

# Markit announces results of the 2014 iBoxx Annual Index Review

Following the Markit iBoxx Annual Index Review in **July 2014**, Markit is pleased to announce the following rules changes to our indices. All changes have been discussed with, and approved by, the Markit iBoxx European Oversight Committee.

## 1. Rule change to lower cut-off of Markit iBoxx Eurozone Sovereigns index

As a result of the accession of smaller European nations such as Slovenia and Latvia, the number of Eurozone Sovereign nations has increased from 12 in 2002, to 18 today. However, these new members are either under-represented or not represented at all in the **Markit iBoxx Eurozone Sovereigns** index. Nations such as Cyprus are excluded due to their sub-investment grade rating; however, some investment grade rated EUR sovereigns are excluded as their bond issue size tends to be lower than the current minimum threshold of **€2bn**.

Markit intends to lower the cut-off for entry into the **Markit iBoxx Eurozone Sovereigns** index to **€1bn** in order to ensure a consistent representation of countries that have acceded to the Euro. The new cut-off will only affect Eurozone Sovereign bonds in the **Markit iBoxx EUR Benchmark** indices. The cut-off for the **Markit iBoxx EUR Liquid Sovereign** indices will continue to be **€2bn**.

The rule change for lowering the cut-off for the **Markit iBoxx Eurozone Sovereign** index will be effective from **October 31<sup>st</sup> 2014**.

## 2. Change to tier classification of subordinated debt issued by Insurance entities

Markit would like to announce the following changes to the tier classification of Insurance issuer debt

### Current structure

Seniority Level 1	Seniority Level 2	Seniority Level 3
SUB	iLT2	iLT2 callable
SUB	iLT2	iLT2 non-callable
SUB	iUT2	*
SUB	iT1	*

### New structure

Seniority Level 1	Seniority Level 2	Seniority Level 3
SUB	iT2 dated	iT2 dated callable
SUB	iT2 dated	iT2 dated non-callable
SUB	iT2 perpetual	*
SUB	iT1	*

The new structure offers a distinction between dated and perpetual Tier 2 debt. The implementation date will be announced in a separate release.

### 3. Rule change to Markit iBoxx Inflation-Linked indices

Markit plans to include **AUD** and **NZD** denominated sovereign bonds in the Markit iBoxx Global Inflation-Linked indices. Markit feels that this is a natural extension of the existing inflation-linked indices offered.

The cut-off for the new AUD and NZD bonds in the Markit iBoxx Global Inflation-Linked indices will be **AUD 500m / NZD 500m**. The following new indices will be created;

Australia	New Zealand
iBoxx Australia Inflation-Linked Index	iBoxx New Zealand Inflation-Linked Index
iBoxx Australia Inflation-Linked Index 10+	iBoxx New Zealand Inflation-Linked Index 10+
iBoxx Australia Inflation-Linked Index 1-5	iBoxx New Zealand Inflation-Linked Index 1-5
iBoxx Australia Inflation-Linked Index 5+	iBoxx New Zealand Inflation-Linked Index 5+
iBoxx Australia Inflation-Linked Index 5-10	iBoxx New Zealand Inflation-Linked Index 5-10

The implementation date for the inclusion of the AUD / NZD bonds in the Markit iBoxx Inflation-Linked indices, and subsequent launch of the indices listed above, will be **December 31<sup>st</sup> 2014**.