

# **IHS Markit Benchmark Administration Limited (IMBA UK) Consultation on coupon payments following Russia-related Sanctions (2022-08)**

## **1. IMBA UK's Administration**

IHS Markit Benchmark Administration Limited (IMBA UK) is the Index Administrator of the iBoxx indices. IMBA UK administers the indices in accordance with the International Organisation of Securities Commissions Principles for Financial Benchmarks (IOSCO Principles) and the UK Benchmarks Regulation (UK BMR).

## **2. Background**

Pursuant to the [consultation](#) announced on 7 March 2022, and subsequent [results](#) published on 10 March 2022, IHS Markit Benchmark Administration Limited (IMBA UK) has continued to monitor the situation, including in respect of coupon payments of bonds designated as country of risk "Russia".

Given recent public information suggesting some certainty around coupon payments being received successfully on specific Russian bonds, IMBA UK is seeking feedback on the treatment of such payments in iBoxx indices.

Please refer to the appendix of this document for details on potential impacted bonds. For clarity, bonds in iBoxx indices that are designated with country of risk "Belarus" do not have coupon payment due in March 2022 and are thus not featuring in the consultation and list.

## **3. Proposal and Questions**

### **1. Russian Federation hard currency government debt**

IMBA UK proposes to recognize the coupon payments that have been publicly confirmed to be disbursed to investors and include them into the total return calculation of the indices. This would take place from the close of business following the announcement of the results of this consultation (expected 29 March 2022) onwards. Any coupon payments that are not confirmed to be disbursed will be considered as unpaid.

**Do you agree with this proposal?**

- **Yes**
- **No (please provide your rationale)**

2. Hard currency debt from Corporate and Sub-Sovereign issuers

IMBA UK proposes to recognize the coupon payments that have been publicly confirmed to be disbursed to investors and include them into the total return calculation of the indices. This would take place from the close of business following the announcement of the results of this consultation (expected 30 March 2022) onwards. Any coupon payments that are not confirmed to be disbursed will be considered as unpaid.

**Do you agree with this proposal?**

- Yes
- No (please provide your rationale)

3. Russian Federation local currency (RUB-denominated) government debt

IMBA UK proposes no change to current treatment, which is to consider any recent coupons as unpaid, given such payments may be distributed into restricted “type C accounts” held by Russian banks.

**Do you agree with this proposal?**

- Yes
- No (please provide your rationale)

4. **Do you have any other comments or feedback regarding the potential changes outlined above?**

## 4. Consultation timetable

The timetable IMBA UK is suggesting is as follows:

- 25 March 2022 Consultation opens
- 28 March 2022 Consultation closes
- 29 March 2022 IMBA UK reviews stakeholder feedback and a final decision is communicated
- 30 March 2022 Implementation

## 5. Consultation process

The participation of stakeholders in this consultation is important as IMBA UK seeks to gather views on the proposals herein. 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 Administration Services at [MK-IndexAdminConsultation@ihsmarkit.com](mailto:MK-IndexAdminConsultation@ihsmarkit.com). Please be advised that 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.

**CONSULTATION**

## APPENDIX

Below is the summary of potential impacted hard currency bonds with a country of risk "Russia" that are in iBoxx indices as of the time of publication of this consultation.

Bonds for which the coupon payments have been **confirmed to be disbursed**:

