



IHS Markit™

iBoxx Annual European Index Review 2018

Final Agenda

Index rule-focused agenda points

1) Eligibility of Insurance Restricted Tier 1 Debt

- > Inclusion of Insurance Restricted Tier 1 Debt into the iBoxx Contingent Convertible indices will be considered

2) Country Classification between Developed and Emerging Markets

- > Based on the iBoxx Country Development Classification Methodology several countries, including Slovenia, Israel and Kuwait will be reviewed

3) Treatment of Bond Upgrades on T-2

- > In case of upgrade information available to IHS Markit on T-2 the affected bonds will leave the iBoxx EUR HY indices. Under the existing rules these bonds won't enter the iBoxx EUR IG until the following month.
- > IHS Markit is looking to allow upgraded bonds to enter the iBoxx EUR IG, provided they have been members of the iBoxx EUR HY up until that point.
- > This will ensure continuity of coverage and avoid membership gaps for crossover indices

4) Clarification on Bond Eligibility During Tender

- > Tender offers for a debt exchange can temporarily lead to an increased amount outstanding for an issuer
- > IHS Markit is looking to clarify the rules so that notional amounts of an issuer are assessed consistently, and potential double-counting is avoided.

Additional methodology discussion points

5) Daily calculations of iBoxx indices

- > IHS Markit is considering daily calculations for every day between Monday and Friday independent of regional holiday calendars. For non-trading days the last available prices would be carried forward. This change will help streamline processes for the creation of global indices.

6) Consistent definition of global regions

- > IHS Markit plans to unify the definition of regions to make it more consistent for global indices. Especially the regions Asia and EEMEA can be interpreted differently. IHS Markit is interested in feedback from market participants on how to delineate these regions.

7) Treatment of called bonds

- > Called bonds are removed at the next rebalancing following the confirmation of the call. The expected remaining life is used to determine the eligibility. Clients have voiced interest in keeping called bonds in the index up until the call date. IHS Markit would like to get feedback from market participants on this approach.

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