



Russia – Ukraine related sanctions and treatment in FTSE Russell Indices – FAQ

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FAQ

1.0 Why were Russian companies removed from FTSE Russell Equity Indices?

Following consideration by the FTSE Russell Index Governance Board of the feedback received from the independent advisory committees, other market participants and given the current market conditions, FTSE Russell announced the removal of Russian companies from its Equity Indices in accordance with Rule 2.1 of the FTSE Russell Index Policy 'In the Event Clients are Unable to Trade a Market'.

The announcement detailing the removal of Russian companies can be found using the following link:

[02 March 2022 Announcement.](#)

2.0 What was the weight of Russia within the FTSE Emerging All Cap Index prior to deletion, and how does that compare with its weight historically?

As of the close 04 March 2022, Russia had a weight of 1.4% within the FTSE Emerging All Cap Index. The eleven markets larger than Russia within the FTSE Emerging All Cap Index are detailed below:

Country	China	Taiwan	India	Brazil	Saudi Arabia	South Africa	Thailand	Mexico	Malaysia	Indonesia	UAE
Weight	32.5%	20.1%	15%	6.4%	4.4%	4.4%	2.9%	2.4%	2.1%	1.8%	1.5%

Date	01 February 2022	01 March 2021	01 March 2017	01 March 2012
Historic Weight of Russia	2.9%	2.7%	4.4%	6.2%

3.0 Which companies were impacted by the 02 March 2022 announcement and when?

All companies included within FTSE Russell equity indices which traded on the Moscow Exchange (MOEX) were removed from the indices for the open on Monday 07 March 2022.

Russian Global Depositary Receipts (GDRs) listed on the International Order Book (IOB) were also removed for the open on Monday 07 March 2022.

The full list of impacted companies can be found in the appendices of the [02 March 2022 notice](#).

4.0 At what price were the impacted companies removed?

All equities removed as a result of this action were removed at zero value.

5.0 Will FTSE Russell remove constituents which do not have a nationality assignment of Russia, but do have links to Russia (e.g. economic exposure or major shareholders) assuming that they are not sanctioned?

No. Any company which is determined to be non-Russian according to the FTSE Russell Determining Nationality rules and is not otherwise sanctioned will remain eligible for the FTSE Russell equity indices.

6.0 Why are FTSE Russell deleting, UK assigned, Evraz, Plc., Polymetal International Plc., Petropavlovsk Plc., and Raven Property Group Plc., from all FTSE Russell indices, if only constituents with a nationality assignment of Russia, or are subject to sanctions, are within scope?

Please refer to the [informative notice dated 11 March 2022](#) for treatment of these companies. These companies were not deleted directly due to links to Russia; rather, they were deleted because their ongoing inclusion could not be replicated due to international brokerage firms no longer accepting trades for these names. Consequently, FTSE Russell invoked its Statement of Principles, and communicated their deletion accordingly.

7.0 When might Russian equities be eligible to re-join FTSE Russell indices?

Following the deletion of Russia from all FTSE Russell Equity Indices, Russia will be classified as an 'Unclassified' market within the FTSE Equity Country Classification scheme. Once regular trading resumes on MOEX and all restrictions on non-resident investors have been lifted, the market will not be re-included in the standard FTSE Russell global indices automatically, but rather the status of the market will be re-evaluated as part of the FTSE Equity Country Classification process. This process will follow the standard FTSE Equity Country Classification procedure and timetable for a new market, and the country may be required to spend a period of time on the relevant Watchlist before its status is confirmed. The minimum period for a country to be included on the Watchlist is six months, if all eligibility criteria are met.

8.0 Will FTSE Russell continue to track the performance of Russian equities following deletion from FTSE Russell indices?

To assist existing investors in benchmarking their performance, the FTSE Russia Unclassified Index, a standalone country index using local exchange prices, was made available to clients from Monday 07 March 2022.

9.0 Does the FTSE Russia Unclassified Index reflect the imposition of USA, UK and the European Union (EU) sanctions?

Index constituents of the FTSE Russell Unclassified Index that are prohibited from being held due to the imposition of sanctions by the USA, UK and/or EU have been deleted from the index. Further details on the treatment of sanctions within the FTSE Russia Unclassified Index are detailed in section 2.3 of the [FTSE Russell Treatment of Sanctioned Index Constituents](#) guide.

Furthermore, effective from 07 June 2022, OFAC announced that U.S. persons are prohibited from purchasing both new and existing debt and equity securities issued by any entity in the Russian Federation, including those entities that are not currently subject to sanctions. This prohibition does not prohibit U.S. persons from selling, divesting or continuing to hold existing debt and equity securities issued by an entity in the Russian Federation to non-U.S. persons.

FTSE Russell notification detailing index treatment: [notification](#)

10.0 Why did FTSE Russell remove Russian Government Bonds and Bonds Issued by Russian Entities from its Fixed Income Indices?

FTSE Russell announced that all ruble and non-ruble denominated Russian government bonds, and hard currency bonds issued by Russian entities would be removed from the FTSE fixed income indices effected as of March 2022 month-end (April 2022 profiles).

FTSE Russell's Index Governance Board deemed the imposition of the sanctions by the United States, the European Union and the United Kingdom, along with the sudden imposition of capital controls by the Russian government, to constitute a market disruption event.

