



IHS Markit™

IHS Markit Consultation Methodology change for UBS G10 and V24 Carry Indices

3 July, 2017

1. IHS Markit's Administration

IHS Markit is the sole Administrator (as defined by the International Organisation of Securities Commissions Principles for Financial Benchmarks - the "IOSCO Principles") of a number of UBS indices. The list of UBS indices currently administered by IHS Markit can be found [here](#).

IHS Markit administers these indices in accordance with the "IOSCO Principles".

2. Background

IHS Markit is the Administrator the below UBS G10 and UBS V24 Carry Indices (the "G10 and V24 Carry Indices"):

Index Family	Index Name	Ticker
G10	UBS G10 FX Carry Excess Return Index	UISFG10E
G10	UBS G10 FX Carry Index – Net Excess Return (USD)	UISFG10N
G10	UBS G10 FX Carry Index - Total Return (EUR)	UISFG10T
G10	UBS G10 FX Carry Index - Net Total Return (EUR)	UISFG10
G10	UBS G10 FX Carry Index - Net Total Return (USD)	UISFG10U
V24	UBS V24 Carry Excess Return EUR Index	UISFV24

G10 and V24 Carry Indices take a Long position in the highest performing FX Currency Forwards; they also take a Short position in the lowest performing FX Currency Forwards. Investment decision is made daily.

During the quarterly rebalance of the G10 and V24 Carry Indices, the 'old' position in the Forward is closed out at the prevailing Forward levels; simultaneously, the G10 and V24 Carry Indices roll into equally weighted new Forwards, expiring at the next quarterly rebalance.

3. Analysis and conclusion

The current G10 and V24 Carry Indices methodology documents do not reflect exiting the old position at the Spot rate and entering the new Forward rate position simultaneously; they incorrectly exit and enter on the new Forward position instead.

4. Proposal

When there is a quarterly rebalance, we should exit at the Spot and enter a new Forward, expiring at the next rebalance, as part of the index calculation.

5. Consultation timetable

The timetable IHS Markit is suggesting is as follows:

- 03 July 2017 – Consultation opens
- 28 July 2017 – Consultation closes
- 28 July 2017 – The Index Administration Committee reviews stakeholder's feedback and final decision is communicated
- Beginning of August (assuming proposed change is confirmed) – The implementation is deployed to Production and the G10 and V24 Carry Indices are calculated using the updated methodologies.

6. Consultation process

The participation of stakeholders in this consultation is important as IHS Markit seeks to gather views on the proposals herein and the suggested timetable for implementation of those proposals. IHS Markit may publish summaries of stakeholders' comments along with IHS Markit's responses to those comments unless the stakeholder in question expressly requests confidentiality.

To participate in this consultation please respond to IHS Markit Index Administration Services at MK-IndexAdminConsultation@markit.com.

Please be advised that all comments will be reviewed and considered before a final decision is made; however, IHS Markit makes no guarantee and is under no obligation to comply with any of the responses. The consultation may result in no changes or outcome of any kind. An announcement will be posted on our website accordingly. IHS Markit reserves the right to make a final decision on the proposal, and this will be ratified by the Index Administration Committee and, if appropriate, IHS Markit's Benchmark Oversight Committee.

