



iTraxx Europe and iTraxx Crossover Index Rules

August 2019

1 Indices Overview	3
1.1 Administrator	3
1.2 Roll dates	3
1.3 Rule Revision	4
1.4 Maturity	4
1.5 Weighting	4
1.6 Relevant rating	4
1.7 Exchange Rates	5
2 iTraxx Europe	6
2.1 iTraxx Europe Liquidity List	6
2.2 iTraxx Europe General Criteria	7
2.3 Creation of the New iTraxx Europe Index Series	9
2.4 Publication of Provisional iTraxx Europe Index	9
3 iTraxx Crossover	10
3.1 iTraxx Crossover Liquidity List	10
3.2 iTraxx Crossover General Criteria	11
3.3 iTraxx Crossover Supplementary List	12
3.4 Creation of the New iTraxx Crossover Index Series	15
3.5 Publication of Provisional iTraxx Crossover Index	15
4 New iTraxx Europe & iTraxx Crossover Index Series	16
4.1 Final Review of Constituent List	16
4.2 Publication of Annex	16
4.3 Coupon & Recovery Rates	17
5 Disclaimer	18
6 Further information	19

1 Indices Overview

1.1 Administrator

IHS Markit Indices Limited is the administrator of the iTraxx Europe and iTraxx Crossover indices and all related Sub-Indices. The composition of these indices is determined by the Administrator in accordance with the rules and methodologies set forth in this document (the “Rules”).

The Administrator has sole responsibility to interpret the Rules.

The Administrator shall make determinations and perform all actions regarding the indices pursuant to the Rules except as follows:

Upon the occurrence of an event that the Administrator determines materially impacts the integrity of one or more types of iTraxx Europe or iTraxx Crossover Index-related transactions, including but not limited to trading interruptions; market instability; and/or force majeure events, the Administrator, acting in a commercially reasonable manner, may at its sole discretion determine that it is appropriate to depart from the methodologies, timelines and/or procedures set forth in the Rules in order to obtain a result that preserves the economic intent of such iTraxx Europe or iTraxx Crossover indices. Where the best course of action is not clear IHS Markit will consult the Index Advisory Committee for guidance prior to making any such determination. The determined course of action will be documented, communicated to all stakeholders and published on the IHS Markit website www.ihsmarkit.com under the *iTraxx News* page.

In the event that any critical input required in the construction of a new series of the index is not available, IHS Markit will confer with the Index Advisory Committee and publish the outcome of any material change as well as any decisions taken at IHS Markit’s discretion that have led to a methodology change.

1.2 Roll dates

Each of iTraxx Europe, iTraxx Crossover and all related Sub-Indices will begin on September 20 and March 20 (or the Business Day immediately thereafter in the event that either such date is not a Business Day) of each calendar year (each such date, a “Roll Date”).

All references to “Business Days” in this document mean days on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London, England. All times referred to in this document refer to local time in London, England.

1.3 Rule Revision

The rules for the indices are reviewed semi-annually prior to the index roll. Decisions made following an index rule review will be communicated to stakeholders via e-mail and published on the IHS Markit website. The publication will contain an overview and timelines for implementation of such rules changes.

1.4 Maturity

The composition of each series of the iTraxx Europe, iTraxx Crossover and Sub-Indices is the same for all maturities for which a fixed rate is published.

For iTraxx Europe and iTraxx Crossover:

- Each Index that has a Roll Date of September 20 shall be issued with the maturity date of December 20 occurring 3 years, 5 years, 7 years and 10 years following the Roll Date.
- Each Index that has a Roll Date of March 20 shall be issued with the maturity date of June 20 occurring 3 years, 5 years, 7 years and 10 years following the Roll Date.

For iTraxx Europe Senior Financials, iTraxx Europe Subordinated Financials and iTraxx Europe Non-Financials:

- Each Index that has a Roll Date of September 20 shall be issued with the maturity date of December 20 occurring 5 years and 10 years following the Roll Date.
- Each Index that has a Roll Date of March 20 shall be issued with the maturity date of June 20 occurring 5 years and 10 years following the Roll Date.

