

Index Rules & Methodology | March 18, 2022

Update on treatment of Russian & Belarusian Securities for ICE Fixed Income Indices

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ICE Data Indices treatment of Russian and Belarusian securities in ICE fixed income indices

Further to the notice entitled “ICE Fixed Income Index Treatment of Sanctioned Russian Entities”, dated February 28 and in accordance with the consultation entitled “Russia-Related Sanctions Consultation”, dated March 3, 2022, in which ICE Data Indices (“IDI”) gathered feedback from multiple stakeholders on a number of questions regarding the treatment of Russian debt, IDI announced the following changes to ICE fixed income indices:

1. From February 28, 2022 rebalancing, entities covered under the United States (OFAC)¹, United Kingdom² or European Union³ sanctions on new issuance will not be added to any ICE fixed income indices. Covered under these sanctions is any new sovereign debt issued by the Central Bank of the Russian Federation, the National Wealth Fund of the Russian Federation, or the Ministry of Finance of the Russian Federation.
2. All debt with Russia as its country of risk will be excluded from all indices beginning with the March 31, 2022 rebalancing. In the interim the securities will be treated as follows:
 - a. All local currency RUB-denominated Russian securities were marked at zero, without cash and accrued interest beginning March 9, 2022. IDI’s pricing provider, ICE Data Pricing and Reference Data, LLC (“PRD”) discontinued evaluations for all ruble-

¹ <https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information/ukraine-russia-related-sanctions>
<https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information/russian-harmful-foreign-activities-sanctions>
<https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information/belarus-sanctions>

² <https://www.gov.uk/government/publications/financial-sanctions-ukraine-sovereignty-and-territorial-integrity>

³ <https://www.gov.uk/government/publications/financial-sanctions-ukraine-sovereignty-and-territorial-integrity>

denominated securities after March 8, 2022.

- b. Foreign currency Russian securities will continue to use evaluated prices for as long as our 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.

Further to Point 2b above IDI will remove foreign currency Russian securities at zero on March 31, 2022. In addition, IDI will remove all Belarusian securities on March 31, 2022 at zero.

For the avoidance of doubt, the foreign currency Russian securities and Belarusian securities marked at zero by IDI may still be evaluated by PRD on March 31, 2022.

The zero mark used by IDI to affect the removal of securities from the indices as described in Point 2 above, is not intended to reflect the value of the security and is not a PRD evaluation. The PRD evaluated price, as available, may be different than zero. Please contact your customer support representative for more information.

Any re-introduction of Russian or Belarusian debt into the indices will be subject to applicable laws and regulations and subject to future consultation.

These changes are being made in accordance with the letter and spirit of the sanctions, as well as the rules and regulations that govern our business.

We continue to speak with customers and other stakeholders and will provide any additional updates as needed. Please contact the index team if you have any questions - contact details above.

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Source: ICE Data Indices, LLC.

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Historical returns and weights before the launch date of an Index are based upon backtested data. For the period prior to the launch date of an Index, simulated performance data has been provided as an illustration of how the Index would have performed during the relevant period had the Index been calculated by IDI using the current Index methodology. Such simulated performance data has inherent limitations, as the simulated data is produced by the retroactive application of the methodology. Simulated performance data is based on criteria applied retroactively with the benefit of hindsight and knowledge of factors that may have positively affected its performance and may reflect a bias toward strategies that have performed well in the past.

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