

## S&P Aggregate Bond Indices Consultation on Sub-index Component Replacement

**NEW YORK, AUGUST 1, 2019:** S&P Dow Jones Indices (“S&P DJI”) is conducting a consultation with members of the investment community on a potential change to the S&P Aggregate Bond Indices.

In order to standardize the eligibility criteria of taxable municipal bonds in the S&P Aggregate Bond Indices, S&P DJI is considering replacing the current taxable municipal bond sub-index component with a new component sub-index. Under this proposal, the S&P Taxable Municipal Bond Select Index would be replaced with the S&P Taxable Municipal USD250 Million Par Bond Index. The table below describes the current and proposed sub-index component.

Sub-index Component	
Current	Proposed
<b>S&amp;P Taxable Municipal Bond Select Index.</b> The index consists of bonds in the S&P Taxable Municipal Bond Index with a minimum par amount of US\$ 10 million and, on the rebalancing date, 75% of the market value of the index are from bonds that are part of a deal where the original offering amount was at least US\$ 100 million.	<b>S&amp;P Taxable Municipal USD250 Million Par Bond Index.</b> The index consists of bonds in the S&P Taxable Municipal Bond Index with a minimum par amount outstanding of US\$ 250 million.

For information on the S&P Taxable Municipal Bond Select Index and S&P Taxable Municipal USD250 Million Par Bond Index, please refer to the S&P Taxable Municipal Bond Index Methodology available [here](#).

### IMPACT ANALYSIS

Using data from July 29, 2019, the following table shows the index attributes of the current and proposed taxable municipal bond sub-index component.

S&P Taxable Municipal Bond Select Index vs. S&P Taxable Municipal USD250 Million Par Bond Index				
Attribute	Current Component	Proposed Component	Difference	% Change <sup>1</sup>
	S&P Taxable Municipal Bond Select Index	S&P Taxable Municipal USD250 Million Par Bond Index		
Constituent Count	2,288	282	-2,006	-87.67%
Market Value	153,400,502,256.73	158,015,644,176.85	4,615,141,920.12	3.01%
Par Amount	127,035,390,267.06	123,917,831,727.28	-3,117,558,539.78	-2.45%
Price	119.3359	126.1080	6.7721	5.67%
Coupon	5.2361	5.5948	0.3587	
Yield-to-Maturity	3.5737	3.6531	0.0794	
Yield-to-Worst	3.1157	3.2900	0.1743	
Modified Duration	9.0231	11.6101	2.5870	28.67%
Years-to-Maturity	16.5751	21.2245	4.6494	28.05%

<sup>1</sup> Note: Coupon, Yield-to-Maturity, and Yield-to-Worst are intentionally left blank. Difference is presented in percent terms for these attributes.

Using data from July 29, 2019, the following tables show the actual index attributes of the S&P Aggregate Bond Indices as well as the hypothetical index attributes that would have resulted had the S&P Taxable Municipal USD250 Million Par Bond Index been used as the taxable municipal bond sub-index component instead of the S&P Taxable Municipal Bond Select Index.

<b>S&amp;P U.S. Aggregate Bond Index</b>				
<b>Attribute</b>	<b>Actual Using the S&amp;P Taxable Municipal Bond Select Index</b>	<b>Hypothetical Using the S&amp;P Taxable Municipal USD250 Million Par Bond Index</b>	<b>Difference</b>	<b>% Change<sup>2</sup></b>
Constituent Count	13,745	11,739	-2,006	-14.59%
Market Value	25,806,838,379,029.40	25,808,610,394,530.40	1,772,015,501.00	0.01%
Par Amount	24,593,853,828,786.90	24,590,736,270,247.10	-3,117,558,539.80	-0.01%
Price	104.2365	104.2572	0.0207	0.02%
Coupon	3.1748	3.1763	0.0015	
Yield-to-Maturity	2.5523	2.5572	0.0049	
Yield-to-Worst	2.5337	2.5391	0.0054	
Modified Duration	5.5636	5.5803	0.0167	0.30%
Years-to-Maturity	7.4191	7.4562	0.0371	0.50%

