Trusts Association of Japan. There are four distinguishing features of the FTSE WGBI-JIT:

1. Japanese government bonds are priced as of the current day's market close;
2. Non-Japanese government bonds are priced as of the previous day's market close;
3. For purposes of currency return calculations, telegraphic transfer middle (TTM) spot exchange rates are sourced from MUFG Bank as of 10:00 a.m. Tokyo time;
4. Total return and market value calculations for non-yen securities are customized to the FTSE WGBI-JIT¹.

If a TTM spot rate is not available from MUFG Bank for a given currency, the 4:00 p.m. (London) WMR FX Spot Benchmark Rate is used for purposes of index calculations.² On rare occasions, the Japanese Ministry of Finance intervenes in foreign exchange markets. If such event occurs on the last business day after 10:00 a.m. Tokyo and MUFG Bank officially revises the 10:00 a.m. rates, FTSE Russell will restate the last business day WGBI-JIT returns and monthly returns if they differ significantly from the originally published returns.

Review of the FX Input Data Source for the FTSE WGBI-JIT Series

To ensure that the most representative FX spot input data is used in the calculation of the FTSE WGBI-JIT Series, FTSE Russell propose that the FX data source be changed from MUFG Bank TTM Rates, which represent a single contributor FX valuation, to the WMR Intraday Spot FX Benchmark Rates published at 10:00 a.m. (Tokyo time). This change is intended to ensure that the FX spot rate inputs to the FTSE WGBI-JIT Series are sufficiently robust and representative of the global currency markets during local Japanese FX trading hours. It also ensures that the index methodology continues to align with the recommendations of the Investment Trusts Association of Japan, which commonly use a 10:00 a.m. Tokyo FX valuation time. Furthermore, the change eliminates the need to supplement the current TTM rates with a different source where it is not available for specific currencies.

WMR Spot Foreign Exchange Benchmark Methodology

The WMR Spot Foreign Exchange Benchmarks were introduced in 1994 to provide a standard set of global currency benchmark rates that could be used in portfolio valuation. Since that time, their usage has grown to

¹ For further details on the calculation, please see Appendix 3 of the **FTSE Fixed Income Index Guide**.

² Currently, WMR Spot FX Benchmark Rates are used for Israel.

include asset managers, asset owners, FX banks, corporate clients, central banks and financial services companies, such as bond and equity index providers. They are administered by FTSE Russell under EU BMR and designated as Critically Important Benchmarks by the UK Financial Conduct Authority (FCA).

The objective and transparent methodology of the WMR Spot FX Benchmark Rates ensures that they continue to be the most appropriate and representative measure of the global foreign exchange market. The LSEG Market Data System is the primary infrastructure and technology used to source spot foreign exchange (FX) rates from multiple market participants to be used in the calculation of the rates. For Trade Currencies, which represent the majority of local currency bond markets eligible for the FTSE WGBI, FX transaction data is sourced from highly liquid order matching platforms (LSEG Matching and EBS), which represent firm liquidity, using standard trading parameters, that is fully transparent and broadly available to platform participants. The transparent calculation of the WMR Spot FX Benchmark Rates incorporates this FX trade data, subject to a robust validation and oversight framework. Further details on the methodology for the WMR FX Benchmark Rates can be found [here](#).

Impact Analysis

Figure 1 provides a comparison of WMR Intraday Spot FX Rates at 10:00 a.m. (Tokyo Time) and the existing MUFG TTM Spot FX Rates as of 31 July 2025.

Figure 1. Comparison of WMR Intraday Spot FX 10:00 a.m. JST vs. MUFG TTM Spot FX Rate

Country	Currency	Market Value (JPY bn)		Index Weight		Exchange Rate		
		TTM	WMR	TTM	WMR	TTM	WMR	Diff
WGBI		4,814,561	4,813,844	100.00%	100.00%			
Austria	EUR	48,759	48,745	1.01%	1.01%	170.75	170.7	-0.05
Australia	AUD	55,197	55,172	1.15%	1.15%	96.22	96.18	-0.04
Belgium	EUR	65,430	65,410	1.36%	1.36%	170.75	170.7	-0.05
Canada	CAD	87,436	87,392	1.82%	1.82%	107.99	107.94	-0.05
China	CNY	504,259	505,607	10.47%	10.50%	20.73	20.79	0.06
Germany	EUR	255,605	255,530	5.31%	5.31%	170.75	170.7	-0.05
Denmark	DKK	9,870	9,866	0.21%	0.20%	22.88	22.87	-0.01
Spain	EUR	191,627	191,571	3.98%	3.98%	170.75	170.7	-0.05
Finland	EUR	22,176	22,169	0.46%	0.46%	170.75	170.7	-0.05
France	EUR	321,114	321,020	6.67%	6.67%	170.75	170.7	-0.05
United Kingdom	GBP	244,280	244,142	5.07%	5.07%	197.93	197.82	-0.11
Ireland	EUR	18,569	18,564	0.39%	0.39%	170.75	170.7	-0.05
Israel	ILS	16,392	16,417	0.34%	0.34%	44.06	44.1*	0.04**
Italy	EUR	301,366	301,278	6.26%	6.26%	170.75	170.7	-0.05
Japan	JPY	459,246	459,246	9.54%	9.54%	1	1	0.00
Mexico	MXN	36,020	35,981	0.75%	0.75%	7.93	7.92	-0.01
Malaysia	MYR	22,121	22,110	0.46%	0.46%	35.11	35.09	-0.02
Netherlands	EUR	54,392	54,376	1.13%	1.13%	170.75	170.7	-0.05
New Zealand	NZD	7,195	7,185	0.15%	0.15%	14.51	14.49	-0.02
Norway	NOK	12,914	12,910	0.27%	0.27%	88.18	88.15	-0.03
Poland	PLN	28,591	28,577	0.59%	0.59%	39.96	39.94	-0.02
Portugal	EUR	25,299	25,292	0.53%	0.53%	170.75	170.7	-0.05
Sweden	SEK	7,983	7,978	0.17%	0.17%	15.28	15.27	-0.01
Singapore	SGD	17,376	17,367	0.36%	0.36%	115.32	115.26	-0.06
United States	USD	2,001,345	1,999,938	41.57%	41.55%	149.39	149.29	-0.10

Source: FTSE Russell, LSEG D&A. Data as of 31 July 2025. *WMR Spot FX Closing Benchmark Rate as of 4:00 p.m. (London), **WMR Spot FX Intraday Benchmark Rate as of 10:00 a.m. (Tokyo).

Consultation Approach

Index stakeholders are encouraged to contact us at fi.index@lseg.com to provide their feedback on the proposed change, as well as any other implementation considerations that may be relevant to ensure a smooth transition for market participants.

FTSE Russell also seeks feedback on dependencies on other standard indices that use the existing MUFG TTM Spot FX Rates, such as the FTSE Emerging Markets Government Bond Index – JIT (EMGBI-JIT), and custom indices to ensure a consistent approach is applied across FTSE fixed income indices.

All responses will be treated as confidential, however, FTSE Russell may publish a summary of the feedback in the interest of transparency.

The consultation will close on 30 September 2025.

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

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