# Consultation

## Methodology changes for the UBS Beta, Gem Rada, Map, Rada, Treasury, and Covered Call index families

3 September 2021

# 1. IHS Markit's Administration

IHS Markit Benchmark Administration Limited (**IMBA UK**) is the sole Administrator of a number of UBS indices. IMBA UK administers these indices in accordance with the International Organisation of Securities Commissions Principles for Financial Benchmarks (the IOSCO Principles) and the UK Benchmarks Regulation (UK BMR).

# 2. Background

IMBA UK is the sole administrator of the UBS indices listed in **Appendix 1** (a full list of benchmarks administered by IMBA UK can be found here).

The index methodologies currently utilize **LIBOR** and **EONIA** rates in their calculations. The publication of these rates will cease near the end of 2021.

- The cessation in publication of LIBOR rates is described in the FCA announcement on the future cessation and loss of representativeness of the LIBOR benchmarks: https://www.fca.org.uk/publication/documents/future-cessation-loss-representativeness-libor-benchmarks.pdf
- The cessation in publication of the EONIA rate is described in the European Money Market Institute (EMMI) public statement on the planned cessation of EONIA: https://www.emmi-benchmarks.eu/assets/files/Public%20statement%20Eonia%20demise_Final.pdf

This consultation seeks to nominate suitable alternative rates for use in determining index values, to ensure their continued viability.

# 3. Consultation and Proposal

IMBA UK is conducting this consultation with interested parties on its intention to amend the methodologies of the indices as follows:

The indices currently utilize LIBOR / EONIA rates for the daily calculation of the index levels.

The proposal is to replace the use of any such rates directly with the alternative risk-free rate of the corresponding currency as defined in **Appendix 1**.

The proposed changes will be effective from an implementation date that will be communicated at a later time and will not affect the historical levels of the indices.

IMBA UK has conducted historical back tests over a twenty-month simulated period using the proposed successor rates.

Please refer to section 5 for details of how to contact IMBA UK for further information.

## 4. Consultation timetable

The timetable IMBA UK is suggesting is as follows:

- **3 September 2021** – Consultation opens
- **1 October 2021**– Consultation closes
- **2 October 2021**– The Index Administration Committee reviews stakeholders' feedback and a decision is communicated
- **TBC** – The proposed methodology changes are implemented

## 5. Consultation process

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

To participate in this consultation please respond to IMBA UK at:

MK-IndexAdminConsultation@ihsmarkit.com

All comments will be reviewed and considered before a final decision is made; however, IMBA UK 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. IMBA UK reserves the right to make a final decision on the proposal, and this will be ratified by the Index Administration Committee and, if appropriate, IMBA UK's Benchmark Oversight Committee.

