

FTSE Philippine Broad Bond Index

v1.0



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Section 1

Introduction

1. Introduction

- 1.1 This document sets out the Ground Rules for the construction and management of the FTSE Philippine Broad Bond Index.
- 1.2 The FTSE Philippine Broad Bond Index (PHBBI) is designed to measure the performance of Philippine Peso-denominated bonds issued both in and outside of the Philippine bond market. The PHBBI includes government, government-related and corporate bonds. The index covers a broad array of asset classes and sub-indices are available in any combination of asset class, maturity, and rating.
- 1.3 The FTSE Philippine Broad Bond Index does not take account of ESG factors in its index design.
- 1.4 FTSE Russell**
- FTSE Russell is a trading name of FTSE International Limited, Frank Russell Company, FTSE Global Debt Capital Markets Limited (and its subsidiaries FTSE Global Debt Capital Markets Inc. and FTSE Fixed Income Europe Limited), FTSE Fixed Income LLC, FTSE (Beijing) Consulting Limited, Refinitiv Benchmark Services (UK) Limited, Refinitiv Limited and Beyond Ratings.
- 1.5 FTSE Russell hereby notifies users of the index series that it is possible that circumstances, including external events beyond the control of FTSE Russell, may necessitate changes to, or the cessation of, the index series and therefore, any financial contracts or other financial instruments that reference the index series or investment funds which use the index series to measure their performance should be able to withstand, or otherwise address the possibility of changes to, or cessation of, the index series.
- 1.6 Index users who choose to follow this index series or to buy products that claim to follow this index series should assess the merits of the index series rules-based methodology and take independent investment advice before investing their own or client funds. No liability whether as a result of negligence or otherwise is accepted by FTSE Russell for any losses, damages, claims and expenses suffered by any person as a result of:
- any reliance on these Ground Rules, and/or
 - any inaccuracies in these Ground Rules, and/or
 - any non-application or misapplication of the policies or procedures described in these Ground Rules, and/or
 - any inaccuracies in the compilation of the index series or any constituent data.

Section 2

Management responsibilities

2. Management responsibilities

2.1 FTSE International Limited (FTSE)

2.1.1 FTSE is the benchmark administrator of the index series.¹

2.1.2 FTSE is responsible for the daily calculation, production and operation of the FTSE Philippine Broad Bond Index and will:

- maintain records of the index weightings of all constituents;
- make changes to the constituents and their weightings in accordance with the Ground Rules;
- carry out the periodic index reviews of the index series and apply the changes resulting from the reviews as required by the Ground Rules;
- publish changes to the constituent weightings resulting from their ongoing maintenance and the periodic reviews;
- disseminate the indices.

2.2 Amendments to these Ground Rules

2.2.1 These Ground Rules shall be subject to regular review (at least once a year) by FTSE Russell to ensure that they best reflect the aim of the index series. Any proposals for significant amendments to these Ground Rules will be subject to consultation with FTSE Russell advisory committees and other stakeholders if appropriate. The feedback from these consultations will be considered by the FTSE Russell Product Governance Board before approval is granted.

2.2.2 As provided for in the Statement of Principles for FTSE Russell Fixed Income Indices, where FTSE Russell determines that the Ground Rules are silent or do not specifically and unambiguously apply to the subject matter of any decision, any decision shall be based as far as practical on the Statement of Principles. After making any such determination, FTSE Russell shall advise the market of its decision at the earliest opportunity. Any such treatment will not be considered as an exception or change to the Ground Rules, or to set a precedent for future action, but FTSE Russell will consider whether the Ground Rules should subsequently be updated to provide greater clarity.

¹ The term administrator is used in this document in the same sense as it is defined in [Regulation \(EU\) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds](#) (the European Benchmark Regulation) and [The Benchmarks \(Amendment and Transitional Provision\) \(EU Exit\) Regulations 2019](#) (the UK Benchmark Regulation).