ISIN	Bond Description	Currency	Coupon Date
XS2134628069	GMKNRM 2.55 09/11/25	USD	11-Mar-2022
US55315NAD57	GMKNRM 2.55 09/11/25	USD	11-Mar-2022
XS2384719402	PHORRU 2.6 09/16/28	USD	16-Mar-2022
US71922LAD10	PHORRU 2.6 09/16/28	USD	16-Mar-2022
XS0971721450	RUSSIA 4 7/8 09/16/23	USD	16-Mar-2022
US78307ADG58	RUSSIA 4 7/8 09/16/23	USD	16-Mar-2022
US78307ADH32	RUSSIA 5 7/8 09/16/43	USD	16-Mar-2022
XS0971721963	RUSSIA 5 7/8 09/16/43	USD	16-Mar-2022
S2387703866	AKBHC 6 Perpetual	USD	20-Mar-2022
US87251LAA44	AKBHC 6 Perpetual	USD	20-Mar-2022
XS1533915721	EVRAZ 5 3/8 03/20/23	USD	20-Mar-2022
US30050AAG85	EVRAZ 5 3/8 03/20/23	USD	20-Mar-2022
XS2384475930	CRBKMO 3 7/8 09/21/26	USD	21-Mar-2022
US12504PAJ93	CRBKMO 3 7/8 09/21/26	USD	21-Mar-2022
XS1795409082	GAZPRU 2 1/2 03/21/26	EUR	21-Mar-2022
XS0906949523	GAZPRU 4.364 03/21/25	EUR	21-Mar-2022
RU000A0ZYYP9	RUSSIA 4 3/8 03/21/29	USD	21-Mar-2022
RU000A0ZYYN4	RUSSIA 4 3/8 03/21/29	USD	21-Mar-2022

Bonds with coupon payments that are not confirmed are as follows:

ISIN	Bond Description	Currency	Coupon Date
XS1961080501	EUCHEM 5 1/2 03/13/24	USD	13-Mar-2022
US29873VAB09	EUCHEM 5 1/2 03/13/24	USD	13-Mar-2022
US78486MAA80	SUEK 3 3/8 09/15/26	USD	15-Mar-2022
XS2384174228	SUEK 3 3/8 09/15/26	USD	15-Mar-2022
XS2046736919	CHMFRU 3.15 09/16/24	USD	16-Mar-2022
US85805RAE80	CHMFRU 3.15 09/16/24	USD	16-Mar-2022
XS2230649225	BOINTE 6 09/17/26	USD	17-Mar-2022
US09973BAB53	BOINTE 6 09/17/26	USD	17-Mar-2022
XS2010044548	CHEPRU 4 1/2 09/19/24	USD	19-Mar-2022
US16325LAA52	CHEPRU 4 1/2 09/19/24	USD	19-Mar-2022
XS0830192711	SIBNEF 4 3/8 09/19/22	USD	19-Mar-2022
US36192NAA90	SIBNEF 4 3/8 09/19/22	USD	19-Mar-2022
US85812RAA77	NLMKRU 4 09/21/24	USD	21-Mar-2022
XS1577953174	NLMKRU 4 09/21/24	USD	21-Mar-2022
US37955KAC62	GLPRLI 6 1/2 09/22/23	USD	22-Mar-2022

XS1405775450	GLPRLI 6 1/2 09/22/23	USD	22-Mar-2022
US368266AV45	GAZPRU 4.95 03/23/27	USD	23-Mar-2022
XS1585190389	GAZPRU 4.95 03/23/27	USD	23-Mar-2022
US44970CAA53	IMHRUS 5.9 09/23/25	USD	23-Mar-2022
XS2232013263	IMHRUS 5.9 09/23/25	USD	23-Mar-2022
US825795AB30	SIBUR 3.45 09/23/24	USD	23-Mar-2022
XS2010044621	SIBUR 3.45 09/23/24	USD	23-Mar-2022
XS0609017917	RURAIL 7.487 25/03/31	GBP	25-Mar-2022

Bonds with upcoming **coupon payment due dates for the remainder of the month** are as follows:

ISIN	Bond Description	Currency	Coupon Date
RU000A1006T7	RUSSIA 5.1 03/28/35	USD	28-Mar-2022
RU000A1006S9	RUSSIA 5.1 03/28/35	USD	28-Mar-2022
US73180YAB02	PGILLN 4.699 03/28/22	USD	28-Mar-2022
XS1405766384	PGILLN 4.699 03/28/22	USD	28-Mar-2022
XS0114288789	RUSSIA 7 1/2 03/31/30	USD	31-Mar-2022

Please note that users of the iBoxx indices are solely responsible for ensuring such users' compliance with all applicable laws (including, without limitation, sanctions laws and any other rules, regulations or prohibitions) in connection with such use (including, without limitation, trading, investment or other use).