1.5 Weighting

Each entity in iTraxx Europe, iTraxx Crossover and all related Sub-Indices will have equal or approximately equal weightings. The weighting of each entity will be equal to (i) one divided by (ii) the number of entities in such index, expressed as a percentage with three decimal places (e.g., 3.226%). In the case where rounding is necessary to express the weightings in this manner, the entities shall be arranged in alphabetical order, with the weightings of the entities at the top of the list being rounded up to the nearest one-thousandth of a percent and the weightings of the entities at the bottom of the list being rounded down to the nearest one-thousandth of a percent until the weightings of all entities have been rounded and the aggregate of the weightings equals exactly 100%.

1.6 Relevant rating

The Relevant Rating of each entity will be considered when determining the inclusion or exclusion of constituents for both the iTraxx Europe and iTraxx Crossover, and all related Sub-Indices. For the purposes of these Rules, “Relevant Rating” means the lowest of:

1. The lowest of an entity's Issuer Rating, Senior Unsecured Debt Rating, Corporate Family Rating and Long Term Rating for Moody's;
2. The lower of an entity's Long-term Issuer Credit Rating and Senior Unsecured Debt Rating for S&P; or
3. The lower of an entity's Issuer Default Ratings and Senior Unsecured Debt Rating for Fitch.

Rating changes that could affect the index membership are taken into account if IHS Markit is notified of such change prior to 5:00 pm London time on the last Business Day of the month prior to the month in which the Roll Date occurs.

- A Relevant Rating of BBB-/Baa3/BBB- (Fitch/Moody's/S&P) in conjunction with a positive or stable Outlook while not being on negative Watch will be defined as being "Investment Grade" for the purpose of the Rules.
- A Relevant Rating of BBB-/Baa3/BBB- (Fitch/Moody's/S&P) with negative outlook / on negative watch or below will be defined "Non-Investment Grade".

1.7 Exchange Rates

The exchange rates used to convert any non-EUR denominated debt amount to EUR will be the 16:00 London rate from WM Reuters for the relevant currency as of the last Business Day of the month prior to the month in which the Roll Date occurs.

2 iTraxx Europe

Prior to the Roll Date the Administrator will create the new series of the iTraxx Europe Index based on the most recent iTraxx Europe Liquidity List and by applying the iTraxx Europe General Criteria as set forth below.

The iTraxx Europe Index is composed of one hundred twenty five (125) liquid European entities with investment grade credit ratings that trade in the CDS market.

2.1 iTraxx Europe Liquidity List

As part of the Index Roll process, the Administrator will create the iTraxx Europe Liquidity List after each publication of the 6 Month Analysis Top 1,000 Single Names report or any successor report thereto, each published by DTCC, or if such report is no longer available, any successor report that measures liquidity within the CDS market (as applicable, the “DTCC Report”).

Using the average weekly trading activity over the last six months prior to the Roll Date as measured in the then-current DTCC Report, the Administrator will create the iTraxx Europe Liquidity List by:

- Determining all entities which:
- are incorporated in Europe, where ‘Europe’ means EU and EFTA member countries;
- are classified as “Europe” for the “DC Region” (“Determinations Committee Region”, referring to the relevant ISDA Credit Derivatives Determinations Committee, as defined in the relevant ISDA Credit Derivatives Definitions, the “Credit Definitions”) in the DTCC Report;
- demonstrate trading activity greater than zero during the last eight weeks preceding the last Friday of the month prior to month in which the Roll Date occurs, as measured in the DTCC Report;
- must have an Investment Grade Relevant Rating as defined above.
- Ranking those entities meeting the above criteria, from the most liquid to the least liquid, based on the notional market risk activity as listed in the relevant DTCC Report. To the extent that two or more entities are determined to be equally liquid based on notionals, the Administrator shall rank such entities from the most liquid to the least liquid based on (i) the number of trades specified in the relevant DTCC Report, or (ii) if an equal number of trades are specified, in alphabetical order (such overall completed rankings, the “iTraxx Europe Liquidity Rankings”, and such overall completed list, the “iTraxx Europe Liquidity List”).
- In creating the iTraxx Europe Liquidity Rankings, traded notional volumes as listed in the relevant DTCC Report for entities that fall under the same ticker but trade separately in the CDS market (therefore having separate legal entity names) are aggregated to arrive at an overall volume for those entities when ranking the entities as described above. The most liquid entity under the ticker qualifies for inclusion in the iTraxx Europe Liquidity List. However in the event that the most liquid entity under a ticker is not eligible for the index then the next most liquid entity may be considered instead.
- For bank entities incorporated in Switzerland, the United Kingdom and the Netherlands where both HoldCo and OpCo entities are listed in the relevant DTCC Report, traded notional volumes

are aggregated to arrive at an overall volume for those entities when ranking these entities as described above.