<b>S&amp;P U.S. Government / Credit Bond Index</b>				
<b>Attribute</b>	<b>Actual Using the S&amp;P Taxable Municipal Bond Select Index</b>	<b>Hypothetical Using the S&amp;P Taxable Municipal USD250 Million Par Bond Index</b>	<b>Difference</b>	<b>% Change<sup>2</sup></b>
Constituent Count	13,073	11,067	-2,006	-15.34%
Market Value	19,975,660,953,191.20	19,980,276,095,111.30	4,615,141,920.10	0.02%
Par Amount	18,994,704,144,766.90	18,991,586,586,227.10	-3,117,558,539.80	-0.02%
Price	104.3392	104.3809	0.0417	0.04%
Coupon	3.0443	3.0463	0.0020	
Yield-to-Maturity	2.5161	2.5170	0.0009	
Yield-to-Worst	2.4922	2.4937	0.0015	
Modified Duration	5.9373	5.9499	0.0126	0.21%
Years-to-Maturity	8.1666	8.2053	0.0387	0.47%

<b>S&amp;P Global Developed Aggregate Ex-Collateralized Bond Index (USD)</b>				
<b>Attribute</b>	<b>Actual Using the S&amp;P Taxable Municipal Bond Select Index</b>	<b>Hypothetical Using the S&amp;P Taxable Municipal USD250 Million Par Bond Index</b>	<b>Difference</b>	<b>% Change<sup>2</sup></b>
Constituent Count	24,662	22,656	-2,006	-8.13%
Market Value	1,844,935,120,891,770.00	1,845,775,434,027,920.00	40,313,136,150.00	0.05%
Par Amount	1,668,240,863,181,650.00	1,668,237,745,623,110.00	-3,117,558,540.00	0.00%
Price	110.0671	110.0676	0.0005	0.00%
Coupon	1.6537	1.6537	0.0000	
Yield-to-Maturity	0.5519	0.5500	-0.0019	
Yield-to-Worst	0.5493	0.5493	0.0000	
Modified Duration	8.5242	8.5243	0.0001	0.00%
Years-to-Maturity	9.8443	9.8447	0.0004	0.00%

## IMPLEMENTATION TIMING

S&P DJI is proposing to implement the previously described methodology change, if adopted, prior to the market open on Monday, September 2, 2019.

<sup>2</sup> Note: Coupon, Yield-to-Maturity, and Yield-to-Worst are intentionally left blank. Difference is presented in percent terms for these attributes.

## CONSULTATION

## QUESTIONS

Please answer the following questions and provide S&P DJI with the reasoning behind your answers:

1. **Do you agree with the proposal to change the taxable municipal bond sub-index component in the S&P Aggregate Bond Indices by replacing the S&P Taxable Municipal Bond Select Index with the S&P Taxable Municipal USD250 Million Par Bond Index?**
2. **If the proposed change is adopted, do you agree with the proposed implementation date?**
3. **Do you have any other comments or feedback regarding the proposed change outlined above?**

Your participation in this consultation is important as we gather information from various market participants in order to properly evaluate your views and preferences. S&P DJI will make responses to consultations freely available upon request.<sup>3</sup> If you do not want your response to be made available, you must clearly state that in your response. Please respond to this survey by **August 16, 2019**. After this date, S&P DJI will no longer accept survey responses. Prior to the Index Committee's final review, S&P DJI will consider the issues and may request clarifications from respondents as part of that review. Alternative options to the proposed questions after the deadline require that the consultation be re-opened to the public.

To participate in this consultation, please visit the online survey available [here](#).

For further information about this consultation, please contact S&P Dow Jones Indices at [index\\_services@spglobal.com](mailto:index_services@spglobal.com).

*Please be advised that all comments from this consultation will be reviewed and considered before a final decision is made; however, S&P DJI makes no guarantees or is under any obligation to comply with any of the responses. The survey may result in no changes or outcome of any kind. If S&P DJI decides to change the index methodology, an announcement will be posted on our website.*

Thank you for taking the time to complete this survey.

For more information about S&P Dow Jones Indices, please visit [www.spdji.com](http://www.spdji.com).

## ABOUT S&P DOW JONES INDICES

S&P Dow Jones Indices is the largest global resource for essential index-based concepts, data and research, and home to iconic financial market indicators, such as the S&P 500<sup>®</sup> and the Dow Jones Industrial Average<sup>®</sup>. More assets are invested in products based on our indices than products based on indices from any other provider in the world. Since Charles Dow invented the first index in 1884, S&P DJI has been innovating and developing indices across the spectrum of asset classes helping to define the way investors measure and trade the markets.

S&P Dow Jones Indices is a division of S&P Global (NYSE: SPGI), which provides essential intelligence for individuals, companies and governments to make decisions with confidence. For more information, visit [www.spdji.com](http://www.spdji.com).

### FOR MORE INFORMATION:

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<sup>3</sup> Individual and company names as well as contact details will be redacted.

## CONSULTATION