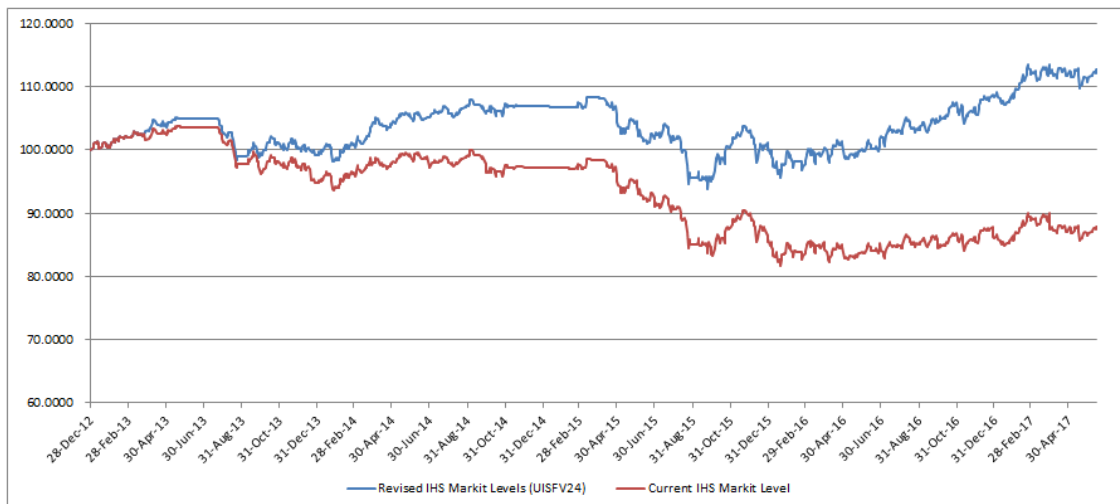
7. Key questions

Do you object to IHS Markit’s proposal to change the methodology of the UBS G10 and V24 Carry Indices as described in this consultation paper? If so, why?

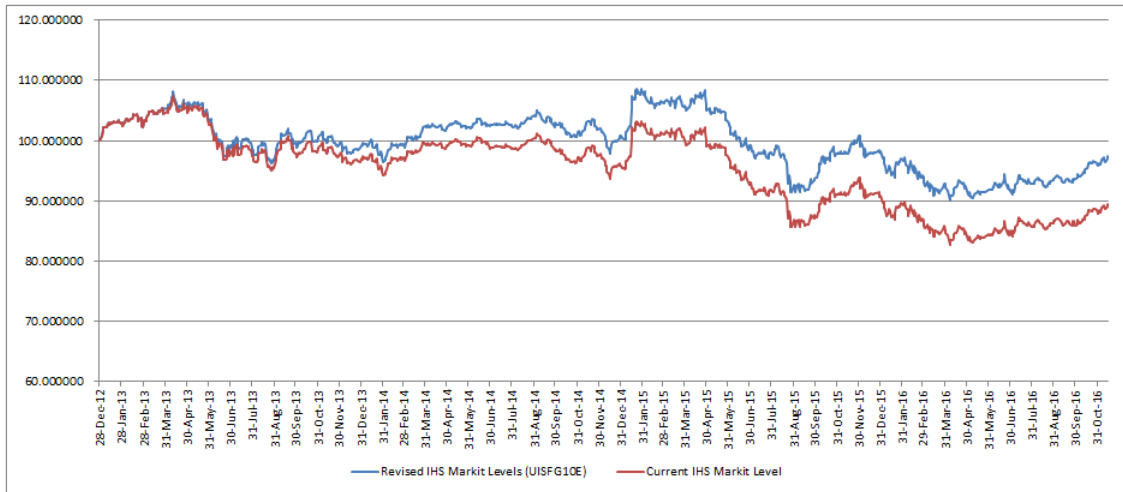
8. Appendix

Comparison between old and new methodology used in the G10 and V24 Carry Indices is shown in this appendix. For both indices the difference in the methodology materialises at each rebalance and tends to widen over time.

