

FTSE Canada Fixed Income – Minimum Issue Size Thresholds - Consultation Results and Index Changes

28 August 2018

FTSE Russell has concluded its Minimum Issue Size Thresholds market consultation which considered how issue size and amount outstanding thresholds should be applied in the construction and maintenance of the FTSE Canada Universe Bond Index, the FTSE Canada Maple Bond Index, and the FTSE Canada High Yield Bond Index. The consultation can be viewed here:

<https://www.ftse.com/products/indices/market-consultations>

The consultation considered the following topics:

- *Minimum issue size thresholds in the Universe, Maple, and High Yield indexes given contemporary issuance patterns and coverage;*
- *Differentiated minimum issue size thresholds at the Government and Corporate sub-index level, with potential further differentiation within the Government sector for Federal, Provincial and Municipal bonds;*
- *Whether minimum issue size thresholds should be applied to determine eligibility at issuance only, or applied throughout the life of a bond to trigger deletion of holdings.*

The feedback received as part of this consultation has been considered under the FTSE governance framework. This includes input from the FTSE Canada External Advisory Committee with the final decision being taken at the FTSE Product Governance Board. Following the completion of that process, we are pleased to announce the following changes:

- **Effective January 1, 2019, the minimum issue size threshold for Government sector bonds in the Universe Bond Index will be raised to \$100MM**, from its current minimum of \$50MM. The minimum issue size threshold for Corporate sector bonds will remain unchanged at \$100MM. Minimum thresholds across all securities in FTSE Canada Universe, Maple, and High Yield Indexes will be aligned as a result of this change;
- *Existing index constituents will be grandfathered and bonds issued (**and** settled) between now and December 31, 2018 will continue to be eligible for inclusion under current minimum issue size thresholds. **There will be no impact to current constituents as a result of this change;***
- **Minimum issue size thresholds will continue to apply to determine index eligibility at entry only.** Securities with amount outstanding adjustment for stripping, reconstitution, amortization, and / or corporate action will remain eligible for the indexes. The determination of market value weights and contribution to return in the indexes continues to be based on adjusted amount outstanding.

For further details please see the following link:

www.ftse.com/products/downloads/FTSE_Canada_Minimum_Issue_Size_Consultation_Results_and_Index_Treatment.pdf

Please contact us at ftsebond@ftserussell.com or 416.572.7979 with any questions or comments.

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