

iTraxx Crossover Index Consultation on Supplementary List Eligibility Criteria

LONDON, FEBRUARY 6, 2024: S&P Dow Jones Index (“S&P DJI”) is conducting a consultation with market participants on a potential change to the iTraxx Crossover Index rules.

BACKGROUND

Currently, when there are fewer than 75 entities available for the iTraxx Crossover Index from the iTraxx Crossover Liquidity List, the index selects entities from the iTraxx Crossover Supplementary List to achieve the index size of 75 constituents. The iTraxx Crossover Supplementary List includes all bonds from the iBoxx EUR High Yield Cum-Crossover Index, iBoxx GBP High Yield Overall Index, and iBoxx USD High Yield Developed Markets Index (the “Selection Indices”), which may also include corporate hybrid bonds.

PROPOSAL

Prior to the March 2024 index roll, S&P DJI proposes to amend the iTraxx Crossover Supplementary List criteria to exclude corporate hybrid bonds when determining the list of eligible issuers and their ranking in the Supplementary List. The proposed change is detailed in the table below.

Proposed Changes	Current	Methodology Proposed
Eligible debt for construction of the iTraxx Crossover Supplementary List	All publicly traded debt at all tiers, including senior and subordinated, secured and unsecured included in the Selection Indices will be considered. Loans, debt guaranteed (but not issued) by the entity, convertibles, and privately placed debt securities will be excluded.	<p>All publicly traded debt at all tiers, including senior and subordinated, secured and unsecured, included in the Selection Indices are considered. Loans, debt guaranteed (but not issued) by the entity, convertibles, privately placed debt securities, and corporate hybrid bonds are excluded.</p> <p>Bonds meeting the below criteria are deemed corporate hybrid bonds:</p> <ul style="list-style-type: none"> • Subordinated tier; • Deferrable coupons; • First non-call period greater than or equal to five years at the time of issuance; • Either long-dated greater than 25 years at the time of issuance or perpetual.

IMPACT

Application of the above proposed rule change at the launch of iTraxx Crossover Series 40 in September 2023 would have resulted in Citycon Treasury B.V. (CITYTRE) not being eligible for inclusion, and the next eligible entity from the Supplementary List would have been selected.

Additional data and analysis may be made available in the Client Resource Center www.spglobal.com/spdji/en/client-services/, which may be updated from time to time throughout the consultation without notice. Additional data and analysis may also be made available upon request.

IMPLEMENTATION TIMING

S&P DJI proposes to implement the previously described methodology changes, if adopted, prior to the March 20, 2024 index roll to be applicable for the iTraxx Crossover Series 41.

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 exclude corporate hybrid bonds as defined herein from the iTraxx Crossover Supplementary List construction?**
- 2. Should these proposed methodology changes be adopted, do you agree with the proposed implementation date?**
- 3. 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 on the proposal herein and the suggested timetable for its implementation. Please respond to this survey by **February 20, 2024**. After this date, S&P DJI will no longer accept survey responses. Prior to the Index Committee's final review, S&P DJI may request clarifications from respondents as part of that review.

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

Please be advised that all comments will be reviewed and considered before a final decision is made; however, S&P DJI makes no guarantees and is under no obligation to comply with any of the responses. The consultation 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. S&P DJI reserves the right to make a final decision on the proposal.

Thank you for taking the time to complete this survey.

ABOUT S&P DOW JONES INDICES

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CONSULTATION