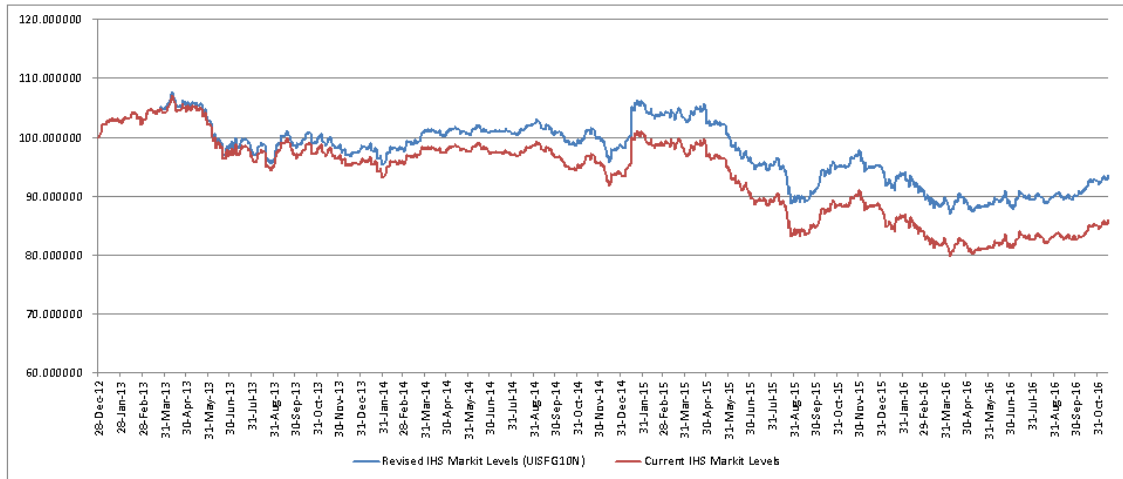
UISFV24



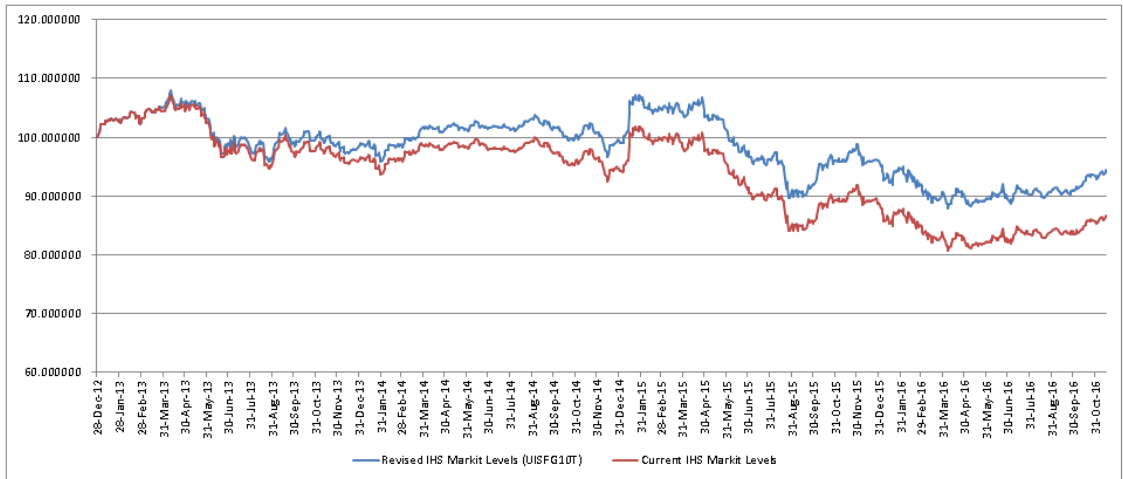
UISFG10E



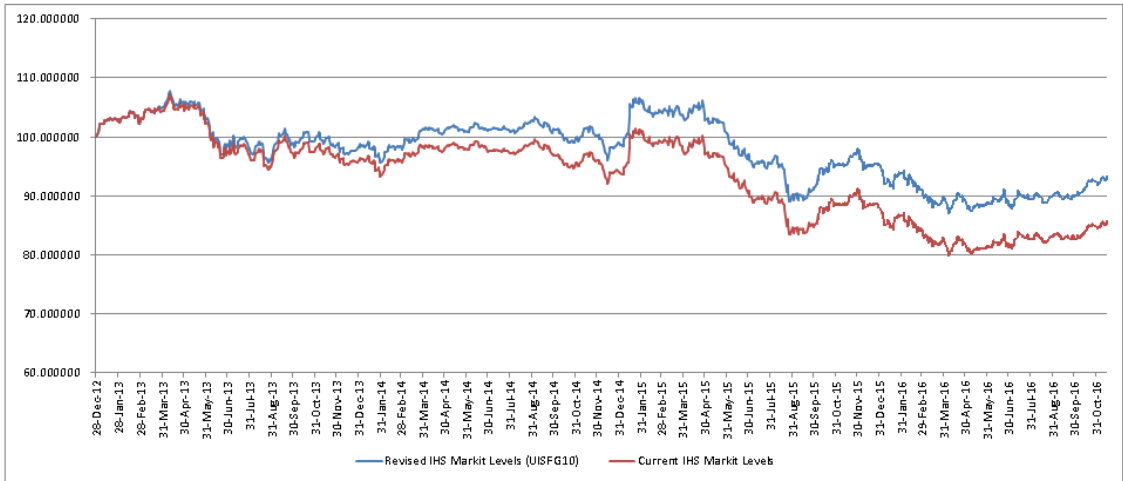
UISFG10N



UISFG10T



UISFG10



UISFG10U

