

S&P Dow Jones Indices' Consultation on Sanctions and Russia Market Accessibility for Fixed Income Indices

NEW YORK, MARCH 9, 2022: S&P Dow Jones Indices ("S&P DJI") is conducting a consultation with market participants on the potential removal of Russian bonds as a result of recent sanctions and market accessibility limitations.

As per [S&P DJI's Fixed Income Indices Policies & Practices Methodology](#), S&P DJI will generally consider sanctioned securities from the perspective of a U.S., U.K., and/or European Union (EU) based investor for S&P DJI's standard global fixed income indices. Subject to Index Committee determination, specific securities impacted by sanctions may:

- Have their current par amount outstanding/index weight/GICS frozen for the duration of the sanctions;
- Be deleted from indices; and/or
- Become ineligible for addition to indices.

S&P DJI is continuing to monitor updates related to all applicable sanctions concerning the Russian-Ukrainian conflict.

The sanctions and subsequent impact on the accessibility of the Russian market may impact the ability of market participants to replicate S&P DJI Indices containing Russian bonds.

As an initial measure related to the impact of the sanctions environment and market conditions resulting from the Russian-Ukrainian conflict, S&P DJI has [announced](#) that newly issued sanctioned Russian sovereign and corporate bonds will not be added to S&P DJI's standard global fixed income indices.

S&P DJI now seeks feedback for S&P DJI's standard fixed income indices on the continued inclusion of bonds from Russian issuers, as well as the experience of market participants in accessing the Russian bond market, in light of current events and sanctions announcements. Please consider the following options as they pertain to the recent sanctions and subsequent reduction in Russian market accessibility:

- **Option 1:** Remove all bonds from issuers subject to the prohibitions of the Directive and General License under the Executive Orders from S&P DJI's standard fixed income indices.
- **Option 2:** Continue to exclude new issuances from entities subject to sanctions as previously announced and assess continued index eligibility for existing issuances in S&P DJI fixed income indices as per the relevant index methodology
- **Option 3:** Remove all bonds from issuers whose Country of Risk is Russia from S&P DJI's standard fixed income indices.
- **Option 4:** Other actions.

Please refer to the appendix of this document for details on potential impact to certain example indices.

QUESTIONS

Please answer the following questions and provide S&P DJI with the reasoning behind your answers:

1. **As outlined above, which option should S&P DJI use for ongoing maintenance and rebalancing of its standard fixed income indices?**
 - **Option 1: Remove all bonds from issuers subject to the prohibitions of the Directive and General License under the Executive Orders from S&P DJI's standard fixed income indices**
 - **Option 2: Continue to exclude new issuances from entities subject to sanctions as previously announced and assess continued index eligibility for existing issuances in S&P DJI fixed income indices as per the relevant index methodology**
 - **Option 3: Remove all bonds from issuers whose Country of Risk is Russia from S&P DJI's standard fixed income indices**
 - **Option 4: Other actions (please specify in question 5)**
2. **If you chose Option 1 or Option 3 in Question 1 above, when should the bonds be removed?**
 - **As soon as possible with at least two business days' notice**
 - **In conjunction with the upcoming April 2022 rebalancing**
 - **A different removal date (please specify in question 5)**
3. **At what price should Russian bonds be valued in S&P DJI fixed income indices?**
 - **Priced at zero due to market accessibility**
 - **Continue to be priced as per the valuation from the designated pricing vendor**
 - **Carried at the last available evaluated price if evaluation is no longer available from the designated pricing vendor**
4. **If possible, please specify the indices to which your feedback is applicable.**
5. **Do you have any other comments or feedback regarding the potential changes outlined above?**

Your participation in this consultation is important as we gather information from various market participants in order to properly evaluate your views and preferences. Please respond to this survey by **March 11, 2022**. After this date, S&P DJI will no longer accept survey responses. Prior to the Index Committee's final review, S&P DJI may request clarifications from respondents as part of that review.

S&P DJI intends to announce the results of this consultation after the close of business on **Tuesday, March 15, 2022**.

To participate in this consultation, please visit the online survey available [here](#).

For further information about this consultation, please contact S&P Dow Jones Indices at SPDJI_Index_Governance@spglobal.com.

Please be advised that all comments from this consultation will be reviewed and considered before a final decision is made; however, S&P DJI makes no guarantees or is under any obligation to comply with any of the responses. The survey may result in no changes or outcome of any kind. If S&P DJI decides to change the index methodology, an announcement will be posted on our website.

Thank you for taking the time to complete this survey.

For more information about S&P Dow Jones Indices, please visit www.spglobal.com/spdji.