2.2 iTraxx Europe General Criteria

To be eligible for inclusion in the iTraxx Europe Index and its sub-indices, an entity on the iTraxx Europe Liquidity List must satisfy the following criteria (the “iTraxx Europe General Criteria”):

- Entities must have issued or guaranteed an amount of outstanding publicly traded debt securities (which, for the avoidance of doubt, excludes loans, equities and privately placed debt securities) equal to or in excess of €100,000,000 with a maximum remaining maturity of 30 years, at close of business on the tenth Business Day preceding the Roll Date in a currency that is deliverable into a European CDS contract. For this determination debt issued by Special Purpose Vehicles created by an insurer or reinsurer for the sole purpose of issuing debt will also be taken into account. The total debt issued or guaranteed will be determined by the Administrator based on sources including, but not limited to, public filings and financial reports of the entity. For new issues of the relevant entities, the first settlement date of the issue will be used to determine whether the debt should be taken into account for the above determination.
- **Corporate Events.** If the Administrator determines at its sole discretion and based on publicly available information and through consultation with market participants that, due to a corporate event being announced or occurring it is no longer appropriate to include such entity taking into account the nature and components of the index, such entity will be excluded. Corporate events include mergers or other similar events that make the entity unsuitable for inclusion in the iTraxx Europe Index.
- **Credit Events.** The Administrator may determine at its sole discretion that an entity is not suitable for inclusion in the iTraxx Europe index if one of the following occurs on or after the previous iTraxx Europe index roll date with respect to such an entity:
 - > a notice is published on the ISDA Credit Derivatives Determinations Committee webpage (<http://dc.isda.org/>, or any successor webpage thereto) announcing that a request relating to a potential Credit Event (as defined in the Credit Derivatives Definitions, the Credit Definitions) in respect of such an entity has been accepted by the relevant Credit Derivatives Determinations Committee (the “DC”, as defined in the Credit Definitions); **provided** that as of 5:00 p.m. Relevant City Time (as defined in the DC Rules published on the ISDA Credit Derivatives Determinations Committee webpage (<http://dc.isda.org/>, “DC Rules”) on the first business day following the day on which the relevant DC is required to convene to consider such request under the DC Rules (such timeline to be determined without regard to any ability of the DC to amend the published timetables set forth in the DC Rules immediately prior to such request), a DC No Credit Event Announcement (as defined in the Credit Definitions) has not occurred and no announcement to the effect that such request has been dismissed, withdrawn, or rejected by the relevant DC has been published on such webpage; or
 - > a DC Credit Event Announcement (as defined in the Credit Definitions) occurs with respect to such an entity.

As set forth in these Rules, the Administrator may consider any information and make any determinations necessary in relation to Credit Events to obtain a result that preserves the integrity of the iTraxx Europe index.

- The entity must not be guaranteed or controlled by (directly or indirectly), or guarantee or control (directly or indirectly) in either case, an “Affiliate”, that has a higher ranking on the iTraxx Europe Liquidity List and otherwise satisfies the relevant criteria as determined at the sole discretion of the Administrator. Where the nature of a corporate action creates uncertainty as to which entity is higher ranking on the iTraxx Europe Liquidity List, the most liquid entity as per the trading activity over the last eight weeks preceding the last Friday of the month prior to the month in which the Roll Date occurs as measured in the DTCC Report will be selected. “Control” of any entity means ownership of a majority of the voting power of that entity.
- The final index comprises 125 entities and is constructed by selecting the highest-ranking entities in the iTraxx Europe Liquidity List, subject to the following sector restrictions. For each Sector, the Minimum Sector Constituent Count must be achieved while the respective Maximum Sector Constituent Count cannot be exceeded.

SECTOR	Minimum Sector Constituent Count	Maximum Sector Constituent Count
Autos & Industrials	24	36
Consumers	20	30
Energy	16	24
TMT	16	24
Financials	30	30

Taking into account the sector restrictions, the final index is constructed by following the below two-step process:

Step 1: Select the highest-ranking entities in each sector until the Minimum Sector Constituent Count for each sector is achieved.