## 6. Key question(s)

**Do you agree with the proposal to change the methodology of the Index?**

## Appendix 1

| Index family | Index ticker | Index name | Current rate used | Proposed successor rate |
|---|---|---|---|---|
| UBS BETA | MBCIGQEU | UBS Global Quality Dividend Payers Index Long Only Excess Return USD | US Dollar 3 Month ICE LIBOR | Secured Overnight Financing Rate (SOFR) |
| UBS BETA | MBCIGSEU | UBS Global Quality Dividend Payers Index Long Short Excess Return USD | US Dollar 3 Month ICE LIBOR | Secured Overnight Financing Rate (SOFR) |
| UBS GEM RADA | MLTARAEM | UBS GEM RADA Strategy Index | US Dollar Overnight ICE LIBOR | Secured Overnight Financing Rate (SOFR) |
| UBS MAP | MLTAEMAP | UBS Multi Asset Portfolio T5 Total Return Euro Index | Euro Overnight EONIA | Euro Short-Term Rate (ESTR) |
| | | | US Dollar 1 Month ICE LIBOR | Secured Overnight Financing Rate (SOFR) |
| | | | US Dollar Overnight ICE LIBOR | Secured Overnight Financing Rate (SOFR) |
| UBS MAP | MLTAJMPA | UBS Multi Asset Portfolio Japan Alpha Total Return Index | Euro Overnight ICE LIBOR | Euro Short-Term Rate (ESTR) |
| | | | Japanese Yen 1 Month ICE LIBOR | Tokyo Overnight Average Rate (TONAR) |
| | | | US Dollar 1 Month ICE LIBOR | Secured Overnight Financing Rate (SOFR) |
| | | | US Dollar Overnight ICE LIBOR | Secured Overnight Financing Rate (SOFR) |
| UBS MAP | MLTAMAE | UBS Multi Asset Portfolio T5 Excess Return Euro Index | Euro Overnight EONIA | Euro Short-Term Rate (ESTR) |
| | | | US Dollar 1 Month ICE LIBOR | Secured Overnight Financing Rate (SOFR) |
| | | | US Dollar Overnight ICE LIBOR | Secured Overnight Financing Rate (SOFR) |
| UBS RADA | MLTARADA | UBS RADA Europe Index Net Total Return | Euro Overnight ICE LIBOR | Euro Short-Term Rate (ESTR) |
| UBS RADA | MLTARADX | UBS RADA Germany Index - Net Total Return | Euro Overnight ICE LIBOR | Euro Short-Term Rate (ESTR) |
| UBS RADA | MLTARASP | UBS RADA US Index - Net Total Return | US Dollar Overnight ICE LIBOR | Secured Overnight Financing Rate (SOFR) |
| UBS RADA | MLTARLET | UBS RADA Europe Long Strategy Index Total Return | Euro Overnight ICE LIBOR | Euro Short-Term Rate (ESTR) |
| UBS RADA | MLTARLUT | UBS RADA US Long Strategy Index Total Return | US Dollar Overnight ICE LIBOR | Secured Overnight Financing Rate (SOFR) |
| UBS RADA | MLTARPEU | UBS RADA Europe Ex-UK Long Plus Strategy Index Total Return | Euro Overnight ICE LIBOR | Euro Short-Term Rate (ESTR) |
| UBS RADA | MLTARPJP | UBS RADA Japan Long Plus Strategy Index Total Return | Japanese Yen Spot Next ICE LIBOR | Tokyo Overnight Average Rate (TONAR) |
| UBS RADA | MLTARPUS | UBS RADA US Long Plus Strategy Index Total Return | US Dollar Overnight ICE LIBOR | Secured Overnight Financing Rate (SOFR) |
| UBS Treasury | MBCIUST5 | UBS 5 Year Treasury Total Return Index | US Dollar 1 Month ICE LIBOR | Secured Overnight Financing Rate (SOFR) |
| UBS Treasury | MLTAF10D | UBS 10Y French Bond Daily Total Return Index | Euro Overnight EONIA | Euro Short-Term Rate (ESTR) |
| UBS Treasury | MLTAG10D | UBS 10Y German Bond Daily Total Return Index | Euro Overnight EONIA | Euro Short-Term Rate (ESTR) |
| UBS Treasury | MLTAG30D | UBS 30Y German Bond Daily Total Return Index | Euro Overnight EONIA | Euro Short-Term Rate (ESTR) |

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|---|---|---|---|---|
| UBS Treasury | MLTAGB2D | UBS 2Y German Bond Daily Total Return Index | Euro Overnight EONIA | Euro Short-Term Rate (ESTR) |
| UBS Treasury | MLTAGB5D | UBS 5Y German Bond Daily Total Return Index | Euro Overnight EONIA | Euro Short-Term Rate (ESTR) |
| UBS Treasury | MLTAI10D | UBS 10Y Italian Bond Daily Total Return Index | Euro Overnight EONIA | Euro Short-Term Rate (ESTR) |
| UBS Treasury | MLTAIB2D | UBS 2Y Italian Bond Daily Total Return Index | Euro Overnight EONIA | Euro Short-Term Rate (ESTR) |
| UBS Treasury | MLTAU10D | UBS 10Y US Treasuries Daily Total Return Index | US Dollar Overnight ICE LIBOR | Secured Overnight Financing Rate (SOFR) |
| UBS Treasury | MLTAU20D | UBS 20Y US Treasuries Daily Total Return Index | US Dollar Overnight ICE LIBOR | Secured Overnight Financing Rate (SOFR) |
| UBS Treasury | MLTAU25D | UBS 25Y US Treasuries Daily Total Return Index | US Dollar Overnight ICE LIBOR | Secured Overnight Financing Rate (SOFR) |
| UBS Treasury | MLTAUS2D | UBS 2Y US Treasuries Daily Total Return Index | US Dollar Overnight ICE LIBOR | Secured Overnight Financing Rate (SOFR) |
| UBS Treasury | MLTAUS5D | UBS 5Y US Treasuries Daily Total Return Index | US Dollar Overnight ICE LIBOR | Secured Overnight Financing Rate (SOFR) |
| UBS Treasury | MLTAUTCT | UBS US Treasuries Carry Total Return Index | US Dollar 3 Month ICE LIBOR | Secured Overnight Financing Rate (SOFR) |
| UBS Covered Call | UISEEVI | UBS Europe Vario Income Index | Euro Overnight EONIA | Euro Short-Term Rate (ESTR) |