Section 3

FTSE Russell index policies

3. FTSE Russell index policies

3.1 These Ground Rules should be read in conjunction with the following policy documents which can be accessed using the links below:

3.2 **Statement of Principles for FTSE Fixed Income Indices (the Statement of Principles)**

Indices need to keep abreast of changing markets and the Ground Rules cannot anticipate every eventuality. Where the Ground Rules do not fully cover a specific event or development, FTSE Russell will determine the appropriate treatment by reference to the Statement of Principles for FTSE Fixed Income Indices which summarises the ethos underlying FTSE Russell's approach to index construction. The Statement of Principles is reviewed annually and any changes proposed by FTSE Russell are presented to the FTSE Russell Policy Advisory Board for discussion before approval by the FTSE Russell Index Governance Board.

The Statement of Principles for Fixed Income Indices can be accessed through the following link:

[Statement_of_Principles_Fixed_Income_Indices.pdf](#)

3.3 **Queries and Complaints**

FTSE Russell's complaints procedure can be accessed using the following link:

[Benchmark_Determination_Complaints_Handling_Policy.pdf](#)

3.4 **Recalculation Policy and Guidelines**

3.4.1 Where an inaccuracy is identified, FTSE Russell will follow the steps set out in the FTSE Russell Index Recalculation Guidelines when determining whether an index or index series should be recalculated and/or associated data products reissued. Users of the FTSE US Treasury STRIPS Principal 25+ Years Index – Japanese Investment Trust will be notified through appropriate media.

For further information refer to the FTSE Russell Recalculation Policy and Guidelines document which is available from the FTSE Russell website using the link below or by contacting info@ftserussell.com.

[Index_Recalculation_Policy_and_Guidelines_Equity_Indices.pdf](#)

3.5 **Policy for Benchmark Methodology Changes**

3.5.1 Details of FTSE Russell's policy for making benchmark methodology changes can be accessed using the following link:

[Policy_for_Benchmark_Methodology_Changes.pdf](#)

3.6 **FTSE Russell Governance Framework**

3.6.1 To oversee its indices, FTSE Russell employs a governance framework that encompasses product, service and technology governance. The framework incorporates the London Stock Exchange Group's three lines of defence risk management framework and is designed to meet the requirements of the IOSCO Principles for

Financial Benchmarks², the European benchmark regulation³ and the UK benchmark regulation⁴. The FTSE Russell Governance Framework can be accessed using the following link:

[FTSE_Russell_Governance_Framework.pdf](#)

² IOSCO Principles for Financial Benchmarks Final Report, FR07/13 July 2013.

³ Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds.

⁴ The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019.

Section 4

Composition and design criteria

4. Composition and design criteria

4.1 The FTSE Philippine Broad Bond Index ("Index") measures the performance of Philippine Peso-denominated bonds issued both in and outside of the Philippine bond market.

4.2 Design criteria and calculation assumptions for the FTSE Philippine Broad Bond Index

Coupon	Fixed-rate, fixed-to-floating rate and zero-coupon
Currency	PHP
Minimum maturity	At least one year Fixed-to-floating bonds are removed one year prior to the fixed-to-floating rate start date
Minimum issue size	Sovereign: PHP 25 billion Other: PHP 3 billion
Minimum credit quality	No minimum S&P or Moody's rating requirements, defaulted bonds are excluded
Composition	Philippine Peso-denominated debt issued by governments, agencies and corporations excluding private placements, convertible bonds, fixed-rate perpetual bonds, index-linked notes and certificates of deposits. Contingent capital securities that convert to common equity or suffer principal write-downs based on explicit balance-sheet or regulatory capital pre-specified triggers are excluded. ⁵ Asset-backed and mortgage-backed securities are excluded. For Philippine government bonds, retail bonds, zero-coupon bonds and special purpose bonds are excluded.
Redemption features	Bullet, sinking fund, puttable, extendable, or callable
Weighting	Market capitalization
Rebalancing	Once a month on the last business day of the month (pricing as of the last business day of the monthly and settlement as of the last calendar day of the month.)
Reinvestment of cash flows	Intra-month cash flows from interest and principal payments are not reinvested as part of monthly index total return calculations.
Pricing	LSEG Pricing Service bid-side 6:00 p.m. (Tokyo)
Calculation frequency	Daily
Settlement date	Monthly: Settlement is on the last calendar day of the month. Daily: Same day settlement except if the last business day of the month is not the last calendar day of the month; then, settlement is on the last calendar day of the month.
Fixing date	Each month, the upcoming month's index constituents are "fixed" on the profile fixing date. Each year's scheduled fixing dates are published on the website.
Base date	September 30, 2018

⁵ Securities that can be converted at the discretion of local regulators are eligible provided they meet other index inclusion criteria.