Step 2: Out of the entities remaining in the Liquidity List after Step 1, select the highest-ranking entities until the index comprises 125 entities, without exceeding the Maximum Sector Constituent Count for any sector.

- Financial entities classified under the sub-sector “Specialty Finance” or “Consumer Finance” (per the iTraxx sector classification) will not be eligible.
- For bank entities incorporated in Switzerland, the United Kingdom and the Netherlands where either the OpCo or its parent HoldCo entity meet all eligibility criteria, the parent HoldCo entity will be selected for inclusion provided it meets the relevant rating criteria. However, in the event that either: (i) the OpCo entity has senior non-preferred bonds outstanding, (ii) the HoldCo entity has not issued regulatory loss absorbing capital or (iii) the bank has declared intent to issue senior non-preferred debt, the OpCo entity will be selected for inclusion.
- For Danish, French and Spanish OpCo bank entities qualifying for index inclusion, the senior reference obligations will be selected on the following basis: (i) if the OpCo bank entity has senior non-preferred bonds outstanding a senior non-preferred bond will be selected; or (ii) if no senior non-preferred bonds are available for selection, a senior unsecured bond will be selected.
- Each entity is assigned to its appropriate iTraxx Sector and is ranked within its sector, i.e. the entity with the highest liquidity is ranked #1.

Sub-Indices are compiled as follows:

- iTraxx Europe Non-Financials comprises the 95 non-financial entities from the iTraxx Europe index.
- iTraxx Europe Senior Financials comprises the 30 financial entities from the iTraxx Europe index referencing senior debt.

iTraxx Europe Subordinated Financials comprises the 30 financial entities from the iTraxx Europe index referencing subordinate debt. Swiss banking entities within the Subordinated Financials index will be included in the index on the transaction type European CoCo Financial Corporate.

2.3 Creation of the New iTraxx Europe Index Series

Prior to the Publication Date (as set forth below) for a new series of the iTraxx Europe Index, the Administrator will create the new iTraxx Europe Index by creating the Liquidity List and applying the General Criteria as stated above to create the New iTraxx Europe Index.

2.4 Publication of Provisional iTraxx Europe Index

The list of entities resulting after the steps above (the “Provisional iTraxx Europe Index”) will be published on IHS Markit’s public website for comment no later than seven (7) Business Days prior to the Roll Date. The Administrator will review comments received and determine whether amendments are necessary. The Administrator welcomes public comment but is not required to follow or otherwise address any comment received. The Administrator will publish the expected name changes (if any) on its public website as it determines such changes may be required. The comment period will end four (4) Business Days prior to the Roll Date. The draft and final annexes for the iTraxx Europe Index and Sub-Indices will be published as set forth in the 'Publication of Annex' section below.

3 iTraxx Crossover

Prior to the Roll Date, the Administrator will create the new series of the iTraxx Crossover Index based on the most recent iTraxx Crossover Liquidity List and iTraxx Crossover Supplementary List and by applying the iTraxx Crossover General Criteria as set forth below.

The iTraxx Crossover Index is composed of up to 75 European entities which do not have Investment Grade credit ratings.

3.1 iTraxx Crossover Liquidity List

As part of the Index Roll process, the Administrator will create the iTraxx Crossover Liquidity List after each publication of the DTCC Report.

Using the average weekly trading activity over the last six months prior to the Roll Date as measured in the then-current DTCC Report, the Administrator will create the iTraxx Crossover Liquidity List by:

- Determining all entities which:
 - > are incorporated in Europe, where 'Europe' means EU and EFTA member countries;
 - > demonstrate trading activity greater than zero during the last eight weeks preceding the last Friday of the month prior to the month in which the Roll Date occurs as measured in the DTCC Report;
 - > are classified as "Europe" for the "DC Region" ("Determinations Committee Region", referring to the ISDA Credit Derivatives Determinations Committee, as defined in the Credit Definitions) in the DTCC Report;
- either:
 - > have a Non-Investment Grade Relevant Rating as defined above;
 - > has no Relevant Rating, i.e. is not rated by Fitch, Moody's and S&P ("Unrated").
- Ranking those entities meeting the above criteria, from the most liquid to the least liquid, based on the notional market risk activity as listed in the relevant DTCC Report. To the extent that two or more entities are determined to be equally liquid based on notionals, the Administrator shall rank such entities from the most liquid to the least liquid based on (i) the number of trades specified in the relevant DTCC Report, or (ii) if an equal number of trades are specified, in alphabetical order (such overall completed rankings, the "iTraxx Crossover Liquidity Rankings", and such overall completed list, the "iTraxx Crossover Liquidity List").
- In creating the iTraxx Crossover Liquidity Rankings, traded notional volumes in the relevant DTCC Report for entities that fall under the same ticker but trade separately in the CDS market (therefore having separate legal entity names) are aggregated to arrive at an overall volume for those entities when ranking the entities as described above. The most liquid entity under the ticker qualifies for inclusion on the iTraxx Crossover Liquidity List. However in the event that the most liquid entity under a ticker is not eligible for the index then the next most liquid entity may be considered instead.

3.2 iTraxx Crossover General Criteria

To be eligible for inclusion in the iTraxx Crossover Index, an entity on the iTraxx Crossover Liquidity List must satisfy the following criteria (the “iTraxx Crossover General Criteria”):

- The entity must have issued or guaranteed an amount of outstanding publicly traded debt securities (which, for the avoidance of doubt, excludes loans, equities and privately placed debt securities) equal to or in excess of €100,000,000 with a maximum remaining maturity of 30 years, at close of business on the tenth Business Day preceding the Roll Date in a currency that is deliverable into a European CDS contract. The total debt issued or guaranteed will be determined by the Administrator based on sources including, but not limited to, public filings and financial reports of the entity. For new issues of the relevant entities, the first settlement date of the issue will be used to determine whether the debt should be taken into account for the above determination.
- **Corporate Events.** If the Administrator determines at its sole discretion and based on publicly available information and through consultation with market participants that, due to a corporate event being announced or occurring it is no longer appropriate to include such entity taking into account the nature and components of the index, such entity will be excluded. Corporate events include mergers or other similar events that make the entity unsuitable for inclusion in the iTraxx Crossover Index.
- **Credit Events.** The Administrator may determine at sole its discretion that an entity is not suitable for inclusion in the iTraxx Crossover index if one of the following occurs on or after the previous iTraxx Crossover index roll date with respect to such an entity:
 - > a notice is published on the ISDA Credit Derivatives Determinations Committee webpage (<http://dc.isda.org/> , or any successor webpage thereto) announcing that a request relating to a potential Credit Event (as in the Credit Definitions) in respect of such an entity has been accepted by the relevant DC; **provided** that as of 5:00 p.m. Relevant City Time (as defined in the DC Rules) on the first business day following the day on which the relevant DC is required to convene to consider such request under the DC Rules (such timeline to be determined without regard to any ability of the DC to amend the published timetables set forth in the DC Rules immediately prior to such request), a DC No Credit Event Announcement (as defined in the Credit Definitions) has not occurred and no announcement to the effect that such request has been dismissed, withdrawn, or rejected by the relevant DC has been published on such webpage; or
 - > DC Credit Event Announcement (as defined in the Credit Definitions) occurs with respect to such an entity.

As set forth in these Rules, the Administrator may consider any information and make any determinations necessary in relation to Credit Events to obtain a result that preserves the integrity of the iTraxx Crossover index.

- The entity must not be guaranteed or controlled by (directly or indirectly), or guarantee or control (directly or indirectly) in either case, an “Affiliate”, that has a higher ranking on the iTraxx Crossover Liquidity List and otherwise satisfies the relevant criteria as determined at the sole discretion of the Administrator. Where the nature of a corporate action creates uncertainty as to which entity is

higher ranking on the iTraxx Europe Liquidity List, the most liquid entity as per the trading activity over the last eight weeks preceding the last Friday of the month prior to the month in which the Roll Date occurs as measured in the DTCC Report will be selected. “Control” of any entity means ownership of a majority of the voting power of that entity.