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APPENDIX – POTENTIAL IMPACT TO CERTAIN EXAMPLE INDICES

The table below shows the index weight of Russian bonds, as of the close on February 28, 2022, for a select sample of S&P DJI standard fixed income indices that would be removed under **Option 1: Remove all bonds from issuers subject to the prohibitions of the Directive and General License under the Executive Orders from S&P DJI’s standard fixed income indices.**

Index Name	Number of Bonds	Russia Weight (Feb. 28, 2022)
S&P Switzerland Investment Grade Corporate Bond Index	3	1.23%
S&P Global LargeMidCap Commodity and Resources Corporate Bond Index	9	0.57%
S&P U.S. Supranational & Foreign Government Bond Index	11	0.80%
S&P Eurozone Quasi & Foreign Government Bond Index	4	0.09%
S&P U.S. Dollar Global Investment Grade Corporate Bond Index	7	0.04%
S&P Eurozone Investment Grade Corporate Bond Index	9	0.10%
S&P U.K. Investment Grade Corporate Bond Index	1	0.10%

The table below shows the index weight of Russian bonds, as of the close on February 28, 2022, for a select sample of S&P DJI standard fixed income indices that would be removed under **Option 3: Remove all bonds from issuers whose Country of Risk is Russia from S&P DJI’s standard fixed income indices.**

Index Name	Number of Bonds	Russia Weight (Feb. 28, 2022)
Dow Jones Global Select Real Estate Securities Corporate Bond Index	14	1.91%
S&P Eurozone Investment Grade Corporate Bond Index	12	0.13%
S&P Eurozone Quasi & Foreign Government Bond Index	4	0.09%
S&P Global Developed Aggregate Ex-Collateralized Bond Index (USD)	63	0.07%
S&P Global Developed Corporate Bond Index (USD)	48	0.14%
S&P Global LargeMidCap Commodity and Resources Corporate Bond Index	16	0.83%
S&P Green Bond Index	5	0.08%
S&P Switzerland Investment Grade Corporate Bond Index	6	1.70%
S&P U.K. Investment Grade Corporate Bond Index	2	0.18%
S&P U.S. Aggregate Bond Index	39	0.09%
S&P U.S. Dollar Global High Yield Corporate Bond Index	25	0.38%
S&P U.S. Dollar Global Investment Grade Corporate Bond Index	28	0.14%
S&P U.S. Supranational & Foreign Government Bond Index	11	0.80%

The table below shows the Russian bonds, as of the close on February 28, 2022, that would be removed from S&P DJI’s standard fixed income indices under **Options 1 and 3.**

ISIN	Issuer Name	Option 1	Option 3
RU000A0JWHB2	RUSSIA, FEDERATION OF (GOVERNMENT)	✓	✓
RU000A0JXTT7	RUSSIA, FEDERATION OF (GOVERNMENT)	✓	✓
RU000A0JXU22	RUSSIA, FEDERATION OF (GOVERNMENT)	✓	✓
RU000A0ZYYP9	RUSSIA, FEDERATION OF (GOVERNMENT)	✓	✓
RU000A0ZZVE6	RUSSIA, FEDERATION OF (GOVERNMENT)	✓	✓
RU000A1006T7	RUSSIA, FEDERATION OF (GOVERNMENT)	✓	✓
RU000A102CK5	RUSSIA, FEDERATION OF (GOVERNMENT)	✓	✓
RU000A102CL3	RUSSIA, FEDERATION OF (GOVERNMENT)	✓	✓
US78307AAE38	RUSSIA, FEDERATION OF (GOVERNMENT)	✓	✓
US78307ACZ49	RUSSIA, FEDERATION OF (GOVERNMENT)	✓	✓
US78307ADC45	RUSSIA, FEDERATION OF (GOVERNMENT)	✓	✓
US78307ADE01	RUSSIA, FEDERATION OF (GOVERNMENT)	✓	✓