4.3 Related Indices

4.3.1 FTSE Philippine Broad Bond 0+ Years Index

The FTSE Philippine Broad Bond 0+ Years Index tracks the universe of securities that meet the eligibility criteria for the flagship FTSE Philippine Broad Bond Index through to maturity. A minimum maturity of one month applies.

4.4 Holiday calendar

4.4.1 The index is calculated Monday through Friday except Christmas Day (observed) and New Year's Day (observed). Each local market will observe its own holiday calendar; if a local market is on holiday, the closing prices used for that day will be the closing prices from the previous day.

4.5 Index quality

4.5.1 An index quality is assigned to each index bond as of profile fixing. The quality is first mapped to the Standard & Poor's Financial Services LLC ("S&P") rating. If a bond is not rated by S&P but it is rated by Moody's Investors Service, Inc ("Moody's"), the S&P equivalent of the Moody's rating is assigned to the index quality. If a bond is rated by neither S&P nor Moody's, the bond is not assigned an index quality. If a bond is rated as investment-grade by one rating agency and high-yield by the other, the S&P equivalent of the investment-grade rating is assigned to the index quality. These ratings remain unchanged for the entire performance month.

4.6 Return computation

4.6.1 Total returns are computed on the assumption that each security is purchased at the beginning of the period and sold at the end of the period. An issue's total rate of return is the percentage change in its total value over the measurement period. The components of total return for each security are price change, principal payments, coupon payments and accrued interest. The total returns are market capitalization-weighted using the security's beginning-of-period market value (see Figure 1).

Figure 1. Total rate of return calculation methodology

Beginning-of-period value	– (Beginning price + Beginning accrued) x Beginning par amount outstanding
End-of-period value	– [(Ending price + Ending accrued) x (Beginning par amount outstanding – Principal payments)] + Coupon payments + Principal payments
Total rate of return (%)	– [(End-of-period value/Beginning-of-period value) – 1] x 100

A note on precision: Returns are computed to at least six decimal places but reported to a maximum of four. In addition, owing to rounding inaccuracies inherent in computer floating-point arithmetic, the last digit in any reported value may sometimes be off by one from its true value.

4.7 Exchange rates

4.7.1 The closing WMR Closing Spot Rates and WMR Closing Forward Rates are used. Snapshots are taken at regular intervals centered on the fixing time of 4:00 p.m. London time and the median rate for each currency is selected. All rates are mid-market quotations.

4.8 Chronological summary of events

4.8.1 FTSE Philippine Broad Bond Index summary of event.

Year	Monthly highlights
2024	October: The FTSE Philippine Broad Bond Index is introduced.

Unless otherwise stated, the Index follows the general methodology for FTSE fixed income indices. For details, please see [FTSE Fixed Income Guide](#).

4.9 Ticker for the FTSE Philippine Broad Bond Index

Ticker	Index
SBPHBBL	FTSE Philippine Broad Bond Index, in PHP terms
SBPHBBZL	FTSE Philippine Broad Bond 0+ Years Index, in PHP terms

Appendix A

Further information

A Glossary of Terms used in FTSE Russell's Ground Rule documents can be found using the following link:

[Fixed Income Glossary of Terms.pdf](#)

Further information on the FTSE Philippine Broad Bond Index is available from FTSE Russell.

For contact details please visit the FTSE Russell website or contact FTSE Russell client services at info@ftserussell.com.

Website: www.lseg.com/en/ftse-russell/

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