

S&P International Sovereign Ex-U.S. Bond Indices Consultation on Eligibility Criteria

NEW YORK, NOVEMBER 20, 2020: S&P Dow Jones Indices (“S&P DJI”) is conducting a consultation with market participants on potential changes to the eligibility criteria of the S&P International Sovereign Ex-U.S. Bond Indices.

In order to enhance the credit rating quality and liquidity of qualifying bonds, S&P DJI is considering establishing minimum issuer credit rating requirements for current, and any potential new, countries included in the indices. In addition, S&P DJI is considering increasing the current minimum par amounts outstanding threshold for some countries and setting a minimum for others. The tables below summarize the changes.

Proposed Change	Current	Methodology	Proposed
Eligibility Criteria: Minimum Issuer Credit Rating for Current Countries	--		At each monthly rebalancing, a country must have a minimum issuer credit rating of BBB- to remain eligible for index inclusion. ¹
Eligibility Criteria: Minimum Issuer Credit Rating for New Countries	--		At each annual rebalancing, a country must have a minimum issuer credit rating of BBB- to be eligible for index inclusion. ¹
Eligibility Criteria: Minimum Par Amount Outstanding	--		See below tables.

Minimum Par Amounts Outstanding Thresholds

Country	Current	Proposed
Australia	A\$ 1 bn	A\$ 2.5 bn
Hong Kong	HKD 300 mn	HKD 2.4 bn
Israel	ILS 1 bn	ILS 15 bn
Japan	¥500 bn*	¥500 bn
New Zealand	NZ\$ 1 bn	NZ\$ 2.5 bn
Singapore	S\$ 1.5 bn	S\$ 3 bn
South Korea	KRW 1 tn	KRW 2.5 tn
Switzerland	SFr 4 bn	SFr 2.5 bn

* Threshold for all but 20- and 30-year bonds, which are set at a ¥450 bn minimum (Applies only when a bond enters the index).

¹ S&P DJI will take the lowest available issuer credit rating from S&P Global Ratings (SPGR), Moody’s Investors Services (MIS), and Fitch Ratings (FR).

Country	Current	Proposed
Cyprus	-	€2.5 bn
Czech Republic	-	Kč 50 bn
Estonia	-	€2.5 bn
Iceland	-	kr 75 bn
Latvia	-	€2.5 bn
Lithuania	-	€2.5 bn
Malta	-	€2.5 bn
Slovakia	-	€2.5 bn
Slovenia	-	€2.5 bn
Taiwan	-	NT\$ 75 bn

For more information about the indices, please refer to the S&P International Sovereign Ex-U.S. Bond Indices Methodology available [here](#).

IMPACT ANALYSIS

Country Inclusions. Based on proforma calculations as of October 30, 2020, if the proposed changes are adopted, the below two countries could potentially be added to the indices at the upcoming annual rebalancing:

- Taiwan
- Israel

IMPLEMENTATION TIMING

S&P DJI is proposing to implement the proposed methodology changes, if adopted, in conjunction with the annual rebalancing, which takes effect prior to the market open on Thursday, April 1, 2021.

QUESTIONS

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

1. Do you agree with the proposed addition of a minimum issuer credit rating rule for current countries to remain eligible for index inclusion?
2. Do you agree with the proposed addition of a minimum issuer credit rating rule for potential new countries to be eligible for index inclusion?
3. Do you agree with the proposed changes to the minimum par amount outstanding thresholds?
4. Do you have any other comments or feedback regarding the proposed changes 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.² 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 **December 4, 2020**. 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.

² Individual and company names as well as contact details will be redacted.

CONSULTATION

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.

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.

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® and the Dow Jones Industrial Average®. 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.

FOR MORE INFORMATION:

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CONSULTATION