- Financial entities (per the iTraxx sector classification) are not eligible. However, entities classified under the sub-sector “Specialty Finance” (per the iTraxx sector classification) will be eligible.
- An entity with no Relevant Rating must have an average spread at least one and a half (1.5) times the average spread of the constituents of the new iTraxx Europe Non-Financial Index.
 - For this determination the IHS Markit End of Day Composite CDS Spreads^[1] at the 5 Year tenor are used. The average spread over the last 10 Business Days of the month prior to the month in which the Roll Date occurs are calculated for each entity and evaluated against the average spread of all constituents of the iTraxx Europe Non-Financial Index (over the same 10 Business Day period) to determine eligibility. (For example, if the average spread of the all entities in the new iTraxx Europe Non-Financial Index effective 20 March was 40 bps over the last 10 Business Days in February, then only those entities whose average spread over the last 10 Business Days in February was 60 bps or higher will qualify for the new series of the iTraxx Crossover index).
- The entity must have a maximum CDS upfront of 50 points corresponding to 500 bps running spread.
 - For this determination, the IHS Markit End of Day Composite CDS Upfronts at the 5-year tenor are used to calculate the average upfront of the entity over the last 10 Business Days of the month prior to the month in which the Roll Date occurs.

The upfront levels used are calculated by IHS Markit by converting IHS Markit End of Day Composite CDS Spreads to upfronts using the ISDA standard model.

^[1] Where credit default swap spreads are required to determine eligibility for inclusion, whether it be in par spread terms or in points upfront, the “IHS Markit CDS End of Day” service will be used.

IHS Markit receives contributed CDS data from market makers official books of record. This data undergoes a rigorous cleaning process before being aggregated to form the “IHS Markit CDS End of Day” Composite.

3.3 iTraxx Crossover Supplementary List

If less than 75 entities are available from the iTraxx Crossover Liquidity List that satisfy the above criteria, a supplementary list compiled in accordance with this section (“the Crossover Supplementary List”) is used to select additional names.

Creation of the iTraxx Crossover Supplementary List

The Administrator will create a list according to the following criteria:

- Entities must be incorporated in Europe, where ‘Europe’ means EU and EFTA member countries.
- Entities must have an aggregate minimum of €750,000,000 outstanding and included (under the same ticker) in the iBoxx EUR High Yield unconstrained cum crossover Index(IBXXHCX1) (the

“Selection Index”) as published in the Selection Index on the first business day of the relevant roll month.

Furthermore:

- for this determination all publicly traded debt at all tiers, including senior and subordinated, secured and unsecured included in the Selection Index;
- loans, debt guaranteed (but not issued) by the entity, convertibles and privately placed debt securities will be excluded;
- Entities must not be guaranteed or controlled by (directly or indirectly) or guarantee or control (directly or indirectly) in either case, an “Affiliate”, that has a higher ranking on the iTraxx Crossover Liquidity List or iTraxx Crossover Supplementary List and otherwise satisfies the relevant criteria as determined by the Administrator. “Control” of any entity means ownership of a majority of the voting power of that entity.
- Entities must not appear on the DTCC Report in order to be candidates for the Crossover Supplementary List, though affiliates of entities on the DTCC Report are eligible for the Crossover Supplementary List as long as existing rules concerning affiliates within the Crossover index are met.
- Entities must not have issued debt via Loan Participation Note (LPN) programs.

Ranking of the Crossover Supplementary List

Once the list is created as set out under the “Creation of the Crossover Supplementary List” above the list will be ranked by ticker according to the below rules.

- The Crossover Supplementary List will consist of those entities which satisfy the above criteria and ranked by the largest amount of debt included in the Selection Index. To the extent that two or more entities are determined to have the exact same amount of debt included in the Selection Index, the Administrator shall rank such entities by (i) the total amount of senior unsecured debt included in the Selection Index for all eligible entities under the relevant ticker and if still two or more names are equally ranked by (ii) the most recent senior unsecured issuance included in the Selection Index from all eligible entities under the relevant ticker.

Selecting an Entity within a Ticker

- For the purposes of the Crossover Supplementary List, entities will be considered Eligible if one or more of the following criteria is satisfied:
 - > the entity has a Non-Investment Grade Relevant Rating;
 - > is Unrated and at least one bond issued by the entity included in the Selection Index is rated Non-Investment Grade by at least one of S&P, Moody's or Fitch (entities which are Unrated and- only have Unrated debt outstanding will not be Eligible);
 - > If multiple entities have bonds included in the Selection Index under the same ticker, the entity that is a candidate for inclusion in the Crossover Supplementary List is the one which has the largest amount of Senior Unsecured debt included in the Selection Index.
 - > If none of the entities under the same ticker have Senior Unsecured debt included in the Selection Index then entities with Senior Secured debt included will be considered.

