

11 March 2022

# Russia Impact: Update on Fixed Income Index Announcements

Initial responses from major fixed income index providers to Russia's invasion of Ukraine have been overtaken by sanctions and Russian retaliation in the form of de-facto capital controls. The index providers have now confirmed that all Russian securities will be removed from their respective benchmarks at the upcoming March 31 rebalancing date. Most local securities are priced at, or very close to, zero and no interest is being accrued on these securities.

Below is a summary of the latest announcements from major index providers related to exclusion of Russia in their benchmarks.

Figure 1  
**Summary of Russia Exposure Across Key Fixed Income Benchmarks**

Strategy	Benchmark	Exclusion Decision Date	Exclusion Effective Date*	31-Jan-22 (%)	28-Feb-22 (%)	1-Apr-22 Onwards (%)
Global Sovereigns	FTSE WGBI	4 March 2022	31 March 2022	0.00	0.00	0.00
Global Sovereigns	Bloomberg Global Treasuries	4 March 2022	31 March 2022	0.26	0.15	0.00
Global Aggregate	Bloomberg Global Agg.	4 March 2022	31 March 2022	0.27	0.14	0.00
Global Corporate	Bloomberg Global Corp	4 March 2022	31 March 2022	0.15	0.08	0.00
Global HY	ICE BofA Global High Yield	8 March 2022	31 March 2022	0.60	0.36	0.00
EMD Hard Currency	JPM-EMBI-GD	7 March 2022	31 March 2022	3.12	0.95	0.00
EMD Hard Currency	ICE BofA 0-5 Year EM USD Govt Bond ex-144a	8 March 2022	31 March 2022	3.26	1.69	0.00
EMD Local Currency	JPM-GBI-EM-GD	7 March 2022	31 March 2022	6.84	1.83	0.00
EMD Local Currency	Bloomberg EM Local Currency	4 March 2022	31 March 2022	1.87	1.07	0.00
EMD Local Currency	Bloomberg EM Local Currency Liquid	4 March 2022	31 March 2022	4.17	2.50	0.00
EMD Local Currency	Bloomberg EM Inflation-Linked 20% Capped	4 March 2022	31 March 2022	2.73	1.88	0.00
EMD Local Currency	Bloomberg EM Local Currency Govt Diversified	4 March 2022	31 March 2022	4.38	2.83	0.00

Source: Bloomberg, BofA, JPM, FTSE, as of 11 March, 2022.

\* Rebalancing Date.

## JP Morgan

- Russia will be excluded from all JP Morgan fixed income indices on March 31, 2022. Russia and Belarus will be excluded from the JESG EMBI, JESG GBI-EM, and JESG CEMBI indices on March 31, 2022.
- RUB denominated government bonds (OFZs) will be excluded from the GBI-EM indices on March 31, 2022. OFZs' accrued interest will be set to zero and suspended effective March 7, 2022.
- Russia will be excluded from the EMBI indices on March 31, 2022, including the investment grade and other credit bucket sub-indices. Russian corporates will be excluded from the CEMBI indices on March 31, 2022. All security-level prices will continue to be sourced from PricingDirect.

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**Bloomberg**

- All index securities with a country of risk of Russia will exit the indices, including applicable high yield and emerging market indices, at March month-end at a valuation of near zero.
- All coupon payments will be deemed suspended in the March returns universe.

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**ICE**

- All debt with Russia as its country of risk will be excluded from all ICE indices beginning with the March 31, 2022 rebalancing.
- All local currency RUB-denominated Russian securities will be marked at zero, without cash and accrued beginning March 9, 2022.
- Foreign currency Russian securities will continue to use evaluated prices for as long as ICE's pricing provider, PRD, can continue to evaluate them. If evaluations become unavailable the securities will be marked at zero. Any cash or accrued interest will be removed from all foreign currency Russian securities beginning March 9, 2022.

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**FTSE**

- All ruble and non-ruble denominated Russian government bonds, and hard currency bonds issued by Russian domiciled issuers will be excluded from all FTSE fixed income indices, effective as of March 2022 month-end.
- The price and accrued interest for all ruble-denominated government bonds, hard currency domestic ("RU" ISINs) government bonds and explicitly sanctioned Russian entities will be set to zero, effective as of March 7, 2022.

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\* Pensions & Investments Research Center, as of December 31, 2020.

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ID968403-4501819.11.GBL.INST 0322  
Exp. Date: 31/03/2023