

IHS Markit Benchmark Administration Limited Consultation on the iBoxx USD Treasuries (AUD Hedged) Index – Results

LONDON, NOVEMBER 20, 2023: IHS Markit Benchmark Administration Limited (IMBA UK) has conducted a [consultation](#) with market participants on potential changes to the iBoxx USD Treasuries (AUD Hedged) Index.

Index Name	ISIN (TRi)	BBG Ticker (TRi)
iBoxx \$ Treasuries (AUD Hedged)	GB00BPMVRK41	IBXXTRA2

In order to reduce tracking errors in underlying funds to the benchmark, IMBA UK is changing the FX hedging methodology from the standard hedging methodology to the daily hedging methodology when converting from USD to AUD.

Previous formula for FX Hedging	Updated formula for FX Hedging
$\frac{FX_{t-s,t}^{LCY/CCY} - FX_t^{LCY/CCY}}{FX_{t-s}^{LCY/CCY}}$	$\frac{FX_{t-s,1M}^{LCY/CCY} - FX_{t,t+s}^{LCY/CCY}}{FX_{t-s}^{LCY/CCY}}$

$FX_t^{LCY/CCY}$	Spot exchange rate at t (rebalancing)
$FX_{t-s}^{LCY/CCY}$	Spot exchange rate at $t-s$ (last rebalancing)
$FX_{t-s,t}^{LCY/CCY}$	Interpolated forward rate at $t-s$ for the period $t-s, t$ (standard hedging)
$FX_{t,t+s}^{LCY/CCY}$	Interpolated forward rate at t for the period $t, t+s$ (daily hedging)
$FX_{t-s,1M}^{LCY/CCY}$	1-month forward rate at $t-s$

IMPLEMENTATION TIMING

IMBA UK will implement the previously described methodology changes in conjunction with the November 2023 month-end rebalancing, which takes effect prior to the market open on **December 1, 2023**.

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