- > Where there is only one entity under the relevant ticker and this entity has only Senior Secured debt included in the Selection Index, this entity will be selected for the Crossover Supplementary List.
- > If there are multiple Eligible entities under the relevant ticker and all of these entities have only Senior Secured debt included in the Selection Index, the Administrator will endeavour to select the Eligible entity which has the largest amount of lower ranking Senior Secured debt included in the Selection Index for the Crossover Supplementary List.
 - The Administrator may use bond and/or entity ratings and consult with IHS Markit RED in order to achieve this.
 - If the Administrator believes that the Senior Secured debt included for these entities is of equal ranking, then the Eligible entity with the largest amount of Senior Secured debt included in the Selection Index will be selected.
 - For the purposes of choosing an entity within a ticker:
 - Only bonds with maturities of 30 years or below from the new index start date will be considered when determine outstanding amounts.
 - PIK notes and convertibles will not be considered. (To clarify - PIK notes are considered when determining New Debt Issuance.)

Debt Tier Classification

The below criterion is used to establish the Debt Tier classification of a bond for determining eligibility of the issuing entity for the iTraxx Crossover Supplementary List, as follows:

- The bond will be classified as Senior Unsecured if any of the below criteria are satisfied:
 - > The bond's rating from Moody's is equal to the Moody's Senior Unsecured or Moody's Senior Subordinate Debt Rating.
 - > The bond rating from S&P is equal to the S&P Senior Unsecured or S&P Senior Subordinate Debt Rating.
 - > The bond rating from Fitch is equal to the Fitch Senior Unsecured or Fitch Senior Subordinate Debt Rating.
- The bond will be classified as Senior Secured if any of the below criteria are satisfied:
 - > The bond's rating from Moody's is equal to the Moody's Senior Secured Debt Rating.
 - > The bond rating from S&P is equal to the S&P Senior Secured Debt Rating.
 - > The bond rating from Fitch is equal to the Fitch Senior Secured Debt Rating.
- If the above tests are inconclusive, then the IHS Markit RED Tier classification (if available) is used. Bonds with a Subordinated IHS Markit RED Tier classification will be ranked as Senior Unsecured.
- If the above tests are inconclusive and the IHS Markit RED Tier classification is unavailable, then the bond is considered to be Senior Unsecured.

3.4 Creation of the New iTraxx Crossover Index Series

The final portfolio comprises up to 75 names with the highest-ranking entities from the iTraxx Crossover Liquidity List and if required, the Crossover Supplementary List. In both cases all entities must meet the iTraxx Crossover General Criteria set forth above to be included. If there are less than 75 entities available, the index will consist of the number of entities available rounded down to a multiple of 5.

3.5 Publication of Provisional iTraxx Crossover Index

The list of entities resulting after the steps above (the “Provisional iTraxx Crossover Index”) will be published on IHS Markit’s public web site for comment no later than seven (7) Business Days prior to the Roll Date. The Administrator will review comments received and determine whether amendments are necessary. The Administrator welcomes public comment but is not required to follow or otherwise address any comment received. The Administrator will publish the expected name changes (if any) on its public website as it determines such changes are required. The comment period will end four (4) Business Days prior to the Roll Date. The draft and final annexes for the iTraxx Crossover Index will be published as set forth below.

4 New iTraxx Europe & iTraxx Crossover Index Series

4.1 Final Review of Constituent List

If on any day prior to the date of the publication of a final index annex, the Administrator determines that any entity that is intended to be included in the relevant index fails any of the iTraxx Europe General Criteria or iTraxx Crossover General Criteria, then such entity shall be excluded from the iTraxx Europe or iTraxx Crossover Indices, as applicable.

If the Administrator determines that any entity shall be excluded from the iTraxx Europe or iTraxx Crossover Index in accordance with the preceding paragraph, then the highest ranked entity in the iTraxx Europe or iTraxx Crossover Liquidity Lists (or Crossover Supplementary List, if the new entity cannot be selected from the iTraxx Crossover Liquidity List), as applicable that has not already been included in the iTraxx Europe or iTraxx Crossover Index, as applicable, shall be added to the new iTraxx Europe or iTraxx Crossover Index, respectively, as a replacement entity.

