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Refinitiv Benchmark Services (UK) Limited

# The FTSE Convertible Indices Benchmark Statement

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# Introduction

FTSE Convertible Indices are a family of Indices that aim to represent the performance of the Global market of Convertible Bonds in general and its sub-sets via a series of Sub-Indices.

Each Sub-Index family is constructed to represent the market composition of the Convertible Bonds of a pre-determined size that are generally available to the institutional investors (the economic reality).

The Global Index Market Cap (the broadest Index in the family) was approximately 408 B USD as of the end of as of March 2022 and comprised of more than 598 constituents at the time of publication.

The rest of the Sub-Indices in the family are derived from the Global Index each aiming to represent either a geographical (e.g. Asia ex Japan), an investment quality (e.g. Global Investment Grade) or a sub-set of instruments with common investment characteristics (e.g. Focus Sub-Indices).

Most but not all sub-indices are produced in both regular and hedged variants with CHF, EUR, GBP, JPY and USD being the prevalent currencies across the family.

Geographically, the family offers Global, Europe, US, Japan, Asia ex Japan sub-indices amongst others.

The Global Index was launched on 30 September 1998 with the Global Index and most sub-indices calculated back to 31 December 1993.

A number of the Sub-Indices such as Qualified, Qualified Monthly Hedged and Monthly Focus have been constructed to support the ETF funds.

The FTSE Convertible Indices are based on readily available data and are subject to the UK Benchmark Regulation ('BMR'). Refinitiv Benchmark Services (UK) Limited ('RBSL') is an authorised benchmark administrator under the BMR and regulated by the Financial Conduct Authority in the United Kingdom.

The FTSE Convertible Indices are considered non-significant benchmark under UK BMR.

The FTSE Convertible Indices are calculated using input data delivered by LSEG Pricing Service (LPS) and other necessary data inputs delivered by content groups (the 'Data Sources'). It is administered by RBSL based on the published Methodology available from the following link: [Convertible Bond Indices](#) Section 6.3.6 of the FTSE Convertible Indices provides a description of the LPS.

This benchmark statement shall be reviewed at least every two years, or whenever there is a material change to either the type of the benchmark or to the Methodology used in the determination of the benchmark.

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## Overview of methodology

The FTSE Convertible Indices are calculated using a Market Capitalisation weighted chain-linked approach with income reinvestment (Total Return Indices) to the full precision available to the calculation process. Official published values are rounded to 2 decimal places.

The composition (constituents) of the Global Index is determined on a continuous basis based on a set of pre-defined eligibility criteria as specified in the Methodology. The size of the index can vary depending on various factors such as inflow of new issues and removal of the existing ones.

All Sub-Indices are derived from the Global Index based on the pre-determined eligibility criteria as specified in the Methodology. Sub-Indices derived from the Global index either follow a pattern of the Global Index where the constituents are determined on a continuous basis or have a set of scheduled rebalancing dates published in advance.

Where appropriate, the indices have Concentration Factors that are recalculated monthly and/or at specific events as described in the Methodology.

No models or method of extrapolation or interpolation are used by RBSL when calculating the FTSE Convertible Indices. The input or other necessary data is readily available via subscriptions; FTSE Convertible Indices are not determined using contributions of input data as defined by the UK Benchmark Regulation.

Expert judgment, by Index Management group, in conjunction with Index Managers is permitted under the methodology as set out in relevant sections and summarised in Section 11 of the Methodology [Convertible Bond Indices](#).

Use of expert judgment is intended for circumstances where a combination of market events and / or market conditions and / or operational circumstances require actions to be taken not explicitly set out in the main body of rules, to ensure stability of the index production and / or it's representativeness.

All instances of expert judgment are evaluated by peers and decided by the Index Management in conjunction with Index Managers as well as documented in line with the governance framework and reported to the Oversight Committee.

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## Potential limitations of the benchmark

The FTSE Convertible Indices are calculated using readily available input data delivered by LSEG Pricing Service (LPS) with other necessary data delivered by data feeds (the 'Data Sources'). Further details are available in Sections 6.3 and 7.1 of the FTSE Convertible Indices Methodology (see section 1 of this document for the link).

Determination of FTSE Convertible Indices depends on the timely availability of the input and other necessary data from said Data Sources on a Weekday basis.

Any partial inadequacies in input data are mitigated via succession of Pricing Sources as detailed in Section 6.3.3.1 of the FTSE Convertible Indices Methodology.

Severe technical problems, extreme market events or a widespread loss of liquidity may lead to a complete loss of one or more of the Data Sources which will affect the delivery of the data to RBSL.

