

IHS Markit Benchmark Administration Limited Consultation on the Treatment of Securitized Bonds with an Underlying Term Loan in iBoxx Indices — Results

LONDON, OCTOBER 24, 2022: IHS Markit Benchmark Administration Limited (“IMBA UK”) has conducted a [consultation](#) with market participants on potential changes to the treatment of securitized bonds with an underlying term loan.

BACKGROUND

For securitized bonds with a term loan as underlying in iBoxx indices, the expected maturity date is set close to the loan final repayment date, while the final maturity is set further into the future. These bonds do not have a usual par call option on the expected maturity date. The redemption options are usually one of the following:

- Redemption on Final Maturity date
- Mandatory redemption in case of loan prepayment
- Make whole call, call option for tax reasons

IMBA UK is updating the treatment of securitized bonds with a term loan as underlying in iBoxx indices to apply the expected maturity date as the workout date. This will further align the treatment of such securities with market expectations and pricing.

IMPLEMENTATION TIMING

IMBA UK will implement the previously described methodology change following the October 2022 month-end rebalancing, which takes effect prior to the market open on **Tuesday, November 1, 2022**.

FOR MORE INFORMATION:

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