In making this determination, FTSE Russell acted in accordance with its published [FTSE Fixed Income Index Statement of Principles](#) and the [FTSE Fixed Income Country Classification Framework](#). The FTSE Fixed Income Country Classification Framework allows for the following:

"In the case of a market disruption event (i.e., the sudden imposition of prohibitive capital controls), FTSE Russell will reference its Statement of Principles to determine whether an off-cycle review of Market Accessibility Levels should be triggered."

The announcement detailing the removal of Russian bonds from the FTSE fixed income indices can be found using the following link:

[04 March 2022 Announcement](#)

11.0 Which bonds were impacted by the 04 March 2022 announcement and when?

A list of the ruble and non-ruble denominated Russian government bonds is contained in the 04 March 2022 announcement.

FTSE Russell will publish a follow-up announcement that contains details of the hard currency bonds issued by Russian issuers that be excluded from all FTSE fixed income indices after a thorough due diligence of the impacted securities and with sufficient notice in advance of March 2022 month-end rebalances. The list of impacted bonds is expected to broadly align with those bonds assigned a Country of Russia based on the FTSE fixed income index methodology.

12.0 At what price were the impacted bonds removed?

The price and accrued interest for all ruble-denominated government bonds, hard currency domestic ("RU" ISINs) government bonds and explicitly sanctioned Russian entities were set to zero, effective as of 07 March 2022.

FTSE Russell continues to reflect updated prices for hard currency bonds issued by Russian entities through March 2022 month-end rebalances to the extent that it is feasible.

13.0 Why is FTSE Russell removing bonds issued by non-government Russian entities from the indices?

Securities issued by non-government Russian entities are excluded on the basis of the capital controls that have been imposed by the Russian government that prevent repatriation of currency out of Russia. This is also the rationale for the exclusion of Russian government bonds.

14.0 What is the exposure in FTSE Fixed Income Indices to Russian bonds?

Total exposure for securities issued by Russian entities amounts to 79 unique ISINS totalling USD 59,720.7 million par amount outstanding, total exposure, including Russian government bonds, amounts to 119 unique ISINS totalling 181,790.1 million par amount outstanding across FTSE Fixed income indices.

Details of Impacted Securities Issued by Russian Entities in FTSE Fixed Income Indices

Index	Count of Government bonds	MV (%) of Government bonds	Count of Non-government bonds	MV (%) of Non-government bonds	Total bond count	Total MV (%)
EMGBI	26	1.90	0	0.00	26	1.90
WorldBIG	14	0.03	15	0.01	29	0.04
EMUSDBBI	10	0.54	63	1.30	73	1.84
USBIG	10	0.044	2	0.003	12	0.047
EUROBIG	4	0.02	10	0.03	14	0.05
WorldHYM	0	0.00	4	0.06	4	0.06

* Source: FTSE Russell. Data as of 28 February 2022.

15.0 What is the exposure in FTSE Fixed Income Indices to Ukraine and Belarus government bonds?

FTSE Russell continues to monitor the evolving market conditions for Ukraine and Belarus government bonds. As of 14 March 2022, they remain index eligible.

Ukraine:

As of 28 February 2022, 51 UAH-denominated Ukrainian government bonds with UAH 371.3 (USD 12.4) billion in par amount outstanding are eligible for the FTSE Frontier Emerging Markets Government Bond Index (FRNTEMGBI), comprising 3.31% of the index, on a market value weighted basis.

As of 28 February 2022, 10 USD-denominated Ukrainian government bonds with USD 16.3 billion in par amount outstanding are eligible for the FTSE USD Emerging Markets Broad Bond Index (EMUSDBBI), comprising 0.30% of the index, on a market value weighted basis. These securities are also included in other FTSE fixed income indices that derive their membership from the EMUSDBBI, such as the FTSE EM USD Government Bond Index (EMUSDGBI).

Belarus:

As of 28 February 2022, 5 USD-denominated Belarus government bonds with USD 3.3 billion in par amount outstanding are eligible for the FTSE USD Emerging Markets Broad Bond Index (EMUSDBBI), comprising 0.04% of the index, on a market value weighted basis. These securities are also included in other FTSE fixed income indices that derive their membership from the EMUSDBBI, such as the FTSE EM USD Government Bond Index (EMUSDGBI).

16.0 When might Russian bonds be eligible to re-join FTSE Russell indices?

FTSE Russell assessed the market against its published [Fixed Income Country Classification](#) criteria and announced on 04 March 2022 that the Market Accessibility Level for local currency, fixed-rate Russian government bonds will change from “1” to “Unassigned”, effective immediately.

This same framework will be used to assess the market accessibility of Russia/Russian bonds to evaluate whether it meets the minimum criteria for re-entry in the future. FTSE Russell will continue to monitor the situation and assess updates as they become available.

17.0 What is the treatment of Russian securities in the FTSE Russell Sustainable Investment Indices?

Securities in the FTSE Russell Sustainable Investment equity and fixed income Indices will follow the treatment of FTSE Russell equity and fixed income indices as detailed in the published notices.

For more information about our Indices, please visit ftserussell.com.

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