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ISIN	Issuer Name	Option 1	Option 3
US78307ADG58	RUSSIA, FEDERATION OF (GOVERNMENT)	✓	✓
US78307ADH32	RUSSIA, FEDERATION OF (GOVERNMENT)	✓	✓
RU000A1034K8	RUSSIA, FEDERATION OF (GOVERNMENT)	✓	✓
CH0374882816	GAZ CAPITAL SA	✓	✓
CH0404311711	GAZ CAPITAL SA	✓	✓
CH1120085688	GAZ FINANCE PLC	✓	✓
RU000A0JTM28	ANK BASHNEFT' PAO	✓	✓
RU000A0JTM36	ANK BASHNEFT' PAO	✓	✓
US02109TAD46	ALROSA FINANCE SA	✓	✓
US02109TAE29	ALROSA FINANCE SA	✓	✓
US549875AA06	LUKOIL CAPITAL DAC	✓	✓
US549875AB88	LUKOIL CAPITAL DAC	✓	✓
US549876AA88	LUKOIL INTERNATIONAL FINANCE BV	✓	✓
US549876AH32	LUKOIL INTERNATIONAL FINANCE BV	✓	✓
US549876AL44	LUKOIL INTERNATIONAL FINANCE BV	✓	✓
XS0893212398	VEB FINANCE PLC	✓	✓
XS0906949523	GAZ CAPITAL SA	✓	✓
XS1521039054	GAZ CAPITAL SA	✓	✓
XS1592279522	GAZ CAPITAL SA	✓	✓
XS1721463500	GAZ CAPITAL SA	✓	✓
XS1795409082	GAZ CAPITAL SA	✓	✓
XS1911645049	GAZ CAPITAL SA	✓	✓
XS2157526315	GAZ FINANCE PLC	✓	✓
XS2301292400	GAZ FINANCE PLC	✓	✓
XS2408033210	GAZ FINANCE PLC	✓	✓
RU000A1033Z8	MOSCOW CITY, GOVERNMENT OF		✓
CH0379268748	RZD CAPITAL PLC		✓
CH0419041618	RZD CAPITAL PLC		✓
CH0522690715	RZD CAPITAL PLC		✓
US781764AB16	RUSAL CAPITAL DAC		✓
RU000A0JUPW5	BANK ZENIT PAO		✓
RU000A0JVBX1	BANK ZENIT PAO		✓
RU000A103AT8	ATOMENERGOPROM AO		✓
RU000A1043N3	KAMAZ PAO		✓
US09973BAA70	BORETS FINANCE DAC		✓
US09973BAB53	BORETS FINANCE DAC		✓
US29873VAB09	EUROCHEM FINANCE DAC		✓
US30050AAG85	EVRAZ PLC		✓
US30052KAA79	EVRAZ PLC		✓
US36251BAB18	VEON HOLDINGS BV		✓
US37955KAC62	GLOBAL PORTS FINANCE PLC		✓
US553142AA88	MMK INTERNATIONAL CAPITAL DAC		✓
US59126LAB45	METALLOINVEST FINANCE DAC		✓
US71922LAD10	PHOSAGRO BOND FUNDING DAC		✓
US73180YAC84	POLYUS FINANCE PLC		✓
US73181LAA98	POLYUS FINANCE PLC		✓
US73181LAB71	POLYUS FINANCE PLC		✓
US781764AC98	RUSAL CAPITAL DAC		✓
US78397MAA62	SCF CAPITAL DAC		✓
US78403LAB80	SCF CAPITAL DAC		✓
US78486MAA80	SUEK SECURITIES DAC		✓

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ISIN	Issuer Name	Option 1	Option 3
US825795AA56	SIBUR SECURITIES DESIGNATED ACITVITY CO		✓
US825795AB30	SIBUR SECURITIES DESIGNATED ACITVITY CO		✓
US825795AC13	SIBUR SECURITIES DESIGNATED ACITVITY CO		✓
US85812RAB50	STEEL FUNDING DAC		✓
US91823N2A05	VEON HOLDINGS BV		✓
US92334VAA35	VEON HOLDINGS BV		✓
US92718WAE93	VEON HOLDINGS BV		✓
US92718WAG42	VEON HOLDINGS BV		✓
XS0609017917	RZD CAPITAL PLC		✓
XS1041815116	RZD CAPITAL PLC		✓
XS1577961516	GTLK EUROPE DAC		✓
XS1713473608	GTLK EUROPE CAPITAL DAC		✓
XS1843437036	RZD CAPITAL PLC		✓
XS2010027451	GTLK EUROPE CAPITAL DAC		✓
XS2010044381	GTLK EUROPE CAPITAL DAC		✓
XS2131995958	GTLK EUROPE CAPITAL DAC		✓
XS2249778247	GTLK EUROPE CAPITAL DAC		✓
XS2346922755	STEEL FUNDING DAC		✓

The S&P DJI Index Committee reserves the right to treat individual indices differently in accordance with the stated objectives in the relevant index methodologies.

Please note that users of S&P DJI's indices are solely responsible for ensuring such users' compliance with all applicable law (including, without limitation, sanctions laws and any other rules, regulations or prohibitions) in connection with such use (including, without limitation, trading, investment or other use).

ABOUT S&P DOW JONES INDICES

S&P Dow Jones Indices is the largest global resource for essential index-based concepts, data and research, and home to iconic financial market indicators, such as the S&P 500[®] and the Dow Jones Industrial Average[®]. More assets are invested in products based on our indices than products based on indices from any other provider in the world. Since Charles Dow invented the first index in 1884, S&P DJI has been innovating and developing indices across the spectrum of asset classes helping to define the way investors measure and trade the markets.

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