If the new entity cannot be selected from the iTraxx Crossover Liquidity List for the new iTraxx Crossover Index, the entity will then be selected from the Crossover Supplementary List as described above.

Where a determination with regard to constituent selection is made by the Administrator which involves discretion and/or expert judgement, IHS Markit will consult the Index Advisory Committee for guidance. Such determinations will be documented, communicated to stakeholders via e-mail and published on the IHS Markit website www.ihsmarkit.com under the iTraxx News page. Where similar determinations are made, precedents set by previous decisions will be considered across all CDS indices.

In the unlikely instance an inaccuracy is not caught and resolved prior to the publication of the final list, or if input data used in the constituent selection process is revised retrospectively, IHS Markit will review the impact on the affected indices. In order to determine whether to restate the final list or any index parameters, IHS Markit will consult with the Index Advisory Committee to determine the impact of such action.

If it is decided to update the Final List or any related parameters, the reason for such revision together with revised material will be published. In addition, IHS Markit will compile an incident report to summarize the incident, the root cause, and set forth remedial actions to avoid such an error in the future, where such remedial actions are applicable.

4.2 Publication of Annex

No later than three (3) Business Days prior to the Roll Date of a iTraxx Europe or iTraxx Crossover Index, the Administrator will publish a draft of the annex for such iTraxx Europe or iTraxx Crossover Index and each Sub-Index, along with the weighting and final Reference Obligations (as defined in the Credit Definitions) for each entity. The final annex for the iTraxx Europe and Crossover Indices and

each Sub-Index will be published after 5:00 p.m. on the Business Day immediately preceding the Roll Date of the Indices.

4.3 Coupon & Recovery Rates

Fixed rates and recovery rates will be determined by the Administrator in its sole discretion based on industry rates and updated from time to time.

5 Disclaimer

The Administrator does not undertake any duty of care and will not be liable to any party to a transaction referencing the iTraxx Europe or iTraxx Crossover or related Sub-Index for any form of damages, whether direct, indirect, special, consequential or otherwise, that might arise in connection with the Administrator's performance of its duties under the Rules, except in the case of the Administrator's gross negligence, fraud or willful misconduct.

6 Further information

Contractual and content issues

For contractual or content issues please contact:

Markit Indices GmbH
Friedrich-Ebert-Anlage 35-37
60327 Frankfurt am Main
Germany
E-mail: indices@ihsmarkit.com
Web:
<https://ihsmarkit.com/products/markit-itraxx.html>
<https://ihsmarkit.com/products/markit-cdx.html>

Technical issues and client support

For technical issues and client support please contact:

E-mail:	indices@ihsmarkit.com		
Phone:	Asia Pacific	Japan:	+81 3 6402 0127
		Singapore:	+65 6922 4210
	Europe	General:	+800 6275 4800
		UK:	+44 20 7260 2111
	USA	General:	+1 877 762 7548

Formal complaints

Formal complaints can be sent electronically to our dedicated email address
complaints_indices@markit.com.

For any general index inquiries, please contact the Indices support group at indices@ihsmarkit.com.

Licences and data

iTraxx/CDX is a registered trademark of Markit Indices GmbH. Markit Indices GmbH owns all iTraxx/CDX data, database rights, indices and all intellectual property rights therein. A licence is required from Markit Indices GmbH to create and/or distribute any product that uses, is based upon or refers to any iTraxx/CDX index or data.

Ownership

Markit Indices GmbH is a wholly-owned subsidiary of IHS Markit Limited.

Content modified: 2019-08-02T16:56:28.000+02:00

The information in this document is provided "as is." IHS Markit and its affiliates make no warranty, expressed or implied, including, without limitation, any warranties as of merchantability, fitness for a particular purpose, accuracy, completeness or timeliness, or as to the results to be obtained by recipients of the products and services described herein, and shall not in any way be liable for any inaccuracies, errors or omissions herein. IHS Markit products are governed by the terms and conditions of the agreements under which they are provided. Copyright © 2019, IHS Markit. All rights reserved. Any unauthorised use, disclosure, reproduction or dissemination, in full or in part, in any media or by any means, without the prior written permission of IHS Markit is strictly prohibited.