

May 2023

Public Minutes

**FTSE Russell Industry Classification
Advisory Committee**



**FTSE
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Attendees

Members: eight (8)

Members – apologies: four (4)

FTSE Russell: ten (10) (including the Chair and Committee Secretary)

Attendees were reminded of their obligations in relation to confidentiality of information, conflicts of interest and competition law. There were no declarations.

1.0 Statutory governance matters and committee information

1.1 Membership changes

1.1.1 None.

1.2 Minutes

1.2.1 The minutes of the meeting held on Wednesday 04 May 2022 were approved as presented.

1.2.2 The public minutes of the meeting held on Wednesday 04 May 2022 were approved as presented.

1.3 Governance

1.3.1 Annual review of the Committee Terms of Reference (presented for endorsement): the updated Terms of Reference included minor housekeeping updates. The advisory committee endorsed the updated Terms of Reference.

1.4 Action points and matters arising

1.4.1 ICB+: progress report to be shared. FTSE Russell provided a verbal update highlighting that this area remains under consideration and will not be progressed in the near-term. There were no comments from the committee members.

1.5 Key notices and updates

1.5.1 The hyperlink to the following notice was included in the agenda for information: [Industry Classification Benchmark \(ICB\) \(Equity\) – Update Published 02 March 2023](#); there were no requests for clarification.

2.0 Challenges

2.1 Challenges against existing classifications (presented for information): there were none to be considered.

3.0 Quarterly ICB Changes

3.1 Q2 2023 ICB changes (presented for information): a link to the [technical notice](#) was included in the agenda; there were no comments.

4.0 ICB Structure

4.1 ICB enhancement, Financials sector (presented for discussion): following queries and feedback received by FTSE Russell from index users, the advisory committee members were invited to share their thoughts on proposed enhancements to the Industry Classification Benchmark (ICB) framework. A discussion ensued and the committee members shared their comments.

5.0 Russell Fixed Income Indices

5.1 Launch of Russell fixed income indices using ICB (presented for information): the slides accompanied the agenda. The indices attempt to breach the gap between equity and fixed income and incorporate ICB. There were no further comments from the committee members.

6.0 AOB

- 6.1 Thematic indices: a link to the [FTSE Thematic Index Series](#) containing details on the methodology and an [overview of the index series](#) was included in the agenda. FTSE Russell noted that the methodology includes using unstructured data and keyword searches. A number of new energy-themed indices were launched this year, which included the FTSE Global Biofuel Index, FTSE Global Hydropower Index and the FTSE Global Wind Energy Index. FTSE Russell added that there has also been some interest in artificial intelligence indices. There were no comments.
- 6.2 ESG: a committee member said that ESG remains a 'hot topic' with extensive regulatory developments and divergence across regions taking place. FTSE Russell said that ESG matters fall within the remit of the FTSE Russell sustainable investment advisory committees along with regulatory developments such as Sustainable Finance Disclosure Regulation (SFDR), EU Benchmark Regulation (BMR), and UK BMR. FTSE Russell said it would provide a brief update on ESG developments at a future meeting.
- 6.3 Digital assets: a committee member asked for an update on the work taking place in the digital asset space. FTSE Russell said that a FTSE Russell Digital Asset Advisory Committee was recently constituted, with an inaugural meeting having taken place earlier this year. FTSE Russell explained that two frameworks have been established which include digital asset exchange eligibility and digital asset pricing sources; see hyperlink: [Digital Assets](#). Committee members were invited to contact committeesecretary@ftserussell.com should they wish to hold a one-to-one meeting to discuss this topic further.

7.0 Meeting Dates

- 7.1 2023: the advisory committee agreed to changing the October 2023 meeting date to Wednesday 25 October 2023 (rescheduled from Thursday 26 October).

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