In such circumstances the FTSE will exercise expert judgement to determine the viable data and/or Data Source(s) necessary to calculate the Indices. The FTSE Convertible Indices may not necessarily be representative of the market segments they aim to represent under such conditions.

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## Methodology changes and benchmark cessation

The FTSE Convertible Indices Methodology has been adopted as being a reliable and resilient mean for providing a benchmark that accurately represents the market composition of the Convertible Bonds market of issues above a pre-determined size that are generally available to the institutional investors.

The FTSE Convertible Indices Methodology is subject to a review in order to assess its ongoing fitness for purpose on at least an annual basis. In the event that the review leads RBSL to believe that a change to the Methodology is required and that the change is material in its effect on the benchmark, a market consultation will be conducted in accordance with the RBSL Methodology Change Procedures in order to seek feedback from a representative range of stakeholders. RBSL will review all feedback and, if following such review, it resolves to proceed with the proposed change or changes, will provide sufficient notice to users of the benchmark before implementing such change or changes.

Circumstances beyond the control of RBSL may necessitate an immediate change to or the cessation of the benchmark. Such circumstances include without limitation (i) a loss of liquidity in the underlying equity and/or bond markets and (ii) a loss of Data Source(s) such that input or other necessary data is no longer representative of wider market activity in the convertible bonds market.

In the event that an immediate change is required, RBSL will provide as much notice as is practicable and following such change will conduct an internal review of the Methodology.

If it becomes necessary to cease calculation and distribution of the benchmark, RBSL will implement the [RBSL Benchmark Change and Cessation Policy](#). This includes conducting an analysis of the estimated usage of the benchmark and, where feasible, the selection of a credible alternative benchmark. In all cases, RBSL will take all reasonable steps to ensure that all users and other stakeholders are made aware as soon as possible of any intention or possible necessity to cease the benchmark.

Any material change to the Methodology or cessation of the benchmark may have an impact on the measurement of the performance of an investment fund that uses or refers to the benchmark.

Any material change to the Methodology may lead to a change in the economic reality represented by the benchmark and therefore to the economic exposure of any fund tracking the benchmark.

A cessation of the benchmark would require the selection of an alternative benchmark or the implementation of a fall-back procedures for any funds that tracks or references the benchmark.

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## Further information

The Benchmark Methodology used in determining the Global Index and other Sub-Indices is available on RBSL's [website](#).  
For further information about the LSEG Convertible Indices please contact RBSL's Convertible Client Support team at [CB\\_Index\\_Reporter@lseg.com](mailto:CB_Index_Reporter@lseg.com).

## Annex – Climate related disclosures

### Section 1 – Consideration of ESG factors

Item 1. Name of the benchmark administrator. Refinitiv Benchmark Services (UK) Limited

Item 2. Type of benchmark or family of benchmarks. Fixed Income

Choose the relevant underlying asset from the list provided in Annex II.

Item 3. Name of the benchmark or family of benchmarks. FTSE Convertible Bond Indices

Item 4. Are there in the portfolio of the benchmark administrator any EU Climate Transition Benchmarks, EU Paris-aligned Benchmarks, benchmarks that pursue ESG objectives or benchmarks that take into account ESG factors?  Yes  No

Item 5. Does the benchmark or family of benchmarks pursue ESG objectives?  Yes  No

### Section 3 – Disclosure of the alignment with the objectives of the Paris agreement

Item 10. By the date of application of this Regulation, for significant equity and bond benchmarks, EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks, benchmark administrators shall also disclose the following information.

By 31 December 2021, benchmark administrators shall, for each benchmark or, where applicable, each family of benchmarks, disclose the following information:

(a) Does the benchmark align with the target of reducing carbon emissions or the attainment of the objectives of the Paris Agreement;  Yes  No

Date on which information has last been updated and reason for the update: 23 December 2021  
Annex: CLIMATE RELATED DISCLOSURES  
Item 10(a) of Section 3 added



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Market participants look to us for our expertise in developing and managing global index solutions across asset classes. Asset owners, asset managers, ETF providers and investment banks choose FTSE Russell solutions to benchmark their investment performance and create investment funds, ETFs, structured products, and index-based derivatives. Our clients use our solutions for asset allocation, investment strategy analysis and risk management, and value us for our robust governance process and operational integrity.

For over 35 years we have been at the forefront of driving change for the investor, always innovating to shape the next generation of benchmarks and investment solutions that open up new opportunities for the global investment community.

## CONTACT US

To learn more, visit [lseg.com/ftse-russell](https://www.ftserussell.com); email [info@ftserussell.com](mailto:info@ftserussell.com); or call your regional Client Service team office:

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