

Clarification to the iBoxx EUR European Union Select Index Methodology

LONDON, JANUARY 13, 2023: S&P Dow Jones Indices (“S&P DJI”) announces a clarification to the index methodology of the iBoxx EUR European Union Select (GB00BL09HR93) index due to the recent developments in the funding strategy of the European Union (“EU”).

On December 19, 2022, the funding strategy of the European Union has changed from a diversified process to a unified process. As a result, plans for the proceeds of future issuances and taps will not differentiate between programs. Proceeds will be collected in a central funding pool and then afterwards distributed towards different programs of the EU Commission.¹ Moving from policy-by-policy issuance towards a unified funding approach will make EU securities more fungible and liquid. Additionally, the EU will start building a repo facility and prepare a framework for providing pricing quotes on EU securities to boost liquidity further.

On January 8, 2023, the European Union has tapped the EU 07/2025 (EU000A3K4DJ5) and EU 07/2041 (EU000A3KT6B1) bonds for a total of EUR 5 billion without disclosing the proceeds use as defined in the new funding approach.²

The iBoxx EUR European Union Select index methodology found [here](#) outlines that “the index contains only the bonds that are issued by the EU to finance the SURE³ programme, which has a ceiling of €100 billion and NextGenerationEU⁴ initiative of €750 billion, which is a temporary instrument designed to boost the recovery.” This means that bonds where the use of proceeds are fully or partially used to fund the SURE programme or the NextGenerationEU initiative will be included in the index.

- Existing issuances designated to the SURE programme that are tapped without an indication of the use of proceeds will continue to be eligible for the index
- Existing issuances designated to the NextGenerationEU initiative that are tapped without an indication of the use of proceeds will continue to be eligible for the index
- New issuances partially designated to the NextGenerationEU initiative will be eligible for the index

The above information is a clarification of the existing rules and does not constitute a change in the index methodology.

For more information please contact indices@ihsmarkit.com.

¹ Please see https://ec.europa.eu/commission/presscorner/detail/en/ip_22_7787 for more information on the unified funding approach.

² Please see https://commission.europa.eu/news/results-09-01-2023-auction-eu-bonds-2023-01-09_en for more information on this EU-Bonds auction.

³ SURE: https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/financial-assistance-eu/funding-mechanisms-and-facilities/sure_en

⁴ Recovery plan for Europe: https://ec.europa.eu/info/live-work-travel-eu/health/coronavirus-response/recovery-plan-europe_en

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